MERSEYSIDE RECYCLING & WASTE AUTHORITY

MERSEYSIDE... A PLACE WHERE NOTHING IS WASTED

STATEMENT OF ACCOUNTS

2013-14

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MRWA

MERSEYSIDE RECYCLING & WASTE AUTHORITY

Chairperson's Introduction

I am pleased to introduce the Merseyside Recycling and Waste Authority's Statement of Accounts. The Authority's outward facing name continues to confirm the increasing importance placed by the Authority and its' Members on recycling and the use of waste as a resource in the future, rather than simply disposing of waste in landfill. The statutory responsibilities of the joint waste disposal authority remain but the emphasis on services continues to change.

As the Chairperson of the Authority, together with the Members of the Authority, we are responsible for making sure that the Authority makes the best use of its resources. A part of that responsibility is met when the Authority produces its annual Statement of Accounts. The Accounts show people across Merseyside how much our services have cost and how funding for those services has been provided. They help to provide reassurance to the people of Merseyside about the care we take over the public funds that have been placed at our disposal by the public through the Levy.

The 2013-14 financial year has been a challenging but successful year for the Authority. The Resource Recovery Contract (RRC) procurement was concluded just before Christmas 2013. The contract closure was achieved despite a late legal challenge from one of the participants, which was resolved very quickly. The contract was signed and at the time was expected to achieve savings for the Authority and Merseyside of over £100M. Since then the Government has announced that Landfill Tax rate will continue to increase annually, which means the mitigating effects of savings over the life of the RRC will be significantly larger than the initial headlines had suggested.

The conclusion of the RRC has also enabled the Authority to release the Sinking Fund which had been set aside to mitigate potential future levy rises. The Sinking Fund has been released into the Waste Development Fund, and via a Memorandum of Understanding with constituent District Councils was released to the Councils in the new financial year. The Authority has also continued to deliver on its priorities, with a successful Community Fund programme supporting waste minimisation initiatives, the development and opening of a new Household Waste Recycling Centre in St Helens being some of the highlights. During the year the Authority has continued to utilise interim contracts for disposal of some of its waste with third party suppliers to take advantage of short to medium term savings opportunities before the RRC comes on line. These contracts will keep costs down while helping the Authority to avoid landfilling.

Effective financial management has been key to ensuring the Authority is able to maintain its balances to offset future financial pressures. The Authority has planned to use its balances to offset cost pressures that would otherwise impact on the Levy for Districts. At the same time the Authority has continued to review all its costs and has been able to minimise the immediate impact of the Levy on District Councils for another year. This has included actions to reduce overall staffing by over 15% by the end of the next year. The Authority continues to minimise the cost of the Levy to the people of Merseyside while providing more environmentally beneficial ways of dealing with residual waste. The Authority aims to continue to be an efficient and low spending organisation and this will be sustained through a sound financial function.

Chair to the Authority Date

MRWA
MERSEYSIDE RECYCLING & WASTE AUTHORITY

Explanatory Foreword

The Statement of Accounts is a statutory publication that sets out the financial results of the Recycling and Waste Authority's (the Authority) activities for the year ended 31st March 2013. The accounts have been prepared in accordance with the requirements of the Code of Practice for the 2013-14 accounts and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Authority's accounts for the year 2013-14 are set out on pages x to xxx and in addition to this foreword they consist of:

- The Statement of Responsibilities for the Statement of Accounts, which sets out the responsibilities of the Authority and the Director of Finance for the accounts;
- The Annual Governance Statement, which reviews how the Authority conducts its business;
- The **Comprehensive Income and Expenditure Account**, summarises the accounting cost of providing services to the public, as well as income from the Levy and other income and costs and which also incorporates the recognised gains or losses on assets and liabilities;
- The **Balance Sheet**; which shows the value of the Authority's assets and liabilities at the year end and shows how they are matched by reserves which are grouped as Usable and Unusable;
- The **Cash Flow Statement**; which summarises the changes in both cash and cash equivalents of the Authority for the year;
- The **Movement in Reserves Statement**; which shows the movement in the year of the reserves held by the Authority, both the usable reserves (those that may be used to fund expenditure or reduce the Levy) and unusable reserves. Within this statement the Surplus/Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services which is different from the statutory amount required for Levy purposes;

  N.B .The four statements highlighted above have equal status and the order in which they are presented is not intended to give precedence to any .

- **Notes to the Core Financial Statements**; which provide further explanation and information to support the principal financial statements;
- **The Group Accounts**, which comprise the consolidated accounts of the Authority and its interests in subsidiaries and associate companies; and
- **The Statement of Accounting Policies**, which explains the basis for the recognition, measurement and disclosure of transactions in the accounts. This statement underpins the basis for the preparation of the financial statements but thereafter is largely a reference point

Accounting issues

The Code of Practice for 2013-14 makes no very significant changes to the way financial figures are presented and reported that were introduced in 2012-13. The local authority Code continues to be in line with the IFRS framework. For 2013-14 theAuthority has reviewed historic information about fixed asset accounting, this has led to a number of technical accounts and balances being restated. As a consequence a prior period adjustment has been made, and an opening balance sheet from the comparative period is include in the accounts as required by the Code. There is no material impact on the Authority's usable reserves or financial position arising from the restatement.

One of the key features of the IFRS based Code and framework is that in preparing the statement of accounts the concept of materiality is key. If an amount is regarded as immaterial then preparing it may be given less precedence, which will help to ensure the effective use of resources to prepare the accounts. This consideration is helpful in ensuring the other key requirement, to provide comparative figures for every figure in the accounts, is applied proportionately; immaterial comparatives that do not help the reader may be given less precedence.

Financial position of the Authority

The Authority's expenditure falls into two broad areas:

- revenue expenditure which is concerned with the provision of Authority services in the year; and
- capital expenditure which reflects the Authority's acquisition of and improvements to fixed assets.

The Authority also sets aside sums to recognise both expected future expenditure (provisions) and to reflect the need for a reserve in the event of unplanned future expenditure. The next sections summarise the Authority's financial position.

Revenue expenditure

The Authority set a revenue budget for the year 2013-14 in February 2013. The budget was based on the assumptions about costs the Authority faced at the time, these assumptions remained largely accurate. The Authority's actual expenditure compared to the original estimate is set out below and the surplus for the year was £2.031M

	Original estimate	Actual	Variance
	£000	£000	£000
Waste management contracts	54,084	52,424	1,660
Recycling credits	6,221	5,500	721
Other expenditure	4,540	7,014	(2,474)
Establishment	2,213	2,111	102
Contribution from Reserves	(1,467)	(3,489)	2,022
	65,591	63,560	2,031
Levy	(65,591)	(65,591)	0
Contribution (to)/from Reserves	0	(2,031)	2,031

The net improvement of £2.031m contains a number of significant items:

- There were savings across the board, although the costs of providing for planned voluntary redundancies has had an offsetting effect on employee related costs
- The amounts spent by the Authority on contract payments including landfill tax was reduced as a result on the two interim contracts which reduced the costs to the Authority by diverting waste from landfill.
- The recycling credits were more less expensive than expected, which offset the higher than expected costs in the previous year
- Establishment costs were kept in check by managing vacancies and by ensuring that savings were made on controllable expenditure.

The following table summarises what the Authority spent its money on and where it came from

2012-13			2013-14	
£000s	**%**		**£000s**	**%**
		Gross expenditure		
1,583	2.4	Employee and establishment costs	1,698	2.6
24,389	37.4	Waste disposal contracts	33,333	50.3
25,864	39.7	Landfill tax	19,413	29.3
5,396	8.3	Recycling credit payments	5,500	8.3
0	0.0	Contribution to Sinking Fund		0.0
7,985	12.2	Other costs	6,387	9.6
65,217	100.0		66,331	100.0
		Gross income		
(65,458)		Levy	(65,591)	
(4,292)		Other income	(2,771)	
(4,533)		**Contribution (to)/from balances**	**(2,031)**	

Funds, balances and reserves

The Authority recognised the likely impact of the spending position on its ability to make contributions to its funds and reserves in January 2014 when the budget for 2013-14 was revised. The outturn is just over £2.M lower than expected at revised estimate allowing for additional contributions to the balances to be made

The General Fund is a fund set aside to provide for unexpected and unplanned events. The fund is at its current levels because of the level of need to utilise it over the medium term to mitigate the impact of the Levy on District Councils before the new Resource Recovery Contract becomes operational.

The Sinking Fund is a fund that was established to enable the Authority to recognise and smooth the effect of anticipated significant increases in the costs it faces in the medium term. This fund is no longer required for that purpose and so has been released into a Waste Development Fund to contribute to meeting the objectives of the Joint Waste Strategy with the District Councils.

The Earmarked Reserve is a fund set aside to provide for the costs of the Authority's procurement advisers.

The Capital Fund is a fund that has been established to offset the costs of capital schemes and to minimise the long term borrowing costs the Authority will incur in funding such expenditure.

Analysis of funds, balances and reserves

	Opening balance	Additions in year	Deductions in year	Closing balance
	£000s	£000s	£000s	£000s
General Fund	(18,382)	(2,031)	3,597	**(16,816)**
Sinking Fund	(28,939)	0	28,939	**0**
Waste devlopment Fund	0	(28,939)	0	**(28,939)**
Earmarked Reserves	0	(3,526)	3,526	**0**
Capital Fund	(4,674)	0	417	**(4,257)**
Capital Receipts	(733)	0	733	**0**
Total	**(52,728)**	**(34,496)**	**37,212**	**(50,012)**

Capital spending in 2013-14

2012-13		2013-14
£000s		£000s
	Expenditure	
387	HWRC replacements	1,011
152	Closed landfill and facilities costs	107
205	Other costs	32
744		**1,150**
	Funded by:	
	Capital Fund	(417)
(744)	Capital receipts	(733)
(744)	Capital receipts	**(1,150)**

The significant assets development during the year was for a new HWRC in St Helens, which allowed for the closure of a smaller site at Rainford. A further HWRC site is planned to be developed in Liverpool during 2014-15.

Borrowing

The Authority has a portfolio of Public Works Loans Board (PWLB) and Market Loans taken out in previous periods which amount to £20.5M.

The Prudential Code, which was fully revised in 2009 and amended in 2011, enables the Authority to borrow to fund capital projects, providing it stays within the affordability and other prudential limits that it sets. The Authority set the limits for 2013-14 in February 2013 and these are regularly reviewed prior to undertaking capital expenditure, ensuring that the spending remains within the prudential framework. For 2013-14 capital spending has been funded from sums set aside in a Capital Reciepts from asset sales and from the Authority's Capital fund so no additional prudential borrowing was required. In the future the costs of PWLB borrowing will increase and so any further loans are more likely to be at market rates.

Contractual commitments

In June 2009 the Authority commenced a contract with Veolia for the provision of Waste Management and Recycling facilities across Merseyside. This is a long term contract that will run until 2020. The Authority is committed to making payments in 2014-15 to Veolia under the Waste Management and Recycling contract which are estimated to be £20.1M. The exact amount of the payment depends on the tonnages and the amount of waste that is handled by Veolia. The contract is due to run until 31 May 2020. The Authority also uses long term landfill contracts to dispose of waste, the estimated cost of these contracts in 2013-14 is £5.2M, which attracts landfill tax of £24.0M. These are lower than in previous years due to the short term interim contracts with third party suppliers for landfill diversion of some of the Authority's waste. The landfill contracts will be significantly smaller after 2016-17 when a new disposal contract is proposed to be in place.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to
- ensure that one of its officers has the responsibility for the administration of those affairs.
- to approve the Statement of Accounts.

The Director of Finance's responsibilities

The Director of Finance, elsewhere referred to as the Treasurer to the Authority, 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 Director of Finance 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.

The Director of Finance has also:

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

Certificate

I certify that this Statement of Accounts presents a true and fair view of the financial position of Merseyside Recycling and Waste Authority (the statutory Waste Disposal Authority for Merseyside) at 31 March 2014 and its income and expenditure for the year then ended.

In doing so I authorise the Statement for issue and confirm that it is this date up to which events after the Balance Sheet date have been considered in preparing the Statement.

Peter Williams
Treasurer to the Authority

Date 27/6/14

Authority Approval of Statement of Accounts

These accounts were approved by resolution of the Authority/Committee on

Chairperson:

Date

ANNUAL GOVERNANCE STATEMENT 2013/2014

Scope of Responsibility

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

In discharging this overall responsibility, the Authority is 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 the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website at www.merseysidewda.gov.uk or can be obtained from:

Corporate Services Manager
Merseyside Recycling and Waste Authority
7th Floor, No 1 Mann Island
Liverpool
L3 1BP

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

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 and leads its communities. 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, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

The governance framework

The following are the key elements of the systems and processes that comprise the Authority's governance arrangements:

- there is an established Performance Management Framework underpinned by a three year Corporate Plan which reflects current corporate strategies, risks and priorities;
- the current Corporate Plan was approved by Members on 29th November 2013 and has a mission statement, 'to improve people's quality of life by ensuring that waste is sustainably managed to bring about the best combination of environmental, economic and social benefits.' The plan is delivered through the development of Annual Service Plans and supported by contractual service level agreements;
- performance against the Corporate Plan is published on a quarterly basis and reviewed by the Authority's Members;
- there is a Joint Recycling and Waste Management Strategy for Merseyside in place which has been approved by all partner organisations and supports the procurement of major waste contracts, most notably the Resource Recovery Contract;
- there is a Risk Management Strategy in place which provides the Authority with a framework to identify and analyse the risks associated with its activities and ultimately supports the Authority in planning for and delivering its Corporate Plan.
- roles and responsibilities of Members and the Scheme of Delegation are reviewed and approved annually. The Authority's scrutiny function is delivered by the full Authority and communication protocols are in place;
- Codes of Conduct are in place of officers and Members, both of which include a Register of Interest;

- a comprehensive set of Procedural Rules which define the Authority's constitution and its internal control mechanisms are in place and are reviewed regularly;
- the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010);
- audit functions are delivered through the full Authority with specific powers delegated to the Audit and Governance Committee;
- internal audit is provided by St Helens Council under a service level agreement and operates to Internal Auditing Standards as laid down by CIPFA;
- procedures and processes are in place to ensure that the Authority conducts its business in compliance with its legal obligations, including specialist advice where necessary;
- there is a Whistleblowing Policy and a Comments and Complaints Procedure to assist in the transparency of the Authority's business
- training and development for Members and officers is delivered through the Member Training and Development Plan, the Staff Development Scheme and a Corporate Training Programme
- the Authority has a Communications Strategy to deliver clear channels of communication with stakeholders and consultation processes are undertaken as necessary. This strategy is under review to ensure it remains fit for purpose and a revised strategy will be produced for 2014/15;
- Inter Authority Agreements are being reviewed and where appropriate, put in place to ensure effective partnership and joint working arrangements; and
- Internal Control Statements of Assurance are obtained from the Chief Executive as Chief Officer for Authority, from St Helens MBC which provides key services and from the board of Mersey Waste Holdings Limited in which the Authority has a vested interest

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, namely the Primary Assurance Group, 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 and other review agencies and inspectorates.

The Authority measures its arrangements against a Code of Corporate Governance developed and approved by the Authority in accordance with the CIPFA/SOLACE framework. The Code supports the delivery of good governance through the establishment of the following roles:

- the Authority is responsible for the approval of the Code of Corporate Governance and its associated annual review and assessment
- the Authority is responsible for the approval of the Annual Governance Statement
- the Authority is responsible for the approval of the Annual Statement of Accounts once they have been approved by the Chief Finance Officer and audited;
- the scrutiny function is provided by the full Authority
- the Chief Finance Officer is responsible for ensuring the proper financial administration of the Authority, including:
  - the preparation of the statement of accounts;
  - accounting records and control systems; and
  - internal audit
- audit and risk issues are dealt with by the full Authority; and
- the Audit and Governance Committee has delegated powers to deal with governance matters where statutory deadlines require approvals prior to scheduled full Authority meetings.

The Primary Assurance Group has reviewed the Authority's Code of Corporate Governance and conducted an annual assessment to identify and address any weaknesses in the Authority's governance arrangements. An action plan for delivering improvements has been developed and will be implemented during 2014/15 to continue to strengthen and improve the Authority's governance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Primary Assurance Group and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

The review process did not highlight any significant issues regarding the Authority's governance or internal control environment.

Other Governance issues

The review process highlighted some areas where there is a need to improve governance and controls. Whilst these are important and action plans are being developed to address them they are not considered significant. Areas for improvement include:

- Communications Strategy – the Authority is currently reviewing its Communication Strategy to strengthen both internal and external forms of communication to ensure that the Authority's vision and its intended outcome for the community is understood and implemented. This work is due to be completed in 2014/15.

- Review of Governance Arrangements and Constitution - existing Procedural Rules and Scheme of Delegation will be reviewed to ensure they are up to date and fit for purpose.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Chief Executive	Chair
September 2014	September 2014

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Notes	2012/13			2013/14		
		£000	£000	£000	£000	£000	£000
		Expenditure	**Income**	**Net**	**Expenditure**	**Income**	**Net**
Environment and regulatory services		74,583	(7,055)	67,528	73,666	(8,462)	65,204
Corporate and democratic core		265		265	273	0	273
Non distributed costs		91		91	109	0	109
Surplus/Deficit on Continuing Operations		**74,939**	**(7,055)**	**67,884**	**74,048**	**(8,462)**	**65,586**
Other Operating Expenditure - loss on disposal of non-current asset		358		358			0
Financing and Investment Income and Expenditure	9	4,810	(2,447)	2,363			1,759
Surplus or Deficit of Discontinued Operations				0			0
Levy and Non-Specific Grant Income				(65,458)			(65,591)
(Surplus) or Deficit on Provision of Services				**5,147**			**1,754**
Surplus or deficit on revaluation of non current assets	10						0
Impairment losses on non-current assets charged to the Revaluation Reserve	17			(5,219)			(1,410)
Surplus or deficit on revaluation of available for sale financial assets	17			0			0
Remeasurements of the net defined benefit liability (asset)	30			826			(832)
Other Comprehensive Income and Expenditure				**(4,393)**			**(2,242)**
Total Comprehensive Income and Expenditure				**754**			**(488)**

BALANCE SHEET

Restated at 1st April 2012 £000	Restated 31st March 2013 £000		Notes	31st March 2014 £000
37,318	35,801	Property, Plant & Equipment	10/10a	35,813
1,835	0	Investment Property	10/10a	0
0	0	Assets held for sale	21	0
5,138	5,138	Long Term Investments	12	5,138
232	0	Long Term Debtors	15	0
44,523	**40,939**	**Long Term Assets**		**40,951**
0	0	Short Term Investments	12	0
	0	Inventories	14	21
1,985	1,250	Short Term Debtors	15	1,645
53,447	54,103	Cash and Cash Equivalents	16	50,357
	0	Assets held for sale	21	0
55,432	**55,353**	**Current Assets**		**52,023**
	0	Cash and Cash Equivalents	16	0
(143)	0	Short Term Borrowing	12	(3,000)
(14,043)	(12,653)	Short Term Creditors	17	(10,944)
(943)	(942)	Short Term Lease		(961)
	0	Provisions	18	(167)
	0	Liabilities in disposal groups	20	0
	0	Grants receipts in advance	26	5
(15,129)	**(13,595)**	**Current Liabilities**		**(15,067)**
	0	Long Term Creditors	17	0
(9,391)	(7,857)	Provisions	18	(7,857)
	0	Grants receipts in advance	26	0
(20,472)	(20,473)	Long Term Borrowing	12	(17,330)
(22,124)	(22,279)	Other Long Term Liabilities	35	(20,144)
(51,987)	**(50,609)**	**Long Term Liabilities**		**(45,331)**
32,839	**32,088**	**Net Assets**		**32,576**
50,470	53,170	Usable reserves	MiRS	50,026
(17,631)	(21,082)	Unusable Reserves	19	(17,450)
32,839	**32,088**	**Total Reserves**		**32,576**

Certificate of Treasurer

I confirm that these accounts present fairly the position of Merseyside Recycling and Waste Authority (the statutory Waste Disposal Authority for Merseyside) as at 30 th September 2014 and are Authorised for Issue as at that date.

Peter Williams, CPFA
Treasurer to the Authority

Date 27/6/14

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CASH FLOW STATEMENT

2012/13 £000		Notes	2013/14 £000
(5,147)	**Net surplus or (deficit) on the provision of services**		(1,754)
8,924	Adjustment to surplus or deficit on the provision of services for noncash movements		(869)
(3,442)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(1,759)
335	**Net cash flows from operating activities**	20	**(4,382)**
(2,220)	**Net Cash flows from Investing Activities**	21	**(1,149)**
2,963	**Net Cash flows from Financing Activities**	22	**1,785**
1,078	**Net increase or decrease in cash and cash equivalents**		**(3,746)**
53,025	Cash and cash equivalents at the beginning of the reporting period		**54,103**
54,103	**Cash and cash equivalents at the end of the reporting period**		**50,357**

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 or reduce local taxation) 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. These are different from the statutory amounts required to be charged to the General Fund Balance for Levy purposes. The Net increase /Decrease before transfers to statutory and other reserves line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Authority.

Movement in Reserves 2012/13	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance as At 1 April 2012	**(18,857)**	**(31,613)**	**0**	**0**	**(50,470)**	**17,631**	**(32,839)**
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	5,144				**5,144**		**5,144**
Other Comprehensive Income and Expenditure	0		0		**0**	(4,393)	**(4,393)**
Total Comprehensive Income and Expenditure	**5,144**	**0**	**0**	**0**	**5,144**	**(4,393)**	**751**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(7,110)		(734)	0	**(7,844)**	7,844	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(1,966)**	**0**	**(734)**	**0**	**(2,700)**	**3,451**	**751**
Transfers to or from earmarked reserves	2,000	(2,000)	0		**0**		**0**
Increase/Decrease in Year	**34**	**(2,000)**	**(734)**	**0**	**(2,700)**	**3,451**	**751**
Balance as at 31 March 2013	**(18,823)**	**(33,613)**	**(734)**	**0**	**(53,170)**	**21,082**	**(32,088)**

Movement in Reserves 2013/14	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance as At 1 April 2013	**(18,823)**	**(33,613)**	**(734)**	**0**	**(53,170)**	**21,082**	**(32,088)**
Movement in reserves during the year							
Surplus or (deficit) on provision of services	1,754				**1,754**		**1,754**
Other Comprehensive Income and Expenditure	0		0		**0**	(2,242)	**(2,242)**
Total Comprehensive Income and Expenditure	**1,754**	**0**	**0**	**0**	**1,754**	**(2,242)**	**(488)**
Adjustments between accounting basis & funding basis under regulations	656		734	0	**1,390**	(1,390)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**2,410**	**0**	**734**	**0**	**3,144**	**(3,632)**	**(488)**
Transfers to or from earmarked reserves	(416)	416			**0**		**0**
Increase/Decrease in Year	**1,994**	**416**	**734**	**0**	**3,144**	**(3,632)**	**(488)**
Balance Sheet As At 31 March 2014	**(16,829)**	**(33,197)**	**0**	**0**	**(50,026)**	**17,450**	**(32,576)**

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), the Authority is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

The only change in accounting standards issued but not yet adopted which will potentially impact upon the 2013/14 accounts is the Code's adoption of IFRS 13 *Fair Value Measurement.* This introduces a requirement for the concept of fair value measurement to be applied to all assets and liabilities which use fair value as a measurement basis. The new measurement basis requires assets and liabilities to be valued at the best possible value.

Under the Code this includes all financial instruments and non-current assets and liabilities. Of these only non-current assets (i.e. property, plant and equipment) do not currently use fair value as defined under the Code's adaptation of IFRS 13, instead non-current assets are valued at existing use value. However the chnages will not impact upon the 2013/14 accounts, because the change is being applied prospectively from 1 April 2014.

2. 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:

(a) Influences on going concern, such as future funding levels and long term contracts. **[INCLUDE**
(b) The Authority has control over the following two companies:
  i. Mersey Waste Holdings Ltd through 100% shareholding; and
  ii. Bidston Methane Ltd through a joint venture
The Authority's interests in these two companies are reflected in the Authority's Group Accounts at

(c) The Authority is deemed to control the services and the residual value of assets created under the Waste Management and Recycling Contract with Veolia and the Refuse Recycling Contract with Sita Sembcorp UK. The accounting policies for service concession arrangements (formerly known as PFI schemes and similar contracts) have been applied to these contracts and assets (valued at £16.3m) recognised as Property Plant and Equipment on the Authority's balance sheet.

(d) The Authority has reviewed the accounting classification and treatment of the six household waste and recycling centres leased from neighbouring authorities. The Authority's view is that both the land and building elements of the leases are operating leases and therefore no assets recognised as Property Plant and Equipment on the Authority's balance sheet

(e) The Authority has a 50% stake in Bidston Methane Ltd. Currently the company is running at a loss and the Authority's share of the loss is £282,000 as at 31 March 2013. The Authority has given a commitment to continue to support the company financially, hence it remains valued as a going concern. The Authority has recognised a contingent liability at Note 33 for the Authority's share of the potential loss.

(f) Municipal Mutual Insurance (MMI) - On 13 November 2012, the directors of MMI triggered MMI's Scheme of Arrangement and appointed Ernst and Young to manage MMI's business affairs. Whilst Ernst and Young have notified Scheme creditors of an initial Levy, projections of the future liabilities under the scheme are subject to substantial uncertainty. Ernst and Young have obtained an actuarial valuation of the range of possible outcomes. However these are only a best estimate based on information currently available. Consequently it is not possible to produce a reliable estimate of what levy, if anything, the Authority will be required to pay so it has been treated as a contingent liability.

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

The Statement of Accounts contains estimated figures 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 2014 for which there is a significant 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 useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
	In restating the asset register, in the absence of records distinguishing the value of buildings from land for individual assets, the Authority has used the March 2010 asset valuation to estimate the value of land and buildings held prior to 1 April 2009.	If the estimated value of land is understated, the depreciation charges in subsequent years will be overstated and vice versa.
Provisions	The Authority has made provision for the legal costs that may arise in action being taken against the Authority and Mersey Waste Holdings Ltd.	The Authority's provision for legal costs is unlikely to be incorrect as the legal case agains MWHL has been settled and the amount of the claim is certain. The uncertainty is around timing, as MWHL have not yet indicated when they require the settlement to be made.
Pensions Liability	Estimation of the net liability to pay pensions 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. The Authority has engaged Mercer Ltd as its consulting actuaries to provide expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £1.1m.

Accruals of waste contract payments	The final waste data flows and settlements 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 significnat changes in recent years.
Gilmoss Materials Recycling Facility	The WMRC contract payment is not separated for the cost of the finance lease under IFRIC 4 for the Gilmoss MRF	An estimate of the amount payable over the life of the contract for the finance lease element of the Gilmoss MRF has been made. This is based on the value of the asset and the estimated life of the asset in the contract.
Leasing discount rate	The real discount rate for lease costs is not separated clearly within leases and the Gilmoss MRF lease	The estimated discount rate has been used to arrive at the net present value of future lease payments based on the Treasury discount rate and RPIX

4. Material Items of Income and Expense

The Comprehensive Income and Expenditure Statement summarises income and expenditure for the reporting year. Within that the following material items are brought to the attention of the reader to provide more information about material transactions:

Comprehensive Income and Expenditure Statement

Description	2012/13 £000s	2013/14 £000s
Waste Management & Recycling contract payments	16,144	12,774
Landfill contract payments	6,620	6,636
Landfill tax payments	25,763	20,796
FCC Interim Contract		3,920
Greater Manchester Interim Contract		5,578
	48,527	**49,704**

5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 20 June 2014.

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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no post balance sheet events that would have the effect of altering the Authority's financial performance.

6. Prior Period Adjustment

A review of the Authority's fixed asset register and capital accounting in 2013/14 identified a number of accounting errors relating to previous years impacting on depreciation, impairment, revaluation gains and the loss on disposal of an asset.

The 1 April 2012 and 31 March 2013 balance sheets and the 2012/13 comparative figures have been restated in the 2013/14 Statement of Accounts to reflect the corrected accounting entries.

The effects of the restatement are as follows:

(i) the net book value of property, plant and equipment is restated upwards by £1.949m (a reduction in gross book value of £11.132m and a reduction in accumulated depreciation £13.081m)
(ii) a £0.240m increase in the balance on the Revaluation Reserve
(iii) the balance on the Capital Adjustment Account is reduced by £11.902m

The fully restated Balance Sheet is provided on page 16. The adjustments that have been made to that Balance Sheet over the version published in the 2012/13 Statement of Accounts are as follows:

Effect on Opening Balance Sheet at 1 April 2012

	Opening balance at 1 April 2012 £000	Correction required to opening balance at 1 April 2012 £000	Restated opening balances as at 1 April 2012 £000
Property, Plant and Equipment	35,360	1,955	37,315
Investment property			
Long-term assets	**42,565**	**1,955**	**44,520**
Total net assets	**30,882**	**1,955**	**32,837**
Revaluation Reserve	(3,117)	(10,546)	(13,663)
Capital Adjustment Account	19,595	8,591	23,552
Total Reserves	**(30,882)**	**(1,955)**	**(32,837)**

As a result of the restatement of asset values in previous years, the impact for 2012/13 was:

(i) a reduction in the revaluation gain of £2.431m to the restated value of property, plant and equipment arising from the March 2013 revaluation exercise
(ii) depreciation charges increased by £0.197m
(iii) accumulated depreciation written out to the capital adjustment account of £1.506m resulting from the March 2013 revaluation
(iv) a £4.717m increase in accumulated impairment charges written out to the capital adjustment account.

In addition the loss on disposal of the Huyton New Technology Demonstrator reported in the CIES in 2012/13 was not then transferred to the CAA via the MiRS as required by the Code. The MiRS has been restated accordingly.

The resulting restated Comprehensive Income and Expenditure Statement and Movement in Reserves Statement for 2012/13 are provided on pages 14 and 17 respectively. The adjustments that have been made to those Statements over the version published in the 2012/13 Statement of Accounts are as follows:

Effect on Comprehensive Income and Expenditure Statement 2012/13

	As previously stated 2012/13 expenditure	Net	Correction required to 2012/13	Restated 2012/13 expenditure	Net
	£000	£000	£000	£000	
Environment and regulatory services	72,233	65,178	2,350	74,583	67,528
Surplus/Deficit on Continuing Oper	72,589	65,534	2,350	74,939	67,884
of Services		**1,900**	**3,325**		**3,095**
Loss on disposal of asset	0	0	359	359	359
Financing and Investment Income and	4,291	1,824	616	4,907	2,440
Expenditure		**(230)**	**3,325**		**3,095**

Effect on Movement in Reserves Statement - Usable Reserves

	As previously stated 2012/13	Correction required to 2012/13	Restated 2012/13
	£000	£000	£000
Balance at 31 March 2012	(50,468)	4,634	(45,834)
Surplus/Deficit on the Provision	**1,900**	**3,325**	**5,225**
Adjustments between accounting basis and funding basis under	(4,161)	(3,684)	(7,845)
Transfers to/from earmarked reser	0	0	0
Increase/(Decrease) in the year	**(2,261)**	**(359)**	**(2,620)**
Balance at 31 March 2013	**(52,729)**		**(48,454)**

Effect on Movement in Reserves Statement - Unusable Reserves

	As previously stated 2012/13	Correction required to 2012/13	Restated 2012/13
	£000	£000	£000
Balance at 31 March 2012	19,586	(6,589)	12,997
Surplus/Deficit on the Provision	**0**	**0**	**0**
Other Comprehensive Income	(2,130)		(2,130)
Adjustments between accounting basis and funding basis under regulations	4,161	3,684	7,845
Increase/(Decrease) in the year	**2,031**	**3,684**	**5,715**
Balance at 31 March 2013	**21,617**		**18,712**

adjustments that have been made to that Balance Sheet over the version published in the

Effect on Balance Sheet at 31 March 2013

	Closing balance at 31 March 2013	Correction required to closing balance at 31 March 2013	Restated closing balances as at 31 March 2013
	£000	£000	£000
Property, Plant and Equipment	34,863	938	35,801
Investment property	0	0	0
Long-term assets	**40,001**	**938**	**40,939**
Total net assets	**30,882**	**938**	**31,820**
Revaluation Reserve	3,117		3,117
Capital Adjustment Account	(19,595)		(19,595)
Total Reserves	**30,882**	**0**	**30,882**

7. Adjustments between Accounting Basis and Funding Basis under Regulations

2013/14	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure			
Charges for depreciation and impairment of non current assets	1,137		(1,137)
Revaluation losses on Property Plant and Equipment			0
Movements in the Market Value of Investment Properties	0		0
Unapplied Capital Grants used in financing			0
Revenue expenditure funded from capital under statute	0		0
Carrying amount of non current assets sold	0		0
Transfer grants/conts on impaired spend	0		0
Grants relating to assets disposed	0		0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure			
Statutory Provision for the Financing of Capital Investment	(960)		960
Capital expenditure charged against the General Fund balance	416		(416)
Adjustments involving the Capital Receipts Reserve:			
Use of the Capital Receipts Reserve to finance new capital expenditure		734	(734)
Adjustments involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 30)	271		(271)
Employer's pensions contributions and direct payments to pensioners payable in the year	(211)		211
Adjustment involving the Accumulating Compensated Absences Adjustment Account			
Adjustments in relation to Short-term compensated absences	3		(3)
Total Adjustments	**656**	**734**	**(1,390)**

2012/13	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non current assets	7,665		(7,665)
Revaluation losses on Property Plant and Equipment	359		(359)
Movements in the Market Value of Investment Properties	0		0
Carrying amount of non current assets sold	1,835		(1,835)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory Provision for the Financing of Capital inve	(1,308)		1,308
Capital expenditure charged against the General Fund balance	0		0
Adjustments involving the Capital Receipts Reserve:			
Use of the Capital Receipts Reserve to finance new capital expenditure		(743)	743
Proceeds From Sale of Non Current Assets	(1,477)	1,477	
Adjustments involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	266		(266)
Employer's pensions contributions and direct payments to pensioners payable in the year	(230)		230
Adjustment involving the Accumulating Compensated Absences Adjustment Account			
Adjustments in relation to Short-term compensated absences	0		0
Total Adjustments	**7,110**	**734**	**(7,844)**

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14. The Authority has established the following reserves:

- the landfill allowances reserve - to cover expenditure that the Authority may make in acquiring landfill allowances. This was scrapped in 2012/13 as a result of the abolition of the Landfill Allowances Trading Scheme;
- an earmarked reserve to provide for futre costs of advisors employed by the Authority in the contract procurement;
- to enable the creation of a Sinking Fund that will be used to mitigate the effect of future large increases in the Levy as the costs of waste disposal increase significantly both landfill tax increases and through the planned new contract to dispose of residual waste;
- a capital reserve - to provide a contribution to the financial cost of acquiring a site or sites for the new residual waste contract facilities.

	Balance as At 1 April 2012 £000	Transfers In 2012/13 £000	Transfers Out 2012/13 £000	Balance as at 31 March 2013 £000	Transfers In 2013/14 £000	Transfers Out 2013/14 £000	Balance as at 31 March 2014 £000
Landfill Allowances Reserve	0	0	0	**0**	0	0	**0**
Earmarked Reserve	0	2,855	(2,855)	**0**	3,526	(3,526)	**0**
Sinking Fund	28,938	0	0	**28,938**	0	(28,938)	**0**
Waste Development Fund	0	0	0	**0**	28,938	0	**28,938**
Capital Reserve	2,674	2,000	0	**4,674**	0	0	**4,674**
Total Earmarked Reserves	**31,612**	**4,855**	**(2,855)**	**33,612**	**32,464**	**(32,464)**	**33,612**

9. Financing and Investment Income and Expenditure

2012/13 £000		2013/14 £000
2,598	Interest payable and similar charges	2,188
(21)	Net interest on the defined benefit liability/(asset)	21
(970)	Interest receivable and similar income	(450)
358	Income and expenditure in relation to investment properties and changes in their fair value	0
1,965	**Total**	**1,759**

Interest Payable and Similar Charges

2012/13 £000		2013/14 £000
0	Lease/hire purchase interest	0
1,400	Loan Interest	1,061
975	PFI Interest	946
223	Other interest - MRDF	181
2,598		**2,188**

Interest and Investment Income

2012/13 £000		2013/14 £000
(970)	Other Investment income	(450)
(970)		**(450)**

Income, Expenditure and changes in Fair Value of Investment Properties

2012/13 £000		2013/14 £000
	Income/Expenditure from Investment Properties:	
0	Income including rental income	0
0	Expenditure	0
0	*Net income from investment properties*	**0**
	Surplus/deficit on sale of Investment Properties:	
(1,477)	Proceeds from sale	0
1,835	Carrying amount of investment properties sold	0
358	*(Surplus)/deficit on sale of Investment Properties:*	**0**
	Changes in Fair Value of Investment Properties	
0		**0**
358		**0**

10. Property, Plant and Equipment

Movements in 2013-14

	Property, Plant & Equipment (PP&E)							
	Land	Buildings	Vehicles, Plant & Equipment	Assets Under Construction	**Total PP&E**	*PFI Assets included in Property, Plant and Equipment*	**Investment Properties**	**TOTAL**
	£000	£000	£000	£000	£000	*£000*	£000	£000
Cost or Valuation								
Balance as At 1 April 2013	10,598	17,507	17,886	0	**45,991**	*16,250*	**0**	**45,991**
Additions (Note 40)	37	1,074	0	38	**1,149**		0	**1,149**
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	**0**		0	**0**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**		0	**0**
Derecognition - Disposals	0	0	0	0	**0**		0	**0**
Derecognition - Other	0	0	0	0	**0**		0	**0**
Reclassifications & Transfers	0	0	0	0	**0**		0	**0**
Adjustments between cost/value &	0	0	0	0	**0**		**0**	**0**
Reclassified to Held for Sale		0	0	0	**0**		0	**0**
Reclassified from Held for Sale	0	0	0	0	**0**		0	**0**
Balance as at 31 March 2014	**10,635**	**18,581**	**17,886**	**38**	**47,140**	*16,250*	**0**	**47,140**

Depreciation and Impairment								
Balance as At 1 April 2013	0	49	10,141	0	**10,190**	*(280)*	**0**	**10,190**
Depreciation Charge	0	0	0	0	**0**		0	**0**
Depreciation written out on Revaluation Reserve	0	0	0	0	**0**		0	**0**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	457	573	0	**1,030**		0	**1,030**
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	**0**		0	**0**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	37	70	0	0	**107**			**107**
Derecognition - Disposals	0	0	0	0	**0**		0	**0**
Derecognition - Other	0	0	0	0	**0**		0	**0**
Adjustments between cost/value & depreciation/impairment	0	0	0	0	**0**			**0**
Reclassifications & Transfers	0	0	0	0	**0**		0	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	**0**		0	**0**
Balance as at 31 March 2014	**37**	**576**	**10,714**	**0**	**11,327**	*(280)*	**0**	**11,327**
Net Book Value								
Balance as at 31 March 2014	**10,598**	**18,005**	**7,172**	**38**	**35,813**	*16,530*	**0**	**35,813**
Balance as at 31 March 2013	10,598	17,458	7,745	0	35,801	*16,530*	0	35,801

Valuation information
Property, plant and equipment are revalued on a three year cycle in accordance with RICS guidance. All assets were revalued at 31 March 2013 by Bernard White (MRICS) of Mouchel. The Accounting Policies provide further information on revaluation and depreciation policies.

The significant assumptions applied in estimating the fair values are:

- the Authority has good title to the property and that they are not subject to any unusual or onerous restrictions;
- no deleterious or hazardous materials nor techniques have been used in the construction of the property from past or present uses
- there are no environmental factors which would cause the valuation to alter.

Capital Commitments
At 31 March 2014 the Authority had entered into a no significant contracts for the construction or enhancement of property, plant and equipment in 2014/15 despite a capital programme of £2.4m. Such commitments at 31 March 2013 were £0.418m. The major capital programme elements not yet committed are:

Scheme	£000s
Liverpool replacement HWRC	1,400
Foul Lane Landfill restoration	800
	2,200

Effects of Changes in Estimates
There were no material changes in accounting estimates for property, plant and equipment during 2013/14.

Movements in 2012/13

	Property, Plant & Equipment (PP&E)							
	Land	Buildings	Vehicles, Plant & Equipment	Assets Under Construction	**Total PP&E**	*PFI Assets included in Property, Plant and Equipment*	**Investment Properties**	**TOTAL**
	£000	**£000**	**£000**	**£000**	**£000**	***£000***	**£000**	**£000**
Cost or Valuation								
Balance as At 1 April 2012	11,991	16,503	18,324	1,462	**48,280**	***16,950***	1,835	**50,115**
Restatement		0	0	0	**0**	***0***	0	**0**
Restated opening balance	**11,991**	**16,503**	**18,324**	**1,462**	**48,280**	***16,950***	**1,835**	**50,115**
Additions (Note 40)	160	576	60	(43)	**753**	***0***	0	**753**
Revaluation increases/decreases to Revaluation Reserve	2,679	1,151	100	0	**3,930**	***(700)***	0	**3,930**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	**0**	***0***	0	**0**
Derecognition - Disposals	0	0	0	0	**0**		(1,835)	**(1,835)**
Derecognition - Other	0	0	0	0	**0**	***0***	0	**0**
Adjustments between cost/value & depreciation/impairment	(4,232)	(723)	(598)	(1,419)	**(6,972)**	***0***	**0**	**(6,972)**
Reclassifications & Transfers	0	0	0	0	**0**	***0***	0	**0**
Reclassified to Held for Sale	0	0	0		**0**	***0***	0	**0**
Reclassified from Held for Sale	0	0	0		**0**	***0***	0	**0**
Balance as at 31 March 2013	**10,598**	**17,507**	**17,886**	**0**	**45,991**	***16,250***	**0**	**45,991**

Depreciation and Impairment								
Balance as At 1 April 2012	0	334	10,627	0	**10,961**			**10,961**
Restatement	0	0	0	0	**0**	***0***	**0**	**0**
Restated opening balance	**0**	**334**	**10,627**	**0**	**10,961**	***0***	**0**	**10,961**
Depreciation Charge	0	872	594	0	**1,466**	*1,023*		**1,466**
Depreciation written out on Revaluation Reserve	0	(1,025)	(483)	0	**(1,508)**	*(1,303)*	0	**(1,508)**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0		0	0	**0**	*0*	0	**0**
Impairment losses/reversals to Revaluation Reserve		45	0	0	**45**	*0*	0	**45**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	4,232	1,966	1	0	**6,199**			**6,199**
Derecognition - Disposals	0	0	0	0	**0**			**0**
Derecognition - Other	0	0	0	0	**0**	*0*	0	**0**
Adjustments between cost/value & depreciation/impairment	(4,232)	(2,143)	(598)	0	**(6,973)**	***0***	**0**	**(6,973)**
Reclassifications & Transfers	0	0	0	0	**0**	*0*	0	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	**0**	*0*	0	**0**
Balance as at 31 March 2013	**0**	**49**	**10,141**	**0**	**10,190**	***(280)***	**0**	**10,190**
Net Book Value								
Balance as at 31 March 2013	**10,598**	**17,458**	**7,745**	**0**	**35,801**	***16,530***	**0**	**35,801**
Balance as at 31 March 2012	11,991	16,169	7,697	1,462	37,319	***16,950***	1,835	39,154

11. Income, Expenditure and changes in Fair Value of Investment Properties

2012/13 £000		2013/14 £000
1,835	Balance at start of the year	0
	Additions:	
0	- Purchases	0
0	- Construction	0
0	- Subsequent expenditure	0
(1,835)	Disposals	0
0	Net gains/losses from fair value adjustments	0
	Transfers:	
0	- to/from Inventories	0
0	-to/from Property, Plant and Equipment	0
0	Other changes	0
0	**Balance at end of the year**	**0**

12. Financial Instruments

Carrying amount of financial assets and liabilities

The following categories of financial instrument are carried in the Balance Sheet:

	2012-13 Current £000	2012-13 Long-term £000	2013-14 Current £000	2013-14 Long-term £000
Investments				
Loans and receivables	0	0	0	0
Available-for-sale financial assets	0	0	0	0
Unquoted equity investment at cost	0	5,138	0	5,138
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	**0**	**5,138**	**0**	**5,138**
Debtors				
Loans and receivables		0		0
Financial assets carried at contract amounts	1,250		1,645	
Total included in Debtors	**1,250**	**0**	**1,645**	**0**
Borrowings				
Financial liabilities at amortised cost	0	(20,473)	(3,000)	(17,330)
Total included in borrowings	**0**	**(20,473)**	**(3,000)**	**(17,330)**
Other Long Term Liabilities				
PFI and finance lease liabilities	12,774	365,659	20,121	340,681
Total other long term liabilities	**12,774**	**345,186**	**17,121**	**323,351**
Creditors				
Financial liabilities at amortised cost		0		0
Financial liabilities carried at contract amount	(12,653)		(10,944)	
Total creditors	**(12,653)**	**0**	**(10,944)**	**0**

Income, Expense, Gains and Losses

	2012/13 Financial Liabilities	2012/13 Financial Assets		2013/14 Financial Liabilities	2013/14 Financial Assets	
	Liabilities measured at amortised cost	**Loans and receivables**	**Total**	**Liabilities measured at amortised cost**	**Loans and receivables**	**Total**
	£000	£000	£000	£000	£000	£000
Interest expense	0	-	**0**	0	-	**0**
Impairment losses	-	0	**0**	-	0	**0**
Total expense in Surplus or Deficit on the Provision of Services	**0**	**0**	**0**	**0**	**0**	**0**
Interest income	-	0	**0**	-	0	**0**
Total income in Surplus or Deficit on the Provision of Services	**0**	**0**	**0**	**0**	**0**	**0**
Net gain/(loss) for the year	**0**	**0**	**0**	**0**	**0**	**0**

Fair Values of Assets and Liabilities
Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value of trade receivables (debtors) and payables (creditors) are assumed to be the invoiced or billed amount;
- For all PWLB loans the interest rate used for the purpose of calculating the fair value is taken to be the rate available for new loans within the relevant banding at 31 March 2013;
- For the Authority's LOBO, the interest rate is the rate quoted and provided by Sector; and
- No early repayment is recognised

The fair values calculated are as follows

	2012-13		2013-14	
	Carrying Value £000	Fair value £000	Carrying Value £000	Fair value £000
Debtors				
Loans and receivables	1,250	1,250	1,645	1,645
Financial assets carried at contract amounts	0		0	
Total included in Debtors	**0**	**1,250**	**0**	**1,645**
Borrowings				
Financial liabilities at amortised cost	(20,473)	(27,328)	(20,330)	(22,520)
Total included in borrowings	**(20,473)**	**(27,328)**	**(20,330)**	**(22,520)**
Other Long Term Liabilities				
MRF and finance lease liabilities	(15,531)	(15,531)	(14,411)	(14,411)
Total other long term liabilities	**(36,004)**	**(42,859)**	**(34,741)**	**(36,931)**
Creditors				
Financial liabilities at amortised cost	(12,653)	(12,653)	(10,944)	(10,944)
Financial liabilities carried at contract amount	0		0	
Total creditors	**(12,653)**	**(12,653)**	**(10,944)**	**(10,944)**

The Authority's financial assets are predominantly loans and receivables consisting principally of trade debtors and cash (bank) deposits held either by the Authority or by St Helens council on behalf of the Authority. These assets are initially valued at fair value and held on the Balance Sheet at amortised cost. The amortised cost is calculated using the effective interest rate which is the rate which exactly discounts the forecast cashflows of the instrument over its expected life to its carrying amount. For most short-term assets (e.g. trade debtors) the carrying value is deemed to be the invoiced amount.

The Authority does not have any investments required to be classed as either Available for Sale or Fair Value through Profit and Loss.

The fair value of the Authority's financial liabilities is more for its PWLB loans than the carrying amount because the Authority's portfolio of PWLB loans includes a number of fixed rate loans where the interest rates payable are higher than the rates available for similar loans at the Balance sheet date. The difference represents the opportunity cost to the Authority of continuing to hold relatively high interest debt compared with borrowing at current (lower) interest rates.

Long-term borrowing

The Authority borrows funds to finance its expenditure on capital assets. The borrowing is analysed as follows:

Analysis by type	**Balance at 31 March 2013**			**Balance at 31 March 2014**		
	Loan £000s	**Interest £000s**	**Total £000s**	**Loan £000s**	**Interest £000s**	**Total £000s**
Public Works Loans Board	(18,473)	(221)	**(18,694)**	(18,330)	(212)	**(18,542)**
Market Loan (LOBO)	(2,000)	(23)	**(2,023)**	(2,000)	(23)	**(2,023)**
	(20,473)	**(244)**	**(20,717)**	**(20,330)**	**(235)**	**(20,565)**
Analysis by maturity						
1 - 2 years	(3,000)	(50)	**(3,050)**	(3,000)	(50)	**(3,050)**
2- 5 years	(643)	(10)	**(653)**	(500)	(8)	**(508)**
5 - 10 years			**0**			**0**
More than 10 years	(16,830)	(184)	**(17,014)**	(16,830)	(177)	**(17,007)**
	(20,473)	**(244)**	**(20,717)**	**(20,330)**	**(235)**	**(20,565)**

13. Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is the responsibility of the Treasurer, with day-to-day responsibility undertaken by St Helens Council on behalf of the Authority. St Helens Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from:

- deposits with banks and financial institutions; anc

The Authority does not have significant credit risk exposure to customers as it rarely supplies goods and services on credit.

Credit risk on deposits is minimised by using St Helens Council to manage day to day treasury management in line with the Council's own Treasury Management Policy. The maximum exposure to credit risk is that St Helens Council fail repay monies invested with it by the Authority. However given that the Council is a tax-backed organisation, this is an extremely unlikely scenario.

Liquidity risk

The Authority relies on the service level agreement with St Helens Council to provide a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that no more than 60% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

Analyses of the maturity of financial liabilities are disclosed at Note 12 and 35.

All trade and other payables are due to be paid in less than one year.

Market risk
Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Authority has a number of strategies for managing interest rate risk. At present the aim is to keep a minimum of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

Price Risk

The Authority does not invest in equity shares. The Authority has a 100% shareholding in Mersey Waste Holdings Ltd and a 50% stake in Bidston Methane Ltd. Neither company is traded in an active market and the Authority has no plans to trade either stake.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

14. Inventories

The figure shown in the Balance Sheet may be subdivided as follows:

2012/13 £000		2013/14 £000
0	Balance b/f	0
0	Purchases	
0	Recognised as an expense in the year	21
0	Written off	0
0	Reversals of write-offs in previous years	0
0	**Balance c/f**	**21**

15. Debtors

Short term debtors

2012/13 restated £000		2013/14 £000
113	Other Local Authorities*	0
0	Public corporations and trading funds	0
0	Bodies external to general government	0
1,137	Other entities and individuals	1,645
	Impairment of loans and receivables	0
1,250	**Total**	**1,645**

*The short-term debtors balance for 2012/13 was restated by reclassifying Cash held with St Helens from current debtors to cash equivalents disclosed in Note 16 and disclosed in the Prior Period Adjustment at Note 6.

Long term debtors

2012/13 £000		2013/14 £000
0	**Total**	**0**

* There are no Long Term Debtors

MRWA
MERSEYSIDE RECYCLING & WASTE AUTHORITY

16. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises:
(a) cash held by the Authority; and
(b) cash held on behalf of the Authority by St Helens MBC which is available on demand.

2012/13 restated		2013/14
£000		£000
54,102	Cash equivalents*	50,356
1	Cash held by the Authority	1
54,103	Total	**50,357**

* The balance of cash equivalents is Cash held with St Helens which has been reclassified from Current debtors as part of a review of the Authority's Accounting

17. Creditors

Short Term Creditors

2012/13 £000		2013/14 £000
0	Government Departments	0
(729)	Other Authorities	(675)
0	Public corporations and trading funds	0
(11,942)	Bodies external to general government	(10,290)
18	Accumulated Absences	21
0	Receipts in advance	0
(12,653)	**Total Short Term Creditors**	**(10,944)**

Long Term Creditors

2012/13 £000		2013/14 £000
0	**Total Long Term Creditors**	**0**

* There are no Long Term Creditors

(12,653)	**Total Creditors**	**(10,944)**

18. Provisions

The provisions at the balance sheet date are required to be split between those that are likely to be payable within twelve months, recognised in the Balance Sheet as current liabilities, and those payable after twelve months from the balance sheet date, recognised as long term liabilities. The following note analyses the movement in those categories of provisions.

Current provisions

	Balance as At 1 April 2013	in provision during	Utilised during year	Unused Amounts Reversed	Interest earned	as at 31 March 2014
	£000	£000	£000	£000	£000	£000
Outstanding legal cases	0	0	0	0	0	0
Other provisions	0	(-167)	0	0	0	(-167)
	0	**(167)**	**0**	**0**	**0**	**(167)**

Long term provisions

	Balance as At 1 April 2013	in provision during	Utilised during year	Unused Amounts Reversed	Interest earned	as at 31 March 2014
	£000	£000	£000	£000	£000	£000
Outstanding legal cases	(6,972)	0	0	0	0	(6,972)
Other provisions	(885)	0	0	0	0	(885)
	(7,857)	**0**	**0**	**0**	**0**	**(7,857)**

Current provisions

	Balance as At 1 April 2012	in provision during	Utilised during year	Unused Amounts Reversed	Interest earned	as at 31 March 2013
	£000	£000	£000	£000	£000	£000
Outstanding legal cases		0	0	0	0	0
Other provisions		0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**

Long term provisions

	Balance as At 1 April 2012	in provision during	Utilised during year	Unused Amounts Reversed	Interest earned	as at 31 March 2013
	£000	£000	£000	£000	£000	£000
Outstanding legal cases	(8,506)	0	(1,534)		0	(6,972)
Other provisions	(885)	0	0	0	0	(885)
	(9,391)	**0**	**(1,534)**	**0**	**0**	**(7,857)**

Outstanding legal cases

The Authority has set aside amounts in its accounts in respect of a legal action between the Authority, the company (MWHLtd) and the landfill operators. The amounts included in the accounts represent the total amounts payable in respect of settling the costs of the arbitration and the final settlement of 'full costs' in favour of the landfill company. The action was a joint action by the Authority and the Company and the company has made a payment to the landfill operator in settlement. The company now has the right to call upon the full amount to be paid from the Authority as this was a joint action and the Authority agreed this basis. The company has not yet called for the payment but retains the right to do so and the payment is likely to be paid during 2013-14.

Other provisions

At the same time the Authority has also recognised that there was a need to make additional provision in respect of a pension commitment to the Citrus Pension Fund in respect of former employees, an amount of £885k, which has increased as a result of a better estimate of the amount due to be paid into the scheme.

19. Unusable Reserves

	31/03/13	31/03/14
	£000	£000
Accumulating Compensated Absences Adjustment Account	18	21
Capital Adjustment Account	24,774	21,911
Revaluation Reserve	(7,671)	(7,671)
Pensions Reserve	3,953	3,181
Total Unusable Reserves	**21,074**	**17,442**

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2012/13		2013/14
£000		£000
18	**Balance at 1 April**	**18**
(18)	Settlement or cancellation of accrual made at the	(18)
18	Amounts accrued at the end of the current year	21
	Amount by which officer remuneration charged to	
18	**Balance at 31 March**	**21**

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 (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2012-13 £000	£000		2013-14 £000	£000
	28,186	**Balance at 1 April**		**24,774**
7,411		Charges for depreciation and	1,137	
(10,607)		Revaluation losses on Property, Plant	(2,265)	
0		Revenue expenditure funded from	0	
1,835		Amounts of non current assets written	0	
	(1,361)			**(1,128)**
	0	Adjusting amounts written out of the		(41)
	(1,361)	**Net written out amount of the**		**(1,169)**
		Capital financing applied in the		
(743)		Use of the Capital Receipts Reserve to	(734)	
0		Application of grants to capital	0	
(1,308)		Statutory provision for the financing	(960)	
0		Capital expenditure charged against		
	(2,051)			**(1,694)**
	0	Movements in the market value of		0
	24,774	**Balance at 31 March**		**21,911**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from

The balance is reduced when assets with accumulated gains are:

- revalued 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.

2012/13 £000			2013/14 £000
(13,664)	**Balance at 1 April**		(7,671)
5,993	Upward revaluation of assets	0	
	Downward revaluation of assets and impairment	0	
5,993	Surplus or deficit on revaluation of non-current		**0**
0	Difference between fair value depreciation and		0
0	Revaluation balances on assets scrapped or		0
(7,671)	**Balance at 31 March**		**(7,671)**

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.

2012/13 £000		2013/14 £000
3,091	**Balance at 1 April**	**3,953**
826	Remeasurements of the net defined benefit	(832)
266	Reversal of items relating to retirement benefits	271
(230)	Employer's pension contributions and direct	(211)
3,953	**Balance at 31 March**	**3,181**

20. Cash flow statement - operating activities

Cash Flows from Operating Activities include the following amounts relating to Interest and Dividends

2012/13 £000		2013/14 £000
(2,598)	Interest Paid	**(2,188)**
970	Interest Received	**450**
	Dividends Received	
(1,628)		**(1,738)**

The Surplus/Deficit on the Provision of Services has been adjusted for the following non-cash movements.

2012/13 £000		2013/14 £000
7,665	Depreciation	1,137
359	Impairment & downward revaluations (& non-sale derecognitions)	0
0	Increase/(decrease) in impairment for bad debts	0
1,372	Increase/(Decrease) in creditors	1,709
0	(Increase)/Decrease in inventory	(21)
967	(Increase)/Decrease in debtors	(395)
36	Movement in pension liability	60
1,835	Carrying amount of non-current assets sold	0
(3,310)	Contributions to Other Reserves/Provisions	(3,359)
8,924		**(869)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2012/13 £000		2013/14 £000
(337)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(21)
(1,477)	Proceeds from the sale of PP&E and investment property	0
(1,814)		**(21)**

21. Cash Flow From Investing Activities

2012/13 £000		2013/14 £000
743	Purchase of PP&E and investment property	1,149
1,477	Proceeds from the sale of PP&E and investment property	0
	Other Receipts from Investing Activities	
2,220	**Net Cash flows from Investing Activities**	**1,149**

22. Cash flow statement - financing activities

2012/13 £000		2013/14 £000
2,363	Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	1,426
358	Repayment of Short and Long Term Borrowing	359
242	Other payments for Financing Activities	
2,963	**Net Cash flows from Financing Activities**	**1,785**

23. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across the Authority's activity. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made for capital expenditure (whereas depreciation, revaluation and impairment losses are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current cost of service of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and not charged to services

The income and expenditure of the Authority's principal services recorded in the budget reports for the year is as follows:

2013/14

	Establish-ment	Waste Contracts*	Facilities	Strategy	Procure-ment	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(309)	(1,862)	0	(3)	(149)	(450)	**(2,773)**
Levy	0	0	0	0	0	(65,591)	**(65,591)**
Total Income	**(309)**	**(1,862)**	**0**	**(3)**	**(149)**	**(66,041)**	**(68,364)**
Employee expenses	1,698	0	0	0	0	0	**1,698**
Other service expenses	754	56,261	2,092	540	3,675	1,242	**64,564**
Support service recharges	0	0	0	0	0	37	**37**
Total Expenditure	**2,452**	**56,261**	**2,092**	**540**	**3,675**	**1,279**	**66,299**
Net Expenditure	**2,143**	**54,399**	**2,092**	**537**	**3,526**	**(64,762)**	**(2,065)**

* establishment includes communications; waste contracts includes landfill allowances; facilities includes closed landfill and rent, rates depreciation

2012/13

	Establish-ment	Waste Contracts*	Facilities	Strategy	Procure-ment	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(445)	(2,801)	(513)	0	(248)	0	**(4,007)**
Levy	0	0	0	0	0	(65,458)	**(65,458)**
Total Income	**(445)**	**(2,801)**	**(513)**	**0**	**(248)**	**(65,458)**	**(69,465)**
Employee expenses	1,583	0	0	0	0	0	**1,583**
Other service expenses	616	54,083	3,985	281	3,103	1,281	**63,349**
Support service recharges	0	0	0	0	0	0	**0**
Total Expenditure	**2,199**	**54,083**	**3,985**	**281**	**3,103**	**1,281**	**64,932**
Net Expenditure	**1,754**	**51,282**	**3,472**	**281**	**2,855**	**(64,177)**	**(4,533)**

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012/13 £000	2013/14 £000
Net expenditure in the Service Analysis	(4,533)	(2,065)
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	4294	-502
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	984	2077
Cost of Services in Comprehensive Income and Expenditure Statement	**745**	**(490)**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013/14	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(2,773)	0	-	-	0	(2,773)	0	**(2,773)**
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	**0**
Interest and investment income	0	0	0	0	0	0	0	**0**
Income from Levy	(65,591)	0	0	0	0	(65,591)	0	**(65,591)**
Government grants	0	0	0	0	0	0	0	**0**
Total Income	**-68364**	**0**	**0**	**0**	**0**	**-68364**	**0**	**-68364**
Employee expenses	1,698	0	0	0	0	1,698	0	**1,698**
Other service expenses	62,149	0	(502)	2,077	0	63,724	0	**63,724**
Support Service recharges	0	0	0	0	0	0	0	**0**
Depreciation, amortisation and impairment	1,175	0	0	0	0	1,175	0	**1,175**
Interest Payments	1,277	0	0	0	0	1,277	0	**1,277**
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0	**0**
Total expenditure	**66299**	**0**	**-502**	**2077**	**0**	**67,874**	**0**	**67,874**
Surplus or deficit on the provision of services	**-2065**	**0**	**-502**	**2077**	**0**	**-490**	**0**	**-490**

2012/13	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(2,902)	0	-	-	0	(2,902)	0	**(2,902)**
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	**0**
Interest and investment income	(1,105)	0	0	0	0	(1,105)	0	**(1,105)**
Income from Levy	(65,458)	0	0	0	0	(65,458)	0	**(65,458)**
Government grants	0	0	0	0	0	0	0	**0**
Total Income	**-69465**	**0**	**0**	**0**	**0**	**-69465**	**0**	**-69465**
Employee expenses	1,583	0	0	0	0	1,583	0	**1,583**
Other service expenses	57,567	0	4,294	984	0	62,845	0	**62,845**
Support Service recharges	0	-	-	-	0	0	0	**0**
Depreciation, amortisation and impairment	4,336	-	0	0	-	4,336	0	**4,336**
Interest Payments	1,087	-	-	0	-	1,087	0	**1,087**
Gain or Loss on Disposal of Fixed Assets	359	-	-	-	-	359	0	**359**
Total expenditure	**64932**	**0**	**4294**	**984**	**0**	**70210**	**0**	**70210**
Surplus or deficit on the provision of services	**-4533**	**0**	**4294**	**984**	**0**	**745**	**0**	**745**

24. Officer remuneration

The Accounts and Audit (England) Regulations 2011 require local authorities to disclose the number of employees whose remuneration was £50,000 or more in the financial year, expressed in bands of £5,000. This excludes the remuneration of senior employees which is shown separately below.

	2012/13	2013/14
£50,000 to £54,999	0	0
£55,000 to £59,999	0	0
£60,000 to £64,999	0	0
£65,000 to £69,999	0	0
£70,000 to£ 74,999	0	0
£75,000 to £79,999	0	0
£80,000 to £84,999	0	1
£85,000 to £89,999	0	0
£90,000 to £94,999	0	0
	0	**1**

The re was only a single officer in the band for 2013-14, who received salary and redundancy payments that brought their remuneration within the boundaries of the table.

Exit Packages and termination benefits

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.
The total cost of £161.9k in the table below includes £44.9k for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. Other departures includes exit packages and retirements. Ill health retirement costs are not included in the disclosure as these are met by Merseyside Pension Fund, not the Authority.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£0 – £20,000	0	0	0	0	0	0	£0	£0
£20,001 – £40,000	0	0	0	0	0	0	£0	£0
£40,001 – £60,000	0	0	0	2	0	2	£0	£93,313
£60,001 – £80,000	0	0	0	1	0	1	£0	£68,663
£80,001 – £100,000	0	0	0	0	0	0	£0	£0
£100,000 – £150,000	0	0	0	0	0	0	£0	£0
Total	**0**	**0**	**0**	**3**	**0**	**3**	**£0**	**£161,976**

Senior officer remuneration

The Accounts and Audit (England) Regulations 2011 require the separate disclosure by

		Salary, Fees and Allowances	Expenses and Allowances	Pension Contribution	Total
				£	
		£	£	**16078**	**16078**
Chief Executive	**2013/14**	**81389**	**2324**	14172	**97885**
	2012/13	81174	3292	**13177**	**97643**
Director of Strategy and Development	**2013/14**	**67511**	**2731**	11864	**82106**
	2012/13	67544	3791	**12975**	**84310**
Director of Operations	**2013/14**	**65642**	**1950**	11485	**79077**
	2012/13	65511	3324	**12975**	**81810**
Director of Finance	**2013/14**	**65611**	**1988**	11479	**79078**
	2012/13	65511	3251	**55205**	**279841**
Total	**2013/14**	**280153**	**8993**	49000	338146
	2012/13	279740	13658		

25. External Audit Costs

The analysis of audit fees paid to the external auditor is shown below.

	2013/14	2012/13
	£000	£000
External Audit Fees	42	39
Audit Commission rebate	-5	0
Additional Audit Fee 2012-13	15	0
Other Fees	0	0
	52	**39**

26. Grant Income

The Authority credited the following grants to the Comprehensive Income and Expenditure Statement in 2013/14

	2012/13	2013/14
	£000	£000
Credited to Taxation and Non-specific Grant Income and Expenditure		
None	0	8
	0	**8**
Credited to Services		
Waste Eco Smart	0	(3)
	0	**5**

The Waste Smart Co Grant has yet to be fully recognised as income as there are conditions attaching that will require the money to be refunded to the giver. The balance at the year-end is as follows:

	2012/13	2013/14
	£000	£000
Current Liabilities		
Revenue grants received in advance - Waste Eco Smart	0	5
Long-term liabilities		
Revenue grants received in advance - Waste Eco Smart		
	0	**5**

27. Related Parties

Related Parties

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

Central Government

Central government has effective control over the general operations of the Authority– it is responsible for providing the statutory framework within which the Authority operates. Details of transactions with Government Departments are set out in the Notes relating to the Cash Flow Statement.

Members

Members of the Authority have direct control over the Authority's financial and operating policies although no Members' allowances are payable.
Three Members Councillors Robertson-Collins, Cluskey and Conception of the Authority are also Directors of Merseyside Waste Holdings Ltd and two Councillors I Williams and S Williams are appointed to the of Board Bidston Methane Ltd. They take no part at the Authority meetings about the bodies that they serve on.

Officers

Two Assistant Directors Alex Murray and Neil Ferris were Directors of Merseyside Waste Holdings Ltd.
The Procurement Director Terry Bradley who worked as a consultant to the Authority was also a Director of Merseyside Waste Holdings Ltd during the year
They take no part at the Authority meetings about the bodies that they serve on.

Other Public Bodies [subject to common control by central government]

The Authority is constituted from the five Merseyside District councils and Halton Unitary Council. The levy each District pays to the Authority is agreed at the start of the year and is then only subject to adjustments based on waste tonnage arising from the District during the year.

Levies received from member authorities during the year were as follows:

	Receipts		Payments	
	2012/13	**2013/14**	**2012/13**	**2013/14**
	£000	£000	£000	£000
Local authority levies:				
Knowsley	7,128	7,182		
Liverpool	22,550	22,565		
St Helens	8,479	8,403		
Sefton	12,614	11,868		
Wirral	14,687	15,574		
	65,458	**65,592**		
Halton Council contribution	1,315			
Disposal of commercial waste:				
Knowsley	178	177		
Liverpool	0			
St Helens	0			
Sefton	105	91		
Wirral	106	118		
Recycling credit payments				
Knowsley			415	377
Liverpool			1,028	1,130
St Helens			684	1,169
Sefton			2,103	2,083
Wirral			1,166	1,169
Support services				
St Helens			137	129
Residuary Body Debt				
Wirral			436	398

Entities Controlled or Significantly Influenced by the Authority
The Authority controls Merseyside side Waste Holdings Ltd through its ownership of 100% of the shares in the Company. **[disclose any payments, loans etc to MWH Ltd]**
The Authority controls Bidston Methane Ltd through its ownership of 50% of the shares in the Company. **[disclose any transactions with Bidston Methane]**

	Receipts		Payments	
	2012/13	**2013/14**	**2012/13**	**2013/14**
	£000	£000	£000	£000
Subsidiaries				
Mersey Waste Holdings Ltd				
Payments for the disposal of waste			24,381	25,769
Dividends	0	0		
Bidston Methane Ltd				
Profit share from gas rights	0	0		
Dividends	0	0		

28. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and the Waste Management and Recycling PFI Contract), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note

Capital Expenditure and Capital Financing	**2012/13**	**2013/14**
	£000	£000
Opening Capital Financing Requirement	**30,785**	**29,487**
Capital investment		
Property, Plant and Equipment	753	1,149
Other	0	0
	753	**1,149**
Sources of finance		
Capital receipts	(743)	(733)
Direct revenue contributions:	0	(416)
Minimum Revenue Provision (MRP)	(1,308)	(960)
	(2,051)	**(2,109)**
Closing Capital Financing Requirement	**29,487**	**28,527**

Explanation of movements in year

	2012/13	**2013/14**
	£000	£000
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	(1,298)	(960)
Assets acquired under finance leases:	0	0
Assets acquired under PFI/PPP contracts	0	0
Increase/(decrease) in Capital Financing Requirement	**(1,298)**	**(960)**

Assets Acquired under Finance Leases	**2012/13**	**2013/14**
	£000	**£000**
Land		
Property		
Vehicles and Equipment		
Total	**0**	**0**

29. Leases

Authority as lessor - operating leases

The Authority leases out property, plant and equipment for the following purposes:

- environment and planning - use of closed landfill sites
- household waste recycling centres

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2012/13	2013/14
	£000	£000
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
	0	**0**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the Authority.

Authority as lessee - finance leases

The Authority uses a number of assets and equpment under the terms of finance leases. Where these assets are used they are held in the Authority's balance sheet as property, plant and equipment at the following net amounts:

	2012/13	2013/14
	£000	£000
Land and buildings	0	
Vehicles, plant, furniture and equipment	0	0
	0	**0**

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 the 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:

	2012/13	2013/14
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
- current		
- non-current		
Finance costs payable in future years		
Minimum lease payments	**0**	**0**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease liabilities	
	2012/13	2013/14	2012/13	2013/14
	£000	£000	£000	£000
Not later than one year				
Later than one year and not later than five years				
Later than five years				
	0	**0**	**0**	**0**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents payable by the Authority.

Authority as lessee - operating leases

The Authority has acquired 14 assets by entering into operating leases with typical lives of between 2 and 5 years.

The future minimum lease payments due under non-cancellable operating leases in future years are:

	2012/13	2013/14
	£000	£000
No later than one year	22,300	22,300
Later than one year and not later than five years	52,780	42,487
Later than five years	159,815	171,006
	234,895	**235,793**

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year relating to these leases was:

	2012/13 Land and buildings	2013/14 Land and buildings
	£000	£000
Minimum lease payments	22,300	22,300
Contingent rentals	0	0
Less: Sublease payments receivable	0	0
	22,300	**22,300**

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the Authority.

30. Private Finance Initiatives and Similar Contracts

Accounting Policy

The authority's accounting policy re PFI and similar contracts must be inserted here where applicable

Waste Management and Recycling Contract

2013/14 was the fifth year of a 20 year Waste Management and Recycling contract with Veolia. Under the contract Veolia operate the Authority's existing waste facilities and is responsible for building, maintain and operating the new Gillmoss Material Recycling Facility (MRF) which came into operation in December 2011. The Contract specifies the minimum standards for the services to be provided by the contractor, Veolia, with deductions from the fee payable if facilities are unavailable or perfomance is below the standards set out. The contractor took on the obligation to construct and maintain the Gillmoss MRF to a minimum acceptable condition and to procure the plant and equipment needed to operate the MRF. The building, plant and equipment installed will transfer to the Authority at the end of the contract period for nil consideration.

The Authority has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Property Plant and Equipment

The assets used to provide services at the Materials Recycling Facility are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment at Note 10.

Payments

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2014 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Total at 31/03 2013		Payment for Services	Reimbursement of Capital Expenditure	Interest	Total at 31/03 2014
£000		£000	£000	0	£000
12,774	Payable within one year	18,273	961	887	**20,121**
83,551	Payable within two to five years	78,833	3,843	2,964	**85,640**
116,740	Payable within six to ten years	112,466	4,804	2,389	**119,659**
132,081	Payable within eleven to fifteen years	129,653	4,804	926	**135,383**
33,287	Payable within sixteen to twenty years	4,695	160	2	**4,857**
378,433	Total	**343,920**	**14,411**	**7,167**	**365,497**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

Liabilities

2012/13		2013/14
£000		£000
16,008	Balance outstanding at start of year	15,531
(477)	Payments during the year	(961)
	Capital expenditure incurred in the year	
15,531	Balance outstanding at year-end	**14,570**

31. Impairment Losses

During 2013/14, the Authority recognised an impairment loss of £107,485 (£159,000 in 2012/13) in relation to its closed landfill sites and removal of asbestos from the Huyton Waste Transfer Station. The Authority incurred capital expenditure on the sites but the nature of the long-term liability associated with the sites means that the expenditure does not add value to the sites so has been impaired. The recoverable amount of the sites has been reduced to their value in use and the impairment loss charged to the Waste Disposal costs centre within the Environmental and Regulatory Services line in the Comprehensive Income and Expenditure Statement. The Authority's valuer has advised the value in use of the sites is such that they could only be disposed of a nominal value because of the long-term liabilities that would be retained by the Authority under environmental legislation.

32. Defined Benefit Pension Schemes

Retirement Benefits

Participation in the Local Authority Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme (LGPS). Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

Under the LGPS, the Authority provides benefits in two ways:

(i) The Authority participates in the Merseyside Local Government Pension Fund administered by Wirral Metropolitan Borough Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

(ii) In some instances the Authority makes discretionary post-retirement benefits within the terms of the LGPS, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these liabilities.

Transactions relating to retirement benefits- CIES Charges:

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against the Levy is based on the cash payable in the year, and the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14 £000	**2012/13** £000	**2013/14** £000	**2012/13** £000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Service cost comprising:				
Current service cost	250	190	0	0
Past service cost	0	0	0	0
(Gain)/loss from settlements	0	0	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	10	65	11	11
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**260**	**255**	**11**	**11**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	0	(628)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	0	0	0	0
Other	(799)	1,436	(33)	18
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(539)**	**1,063**	**(22)**	**29**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	**(260)**	**(255)**	**(11)**	**(11)**
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	**211**	**212**		
Retirement benefits payable to pensioners			**0**	**18**
Net charge to the General Fund Summary	**(49)**	**(43)**	**(11)**	**7**

The service cost figures include an allowance for administration expenses of 0.x%

In addition to the recognised gains and losses included in the CIES, actuarial gains/losses of £x (£x gain/loss in 2009/10) were included in other comprehensive income and expenditure in the CIES. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a gain/loss of £x.

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Present value of the defined obligation	(13,037)	(13,339)	(202)	(243)
Fair value of plan assets	10,085	9,629	0	0
	(2,952)	**(3,710)**	**(202)**	**(243)**
Other movements in the liability (asset)				
Net liability arising from the defined benefit obligation	**(2,952)**	**(3,710)**	**(202)**	**(243)**

Reconciliation of movements in the fair value of scheme assets

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening fair value of scheme assets	9,629	8,618	0	0
Interest on plan assets	548	495		0
Remeasurements (assets)	9	628		
Administration expenses				
Business combinations				
Settlements				
Employer contributions	211	212		18
Member contributions	80	78		
Benefits/transfers paid	(392)	(402)		(18)
Closing value of scheme assets	**10,085**	**9,629**	**0**	**0**

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14	**2012/13**	**2013/14**	**2012/13**
	£000	£000	£000	£000
Opening balance at 1 April	(13,339)	(11,477)	(243)	(232)
Current service cost	(250)	(190)		
Interest cost	(559)	(560)	(10)	(11)
Member contributions	(80)	(78)		
Past service costs/(gains)	0	0		
Remeasurements (liabilities)				
Experience (gain)/loss	799	(1,436)	33	(18)
(Gain)/loss on financial assumptions				
(Gain)/loss on demographic assumptions				
(Gain)/loss on curtailments	0	0		
Liabilities assumed on business combinations				
Liabilities extinguished on settlements	0	0		
Benefits/transfers paid	392	402	18	18
Balance as at 31 March	**(13,037)**	**(13,339)**	**(202)**	**(243)**

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Local government pension scheme assets comprised:

	Fair value of scheme assets			
	31/03/13		**31/03/14**	
	£000	%	£000	%
Equities	5,835	60.6	6,253	62.0
Government Bonds	1,512	15.7	1,382	13.7
Other Bonds	347	3.6	262	2.6
Property	799	8.3	807	8.0
Cash / liquidity	221	2.3	272	2.7
Other	915	9.5	1,109	11.0
	9,629	**100**	**10,085**	**100**

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 the future years dependent on assumptions about mortality rates, salary levels, etc.
Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries, estimates for Merseyside Pension Fund being based on the latest full valuation of the scheme as at 1 April 2013.
The significant assumptions used by the actuary are set out below:

	Local Government Pension Scheme	
	2013/14	**2012/13**
	%	%
Long-term expected rate of return on assets in the scheme:		
Equities	7.0	7.0
Government Bonds	3.4	2.8
Other Bonds	4.3	3.9
Property	6.2	5.7
Cash / liquidity	0.5	0.5
Other	7.0	7.0
Expenses deductions	0.34	0.25
Overall expected rate of return	**5.86**	**5.72**

Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	22.3	21.8
Women	25.2	24.7
Longevity at 65 for future pensioners:		
Men	24.7	23.7
Women	28.0	26.6
Financial assumptions:		
Rate of CPI inflation	2.4%	2.4%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.4%	2.4%
Discount Rate	4.4%	4.4%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possiblke changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analyses chnages while all other assumptions remain constant.

For example, the longevity assumptions assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and chnages in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Increase in assumption £000	Impact on the Defined Benefit Decrease in assumption £000
Longevity (increase or decrease in one year)	260	0
Rate of inflation (increase or decrease by 0.1%)	235	0
Rate of increase in salaries (increase or decrease by 1%)	0	0
Rate of increase in pensions (increase or decrease by 1%)	0	0
Rate for discounting liabilities (increase or decrease by 0.1%)	0	231

Asset and Liability Matching Strategy
Insert appropriate narrative based on what Merseyside Pension Fund actually do in practice

Impact on the Authority's cashflows
The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Merseyside Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2013.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to

The authority anticipates to pay £285k expected contributions to the scheme in 2014/2015.

33. Contingent Liabilities

At 31 March 2014 the called up value of the Authority's 299,000 ordinary £1 shares in Bidston Methane Ltd was £299 (£0.001 each). The contingent liability therefore is £298,701 (£0.999 each).

34. Contingent Assets

On 23rd December 2013 The Authority entered into a contract with Sembcorp UK (SSUK) Ltd for 30 years. The contract provides for a profit share arising from electricity generated from the contract, however, the value of the potential income from the future profu=it share cannot be accurately projected untile nearer the time the contract enters its operational phase as waste flows and electricity markets and prices are very likely to change.

35. Other Long-term liabilities

2012/13		Note	2013/14
£000			£000
(3,953)	Pensions liability	32	(3,154)
(2,795)	Merseyside MCC residual debt liability	35	(2,579)
(15,531)	Service Concession Liability	30	(14,411)
	Finance lease liabilities	29	0
(22,279)			(20,144)

Deferred Liabilities - Merseyside Residual Debt Fund

These are

2012-13		2013-14
£000s		£000s
(3,010)	Balance b/f	(2,795)
215	Repayments in year	216
(2,795)	Balance c/f	(2,579)

36 Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts under the Accounts and Audit (England) Regulations 2011, which require it to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.
The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

• revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;

• revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;

• supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

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• expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

• interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

• where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The Authority applies the accruals concept fully in accordance with FRS 18*Accounting Policies*, with the exception of electricity and similar periodic payments which are charged at the date of the meter reading. This is because the difference between the accruals method and this treatment is not considered sufficiently material to make a difference to the reader's understanding of the accounts. This policy has been consistently applied each year and has no material effect on the accounts.

ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in [specified period, no more than three months] or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iii) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

iv) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period

v) Charges for Non-Current Assets

Services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;

- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;

- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchnage for those benefits and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority are eligible to join the Local Government Pension Scheme, administered by Wirral Metropolitan Borough Council as the pension fund administering authority for Merseyside Pension Fund.

The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees of the Authority.

Full details of Merseyside Pension Fund including the Pension Fund Annual Report and Statement of Accounts can be obtained from:

Merseyside Pension Fund
7th Floor
Castle Chambers
43 Castle Street
LIVERPOOL
L69 2NW

Pension costs for those employees who are members of the LGPS, have been recognised in the statement of accounts on a defined benefits basis in accordance with IAS19 *Employee Benefits*. Ths requires the Authority to account for its share of the pension fund assets and liablities in the Blaance Sheet, as well as recognising the full cost of providing for future retirement benefits in the Comprehensive Income and Expenditure Statement. The assumptions used in determining pension costs are as follows:

• the liabilities of the Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees:

• liabilities are discounted to their value at current prices, using a real discount rate of x% (2.1% in 2012/13) based on actual corporate bond yield of x% less y% inflation assumption (5.5% less 3.4% inflation in 2012/13);

• The assets of Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:

o quoted securities – current bid price
o unquoted securities – professional estimate
o unitised securities – current bid price

- The change in the net pensions liability is analysed into the following components:

o Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- net interest on the net defined benefit liability i.e. net interest expense for the Authority · the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is aclaulcated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period - taking into account any chnages in the net defined benefit liability during the period as a result of contribution and benefit payments.

o Remeasuements comprising:

- the net return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Statutory provisions limit the Authority to raising its Levy to cover the amounts actually payable to Merseyside Pension Fund or payable direct to pensioners in the year, not the amount calculated according to the relevant accounting standards.
Therefore any difference between the amounts calculated under IAS19 and the statutory pension fund contribution is accounted for in the Movement in Reserves via a transfer to and from the Pensions Reserve. In this manner the notional debits and credits for retirement benefits are removed and replaced with debits for the cash actually paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.
The Fund is subject to actuarial revaluation every three years with the latest valuation being that as at 31 March 2013.

vii) Events After the Balance Sheet Date

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 provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;

• 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.

Events taking place after the date of authorisation for issue are not reflected in the

viii) Financial Instruments

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.
For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets
Financial assets are classified into two types:

• loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
• available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year set

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-sale assets

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for -Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Impairment

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

ix) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants 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 will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the

Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant 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.

Where 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.

x) Interests in Companies and Other Entities

The Authority has material interests in companies that have the nature of subsidiaries and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies are recorded as financial assets at cost, less any provision for losses

xi) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the [FIFO/weighted average] costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xii) 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

The Authority has no finance leases.

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 (eg, there is a rent-free period at the commencement of the lease).

The Authority as Lessor

The Authority has no arrangements which fall into this category.

xiii) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a democratic organisation.
- Non Distributed Costs.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xiv) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried in the balance sheet using the following bases:

- assets under construction - depreciated historical cost
- all other assets - fair value, at existing use (EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

It should be noted that the environmental condition of closed landfill sites makes them unmarketable and a nominal value of £1 is attributed to them.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Impairment

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 by:

- 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(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment by systematically allocating depreciation over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land) and assets that are not yet available for use (e.g. assets under construction).

Deprecation is calculated on a straight-line basis over the useful life of the assets.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are statutorily defined as capital receipts, and are credited to the Capital Receipts Reserve. These amounts can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xv) Service Concession Arrangements

Service concession arrangements (formerly classed as PFI and similar contracts) are contractual arrangements between the Authority and an operator where responsibility for providing public services, using assets provided either by the operator or the Authority, passes to the operator for a specified period of time.

Where the Authority is deemed to control or regulate the services provided under a service concession arrangement and either:
(a) ownership of the property, plant and equipment pass to the Authority at the end of the contracts for no additional charge, or
(b) the service concession is for the whole life of the assets used,
the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

Where the Authority either:
(a) does not control or regulate the services; or
(b) the assets do not revert to the Authority at the end of the concession,
no assets are recognised on Balance Sheet and the expenditure is debited to the relevant service within the Comprehensive Income and Expenditure Statement.
Assets recognised are carried on the Balance Sheet within Property Plant and Equipment at fair value. Fair value is either:
(a) the portion of payments made to the operator for the asset; or
(b) the fair value of the asset where no monetary exchange has occurred.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment for those assets provided by the operator under the service concession arrangement. For the Gillmoss Material Recycling Facility recognised under the Waste Management Recycling Contract, the liability was written down by an initial capital contribution of £16.3m.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:
• fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
• finance cost – an interest charge of x% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
• contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
• payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
• lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xvi) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xvii) Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. Unusable reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The purposes and usage of both usable and unusable reserves are detailed in Notes accompanying the accounts.

xviii) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xix) Landfill allowances trading scheme

The Landfill Allowance Trading Scheme (LATS) was introduced in April 2005 and imposed a legal duty on local authorities to reduce the amount of biodegradable municipal waste (BMW) disposed to landfill. The scheme was a 'cap and trade scheme', which allocated tradable landfill allowances to each Waste Disposal Authority (WDA) up to the amount of the WDA's 'cap' set to ensure that England meets its targets under the EU Landfill Directive. The scheme was terminated by central government on 31 March 2013. There have been transactions in 2013/14 and there are no liabilities outstanding in relation to the abolished scheme.

The scheme gave rise to an asset for allowances held, LATS grant income and a liability for actual BMW usage. The liability was discharged through a combination of allowances allocated either from DEFRA in the form of a grant or purchased from other authorities, or a penalty payable to DEFRA for the amount of landfill for which allowances were not held. Allowances were measured initially at their fair value and thereafter at the lower of cost and net realisable value.

GROUP ACCOUNTS

Statement of Group Accounting Policies

In common with many other local authorities, where appropriate the Authority uses different forms of service delivery. In some cases it has created separate companies with to deliver those services. The use of separate companies means that the Authority's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The aim of the Group Accounts is to give an overall picture of the activities of the Authority and the resources used to carry out those activities. The Group Accounts also provide further information on the material financial risks and benefits of all entities over which the Authority exercises control, significant influence or joint control.

The Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of the subsidiaries have been aligned with the policies of the Authority, for the purposes of Group Accounts, where materially different. Such adjustments as are necessary to align the Group Accounting policies are made as consolidation adjustments.

To give a full picture of the financial activities of the Authority, Group Accounts have been prepared which include those organisations where the Authority's interest is considered material. This information is still subject to audit by each organisation's own auditor.

Accordingly the Group Accounts consolidate the Authority's accounts with the following subsidiaries:

- Mersey Waste Holdings Ltd; and
- Bidston Methane Ltd.

The entities have prepared their accounts in line with IFRSs and UK GAAP rather than the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code). However there are no material areas where this conflicts with the Authority's accounting policies. Consequently no adjustments have been required to realign the accounts of the Group entities with those of the Authority. The accounting policies applied to the Group financial statements are consistent with those set in the single entity statements.

Both subsidiaries have been consolidated on a full line by line basis with the financial transactions and balances of the Authority.

Results of subsidiaries

Key information on a group basis has been included alongside the single entity disclosure notes for reserves, debtors, creditors, segmental reporting and defined benefit schemes. The following notes provide additional details of the Authority's involvement in the entities consolidated to form the Group Accounts.

Mersey Waste Holdings Ltd

Nature of business and relationship to the Authority

Mersey Waste Holdings Ltd is a former LAWDC (Local Authority Waste Disposal Company) that was established to provide waste management services for the Authority. Since the procurement of services by the Authority under its Waste Management and Recycling Contract with Veolia ES a large part of the activity of the company has ceased. However, the company is still used by the Authority to access the remaining landfill contracts held by FCC at the existing terms. Other responsibilities for the pension liabilities of former employees are also managed through the company.

MWHL Limited is a company incorporated under the terms of the Companies Acts to promote international exhibitions, conferences and events. The Authority is the principal shareholder in the company holding £5,138,000 of ordinary £1 shares and representing 100% of the issued share capital. Under accounting standards, the Authority has a controlling interest in this company. It is therefore included in the group accounts as a subsidiary

Financial Performance

The financial performance of Homes for MWHL is summarised below.

	2012/13	**2013/14**
	£0	**£0**
Turnover	24,615	**21,152**
(Surplus) / Deficit	32	**890**
Accumulated (Surplus) / Deficit	-1,877	**-1,739**

Accounts

A full copy of the company's accounts can be obtained from The Directors, MWHL, 7th Floor, No. 1 Mann Island, Liverpool, L3 1BP. The accounts are audited by EY LLP.

Bidston Methane Ltd

Nature of business and relationship to the Authority

Bidston Methane Ltd is a joint venture enterprise which was established to manage gas production and electricity generation from certair Closed Landfill Sites which remain the responsibility of the Authority. The Joint Venture is with INFINIS and has in recent years been operating at a loss which is reflected in the group accounts. The accounts of the Joint Venture are prepared later than those of the Authority and so for consolidation purposes the latest available set of accounts has been used. There is no material impact on the Group Accounts from adopting this approach.

	2011/12	**2012/13**
	£0	**£0**
Turnover	139	**146**
(Surplus) / Deficit	89	**53**
Accumulated (Surplus) / Deficit	514	**567**

Accounts

The accounts are available from the Infinis Holdings, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ. The accounts are audited by KPMG LLP.

Group Movement in Reserves

2012/13

	Authority Adjusted Reserves Balances							
	General Fund Balance	Capital Receipts Reserve	Earmarked Reserve GF	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries & associates	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2012	(18,857)		(31,613)	(50,470)	17,631	(32,839)	(6,597)	(39,436)
Surplus or (deficit) on provision of services				0	0	0	786	786
Other Comprehensive Expenditure and Income	5,144		0	5,144	(4,393)	751	1,861	2,612
Total Comprehensive Expenditure and Income	5,144	0	0	5,144	(4,393)	751	2,647	3,398
Adjustments between Group accounts and Authority accounts	0	0	0	0		0	0	0
Net Increase / Decrease before Transfers	5,144	0	0	5,144	(4,393)	751	2,647	3,398
Adjustments between accounting basis & funding basis under regulations	(7,110)	(734)	0	(7,844)	7,844	0	466	466
Net Increase / Decrease before Transfers to Earmarked Reserves	(1,966)	(734)	0	(2,700)	3,451	751	3,113	3,864
Transfers to / from Earmarked Reserves	2,000	0	(2,000)	0	0	0	0	0
Increase / Decrease in Year	34	(734)	(2,000)	(2,700)	3,451	751	3,113	3,864
Balance at 31 March 2013	(18,823)	(734)	(33,613)	(53,170)	21,082	(32,088)	(3,484)	(35,572)

Group Movement in Reserves

2013/14

	Authority Adjusted Reserves Balances							
	General Fund Balance	Capital Receipts Reserve	Earmarked Reserve GF	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of subsidiaries & associates	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as At 1 April 2013	**(18,823)**	**(734)**	**(33,613)**	**(53,170)**	**21,082**	**(32,088)**	**(3,484)**	**(35,572)**
Surplus or (deficit) on provision of services	1,754			**1,754**	0	**1,754**		**1,754**
Other Comprehensive Expenditure and Income	0	0	0	**0**	(2,242)	**(2,242)**	**27**	**(2,216)**
Total Comprehensive Expenditure and Income	**1,754**	**0**	**0**	**1,754**	**(2,242)**	**(488)**	**27**	**(462)**
Adjustments between Group accounts and Authority accounts	656	734	0	**1,390**	(1,390)	**0**	**0**	**0**
Net Increase / Decrease before Transfers	**2,410**	**734**	**0**	**3,144**	**(3,632)**	**(488)**	**27**	**(462)**
Adjustments between accounting basis & funding basis under regulations	(33)	0	0	**(33)**	0	**(33)**	**245**	**212**
Net Increase / Decrease before Transfers to Earmarked Reserves	**2,377**	**734**	**0**	**3,111**	**(3,632)**	**(521)**	**271**	**(250)**
Transfers to / from Earmarked Reserves	(416)	0	416	**0**	0	**0**	**0**	**0**
Increase / Decrease in Year	**1,961**	**734**	**416**	**3,111**	**(3,632)**	**(521)**	**271**	**(250)**
Balance at 31 March 2014	**(16,862)**	**0**	**(33,197)**	**(50,059)**	**17,450**	**(32,609)**	**(3,213)**	**(35,822)**

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2012/13			2013/14		
	£000 Expenditure	£000 Income	£000 Net	£000 Expenditure	£000 Income	£000 Net
Cultural, environmental, regulatory and planning services	73,442	(7,597)	65,845	98,348	(33,176)	65,172
Corporate and democratic core	265	0	265	273	0	273
Non distributed costs	92	0	92	109	0	109
Surplus/Deficit on Continuing Operations	**73,799**	**(7,597)**	**66,202**	**98,730**	**(33,176)**	**65,554**
Other Operating Expenditure			0			0
Financing and Investment Income and Expenditure			4,288			1,720
Taxation and Non-Specific Grant Income			(65,458)			(65,591)
			0			
Associates and Joint Ventures accounted for on an equity basis			0			0
Group(Surplus) or Deficit			**5,032**			**1,682**
Surplus or deficit on revaluation of non current assets			(2,956)			0
Surplus or deficit on revaluation of available for sale financial assets						(1,410)
Actuarial gains / losses on pension assets / liabilities			1,007			(545)
Share of other Comprehensive Expenditure & Income of associates & joint ventures			0			0
Other Comprehensive Income and Expenditure			**(1,949)**			**(1,955)**
Total Comprehensive Income and Expenditure			**3,083**			**(273)**

GROUP BALANCE SHEET

Restated at 1st April 2012	Restated 31st March 2013		31st March 2014
£000	£000		£000
37,319	35,801	Property, Plant & Equipment	35,813
1,835	0	Investment Property	0
232	0	Long Term Debtors	0
40	0	Deferred tax asset	0
39,426	**35,801**	**Long Term Assets**	**35,813**
0	0	Inventories	21
389	1,230	Short Term Debtors	1,813
66,225	62,380	Cash and Cash Equivalents	58,641
0	0	Assets held for sale	0
0	0	Current tax asset	0
66,614	**63,610**	**Current Assets**	**60,475**
(3,540)	(4,959)	Short Term Borrowing	(6,159)
(14,604)	(11,001)	Short Term Creditors	(11,384)
(942)	(942)	Short Term Lease	(961)
0	0	Provisions	(167)
0	0	Current Liabilities	5
(19,086)	**(16,902)**	**Current Liabilities**	**(18,666)**
(1,675)	(37)	Provisions	(38)
(23,719)	(20,473)	Long Term Borrowing	(17,330)
(22,124)	(26,427)	Other Long Term Liabilities	(24,409)
(47,518)	**(46,937)**	**Long Term Liabilities**	**(41,776)**
39,436	**35,572**	**Net Assets**	**35,846**
(39,436)	(35,572)	Group Reserves	(35,846)
(39,436)	**(35,572)**	**Total Reserves**	**(35,846)**

GROUP CASH FLOW STATEMENT

	Notes	2013/14 £000	2012/13 £000
Net surplus or (deficit) on the provision of services		(1,682)	(5,032)
Adjustment to surplus or deficit on the provision of services for noncash movements		(107)	(198)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		2,896	2,890
Net cash flows from operating activities		**1,107**	**(2,340)**
Net Cash flows from Investing Activities		**4,381**	**(743)**
Net Cash flows from Financing Activities		**(1,749)**	**242**
Net increase or decrease in cash and cash equivalents		**3,739**	**(2,841)**
Cash and cash equivalents at the beginning of the reporting period		**(62,380)**	**(59,539)**
Cash and cash equivalents at the end of the reporting period		**(58,641)**	**(62,380)**

Merseyside Recycling & Waste Authority
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FOR THE YEAR ENDED 31 MARCH 2014

Fixed Assets Note - Current Year

	Property, Plant & Equipment (PP&E)									
	Land £000	Buildings £000	Infrastructure Assets £000	Vehicles, Plant & Equipment £000	Non Operational Assets £000	PP&E Under Construction £000	Surplus Assets £000	**Total PP&E £000**	**Investment Properties £000**	**TOTAL £000**
Cost or Valuation										
Balance as At 1 April 2013	10,598	17,507	0	17,886	0	0	0	**45,991**	0	**45,991**
Adjustments between cost/value & depreciation/impairment	0	0	0	0		0	0	**0**	**0**	**0**
Adjusted opening balance	10,598	17,507	0	17,886	0	0	0	**45,991**	0	**45,991**
Additions	37	1,074	0	0	0	38	0	**1,149**	**0**	**1,149**
Donations	0	0	0	0	0	0	0	**0**		**0**
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	0	0	0	**0**		**0**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**		**0**
Derecognition - Disposals	0	0	0	0	0	0	0	**0**		**0**
Derecognition - Other	0	0	0	0	0	0	0	**0**		**0**
Reclassified from Held for Sale	0	0	0	0		0	0	**0**		**0**
Balance as at 31 March 2014	10,635	18,581	0	17,886	0	38	0	**47,140**	**0**	**47,140**

Depreciation and Impairment										
Balance as At 1 April 2013	0	49	0	10,141	0	0	0	**10,190**	0	**10,190**
Adjustments between cost/value & depreciation/impairment	0	0	0	0		0	0	**0**		**0**
Adjusted opening balance	0	49	0	10,141	0	0	0	**10,190**	0	**10,190**
Depreciation Charge	0	0	0	0	0	0	0	**0**		**0**
Depreciation written out on Revaluation Reserve	0	457	0	573	0	0	0	**1,030**		**1,030**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**		**0**
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	**0**		**0**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	37	70	0	0	0	0	0	**107**		**107**
Derecognition - Disposals	0	0	0	0	0	0	0	**0**		**0**
Derecognition - Other	0	0	0	0	0	0	0	**0**		**0**
Balance as at 31 March 2014	0	49	0	10,141	0	0	0	**11,327**	**0**	**11,327**
Net Book Value										
Balance as at 31 March 2014	**10,635**	**18,532**	**0**	**7,745**	**0**	**38**	**0**	**35,813**	**0**	**35,813**
Balance as at 31 March 2013	**10,598**	**17,458**	**0**	**7,745**	**0**	**0**	**0**	**35,801**	**0**	**35,801**

Fixed Assets Note - Comparative Year

	Land £000	Buildings £000	Infrastructure Assets £000	Vehicles, Plant & Equipment £000	Non Operational Assets £000	PP&E Under Construction £000	Surplus Assets £000	**Total PP&E £000**	**Investment Properties £000**	**TOTAL £000**
Cost or Valuation										
Balance as at 31 March 2012	0	0	0	0	0	0	0	0	0	**0**
Adjustments between cost/value & depreciation/impairment		0	0	0		0	0	**0**	**0**	**0**
Adjusted opening balance	11,991	16,503	0	18,324	0	1,462	0	**48,280**	**1,835**	**50,115**
Additions (Note 40)	160	576	0	60	0	(43)	0	**753**	0	**753**
Donations	0	0	0	0	0	0	0	**0**		**0**
Revaluation increases/decreases to Revaluation Reserve	2,679	1,151	0	100	0	0	0	**3,930**	0	**3,930**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	0	**0**
Derecognition - Disposals	0	0	0	0	0	0	0	**0**	(1,835)	**(1,835)**
Derecognition - Other	0	0	0	0	0	0	0	**0**	0	**0**
Adjustments between cost/value & depreciation/impairment	(4,232)	(723)	0	(598)	0	(1,419)	0	**(6,972)**		**(6,972)**
Reclassifications & Transfers	0	0	0	0	0	0		**0**	0	**0**
Reclassified to Held for Sale	0	0	0	0	0	0	0	**0**	0	**0**
Reclassified from Held for Sale	0	0	0	0	0	0	**0**	**0**	0	**0**
Balance as at 31 March 2013	10,598	17,507	0	17,886	0	0	0	**45,991**	**0**	**45,991**

Depreciation and Impairment										
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	**0**	**0**	**0**
Adjusted opening balance	0	334	0	10,627	0	0	0	**10,961**	0	**10,961**
Depreciation Charge	0	872	0	594	0	0	0	**1,466**	0	**1,466**
Depreciation written out on Revaluation Reserve	0	(1,025)	0	(483)	0	0	0	**(1,508)**	0	**(1,508)**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**	0	**0**
Impairment losses/reversals to Revaluation Reserve	0	45	0	0	0	0	0	**45**	0	**45**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	4,232	1,966	0	1	0	0	0	**6,199**	0	**6,199**
Derecognition - Disposals	0	0	0	0	0	0	0	**0**	0	**0**
Derecognition - Other	0	0	0	0	0	0	0	**0**	0	**0**
Reclassifications & Transfers	(4,232)	(2,143)	0	(598)	0	0	0	**(6,973)**	0	**(6,973)**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	**0**	0	**0**
Balance as at 31 March 2013	0	49	0	10,141	0	0	0	**10,190**	**0**	**10,190**
Net Book Value										
At 31 March 2013	**10,598**	**17,458**	**0**	**7,745**	**0**	**0**	**0**	**35,801**	**0**	**35,801**
Balance as at 31 March 2012	**11,991**	**16,169**	**0**	**7,697**	**0**	**1,462**	**0**	**37,319**	**1,835**	**39,154**

Merseyside Recycling & Waste Authority
Notes to the Financial Statements
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Debtors

	Long Term Debtors			Short Term Debtors		
	2013/14	**2012/13**	**2011/12**	**2013/14**	**2012/13**	**2011/12**
	£000	£000	£000	£000	£000	£000
Government Departments	0	0	0	0	0	0
Trade debtors	0	0	0	0	0	0
Other	0	0	0	0	1,230	0
Impairment of loans and receivables						
	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**1,230**	**0**

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts.
In undertaking its work the Council holds reserves of stock together with amounts of uncompleted work (work in progress).

The figure shown in the Balance Sheet may be subdivided as follows:

	2013/14	**2012/13**	**2011/12**
	£000	£000	£000
WIP	0	0	0
Central Stores	0	0	0
Other	21	0	0
Total	**21**	**0**	**0**

Creditors

Short Term Creditors

	2013/14	**2012/13**	**2011/12**
	£000	£000	£000
Government Departments	0	0	0
Other Authorities	675	711	1,853
Accumulated Absences	21	18	19
Receipts in advance	0	0	0
Trade creditors	0	0	0
Other	10,688	10,272	12,732
Total Short Term Creditors	**11,384**	**11,001**	**14,604**

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of segment income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012-13 £000	**2013-14 £000**
Net expenditure in the Service analysis	(3,599)	**(1,980)**
Net expenditure of services and support services not include din the analysis	0	
Net expenditure of subsidiaries not included in the analysis	0	
Amounts in the Comprehensive Income and expenditure Statement not reported to management in the analysis	173	**(406)**
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	345	**2,142**
Cost of Services in the Group Comprehensive Income and Expenditure Statement	(3,081)	**(244)**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013-14 (reporting year)

	Service analysis	Amounts not reported to management for decision making	Net expenditure of subsidiaries not included in the analysis	Amounts not included in I&E	Cost of Services	Corporate amounts	TOTAL
	0	0	0	0	0	0	0
Fees, charges and other service income	(2,480)	0	0	0	(2,480)	0	(2,480)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	(488)	0	0	0	(488)	0	(488)
Income from Levy	(65,591)	0	0	0	(65,591)	0	(65,591)
Government grants and contributions	0	0	0	0	0	0	0
Total income	(68,559)	0	0	0	(68,559)	0	(68,559)
Employee expenses	1,731	0	0	0	1,731	0	1,731
Other service expenses	61,502	(406)	2,142	0	63,238	0	63,238
Support service recharges	0	0	0	0	0	0	0
Depreciation, amortisation and impairment	1,137	0	0	0	1,137	0	1,137
Interest payments	2,209	0	0	0	2,209	0	2,209
Gain or loss on disposal of fixed assets	0	0	0	0	0	0	0
Total expenditure	**66,579**	**345**	**173**	**0**	**68,315**	**0**	**68,315**
Surplus or deficit on the provision of services	**(1,980)**	**345**	**173**	**0**	**(244)**	**0**	**(244)**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012-13 (reporting year)

	Service analysis	Amounts not reported to managemen t for decision making	Net expenditure of subsidiaries not included in the analysis	Amounts not included in I&E	Cost of Services	Corporate amounts	TOTAL
	0	**0**	**0**	**0**	**0**	**0**	**0**
Fees, charges and other service income	(3,620)	0	0	0	**(3,620)**	0	**(3,620)**
Surplus or deficit on associates and joint ventures	0	0	0	0	**0**	0	**0**
Interest and investment income	(1,105)	0	0	0	**(1,105)**	0	**(1,105)**
Income from Levy	(65,458)	0	0	0	**(65,458)**	0	**(65,458)**
Government grants and contributions	0	0	0	0	**0**	0	**0**
Total income	(70,183)	0	0	0	**(70,183)**	0	**(70,183)**
Employee expenses	1,631	0	0	0	**1,631**	0	**1,631**
Other service expenses	59,197	345	173	0	**59,715**	0	**59,715**
Support service recharges	0	0	0	0	**0**	0	**0**
Depreciation, amortisation and impairment	4,336	0	0	0	**4,336**	0	**4,336**
Interest payments	1,061	0	0	0	**1,061**	0	**1,061**
Gain or loss on disposal of fixed assets	359	0	0	0	**359**	0	**359**
Total expenditure	**66,584**	**345**	**173**	**0**	**67,102**	**0**	**67,102**
Surplus or deficit on the provision of services	**(3,599)**	**345**	**173**	**0**	**(3,081)**	**0**	**(3,081)**

6) Segment reporting for Group Accounts 2013-14 (reporting year)

	Establish-ment* £0	Waste £0	Facilities* £0	Strategy £0	Procure-ment £0	Other £0	MWHL £0	BML £0	Total £0
Fees charges and other service income	-309	-1862	0	-3	-149	-450	-49	-146	**-2,968**
Government grants	0	0	0	0	0	-65,591	0	0	**-65,591**
Total income	**-309**	**-1862**	**0**	**-3**	**-149**	**-66041**	**-49**	**-146**	**-68559**
Employee expenses	1,698	0	0	0	0	0	33	0	**1,731**
Other service expenses	754	56,261	2,092	540	3,675	1,242	48	199	**64,811**
									0
Support service recharge	0	0	0	0	0	37	0	0	37
Total Expenditure	**2,452**	**56,261**	**2,092**	**540**	**3,675**	**1,279**	**81**	**199**	**66,579**
Net expenditure	**2,143**	**54,399**	**2,092**	**537**	**3,526**	**-64,762**	**32**	**53**	**-1,980**

** establishment includes communications; waste contracts includes landfill allowances; facilities includes closed landfill and rent, rates depreciation*

Segment reporting for Group Accounts 2012-13 (reporting year)

	Establish-ment* £0	Waste £0	Facilities* £0	Strategy £0	Procure-ment £0	Other £0	MWHL £0	BML £0	Total £0
Fees charges and other service income	-445	-2,801	-513	0	-248	0	-513	-70	**-4,590**
Government grants	0	0	0	0	0	-65,458	0	0	**-65,458**
Total income	-445	-2,801	-513	0	-248	-65,458	-513	-70	**-70,048**
Employee expenses	1,583	0	0	0	0	0	36	12	**1,631**
Other service expenses	616	51,665	3,985	281	3,103	4,349	1,368	101	**62,400**
Support service recharge	0	0	0	0	0	0	0	0	**0**
Total Expenditure	**2,199**	**51,665**	**3,985**	**281**	**3,103**	**4,349**	**1,404**	113	**64,031**
Net expenditure	**1,754**	**48,864**	**3,472**	**281**	**2,855**	**-61,109**	**891**	**43**	**-6,017**

** establishment includes communications; waste contracts includes landfill allowances; facilities includes closed landfill and rent, rates depreciation*

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of segment income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012-13 £000	**2013-14** **£000**
Net expenditure in the Service analysis	(3,599)	**(1,980)**
Net expenditure of services and support services not include din the analysis	0	
Net expenditure of subsidiaries not included in the analysis	0	
Amounts in the Comprehensive Income and expenditure Statement not reported to management in the analysis	173	**(406)**
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	345	**2,142**
Cost of Services in the Group Comprehensive Income and Expenditure Statement	(3,081)	**(244)**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013-14 (reporting year)

	Service analysis	Amounts not reported to management for decision making	Net expenditure of subsidiaries not included in the analysis	Amounts not included in I&E	Cost of Services	Corporate amounts	TOTAL
	0	**0**	**0**	**0**	**0**	**0**	**0**
Fees, charges and other service income	(2,480)	0	0	0	**(2,480)**	0	**(2,480)**
Surplus or deficit on associates and joint ventures	0	0	0	0	**0**	0	**0**
Interest and investment income	(488)	0	0	0	**(488)**	0	**(488)**
Income from Levy	(65,591)	0	0	0	**(65,591)**	0	**(65,591)**
Government grants and contributions	0	0	0	0	0	0	0
Total income	(68,559)	0	0	0	**(68,559)**	0	**(68,559)**
Employee expenses	1,731	0	0	0	**1,731**	0	**1,731**
Other service expenses	61,502	(406)	2,142	0	**63,238**	0	**63,238**
Support service recharges	0	0	0	0	**0**	0	**0**
Depreciation, amortisation and impairment	1,137	0	0	0	**1,137**	0	**1,137**
Interest payments	2,209	0	0	0	**2,209**	0	**2,209**
Gain or loss on disposal of fixed assets	0	0	0	0	0	0	0
Total expenditure	**66,579**	**345**	**173**	**0**	**68,315**	**0**	**68,315**
Surplus or deficit on the provision of services	**(1,980)**	**345**	**173**	**0**	**(244)**	**0**	**(244)**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012-13 (reporting year)

	Service analysis	Amounts not reported to management for decision making	Net expenditure of subsidiaries not included in the analysis	Amounts not included in I&E	Cost of Services	Corporate amounts	TOTAL
	0	**0**	**0**	**0**	**0**	**0**	**0**
Fees, charges and other service income	(3,620)	0	0	0	**(3,620)**	0	**(3,620)**
Surplus or deficit on associates and joint ventures	0	0	0	0	**0**	0	**0**
Interest and investment income	(1,105)	0	0	0	**(1,105)**	0	**(1,105)**
Income from Levy	(65,458)	0	0	0	**(65,458)**	0	**(65,458)**
Government grants and contributions	0	0	0	0	**0**	0	**0**
Total income	(70,183)	0	0	0	**(70,183)**	0	**(70,183)**
Employee expenses	1,631	0	0	0	**1,631**	0	**1,631**
Other service expenses	59,197	345	173	0	**59,715**	0	**59,715**
Support service recharges	0	0	0	0	**0**	0	**0**
Depreciation, amortisation and impairment	4,336	0	0	0	**4,336**	0	**4,336**
Interest payments	1,061	0	0	0	**1,061**	0	**1,061**
Gain or loss on disposal of fixed assets	359	0	0	0	**359**	0	**359**
Total expenditure	**66,584**	**345**	**173**	**0**	**67,102**	**0**	**67,102**
Surplus or deficit on the provision of services	**(3,599)**	**345**	**173**	**0**	**(3,081)**	**0**	**(3,081)**

5) Pensions disclosures

5.1) Merseyside pension scheme – Net pensions asset / liability

As part of the terms and conditions of

In 2013-14 the following payments were made to the Fund comprising pension costs charged in accordance with the former triennial valuation and amounts paid to retired officers:

	£000
MRWA	**229**
MWHL	**167**

The following disclosures are required in accordance with FRS 17 "Retirement Benefits" and although attributable to the Authority and Company they do not form part of the Consolidated Accounting Statements.

Assets and liabilities attributable to:	31-Mar-13 MWHL £m	31-Mar-13 MRWA £M	**31-Mar-14 MWHL £M**	**31-Mar-14 MRWA £M**
Present value of funded benefit obligations	**9.6**	**13.4**	**9.2**	**13.0**
Present value of unfunded benefit obligations	**0.1**	**0.2**	**0.1**	**0.2**
Total present value of benefit obligations	**9.7**	**13.6**	**9.3**	**13.2**
Fair value of plan assets	**-5.7**	**-9.6**	**-5.7**	**-10.1**
Unrecognised past service cost	**0**	**0**	**0**	**0**
Net Liability	**4**	**4**	**3.6**	**3.1**

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, dependent on assumptions about mortality rates, salary levels, etc. As part of the 2007 actuarial valuations the actuary analysed the mortality experience of Local Authority Client Funds over the three year period to 31 March 2007 and changes were made to life expectancy assumptions. As a result, the 'medium cohort' mortality projections often used for funding and expressing UK pension schemes generally have been used in forecasting liabilities at 31 March 2013. The assets and liabilities have been assessed by Mercer Human Resource Consulting Ltd., an independent firm of actuaries.

The main assumptions used in the actuarial calculations are:

	31 3 13	31 3 14
Rate of inflation (CPI)	**2.40%**	**2.40%**
Rate of increase in salaries	**3.90%**	**3.90%**
Rate of increase in pensions	**2.40%**	**2.40%**
Rate of discounting scheme liabilities	**4.20%**	**4.40%**
Proportion of scheme employees opting to take a commuted lump sum	**50.00%**	**50.00%**
Life expectancy of male future pensioner aged 65 in 20 years time	**23.7 years**	**24.7 years**
Life expectancy of female future pensioner aged 65 in 20 years time	**26.6 years**	**28.0 years**
Life expectancy of male current pensioner aged 65	**21.8 years**	**22.3 years**
Life expectancy of female current pensioner aged 65	**24.7 years**	**25.2 years**

The expected rates of return on assets are as follows:

	31 3 13	31 3 14
Rate of return on:		
Equities	**7.00%**	**7.00%**
Government bonds	**2.80%**	**2.40%**
Other Bonds	**3.90%**	**4.30%**
Property investments	**5.70%**	**6.20%**
Cash / Liquidity	**0.50%**	**0.50%**
Other Assets	**7.00%**	**7.00%**

Assets in the fund are valued at fair values, principally the market price for investments and consist of the following categories by value and proportion:

	31 3 2013			**31 3 2014**		
	MWHL £0	MRWA £0	%	**MWHL £0**	**MRWA £0**	**%**
Equities	**3,429**	**5,835**	**60.6**	**3,429**	**6,253**	**62.0**
Government Bonds	**888**	**1,512**	**15.7**	**888**	**1,382**	**13.7**
Other Bonds	**204**	**347**	**3.6**	**204**	**262**	**2.6**
Property	**470**	**799**	**8.3**	**470**	**807**	**8.0**
Cash / Liquidity	**130**	**221**	**2.3**	**130**	**272**	**2.7**
Other assets	**538**	**915**	**9.5**	**538**	**1,109**	**11.0**

The movement in the net pension liability for the year to 31 March 2013 was as follows:

	MWHL		MRWA	
	£0	£0	£0	£0
Net pension liability at 1 4 2013	-4047			**-3,953**
Movements in year				
Current service cost	0		-250	
Employer contributions	167		229	
Interest on Pension liabilities	-352		-569	
Return on Plan Assets	316		548	
Actuarial Gain / (Loss) on assets	-154		9	
Actuarial Gain /(Loss) on liabilities	309		832	
Curtailments	0		0	
Past service costs	0		0	
Net pension liability at 31 March 2014	**-3761**			**-3,154**

The actuarial loss can be analysed into the following categories measured as absolute amounts and as a percentage of assets and liabilities at 31 March 2013

	MWHL	MRWA
	£0	£0
Asset gain / (loss)	-154	9
Liability gain / (loss)	309	832
Change in assumptions gain / (loss)	0	0
Net gain / (loss)	155	841

The Code's provisions specify that the discount rate to be used to assess liabilities for retirement benefits is equivalent to that rate of return achievable on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The rates used may be detailed as follows:

Year	
2007-08	**6.1**
2008-09	**7.1**
2009-10	**5.6**
2010-11	**5.5**
2011-12	**4.9**
2012-13	**4.2**
2013-14	**4.4**

It should be noted that from 2009-2010 the actuary has used what they consider to be a more sophisticated approach, by calculating the discount rate as a weighted average of "spot yields" on AA rated corporate bonds. These weightings are considered to more accurately reflect the duration of pension liabilities of LGPS employers when compared to use of the yields on Sterling AA corporate bonds (over 15 years) index previously used.

5.2) LAWDC pension scheme – Net pension asset / liability

The employees of Mersey Waste Holdings Limited originally had the option of entrance to the LAWDC Pension Scheme instead of entrance to the Merseyside Pension Fund. That option is no longer available as entrance is closed to new employees and most employees have transferred under the terms of a TUPE transfer to Veolia.

The LAWDC Scheme is similar in nature to the Merseyside Pension Scheme as a defined benefit scheme. In 2011-2012 MWHL paid into the Scheme the sum of £41k.

The following disclosures are required in accordance with FRS 17 "Retirement Benefits" and although attributable to MWHL, they do not form part of the Consolidated Accounting Statements.

	2012-13 £m	**2013-14** **£m**
Assets and liabilities attributable to MWHL		
Estimated liabilities in the scheme	**-1,543**	**-1,647**
Estimated assets in the scheme	**1,457**	**1,437**
Net assets in the scheme	**-86**	**-210**

Liabilities have been assessed on an actuarial basis.

Contributions disclosures

The full actuarial valuations of the defined benefit schemes were updated to 31 March 2009 by a qualified Independent Actuary on a FRS 17 basis. The major assumptions at 31 March 2009 used by the Actuary are set out below they have been updated to reflect the year end a 31 March 2013:

	2012-13	**2013-14**
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	2.40%	**2.40%**
Discount rate	4.70%	**4.40%**
Inflation assumption* (RPI)	3.70%	**4.30%**
Inflation assumption (CPI)	2.90%	**2.70%**

The assets in the schemes and the expected rates of return at 31 March were;

	Long term rate of return expected at 31-Mar-12	Value at 31-Mar-13	**Long term rate of return expected at 31-Mar-14**	**Value at 31-Mar-14**
	%	£0	**%**	**£0**
Equities	**5.5**	**1,020**	**5.5**	**1,025**
Government bonds	**3**	**87**	**3**	**412**
Corporate bonds	**4.7**	**350**		
Property	**n/a**	**0**		
Cash	**0**	**0**		
Total market value of assets		**1,457**		**1,437**
Present value of scheme liabilities		**-1,543**		**-1,647**
Surplus/(deficit) in scheme		**0**		
Related deferred tax asset		**0**		
Net pension asset/(liability) on an FRS17 basis		**-86**		**-210**

	31-Mar-13	**31-Mar-14**
	£0	**£0**
Movement in deficit during the period		
(Deficit)/surplus in scheme at 1 April	**-53**	**-86**
Operating cost	**0**	**0**
Other finance cost	**-149**	**-30**
Actuarial gains & losses	**75**	**-179**
Contributions paid	**41**	**85**
Surplus / (Deficit) in scheme at end of year	**-86**	**-210**

	31-Mar-12	**31-Mar-13**
	£0	**£0**
Analysis of the amount charged to CIES		
Current service cost	0	**0**

	31-Mar-13	**31-Mar-14**
	£0	**£0**
Analysis of the amount credited to other finance income		
Expected return on pension scheme assets	**-65**	**-124**
Interest on pension scheme assets	**64**	**72**
Total other finance (costs) / gains	-1	-52

	31-Mar-13 £0	**31-Mar-14 £0**
Analysis of amounts recognised in MIRS		
Actuarial return less expected return on pension scheme asset	43	-179
Experience losses arising on the scheme liabilities	0	
Changes in assumptions underlying the present value of the scheme liabilities	-118	-8
Actuarial loss recognised in MIRS	-75	-187

	31-Mar-13	**31-Mar-14**
History of experience gains and losses		
Difference between the expected and actual return on scheme assets		
Amount £000	**43**	**-179**
Percentage of scheme assets	**3.00%**	**-12%**
Total amount recognised in MIRS		
Amount £000	**-75**	**-187**
Percentage of present value of scheme liabilities	**-4.90%**	**-11.40%**

43	-179
1457	1437
3%	-12%
-75	-187
1543	1647
-0.0486066	-0.11354

Merseyside Recycling & Waste Authority
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Glossary *Each Council should amend to suit*

AAA FITCH RATING
Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that 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

ASSET
An item having value to the authority in monetary terms. Assets are categorised as either current or fixed:
☐ A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
☐ A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING
Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

CIPFA
The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

CONTINGENT LIABILITY
A contingent liability is either:

☐ A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or

☐ A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR
Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFERRED CHARGES
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS
Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT
A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT
The revenue account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS
Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.
□ A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
□ A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Authority without disrupting its business and are either:
□ Readily convertible to known amounts of cash at or close to the carrying amount; or
□ Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NEGATIVE SUBSIDY
If the Subsidy Housing Revenue Account produces a result, which assumes that the Authority's income is higher than its expenditure, a "negative subsidy" situation arises. In this case the Authority must pay an amount equivalent to the deficit, from its Housing Revenue Account to the government.

NET BOOK VALUE
The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS
Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting polices or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.
RELATED PARTY TRANSACTIONS
The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE SUPPORT GRANT
A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS
Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits form the use of a fixed asset.

WORK IN PROGRESS (WIP)
The cost of work performed on an uncompleted project at the