MERSEYSIDE WASTE DISPOSAL AUTHORITY

STATEMENT OF ACCOUNTS 2008-2009

C O N T E N T S

FOREWORD BY THE TREASURER TO THE AUTHORITY

INTRODUCTION

The statements of accounts which follow demonstrate the Authority's financial performance for the year ended 31 March 2009 and present its overall financial position at the end of that period. Each account contains an explanatory note covering the purpose of the account and more detailed notes explaining key items. The statements have been prepared in accordance with all relevant prescribed guidance, Codes of Practice and Reporting Standards.

The purpose of this Foreword is to provide a guide to the most significant matters reported in the accounts.

Expenditure falls into two broad areas, namely Revenue (concerning the provision of Authority services) and Capital (the acquisition or improvement of fixed assets).

RESERVES

The Authority's distributable Reserves at 31 March 2009 stand at £17.8M.

The Pension Reserve introduced under FRS17 requirements is matched by a Pensions Liability equating to £2.5M. A major review of the Local Government Pension Scheme (LGPS) Regulations has been undertaken at national level with subsequent amendments being introduced from April 2008 onwards. The aim of the review is to ensure that Pension Schemes are adequately funded.

REVENUE SPENDING IN 2008-2009

The Authority set its Revenue Budget for 2008-2009 at its meeting of 1 February 2008 in the sum of £63.3M. The increase in the Levy of 15.4% was in line with the Authority's financial strategy.

The actual expenditure against this budget is summarised below:-

	Original Estimate	Actual	Variance
	£M	£M	£M
Waste Disposal Contracts	51.0	40.7	-10.3
Recycling Credits	5.8	5.4	-0.4
Establishment	2.4	1.9	-0.5
Contribution to Sinking Fund	0.8	6.8	+6.0
Other Expenditure	3.3	4.3	+1.0
	63.3	59.1	-4.2
Levy	(63.3)	(63.3)	-
Contribution (to)/from General Reserve	-	(4.2)	-4.2

The initial budget was based on early indicators of what the new contract might cost which proved to be an overstatement. The actual cost allowed for a greater contribution to be made to the Sinking Fund.

The movement in balances is summarised as follows:-

	General	Earmarked	Sinking Fund	Total
	£M	£M	£M	£M
Opening Balance	5.5	1.3	2.4	9.2
Transfer of Balances	(3.2)	3.2	-	-
Movement in Year	4.2	(2.4)	6.8	8.6
Closing Balance	6.5	2.1	9.2	17.8

The following Table illustrates how the gross expenditure was incurred and how it was financed:-

	£M
Expenditure:	
Employee Costs	1.6
Waste Disposal Contracts	40.7
Capital Financing Costs	4.0
Recycling Credit Payments	5.4
Contribution to Sinking Fund	6.8
Other Costs	0.9
	59.4
Income:	
Levy	(63.3)
Investment Income	(0.3)
Contribution (to)/from Balances	(4.2)

CAPITAL SPENDING IN 2008-2009

The Authority spent £11.8M on capital expenditure in 2008-2009 which consisted of the following major items:-

	£M
Purchase of Huyton Transfer Station	1.6
Purchase of Gillmoss Transfer Station	3.8
Purchase of Foul Lane Transfer Station	2.1
Land Acquisition Costs – Gillmoss	2.4
Fairport New Technologies Demonstrator Plant	1.0
Sefton Meadows Recycling Centre Refurbishment	0.5
Bidston Integrated Facility Refurbishment	0.3
Other	0.1
	11.8

The above expenditure was financed as follows:-

	£M
Government Grants	0.5
Prudential Borrowing	11.3
	11.8

The Authority continues through a period of high capital spend as it plans to acquire land and buildings to enable new waste management premises to become operational.

BORROWING FACILITIES

The Authority has a portfolio of Public Works Loan Board (PWLB), Lender Option Borrower Option (LOBO) Market Loans taken in previous periods in the sum of £21,044 outstanding.

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The introduction of the Prudential Code from 1 April 2004 provides greater latitude for financial investment in capital projects with funding being undertaken by borrowing. The framework requires the Authority to set parameters through prudential indicators and to assure itself on the affordability of its spending. The Authority regularly reviews its prudential indicators prior to undertaking capital spending and has curtailed that spend within the indicators set.

CERTIFICATION

I certify that the Statement of Accounts presents fairly the financial position of the Authority at 31 March 2009.

Treasurer to the Authority Date:

I confirm that these accounts were approved by the Merseyside Waste Disposal Authority at the meeting held on 25 September 2009.

Signed on behalf of the Merseyside Waste Disposal Authority

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Chair of meeting approving the Accounts

Date

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- approve the statement of accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer 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 SORP').

In preparing this Statement of Accounts, the Chief Finance Officer has:-

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Local Authority SORP.

The Chief Finance Officer 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 fairly the financial position of Merseyside Waste Disposal Authority at 31 March 2009 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.

Treasurer to the Authority   Date:

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

Merseyside Waste Disposal 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.

Merseyside Waste Disposal 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 code is on our website at www.merseysidewda.gov.uk or can be obtained from the Corporate Services Manager, Merseyside Waste Disposal Authority, 6th Floor, North House, 17 North John Street, Liverpool L2 5QY. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives of appropriate, cost effective services.

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 of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

The following describes the key elements of the systems and processes which underpin the Authority's governance arrangements:

- There is an established Performance Management Framework (PMF) underpinned by a three year Corporate Plan which reflects current corporate strategies, risks and priorities.
- The current Corporate Plan was approved by Members on 15th April 2009 and is delivered through the development of Annual Service Plans and supported by contractual service level agreements.
- 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 for officers and Members are required to comply with their host authority's Code of Conduct.

- A comprehensive set of Procedural Rules which define the Authority's constitution and its internal control mechanisms are in place and are reviewed annually.
- Audit functions are delivered through the full Authority with specific powers delegated to the Audit and Governance Committee.
- 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 are 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.
- Inter Authority Agreements are being finalised and will ensure effective partnership working and joint working groups are in place with defined terms of reference.
- Internal Control Statements of Assurance are obtained for both the Authority and the boards of Mersey Waste Holdings Limited and Bidston Methane Limited in which it has a vested interested.

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 Authority's Primary Assurance Group, who have responsibility for the development and maintenance of the governance environment. It also takes into account the Head of Internal Audit's annual report and any issues reported by the Authority's external auditors and other review agencies and inspectorates.

The Authority has reviewed its Code of Corporate Governance 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 Statement of Accounts and Annual Statement Governance.
- The scrutiny function is provided by the full Authority.
- Audit and risk issues are dealt with by the full Authority.
- The Audit and Governance Committee has delegated powers to deal with governance matters where statutory deadlines require approvals prior to scheduled full Authority meetings.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weakness and ensure continuous improvement of the system is in place.

Significant governance issues

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

The review did however highlight some areas where the Authority could improve its corporate governance arrangements. An action plan to deliver these improvements has been developed and includes:

- Agreement of the Inter Authority Agreements by the Merseyside Waste Partnership
- Quality Assurance of Corporate Governance Assessment

- Review of the Joint Municipal Waste Management Strategy
- Appointment of Assistant Director (Finance)
- Procurement of SLA for support services
- WMRC Admin and Monitoring Process Review
- Establishment of a Stakeholder & Community Liaison Advisory Panel (WMRC Contract)
- Development of an Equality and Diversity Scheme
- Review of the Risk Management Policy and Strategy

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:

June 2009

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Director

________________________ June 2009
Clerk

________________________ June 2009
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERSEYSIDE WASTE DISPOSAL AUTHORITY

Opinion on the financial statements

I have audited the Authority and Group accounting statements and related notes of Merseyside Waste Disposal Authority for the year ended 31 March 2009 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Merseyside Waste Disposal Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Treasurer and auditor

The Treasurer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Merseyside Waste Disposal Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Michael Thomas
(Officer of the Audit Commission)
Audit Commission
The Heath Business and Technical Park
Runcorn
Cheshire
WA7 4QF

STATEMENT OF MAIN PRINCIPLES, ACCOUNTING POLICIES AND ESTIMATING TECHNIQUES

GENERAL

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (2008) and guidance notes issued by the Chartered Institute of Public Finance and Accountancy. The Code of Practice specifies the principles and practices of accounting required to prepare a Statement of Accounts which 'presents fairly' the financial position and transactions of a local authority and is based on approved accounting standards, except where these conflict with specific statutory accounting requirements.

In accordance with the CIPFA Statement of Recommended Practice (SORP), the Authority has adopted a number of principles to be followed in selecting accounting policies to be used and the corresponding use of disclosures needed to help users to understand those adopted policies and how they have been implemented.

In doing so, the Authority intends that the policies adopted are those most appropriate to its particular circumstances for the purpose of presenting fairly the financial position and transactions of the Authority. Policies are reviewed regularly to ensure they remain appropriate, and are changed when a new policy becomes more appropriate to the Authority's circumstances - a full disclosure of any such changes will always be provided.

The concepts that the Authority has regard to in selecting and applying the most appropriate policies and estimation techniques are:

- the qualitative characteristics of financial information

    - relevance
    - reliability
    - comparability
    - understandability

- materiality

- pervasive accounting concepts

    - accruals
    - going concern
    - primacy of legislative requirements

Accounting policies can be defined as the principles, bases, conventions, rules and practices applied, that specify how the transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves.

The following accounting policies and estimation techniques are consistent with the accounting concepts and, where appropriate, the relevant accounting standards.

ACCRUALS OF INCOME AND EXPENDITURE

Transactions are initially recorded on an income and expenditure basis, with provision then made on an actual or estimated basis for all debtors and creditors at 31 March 2009. This accrual concept is in full accordance with FRS18 *Accounting Policies* - though the one exception which merits comment - electricity and similar periodic payments are charged at the date of the meter reading.

This policy has been consistently applied each year and has no material effect on the accounts.

BEST VALUE ACCOUNTING - CODE OF PRACTICE

The Authority has prepared its Accounts under the above Code of Practice. The Income and Expenditure Account shows expenditure under the three headings prescribed. These are:-

- Cultural, Environmental & Planning
- Corporate and Democratic Core
- Non-Distributed Costs.

CHARGES TO REVENUE FOR FIXED ASSETS

The service revenue account is debited with the following amounts to record the real cost of holding fixed assets during the year:-

(i) depreciation attributable to the assets used by the relevant service;

(ii) any impairment losses attributable to the clear consumption of economic benefits on fixed assets used by the service, and other losses where there are no accumulated gains in the Revaluation Reserve (specific to the individual asset) against which they can be written off.

The Authority is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (see “Redemption of Debt”). The items detailed above, are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

CONTINGENT LIABILITIES

Contingent liabilities are not accrued in the accounting statements. They are disclosed by way of notes if there is a possible obligation which may require a payment or transfer of economic benefits.

DEPRECIATION

Depreciation is provided for on all fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation. For fixed assets, other than non-depreciable land and non-operational assets, the only grounds for not charging depreciation is that the charge would be immaterial.

Provision for depreciation is made by allocating the asset value over the period expected to benefit from its use on a straight line basis.

The useful lives of assets are estimated on a realistic basis, reviewed on a regular basis and, where necessary, revised.

Subsequent expenditure on a fixed asset that maintains or enhances the previously assessed standard of performance of the asset does not negate the need to charge depreciation.

FINANCIAL ASSETS

All investments are initially recognised on the basis of fair value, with subsequent measurement dependant on the classification of the individual financial instrument concerned.

The provisions included within FRS26 - *Financial Instruments: Recognition and Measurement* dictate the precise classification and accounting policies used are in keeping with that standard.

Investments used by the Authority are of the type whereby they are classed as 'Loans & Receivables' and accounted for using the Amortised Cost basis. In doing so, annual credits to the Income & Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. This results in the interest credited to the Income & Expenditure Account being the amount receivable for the year in the loan agreement.

FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (adjusted for accrued interest) and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the service revenue account or at the foot of the Income & Expenditure Account, after Net Operating Expenditure, where the grant cannot be matched direct to a service and is for general expenditure. Capital grants used to finance capital expenditure are initially credited to a Government Grants Deferred Account.

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, amounts are released from the government grants-deferred account to the relevant service in the Income and Expenditure Account over the useful life of the asset, to offset any provision for depreciation charged to the Income and Expenditure Account in respect of assets to which the grants relate.

GROUP ACCOUNTS

The Statements have been prepared with due regard to the group accounting requirements contained in the SORP, which require all Local Authorities to consider all their interests and to prepare a full set of Group Financial Statements where they have material interests in subsidiaries, associates or joint ventures. The Accounts are not primary statements but they promote transparency which enables them to be capable of comparison with other entities which have different corporate structures.

INTEREST RECEIVABLE

The Authority shares the same bank account as St. Helens M.B.C. and it is necessary therefore to calculate the amount of interest payable to or from the Authority, dependent upon its bank balances throughout the year.

A cash flow exercise is undertaken to identify the monthly balance and interest is calculated based on the average rate earned on all investments calculated according to proper practice.

In the 2008-2009 account the position reflected interest paid to the Authority.

INVESTMENTS

The Authority has investments in Mersey Waste Holdings Ltd. and Bidston Methane Ltd. The value of those investments is the cost of the shares acquired in those Companies.

LANDFILL ALLOWANCES TRADING SCHEME (LATS)

The Waste and Emissions Trading Act 2003 places a duty on Waste Disposal Authorities in the United Kingdom to reduce the amount of biodegradable municipal waste disposed to landfill. It provides the legal framework for the Landfill Allowance Trading Scheme which applies to Waste Disposal Authorities in England which commenced on 1 April 2005.

The Trading Scheme gives rise to:-

(a) an asset for allowances held;

(b) LATS grant income;

(c) a liability for actual Biodegradable Municipal Waste (BMW) usage.

SORP requires the adoption of 'the lower of cost and net realisable value' accounting policy which avoids difficulties concerning gains and losses on future years allowances.

The Authority has revalued its carrying allowances in line with the DEFRA recommended value.

LEASES

The Authority currently holds no finance leases, which would require the apportionment of rental payments between the finance charge and the principal element.

Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease agreement.

PENSIONS

Employees, subject to certain criteria, are eligible to join the Local Government Superannuation Scheme. Contributions paid to the scheme are set by the Fund's Actuary in a triennial review, the last one undertaken at 31 March 2007.

The costs reported in the revenue accounts are the true costs of pensions earned in the year and not cash payment to the scheme or individual pensioners. This follows the concept that the Authority should account for pension benefits at the time of commitment to them. In doing this the guidance in FRS 17 which allows the Authority to follow United Kingdom Generally Accepted Accounting Practice (UK GAAP) is complied with.

Defined Benefit Schemes

Accounting policies set out as below shall apply in respect of pension costs arising from the Local Government Pension Scheme and, in addition, in respect of unfunded discretionary benefits paid (irrespective of the scheme to which it relates):-

(i) the attributable assets of each Scheme are measured at the estimated fair value at the balance sheet date. This is based on nine months actual performance of the Pension Fund, plus an estimate for the final quarter. Any liabilities such as accrued expenses are deducted. The attributable Scheme liabilities are measured on an actuarial basis using the projected unit method. The Scheme liabilities comprise:-

  (a) any benefits promised under the formal terms of the Scheme; and

  (b) any constructive obligations for further benefits where a public statement or past practice by the Authority has created a valid expectation in the employees that such benefits will be granted;

(ii) the surplus/deficit in a Scheme is the excess/shortfall of the value of the assets in the Scheme over/below the present value of the Scheme liabilities. The Authority recognises assets to the extent that it is able to recover a surplus either through reduced contributions in the future or through refunds from the Scheme. The Authority recognises a liability to the extent that it reflects its legal or constructive obligation;

(iii) any unpaid contributions to the Scheme are presented in the balance sheet as a current liability creditor;

(iv) the change in the defined benefit asset or liability (other than that arising from contributions to the Scheme) is analysed, where appropriate, into the following components:-

  (a) periodic costs:-

    (1) current service cost;

    (2) interest cost;

    (3) expected return on assets; and

    (4) actuarial gains and losses; and

  (b) non-periodic costs:-

    (1) past service costs; and

    (2) gains and losses on settlements and curtailments;

(v) the current service cost is included within Net Cost of Services. Both the interest cost and the expected return on assets are included within Net Operating Expenditure. Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Total Recognised Gains & Losses for the period;

(vi) past service costs are recognised in Net Cost of Services on a straight-line basis over the period in which the increases in benefit vest. To the extent that the benefits vest immediately, the past service cost is recognised immediately;

(vii) losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Authority becomes demonstrably committed to the transaction, and recognised in Net Cost of Services at that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction, and recognised in Net Cost of Services at that date.

The provisions of the Local Government Pension Scheme were changed during 2005-2006 by the Local Government Pension Scheme (Amendment) Regulations 2006. The change allows members to opt for the payment of a higher lump sum upon retirement by commuting part of their pension and was introduced as part of cost-saving measures identified as part of pension reforms.

Commutation terms are such that it is less costly for the Scheme to provide the lump sum, so to the extent that members take up the option it will reduce employer's pension costs. Actuarial assumptions of 50% take up of this option were used in the 2005-2006 financial statements and the gains due to this change in scheme benefits recorded as a Past Service gain. That 50% assumption is retained in calculating the position in 2008/2009.

In December 2006 the Accounting Standards Board (ASB) made a number of changes to the FRS17 accounting standard. In the main, these changes related to the presentation of the figures and the disclosures rather than the underlying calculations themselves. These changes are not required to be implemented until the 2008-2009 accounting year.

The provisions of the LGPS were changed during the year following the introduction of new Regulations and will result in a "new look" LGPS with effect from 1 April 2008. In the main, the change only affect benefits accruing from 1 April 2008 onwards. However, they do give rise to some changes in death benefits in relation to accrued service - the impact of this is recognised in these Statements and classed as "part service cost".

The approach to calculating the FRS17 figures in between full actuarial valuations is approximate in nature and at each full valuation the position is re-assessed, with the assets and liabilities attributable to each employer being full re-calculated. Following each full valuation it can therefore be necessary to adjust previously disclosed figures - the net effect is shown as "Liability Gain/(Loss)" as appropriate.

Changes in actuarial assumptions will be made dependant on prevailing conditions at the time of the calculation or on the basis of experience realised. The assumptions used between periods is fully disclosed.

PENSIONS RESERVE

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the particular pension schemes or funds in which the Authority participates. However, accounting for employees' pensions is in accordance with generally accepted accounting practice subject to the interpretations set out in the SORP.

Where the payments made for the year in accordance with the Scheme requirements do not match the Authority's recognised operating and finance costs for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. An appropriation to or from the pensions reserve, which equals the net difference is recognised in the Statement of Movement on the General Fund Balance.

Actuarial gains and losses during the year, which impact on the net surplus or deficit of the Fund will also be subject to a corresponding appropriation to/from the Pensions Reserve.

PROVISIONS

The Authority sets aside provisions for any liabilities of uncertain timing or amount that have been incurred. The majority of provisions are disclosed as a separate balance sheet item whilst provisions for bad and doubtful debts are netted off the carrying amount of debtors.

Provisions are recognised when

(i) the Authority has a present obligation as a result of a past event;

(ii) it is probable that a transfer of economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate revenue account, and where payments for expenditure are incurred to which the provision relates, they are charged direct to the provision.

Provisions are reviewed at each balance sheet date to reflect the current best estimate, taking into account the risks and uncertainties surrounding the events.

REDEMPTION OF DEBT

Capital expenditure is largely financed by borrowing. Provision for the redemption of debt is made in accordance with the minimum revenue provision (MRP) requirements as contained in the Local Authorities (Capital Finance and Accounting) Regulations 2003.

RESERVES

Amounts set aside for purposes falling outside the definitions of Provisions are considered as Reserves, and transfers to and from them are distinguished from service expenditure disclosed in the Statement of Accounts. Expenditure is not charged direct to any Reserve.

Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.

Capital 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 capital and revenue reserves are detailed in notes accompanying the Statement of Total Recognised Gains and Losses.

TANGIBLE FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and classified as a tangible fixed asset, provided that it yields benefit to the Authority and the services it provides are for a period of more than one year.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the 1996 Code of Practice on Local Authority Accounting and are valued on the following basis:-

- land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value in existing use, dependant upon whether the asset is of a specialised nature and whether there is market evidence available to support the value;

- non-operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value.

All of the Authority's completed assets were revalued on the above basis at 1 April 2006. The Fairport New Technologies Demonstrator site has been valued at 31 March 2009. An impairment review of other assets identified impairment at the closed landfill sites only. These sites are valued at £1 or zero.
Subsequent revaluations of fixed assets are planned at five-yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. Additions during the year are included in the accounts at their cost of acquisition pending any required valuation. Any surplus arising on the revaluation of assets is credited to the Revaluation Reserve whereas a loss is debited to the Income and Expenditure Account.

The value at which each category of assets is included in the balance sheet is reviewed at the end of each accounting period and where there is reason to believe that its value has changed materially, by impairment or other in the period, the valuation is adjusted accordingly.

All valuations are net of depreciation, where appropriate.

Any impairment losses on tangible fixed assets are recognised within the accounting statements.

Upon disposal, the net book value of the asset disposed of is written off to the Income & Expenditure Account as part of the gain/loss on disposal. Receipts from disposals are credited to the Income & Expenditure Account as part of the gain or loss on disposal.

Receipts are subsequently required to be credited to the Usable Capital Receipts Reserve, and are appropriated to that Reserve from the Statement of Movement on the General Fund Balance.

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.

VALUE ADDED TAX

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

INCOME AND EXPENDITURE ACCOUNT

This Account summarises the resources that have been generated and consumed in providing services and managing the Authority during the last year. It includes all day-to-day expenses and related income on an accrual basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits carried by employees in the year.

2007-2008 Net Expenditure £000		Gross Expenditure £000	Gross Income £000	2008-2009 Net Expenditure £000
	Continuing Operations			
	Cultural, Environmental & Planning Services			
42,279	Waste Disposal Contracts	44,290	(3,613)	40,677
4,730	Recycling Credit Payments	5,366	-	5,366
1,787	Client Function	2,024	(579)	1,445
2,713	Landfill Allowances	-	-	-
2,308	Other Services	13,809	(1,068)	12,741
53,817		65,489	(5,260)	60,229
376	Corporate & Democratic Core Costs	415	-	415
36	Non-Distributed Costs	22	-	22
54,229	Net Cost of Services	65,926	(5,260)	60,666
(300)	Dividends			-
1,444	Interest Payable			1,418
(434)	Interest & Investment Income			(323)
466	Pensions Interest Cost			577
(450)	Expected Return on Pensions Assets			(446)
54,955	Net Operating Expenditure			61,892
(54,834)	Levy			(63,279)
121	(Surplus)/Deficit for the Year			(1,387)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to set its Levy on a different accounting basis, the main differences being:-

- capital investment is accounted for as it is financed, rather than when the fixed assets are consumed;
- retirement benefits are charged as amounts become payable to Pension Fund and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Authority's spending against the Levy that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. Inclusion of items of statute and non-statutory proper practices enable the reader to reconcile the Income & Expenditure Account with the Authority's levy and therefore its general balances.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Balance.

2007-2008 £000		2008-2009 £000
121	(Surplus)/Deficit for the year on the Income & Expenditure Account	(1,387)
271	Net additional amount required by Statute and Non-Statutory Proper Practices to be Debited or Credited to the General Fund Balance for the Year (see Note 6)	403
392	(Increase)/Decrease in General Fund Balance for the Year	(984)
(5,927)	General Fund Balance Brought Forward	(5,535)
(5,535)	General Fund Balance Carried Forward	(6,519)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This Statement brings together all the gains and losses of the Authority for the year and shows the aggregate increase in its net worth. In addition to the surplus/deficit generated on the Income & Expenditure Account, it includes gains relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2007-2008 £000		2008-2009 £000
121	(Surplus)/Deficit for the year on the Income & Expenditure Account	(1,387)
-	(Surplus)/Deficit arising on Revaluation of Fixed Assets	(4,054)
1,080	Actuarial (gain)/losses on Pension Fund Assets and Liabilities	(347)
1,201	Total recognised (gains)/losses for the year	(5,788)

BALANCE SHEET AS AT 31 MARCH 2009

The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year end. It shows its balances and reserves and its long term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

NOTES	31 March 2008 £000		31 March 2009 £000
		Fixed Assets	
		Tangible Fixed Assets	
		Operational Assets	
7	3,027	- Land & Buildings	12,055
7	3,337	- Vehicles, Plant, Furniture & Equipment	14,021
		Non-Operational Assets	
7	16,997	- Assets under Construction	3,394
	23,361	**Total Fixed Assets**	**29,470**
13	5,138	Long Term Investments	5,138
	28,499	**Total Long Term Assets**	**34,608**
		Current Assets	
15	12,797	Debtors	2,502
	5,167	Cash and Bank	16,011
	46,463	**Total Assets**	**53,121**
		Current Liabilities	
	(143)	Short Term Borrowing	(143)
17	(5,801)	Provision for Legislation Claims	(5,801)
18	(8,822)	Creditors	(10,790)
	31,697	**Total Assets less Current Liabilities**	**36,387**
		Long Term Liabilities	
19	(21,294)	Long Term Borrowing	(20,902)
25	(12,863)	Government Grants Deferred	(12,634)
20	(3,871)	Deferred Liabilities	(3,655)
29	(2,772)	Liability related to Defined Benefits Pension Scheme	(2,511)
	(9,103)	**Total Assets less Liabilities**	**(3,315)**
		Financed by:	
	-	Revaluation Reserve	4,054
	(15,578)	Capital Adjustment Account	(22,694)
	(2,772)	Pensions Reserve	(2,511)
	5,535	General Reserve Balance	6,519
	3,712	Earmarked Reserves	11,317
	(9,103)	**Total Net Worth**	**(3,315)**

These financial statements replace the unaudited financial statements authorised at the Authority meeting on 26 June 2009.

CASH FLOW STATEMENT

This consolidated Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this Statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

2007-2008 £000		2008-2009 £000
(2,283)	**Net Revenue Activities Cash Flow**	**(23,448)**
	Dividends from Joint Ventures	
	Cash Inflow:	
(300)	Dividends received	-
	Returns on Investments and Servicing of Finance	
	Cash Outflows:	
1,418	Interest Paid	1,418
	Cash Inflows:	
(324)	Interest received	(286)
	Capital Activities	
	Cash Outflows:	
9,579	Purchase of Fixed Assets	11,822
	Cash Inflows:	
(2,651)	Capital Grants received	(493)
5,439	**Net Cash (Inflow)/Outflow before Financing**	**(10,987)**
	Financing	
	Cash Outflows:	
143	Repayments of Amounts Borrowed	143
	Cash Inflows:	
-	New Loans Raised	-
5,582	**Net (Increase)/Decrease in Cash**	**(10,844)**

NOTES TO THE CORE FINANCIAL STATEMENTS

1. FINANCIAL INSTRUMENTS NOTE

(a) Financial Assets and Liabilities

The following tables details the categories of financial assets and liabilities held by the Authority as at 31st March 2009.

	2007/08		2008/09	
	Current (£'000)	**Long Term (£'000)**	**Current (£'000)**	**Long Term (£'000)**
Assets				
Loans and Receivables	12,797	0	2,502	0
Available for Sale	0	5,138	0	5,138
Liabilities				
Financial Liabilities held at amortised cost	(8,960)	(21,294)	(10,790)	(21,044)

Figures for loans and receivables are shown net of any impairment.

Loans and Receivables
Loans and receivables are predominantly cash (bank) deposits held by the Authority and debtors of the Authority where there is a contractual obligation to receive future economic benefits. These assets are initially valued at fair value and held on the Balance Sheet at amortised cost. The amortised cost is calculated by reference to the Effective Interest Rate (EIR) which is the rate which exactly discounts the forecasted cashflows over their expected life to their carrying amount. For most short term assets (such as trade receivables) the carrying value is deemed to be the invoiced amount.

Available for Sale
Available for Sale financial assets are those that are not required by the SORP to be classified by another category and generally include equity investments and other investments trade in an active market. These assets are carried on the Balance Sheet at their fair value. In the case of the equity investment held on the Authority's Balance Sheet, these are measured at cost (in accordance with the SORP guidance notes as the investment is not traded in any market and therefore it is not possible to make a reliable estimate of fair value.

Amortised Cost
This categorisation includes all financial liabilities that are not held for trading or are derivatives. The items classified as Amortised Cost financial liabilities include the Authority's PWLB debt, its Lender Option Borrower Option (LOBO) loan and all trade creditors. These liabilities are carried at amortised cost using the EIR method. In accordance with the EIR method, any premiums, discounts or material transaction costs are included within the calculation to determine the charge to be made to the Income and Expenditure Account in respect of interest payable.

(b) Gains and Losses Recognised in the Income and Expenditure Account and STRGL

The table below outlines the gains and losses that have been charged to the Income and Expenditure Account and the STRGL in relation to financial instruments.

	2007/08			**2008/09**		
	Financial Liabilities (£'000)	**Available for Sale (£'000)**	**Total (£'000)**	**Financial Liabilities (£'000)**	**Available for Sale (£'000)**	**Total (£'000)**
Interest expense	(1,444)	0	(1,444)	(1,117)	0	(1,117)
Losses on de-recognition	0	0	0	0	0	0
Impairment losses	175	0	175	0	0	0
Interest payable and similar charges	**(1,269)**	**0**	**(1,269)**	**(1,117)**	**0**	**(1,117)**
Interest income	0	300	300	0	287	287
Gains on de-recognition	0	0	0	0	0	0
Interest and investment income	**0**	**300**	**300**	**0**	**287**	**287**
Net gains/ (loss) for the year	**(1,269)**	**300**	**(969)**	**(1,117)**	**287**	**(830)**

(c) Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables carried on the Balance Sheet at amortised cost. The 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. In calculating the fair value of the Authority's financial assets and liabilities, the following assumptions have been used:

- The fair value of trade receivables and payables 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 as at 31st March 2009;
- For the Authority's LOBO's, the interest rate used is the rate quoted provided by Sector;
- No early repayment or impairment is recognised.

The table below outlines the fair value of assets and liabilities as at 31st March 2009.

	2007/08			2008/09		
	Carrying Amount (£'000)	Fair Value (£'000)	Variance (£'000)	Carrying Amount (£'000)	Fair Value (£'000)	Variance (£'000)
Financial Liabilities – PWLB Loans	19,414	21,689	2,275	19,265	21,499	2,234
Financial Liabilities – Market Loans	2,023	1,920	(103)	2,023	1,889	(134)
Total Financial Liabilities	21,437	23,609	2,172	21,288	23,388	2,100
Available for Sale Assets	5,138	5,138	0	5,138	5,138	0

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 commitment to pay interest above the current market rate increases the amount that the Authority would have to pay if the lender requested or agreed to the early repayment of the loans.

The PWLB have provided calculations for the fair value of loans outstanding as at 31st March 2009 based on the new rates introduced for the early repayment of loans. Based on these rates, the fair value of loans outstanding as at 31st March 2009 is £22,761,559, a variance of £1.26m from that provided by the Authority's Treasury Management advisers.

(d) Nature and Extent of Risks Arising from Financial Instruments

The Authority's financial instruments include financial liabilities (trade payables arising from day to day operations and borrowings) and available for sale assets in the form of an equity shareholding. The main purposes of the Authority's financial instruments are to raise finance to support the Authority's day to day operations and finance investment undertaken through the capital programme.

As part of the ongoing activities, the Authority is exposed to credit risk, liquidity risk and market risk. 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

Credit Risk
Credit risk is the risk that a third party will default on its obligations with the Authority. The Authority's exposure is limited as its only assets are held in the form of un-traded equity investments. Any surplus cash balances are invested through St Helens Council and are subject to their policies as detailed in the Treasury Management Strategy.

Liquidity Risk
Liquidity risk is the risk arising from unmatched cashflows to maturities. At the present time the Authority has ready access to borrowing from the Public Works Loan Board (PWLB) so 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. To this extent rates will be monitored to ensure that new loans and where applicable, restructuring can be used to negate against having a significant proportion of the debt portfolio repayable at any one time.

The maturity analysis of financial liabilities (excluding accrued interest) is as follows:

	2007/08 (£'000)	2008/09 (£'000)
Less than one year	143	143
Between one and two years	143	143
Between two and five years	428	428
Five to fifteen years	3,643	3,500
Fifteen to twenty five years	300	300
Twenty five to fifty years	13,835	14,530
Over fifty years	2,695	2,000
Total	**21,187**	**21,044**

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

Market Risk

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

- Borrowings at variable rates – the interest expensed charged to the Income and Expenditure Account will rise;
- Borrowing at fixed rates – the fair value of the liabilities borrowing will fall;
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings and investments are not carried at fair value, so nominal gains and losses on fixed rate borrowings and loans would not impact on the Income and Expenditure Account or the STRGL. The Authority is risk averse and seeks to minimise exposure arising from its treasury activities and does not undertake any unnecessary borrowing or investment activity. The Authority seeks to manage its interest rate risk by constantly reviewing the ratio of borrowing and investments between fixed and variable interest rates.

The table below shows the impact on existing investments and borrowings had interest rates been 1% higher with all other variables being held constant.

	£'000
Increase/ (Decrease) in the fair value of fixed rate investment assets	N/A
Increase/ (Decrease) in the fair value of fixed rate borrowing liabilities	2,283

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Authority's equity shareholding is not traded in an active market and as a consequent the Authority is not currently exposed to price risk arising from movements in the price of shares.

Foreign Exchange Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Authority does not have financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

2. EXPENDITURE ON PUBLICITY

Section 5 of the Local Government Act 1986 requires Authorities to keep a separate account of expenditure on publicity subject to certain exceptions. The Authority spent the following on all forms of publicity:-

	2008-2009 £000	2007-2008 £000
Recruitment Advertising	10	17
Other Advertising	26	21
	36	38

3. OFFICERS' EMOLUMENTS

	2008-2009 No.	2007-2008 No.
Remuneration		
£50,000 - £60,000	-	-
£60,000 - £70,000	2	-
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-

4. RELATED PARTIES

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

Central Government	-	has effective control over the general operation of the Authority. Details of transactions with Government Departments are set out in Notes relating to the Cash Flow Statement. Central Government also operates the Landfill Allowances Trading Scheme (LATS) which may have significant financial repercussions on the Authority.
Members of the Authority	-	No Disclosures
Officers	-	No Disclosures
Pension Fund	-	No Disclosures

The following disclosures are made:-

	Receipts		Payments	
	2008-2009 £000	2007-2008 £000	2008-2009 £000	2007-2008 £000
Local Authorities				
Levies				
Knowsley	7,235	6,057		
Liverpool	21,021	17,729		
St. Helens	8,485	7,109		
Sefton	12,285	11,140		
Wirral	14,253	12,799		
	63,279	54,834		
Disposal of Commercial Waste				
Knowsley	168	197		
Liverpool	477	347		
St. Helens	219	238		
Sefton	75	119		
Recycling Credit Payments				
Knowsley			390	528
Liverpool			1,007	962
St. Helens			1,058	920
Sefton			1,910	1,524
Wirral			1,002	796
Residuary Body Debt				
Wirral			516	524
Subsidiaries				
Payments for the Disposal of Waste (inclusive of Landfill Tax) - Mersey Waste Holdings Ltd.			38,268	42,110
Dividends - Mersey Waste Holdings Ltd.	-	300		
Gas Rights – The Authority's share out of profits generated by - Bidston Methane Ltd.	36	111		

5. AUDIT FEES

The analysis of fees payable to the Audit Commission is shown below:-

	2008-2009 £000	2007-2008 £000
External Audit Service	94	67
Grant Claims & Returns Work	-	-
	94	67

6. RECONCILING ITEMS FOR STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007-2008			2008-2009	
£000	£000		£000	£000
		Amounts included in the Income & Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the Year		
-		Revaluation of Fixed Assets	(6,909)	
(412)		Depreciation of Fixed Assets	(1,636)	
(138)		Impairment of Fixed Assets	(68)	
311		Government Grants Deferred Amortisation	722	
(202)	(441)	Net Charges made for Retirement Benefits in accordance with FRS17	(310)	(8,201)
		Amounts not included in the Income & Expenditure Account but required to be included by Statute when determining the Movement on the General Fund Balance for the Year		
806		Minimum Revenue Provision for Capital Financing	775	
255	1,061	Employer's Contributions payable to the Merseyside Pension Fund and Retirement Benefits payable direct to Pensioners	223	998
		Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the Year		
	(349)	Net transfer to or from Earmarked and Other Balances		7,606
	271	Net additional amount to be credited/ debited to the General Fund Balance for the Year		403

7. SUMMARY OF CAPITAL EXPENDITURE AND FIXED ASSET DISPOSALS

The movement in Tangible Fixed Assets is shown below:-

	Land & Buildings	Vehicles, Plant & Equipment	Total
	2008-2009 £000	2008-2009 £000	2008-2009 £000
(i) Operational Assets			
Gross Book Value at 1 April	3,658	3,850	7,508
Accumulated Depreciation & Impairment	(631)	(513)	(1,144)
Net Book Value at 31 March	3,027	3,337	6,364
Movement in Year			
Additions	8,414	950	9,364
Disposals	-	-	-
Revaluations	(6,909)	4,054	(2,855)
Depreciation	(1,017)	(619)	(1,636)
Impairment	(68)	-	(68)
Transfers (Re-classified)	8,608	6,299	14,907
Net Book Value at 31 March	12,055	14,021	26,076

(ii) Non-Operational Assets	
Gross Book Value at 1 April	16,997
Movement in Year	
Additions	2,458
Revaluations	-
Transfers (Re-classified)	(16,061)
Net Book Value at 31 March	3,394

The following Table shows the value of fixed assets that the Authority revalued in 2008/09 and in the previous year. This forms part of the Authority's five year rolling programme for the revaluation of fixed assets.

	Operational Land & Buildings	Vehicles, Plant & Equipment	Non-Operational Assets
	£000	£000	£000
Valued at current value in:-			
Current Year	1,850	11,250	-
Previous Year	-	-	-
TOTAL	1,850	11,250	-

Depreciation

For all assets subject to depreciation, that depreciation has been charged in accordance with the requirements of FRS15 *Tangible Fixed Assets* on a straight-line basis. Each assets useful life is assessed as the basis of calculating the annual depreciation charge. A summary of depreciation charged during the year is provided below:-

2007-2008 Average Asset Life (Years)	2007-2008 Depreciation Charged in Year £000	Asset Classification	2008-2009 Average Asset Life (Years)	2008-2009 Depreciation Charged in Year £000
25	145	Operational Land & Buildings	25	1,017
15	267	Vehicles, Plant & Equipment	15	619
	-	Non-Operational Assets		-
	412	TOTAL		1,636

Financing Capital Expenditure

	2008-2009 £000	2007-2008 £000
Opening Capital Financing Requirement	26,074	18,670
Capital Investment		
- Operational	9,364	598
- Non-Operational	2,458	14,270
Prior Years' Capital Movement to Revenue	(1,154)	-
Sources of Finance		
- Government Grants	(493)	(6,658)
Minimum Revenue Provision	(775)	(806)
Closing Capital Financing Requirement	35,474	26,074

Explanations of Movements in Year

	2008-2009 £000	2007-2008 £000
Prudential Borrowing (unsupported)	10,175	8,210
Less Minimum Revenue Provision	(775)	(806)
Increase in Capital Financing Requirement	9,400	7,404

8. CAPITAL SPENDING IN 2008-2009

The Authority spent £11.8M on capital expenditure in 2008-2009 which comprised the following major items:-

	£M
Purchase of Huyton Transfer Station	1.6
Purchase of Gillmoss Transfer Station	3.8
Purchase of Foul Lane Transfer Station	2.1
Land Acquisition Cost - Gillmoss	2.4
Fairport New Technology Demonstrator Plant	1.0
Sefton Meadows Recyling Centre Refurbishment	0.5
Bidston Integrated Facility Refurbishment	0.3
Other	0.1
	11.8

9. COMMITMENTS UNDER CAPITAL CONTRACTS

The Authority has the following contractual commitments:-

	£000
Fairport New Technologies Demonstrator Project	124
Billinge Site Works	120

NB. Gillmoss Electrical Supply, although not a formal contract, is expected to be a commitment in the sum of £1M. The Authority has approved a Capital Programme of £9.1M in 2009/2010 including £7M for new site acquisition.

10. INFORMATION ON ASSETS HELD

The Authority has use of the following assets:-

Bidston Integrated Waste Management Facility
9 Household Waste Recycling Centres
The Leasehold at 3 Household Waste Recycling Centres
The Leasehold at 4 Closed Landfill Sites
North House Office Accommodation

11. COMMITMENTS UNDER OPERATING LEASES

The Authority has the following leasing payment commitments:-

Land & Buildings	£000
Before 31 March 2010	-
Between 1 April 2010 and 31 March 2014	100
After 31 March 2014	-

The Authority has no other operating lease commitments.

12. VALUATION INFORMATION

The current in-house valuer is S. Littler, M.R.I.C.S.

The Authority has used Kings Sturge Plant and Machinery Ltd for specialist plant valuation.

The properties have been valued on bases in accordance with the Statement of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

An impairment review in the year did not affect property valuations because of the specialist nature of the assets concerned. Any expenditure on Closed Landfill Sites requires an equal amount of impairment as they have no value.

13. LONG TERM INVESTMENTS

The Authority holds the following investments:-

	£000
Mersey Waste Holdings Ltd. This Company was formed as the Authority's Disposal Company and as such receives waste from the five Districts of Merseyside and from other customers at its Transfer Stations and Landfill Sites. It disposes that waste and also manages the disposal of other household wastes through Waste Reception Centres.	
The Authority owns the total shareholding in its company.	
5,138,002 Ordinary Shares @ £1	5,138
The Authority will realise its investment in MWHL when all of the Shareholders funds (assets and liabilities) have been confirmed.	
Bidston Methane Ltd. This Company was formed as a joint venture with Coal Products Ltd. (subsequently acquired by Novera Energy Generation No. 1 Ltd.) to collect methane gas from the Landfill Sites at Billinge and at Bidston. It uses methane gas to generate electricity which is sold to the Regional Electricity Companies.	
The Authority holds 299,000 Ordinary 'B' Shares out of a total of 600,000 Shares. The called up value is £0.001 per Share.	
The setting up of the Company incorporated the capital financing of the engines through a non-voting share issue to the Finance Company user ('C' Shares). This removed the need to generate finance through the 'A' Shares owned by Coal Products or 'B' Shares owned by the Authority and hence a nominal called up proportion. The uncalled share elements provide the necessary guarantees for the 'C' shareholder.	- 5,138
299,000 Ordinary 'B' Shares @ £0.001	

These financial instruments have been valued with a fair value equal to original cost as there is no active market for these unquantified shares.

MWHL Financial Information

The Company's financial year runs from October to September and the statutory accounts are produced on this basis. For the purpose of the Group Accounts consolidation, the Company's management accounts as at 31 March, are used for this purpose.

	30/9/2008 £000	30/9/2007 £000
The Company's net assets as shown in the statutory accounts	9,937	8,562
Profit/(Loss) - Before Tax - After Tax	4,643 3,054	888 922
The Authority has no commitment to meet accumulated deficits or losses	-	-
Amounts received as Dividends	-	300
No amounts have been written down by the Authority	-	-
MWDA as Creditor (contractual discounts)	3,764	8,256
MWDA as Debtor (contractual payments)	10,686	8,833

A copy of the Company's latest accounts can be obtained from MWHL, 2nd Floor, Port of Liverpool Building, Pier Head, Liverpool, L3 1BY

The only significant financial implication for the Authority arising from Company affairs is the sale of its landfill site and the follow on effect on shareholder funds as a result of the price achieved.

<u>BML Financial Information</u>

BML's financial year runs from January to December and its statutory accounts are produced on that basis. For the purpose of the Group Account consolidation, the Company's management accounts as at 31 March, are used for that purpose.

	31/12/2008 £000	31/12/2007 £000
The Company's net assets as shown in the statutory accounts	298	423
Profit/(Loss)- Before Tax - After Tax	(134) (135)	(164) (145)
The Authority has no commitment to meet accumulated deficits or losses	-	-
No amounts have been received as Dividends in either year	-	-
No amounts have been written down by the Authority	-	-
Gas Rights payment due to MWDA (Creditor)	88	36

A copy of the Company's latest accounts can be obtained from Bidston Methane Limited, c/o Novera Energy Operations Centre, 1030 Centre Park, Slutchers Lane, Warrington, WA1 1QR

There is no other financial information that is material to the affairs of MWDA.

14. LANDFILL ALLOWANCES ASSET

The Authority has received its allocation of Landfill Allowances from DEFRA in 2008-2009. The value of the allowances in 2008-2009 was nil. The Landfill Allowance Market is showing no value for allowances due to a national surplus and the inability to carry forward allowances into the 2009/2010 target year.

	2008-2009 £000	2007-2008 £000
Balance b/f	-	10,560
Acquired without charge from DEFRA	-	-
Purchase in Year	-	-
Derecognition of Usage	-	(7,953)
Written down to realisable value	-	(2,607)
Balance c/f	-	-

15. DEBTORS

	31 March 2009 £000	31 March 2008 £000
Subsidiaries	116	7,100
Government Departments	831	5,006
Other Local Authorities	1,029	289
Employees	-	3
Sundry	526	402
	2,502	12,800
Less Provision for Doubtful Debts		(3)
		12,797

16. LIABILITY FOR LANDFILL USAGE

The Authority needs to recognise its use of Landfill Allowances in the landfill disposal of biodegradable municipal waste. The following are the estimated usage of Landfill Allowances which has been set at nil for 2008-2009.

	2008-2009 £000	2007-2008 £000
Allowances	-	-

17. PROVISION FOR LEGISLATION CLAIMS

As a result of legislative changes there is a potential for increased costs to be borne by the Authority resulting from two outstanding claims from landfill operators.

	31 March 2009 £000	31 March 2008 £000
Balance b/f	5,801	-
In Year - Site 1	-	801
- Site 2	-	5,000
Balance c/f	5,801	5,801

18. CREDITORS

	31 March 2009 £000	31 March 2008 £000
Subsidiaries & Associated Companies	4,059	5,292
Government Departments	33	28
Other Local Authorities	965	1,190
Employees	55	58
Sundry	5,678	2,254
	10,790	8,822

19. LONG TERM BORROWING

Analysis by Type

	31 March 2009 £000 Loan	£000 Interest	£000 Total	31 March 2008 £000 Loan	£000 Interest	£000 Total
Public Works Loan Board	18,902	222	19,124	19,046	225	19,271
Market Loan	2,000	23	2,023	2,000	23	2,023
	20,902	245	21,147	21,046	248	21,294

Analysis by Maturity

1-2 years	143	-	143	143	-	143
2-5 years	429	-	429	429	-	429
5-10 years	3,500	69	3,569	3,642	73	3,715
Over 10 years	16,830	176	17,006	16,832	175	17,007
	20,902	245	21,147	21,046	248	21,294

20. DEFERRED LIABILITIES (MRDF DEBT)

These are liabilities which are payable over a period of time:-

Analysis

	31 March 2009 £000	31 March 2008 £000
Balance b/f	3,870	4,086
Repaid in Year	(215)	(215)
Balance c/f	3,655	3,871

21. CAPITAL FINANCING ACCOUNT

The Capital Financing Account represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans. It is not 'cash backed' and therefore it cannot be called upon to support spending:-

	2008-09 £000	2007-2008 £000
Balance at 1 April	-	9,363
MRP charge	-	-
Depreciation	-	-
Government Grants Deferred - amortised	-	-
Transfer to Capital Adjustment Account	-	(9,363)
Balance at 31 March	-	-

22. CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account records the consumption of historic cost over the life of the asset and deferred charges over the period that the Authority benefits from the expenditure. It also records the resources set aside to finance capital expenditure:-

	2008-2009 £000	2007-2008 £000
Balance at 1 April 2008	15,578	-
Transfer in from Capital Financing Account	-	(9,363)
Transferred in from Fixed Asset Restatement Account	-	25,508
Revaluation	6,909	-
Depreciation and Impairment	1,704	550
Government Grants Deferred - amortised	(722)	(311)
MRP charge in year	(775)	(806)
Balance at 31 March 2009	22,694	15,578

23. FIXED ASSET RESTATEMENT ACCOUNT

The Fixed Asset Restatement Account represents principally the balance of surpluses and deficits arising from the periodic revaluation of assets. It is not 'cash backed' and therefore cannot be called upon to support spending:-

	2008-2009 £000	2007-2008 £000
Balance at 1 April	-	25,508
Add:		
Expenditure on operational Landfill Sites with no value	-	-
Adjustments on Revaluation	-	-
Net Book Value of Assets disposed	-	-
Transfer to Capital Adjustment Account	-	(25,508)
Balance at 31 March	-	-

24. REVALUATION RESERVE

	2008-2009 £000	2007-2008 £000
Balance at 1 April	-	-
Transfer in year	4,054	-
Balance at 31 March	4,054	-

25. GOVERNMENT GRANTS DEFERRED ACCOUNT

This account represents grants and contributions received to finance (wholly or partly) the acquisition of fixed assets. These amounts are released to the Service Income and Expenditure Account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

	2008-2009 £000	2007-2008 £000
Balance at 1 April	12,863	6,517
Financing of Capital Expenditure		
- Grants	493	6,657
Amortised during the year	(722)	(311)
Balance at 31 March	12,634	12,863

26. GENERAL RESERVE

This Reserve represents the accumulated balances available to the Authority:-

	2008-2009 £000	2007-2008 £000
Balance at 1 April	5,535	5,927
Transfer to Earmarked (LATS)	-	-
Transfer to Earmarked (Procurement)	(3,220)	(1,472)
In Year Surplus/(Deficit)	4,204	1,080
Balance at 31 March	6,519	5,535

27. EARMARKED RESERVES

This Reserve represents the accumulated balances available to the Authority to cover:-

- the Landfill Allowances Reserve established to cover expenditure that the Authority makes in acquiring landfill allowances;
- allowing for expenditure on professional advisors employed on the Contract Procurement project;
- to allow for the creation of a 'Sinking Fund' to meet future large increases in cost as a result of new contracts involving more expensive waste management processes.

	2008-2009	2007-2008
	£000	£000
Balance at 1 April	3,712	4,061
Transfer from General Reserve	9,997	3,871
Utilised In Year	(2,392)	(4,220)
Balance at 31 March	11,317	3,712

28. CONTINGENT LIABILITIES

Relating to Mersey Waste Holdings Limited

Mersey Waste Holdings Limited (MWHL) were originally intended to cease trading on 30 September 2008 when the Authority's new Waste Management Recycling Contract was due to become operational. Delays in letting that contract has required the Authority to make use of its contingency arrangements of placing a new contract with MWHL for six months commencing 1 October 2008. The new contract is capable of being terminated on a month's notice.

On ceasing trading, the Company will need to meet its external liabilities and internal ones with the Authority.

The contingent liability surrounds MWHL's ability to meet those liabilities.

At this moment the company is expected to meet all liabilities

Relating to Bidston Methane Limited

As stated at Note 13, the called-up value of the 299,000 ordinary £1 shareholding in Bidston Methane Limited is £299 (£0.001 each), the contingent liability therefore is £298,701 (£0.999 each).

29. NET PENSIONS ASSET/LIABILITY

As part of the terms and conditions of employment of its qualifying officers and other employees the Authority offers entrance into the Local Government Pension Scheme (LGPS) administered by Wirral Metropolitan Borough Council. Although retirement benefits will not actually be payable until employees retire the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The LGPS is a funded scheme, meaning that the Authority and employees pay contributions into a Fund, calculated at a level estimated to balance the pensions liabilities with investment assets. The scheme rules define the benefits (this is a defined benefits scheme) payable quite independently of the contributions payable i.e. the benefits are not directly related to the investments of the scheme.

In 2008-2009 pension costs amounting to £223k were charged to the Income and Expenditure Account. The following disclosures are required in accordance with FRS 17 "Retirement Benefits".

Assets & Liabilities Attributable to the Authority	31 March 2009 £M	31 March 2008 £M
Present Value of Funded Benefit Obligations	7.6	9.1
Present Value of Unfunded Benefit Obligations	0.4	0.5
Total Present Value of Benefit Obligations	8.0	9.6
Fair Value of Plan Assets	(5.5)	(6.9)
Unrecognized Past Service Cost	0	0
Net Liability	2.5	2.7

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 upon assumptions about mortality rates, salary levels, etc. As part of the 2007 actuarial valuations the actuary has analysed the mortality experience of Local Authority Client Funds over the three year period to 31 March 2007 and changes have been 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 2009. The assets and liabilities have been assessed by Mercer Human Resource Consulting Ltd., an independent firm of actuaries.

In December 2006 the Accounting Standards Board (ASB) made a number of changes to FRS17. These changes included a requirement for most assets to be valued at "realisable values" (i.e. bid values), as opposed to the previous requirement of "fair values" (i.e. mid-market values). Asset values have been calculated on this basis for 2008/09, however we have not restated the 2007/08 figures as the change in asset values is not considered material. However, to ensure the start and end of year balance sheet figures reconcile, the difference between bid and mid-market values has been added to the "Actuarial gains/ (losses) on assets" in 2008/09. This is in accordance with the *Local Government Pension Scheme Supplementary Paper on FRS 17 Calculations (April 2009)*.

The main assumptions used in their calculations are:-

	31/03/2009	31/03/2008
Rate of Inflation	3.3%	3.6%
Rate of Increase in salaries	4.6%	4.9%
Rate of increase in pensions	3.3%	3.6%
Rate of discounting scheme liabilities	7.1%	6.1%
Proportion of scheme employees opting to take a commuted lump sum	50.0%	50.0%
Life expectancy of male future pensioner aged 65 in 20 years time	21.3 years	21.3 years
Life expectancy of female future pensioner aged 65 in 20 years time	24.1 years	24.0 years
Life expectancy of male current pensioner aged 65	20.3 years	20.3 years
Life expectancy of female current pensioner aged 65	23.2 years	23.1 years

The expected rate of return on assets are as follows:-

	31/03/2009	31/03/2008
Rate of return on equities	7.5%	7.5%
Rate of return on Government Bonds	4.0%	4.6%
Rate of return on other Bonds	6.0%	6.1%
Rate of return on Property Investments	6.5%	6.5%
Rate of return on Cash / Liquidity	0.5%	5.3%
Rate of return on Other Assets	7.5%	7.5%

Valuations of pension assets, prepared under FRS17 guidelines, were based on nine months actual performance of the Pension Fund, plus an estimate for the final quarter, representing a combined performance of -3.0%. Final calculations indicated that the actual performance was -1.3%, less an allowance for 0.2% administration expenses. The figures included in the Balance Sheet are therefore understated by some 1.5% to 1.6%. However, as stock markets generally have deteriorated since 31March 2008, a recalculation of the asset value has not been considered appropriate. The figures included in the Balance Sheet consist of the following categories by value and proportion:-

	31/3/2009		31/3/2008	
	£000	%	£000	%
Equities	2,955	53.6	3,898	57.5
Government Bonds	976	17.7	1,091	16.1
Other Bonds	265	4.8	400	5.9
Property	513	9.3	590	8.7
Cash/Liquidity	232	4.2	305	4.5
Other Assets	574	10.4	495	7.3

The movement in the net pension liability for the year to 31 March 2009 was as follows:-

	£000	£000
Net Pension Liability at 1 April 2008		(2,772)
Movements in the Year		
- Current Service Cost	(179)	
- Employer Contributions	223	
- Interest on Pension Liabilities	(577)	
- Return on Plan Assets	446	
- Actuarial Gain/(Loss) on Assets	(1,569)	
- Actuarial Gain/(Loss) on Liabilities	1,917	
Net Pension Liability at 31 March 2009		(2,511)

The SORP'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. Lower rates result in an increase in liabilities. The rates used may be detailed:-

Year	%
2004-2005	5.4
2005-2006	4.9
2006-2007	5.4
2007-2008	6.1
2008-2009	7.1

It should be noted that from 2007-2008 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.

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 2009:-

	2008-2009		2007-2008		2006-2007		2005-2006		2004-2005	
	£000	%	£000	%	£000	%	£000	%	£000	%
Asset Gain/(Loss)	(1,663)	30.2% of Assets	(659)	9.7% of Assets	(1)	0% of Assets	901	13.5% of Assets	278	4.9% of Assets
Liability Gain/(Loss)	1,917	23.9% of Liabilities	(51)	0.5% of Liabilities	-	0% of Liabilities	(97)	1.1% of Liabilities	6	0.1% of Liabilities
Change in Assumptions	-	-	(370)	3.9% of Liabilities	399	4.6% of Liabilities	(637)	7.2% of Liabilities	(1,202)	15.1% of Liabilities
Net Gain/(Loss)	254		(1,080)		398		167		(918)	

30. NOTES TO THE CASHFLOW STATEMENT

1. RECONCILIATION OF THE NET SURPLUS/DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT TO THE MOVEMENT IN CASH

			2008-2009	2007-2008
		£000	£000	£000
NET (SURPLUS)/DEFICIT FOR THE YEAR			**(1,387)**	**121**
Adjustments for:-				
(i)	**Dividends**		-	300
(ii)	**Servicing of Finance Items**			
	- Interest Paid	(1,418)		(1,418)
	- Interest Receivable	286	(1,132)	324
(iii)	**Non-Cash Items**			
	- Revaluation	(6,909)		-
	- Use of Reserves	(4,386)		(4,675)
	- Depreciation & Impairment	(1,704)		(550)
	- FRS 17	(87)		53
	- Grants Amortised	722		311
	- Capital Movement to Revenue	(1,154)		-
	- MRP	775	(12,743)	-
(iv)	**Movement in:-**			
	- Debtors	(7,406)		(434)
	- Creditors	(999)		3,328
	- Deferred Liabilities	215		215
	- PWLB	4	(8,186)	142
REVENUE ACTIVITIES NET CASHFLOW			**(23,448)**	**(2,283)**

2. RECONCILIATION OF THE MOVEMENT IN CASH TO MOVEMENT IN NET DEBT

Balance Sheet Movements

	Balance 31.3.2009 £000	Balance 31.3.2008 £000	Movement in Year £000
Borrowing - Long Term	(20,902)	(21,294)	392
- Short Term	(143)	(143)	-
Accrued interest on Long Term Borrowing	244	249	(5)
Cash in Hand/(Overdrawn)	16,011	5,167	10,844
	(4,790)	(16,021)	11,231
CASHFLOW STATEMENT BALANCES			
Financing			387
(Decrease)/Increase in Cash & Cash Equivalents			10,844

3. ANALYSIS OF GOVERNMENT GRANTS SHOWN IN THE CASH FLOW STATEMENT

	£000
DEFRA Grant towards New Technologies (Capital)	493

GROUP ACCOUNTS

The purpose of the Group Accounts is to provide an overall picture of the Group as a whole showing the totality of operations and available resources. While the Group Accounts are not primary statements, they afford transparency and are therefore capable of comparison with other entities which have different corporate structures.

THE GROUP INCOME AND EXPENDITURE ACCOUNT

2007-2008 Net Expenditure £000		Gross Expenditure £000	Gross Income £000	2008-2009 Net Expenditure £000
	Continuing Operations			
(1,063)	Cultural, Environmental & Planning Services	71,346	(73,393)	(2,047)
	Discontinued Operations			
-	Cultural, Environmental & Planning Services	4,307	(1,617)	2,690
376	Corporate & Democratic Core Cost	415	-	415
36	Non-Distributed Costs	22	-	22
87	Share of Associates & Joint Venture Operating Results	188	(141)	47
(564)	**Net Cost of Services**	**76,278**	**(75,151)**	**1,127**
-	(Gain)/Loss on Disposal of Fixed Assets			(4,226)
1,444	Interest Payable			1,788
2	Share of Associates & Joint Venture Interest Payable			2
(1,063)	Interest & Investment Income			(948)
(170)	Pension Interest Cost and Expected Return on Pensions Assets			131
541	Taxation			650
-	Share of Associates & Joint Venture Taxation			(9)
190	**(Surplus)/Deficit for Year**			**(1,485)**

RECONCILIATION OF THE SINGLE ENTITY SURPLUS/DEFICIT TO THE GROUP SURPLUS/DEFICIT

2007-2008 £000		2008-2009 £000
121	(Surplus)/deficit for the year on the Authority Income & Expenditure Account	(1,387)
(42,642)	Adjustment for transactions with other group entities	(33,766)
(42,521)	(Surplus)/Deficit in the Group Income & Expenditure Account attributable to the Authority	(35,153)
	(Surplus)/Deficit in the Group Income & Expenditure Account attributable to group entities (adjusted for intra-group transactions)	
42,622	- Subsidiaries	33,628
89	- Joint Ventures	40
190	(Surplus)/Deficit for the year on the Group Income & Expenditure Account	(1,485)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2007-2008 £000		2008-2009 £000
190	(Surplus)/Deficit for the Year on the Group Income & Expenditure Account	(1,485)
-	(Surplus)/Deficit arising on Revaluation of Fixed Assets	(2,855)
2,407	Actuarial (gains)/losses on Pension Fund Assets and Liabilities	725
317	Other (gains)/losses required to be included	-
2,914	Total Group Recognised (gains)/losses for the Year	(3,615)

GROUP BALANCE SHEET AS AT 31 MARCH 2008

2007-2008 £000		2008-2009 £000
	Fixed Assets	
403	Intangible Assets	-
	Tangible Assets	
	Operational Assets	
20,721	Land & Buildings	12,055
3,682	Vehicles, Plant & Equipment	14,300
	Non-Operational Assets	
16,997	Assets under Construction	3,394
41,803	**Total Fixed Assets**	**29,749**
	Current Assets	
12,656	Debtors	5,693
11,456	Cash at Bank	28,022
65,915	**Total Assets**	**63,464**
	Current Liabilities	
(143)	Short Term Borrowing	(143)
(5,801)	Provision for Legislative Claims	(5,801)
(20,067)	Creditors	(13,872)
39,904	**Total Assets less Current Liabilities**	**43,648**
(21,294)	Long Term Borrowing	(20,902)
(4,183)	Deferred Liabilities	(3,613)
(12,863)	Deferred Grants	(12,634)
(4,198)	Assets & Liabilities relating to Defined Benefit Pension Schemes	(4,728)
(2,634)	**Total Assets Less Liabilities**	**1,771**
	Financed by	
(765)	Fixed Asset Restatement Account	-
-	Revaluation Reserve	4,054
(15,578)	Capital Adjustment Account	(23,459)
(4,198)	Pension Fund	(4,728)
17,907	Profit & Loss Reserve	25,904
(2,634)	**TOTAL NET WORTH**	**1,771**
-	MINORITY INTEREST	-
(2,634)	**TOTAL NET WORTH**	**1,771**

THE GROUP CASH FLOW STATEMENT

2007-2008 £000		2008-2009 £000
(5,306)	**NET CASH (INFLOW)/OUTFLOW FROM REVENUE ACTIVITIES**	**(9,270)**
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
	Cash Outflows	
1,420	Interest Paid	1,788
	Cash Inflows	
(1,064)	Interest Received	(968)
995	TAXATION	1,062
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
	Cash Outflows	
9,579	Purchase of Fixed Assets	12,017
	Cash Inflows	
(2,651)	Capital Grants Received	(493)
	Receipts from Sale of Fixed Assets	(20,847)
	ACQUISITION AND DISPOSALS	
-	Cash Inflows	2
2,973	**NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING**	**(16,709)**
	FINANCING	
	Cash Outflows	
143	Repayment of Borrowing	143
3,116	**NET (INCREASE)/DECREASE IN CASH**	**(16,566)**

DISCLOSURES TO THE GROUP ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

The following changes to the Statement of Accounting Policies shown in Pages 13-20 have been made for compliance with the preparation of the Group Accounts:-

- profits or losses on disposal of assets are shown as a separate line after Net Cost of Services;
- the total of all profits or losses on disposal of assets are reversed out as an appropriation and are transferred to the appropriate capital reserves;
- capital charges have been removed and replaced with the depreciation charge which is charged to services;
- Government grants amortised in the year are included in the gross income of services;
- adjustments are made to include any assets or liabilities (and any associated income and expenditure) that are directly controlled by and generate benefits for Merseyside Waste Disposal Authority.

2. DETAILS OF COMBINING ENTITIES

2.1 The Authority (MWDA) has a subsidiary which is its own wholly owned group of companies set up originally as a single company under the Environmental Protection Act 1990. Subsequent restructuring has resulted in the following:-

- Mersey Waste Holdings Limited (the holding company) (MWHL)
- Mersey Waste Limited
- Mersey Waste Consultancy Limited
- Mersey Waste Recycling Limited
- Mersey Waste Holdings Developments Limited
- Mersey Waste Holdings Associates Limited
- Mersey Waste Holdings Energy Limited

The Authority's transactions are all with the holding company. The combination has been accounted for by the acquisition method on the 31 March 2009. The financial year for Mersey Waste Holdings Limited ends on 30 September but a second 'year end' has been produced to provide the statutory accounts as at 31 March 2009. The Company's main operational activity is in the disposal of waste.

2.2 The Authority is involved in a joint venture operation with Novera Energy Generation No.1 Limited. A company, Bidston Methane Limited (BML) was set up in 1985 with the purpose of extracting gas from closed landfill sites and then generating electricity. The Authority and Novera each have a 50% shareholding in Bidston Methane Limited.

The joint venture has been accounted for by the gross equity method as at 31 March 2009. Bidston Methane Limited has 31 December for its year end but has also prepared a second ‘year end’ at 31 March 2009.

3. NOTES TO THE GROUP INCOME AND EXPENDITURE ACCOUNT

3.1 Pensions

The Authority offers entrance to the Local Government Occupational Pension Scheme which is administered in the Merseyside area by Wirral MBC. It is registered with the Occupational Pension Board and is subject to Regulations issued by the Department of the Environment, Transport and the Regions. Mersey Waste Holdings Limited use the same Pension Scheme for the major part of its staff but it also has offered in the past the LAWDC (Local Authority Waste Disposal Companies) Scheme. Both Schemes are Defined Benefit Pension Schemes.

	MWDA Merseyside Scheme £000	MWHL Merseyside Scheme £000	MWHL LAWDC Scheme £000
Current Service Cost*	(179)	(306)	(136)
Past Service/Curtailment/ Settlement Gain	-	-	-
Interest Cost on Pension Liabilities	(577)	(989)	(166)
Expected Return on Assets	446	944	190
Actual Amount Charged to Income & Expenditure Account in the Period	223	233	312
Actuarial Gain/(Loss) in the Year	348	(409)	(664)

*This cost should not increase substantially as the age profile shows no significant increase.

The Merseyside Pension Fund's Annual Report is made available from P.O. Box 120, Castle Chambers, 4/6 Cook Street, Liverpool, L69 2NW. The LAWDC Scheme is adminstered by Hartshead Capita, the actuarial valuation being done by Hymans Robertson LLP and the accounts are available for review at their offices at 221 West George Street, Glasgow, G22 3ND.

4. EMPLOYEE REMUNERATION OVER £50,000

	2008-2009		2007-1008	
	MWDA No.	MWHL No.	MWDA No.	MWHL No.
Remuneration				
£50,000 - £60,000	-	2	-	1
£60,000 - £70,000	2	4	-	2
£70,000 - £80,000	-	4	1	1
£80,000 - £90,000	1	2	-	-
130,000 - 140,000	-	1	-	-
140,000 - 150,000	-	-	-	1
260,000 - 270,000	-	1	-	-

NOTES TO THE GROUP BALANCE SHEET

FIXED ASSETS

1. ASSET VALUES - OPERATIONAL ASSETS

	Land & Buildings				Vehicles, Plant & Equipment				Total			2008-2009	2007-2008
	MWDA £000	MWHL £000	BML £000	Total £000	MWDA £000	MWHL £000	BML £000	Total £000	MWDA £000	MWHL £000	BML £000	Total £000	Total £000
Net Book Value at 1 April	3,027	17,694	-	20,721	3,337	-	345	3,682	6,364	17,694	345	24,403	24,577
Movement in Year													
Additions	8,414	-	-	8,414	950	-	2	952	9,364	-	2	9,366	2,686
Disposals	-	(16,691)	-	(16,691)	-	-	-	-	-	(16,691)	-	(16,691)	(715)
Revaluations	(6,909)	-	-	(6,909)	4,054	-	-	4,054	(2,855)	-	-	(2,855)	-
Accounting Policy Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairments	(68)	-	-	(68)	-	-	-	-	(68)	-	-	(68)	(138)
Depreciation	(1,017)	(1,075)	-	(2,092)	(619)	-	(68)	(687)	(1,636)	(1,075)	(68)	(2,779)	(1,461)
Transfers (re-classified)	8,608	-	-	8,608	6,299	-	-	6,299	14,907	-	-	14,907	(546)
Net Book Value at 31 March	12,055	-	-	12,055	14,021	-	279	14,300	26,076	-	279	26,355	24,403

2. INFORMATION ON ASSETS HELD

MWDA

1 Bidston Integrated Waste Management Facility
9 Household Waste Recycling Centres
3 Household Waste Recycling Centres (Leasehold)
4 Closed Landfill Sites (Leasehold)
1 North House Office Accommodation

MWHL

3 Waste Transfer Stations
2 Household Waste Recycling Centres
Land at Bidston

BML

2 Generators

3. DEBTORS

				2009	31 March				2008
	MWDA £000	MWHL £000	BML £000	Total £000		MWDA £000	MWHL £000	BML £000	Total £000
Government Departments	831	-	6	837		5,006	-	-	5,006
Other LA's	1,029	331	-	1,360		289	248	-	537
Employees	-	-	-	-		3	-	-	3
Sundry	570	2,907	19	3,496		402	6,680	31	7,113
						5,700	6,928	31	12,659
Less Provision for Bad Debts						(3)	-	-	(3)
	2,430	3,238	25	5,693		5,697	6,928	31	12,656

4. CREDITORS

				2009	31 March				2008
	MWDA £000	MWHL £000	BML £000	Total £000		MWDA £000	MWHL £000	BML £000	Total £000
Government Departments	33	1,020	-	1,053		28	1,092	-	1,120
Other LA's	965	-	-	965		1,190	345	-	1,535
Employees	55	-	-	55		58	-	-	58
Sundry	5,678	5,954	167	11,799		2,254	14,861	239	17,354
	6,731	6,974	167	13,872		3,530	16,298	239	20,067

5(A) MERSEYSIDE PENSION SCHEME

NET PENSIONS ASSET/LIABILITY

As part of the terms and conditions of employment of its qualifying officers and other employees the Authority and Mersey Waste Holdings Limited offer entrance into the Local Government Pension Scheme (LGPS) administered by Wirral Metropolitan Borough Council. Although retirement benefits will not actually be payable until employees retire the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The LGPS is a funded scheme, meaning that the Authority and employees pay contributions into a Fund, calculated at a level estimated to balance the pensions liabilities with investment assets. The scheme rules define the benefits (this is a defined benefits scheme) payable quite independently of the contributions payable i.e. the benefits are not directly related to the investments of the scheme.

In 2008-2009 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:-

	£M
MWDA	223
MWHL	233

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.

	31 March 2009		31 March 2008	
Assets and Liabilities Attributable to:	MWHL £M	MWDA £M	MWHL £M	MWDA £M
Present Value of Funded Benefit Obligations	13.8	7.6	16.3	9.1
Present Value of Unfunded Benefit Obligations	0.1	0.4	0.1	0.5
Total Present Value of Benefit Obligations	13.9	8.0	16.4	9.6
Fair Value of Plan Assets	(11.6)	(5.5)	(14.6)	(6.9)
Unrecognised Past Service Cost	-	-	-	-
Net Liability	**2.3**	**2.5**	**1.8**	**2.7**

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 has analysed the mortality experience of Local Authority Client Funds over the three year period to 31March 2007 and changes have been 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 2008. The assets and liabilities have been assessed by Mercer Human Resource Consulting Ltd., an independent firm of actuaries.

The main assumptions used in their calculations are:-

31 March 2008		31 March 2009
3.6%	Rate of inflation	3.3%
4.85%	Rate of increase in salaries	4.55%
3.6%	Rate of increase in pensions	3.3%
6.1%	Rate of discounting scheme liabilities	7.1%
50%	Proportion of employees opting to take a commuted lump sum	50%
21.3 years	Life expectancy of male future pensioner aged 65 in 20 years time	21.3 years
24.0 years	Life expectancy of female future pensioner aged 65 in 20 years time	24.0 years
20.3 years	Life expectancy of male current pensioner aged 65	20.3 years
23.1 years	Life expectancy of female current pensioner aged 65	23.2 years

The expected rate of return on assets are as follows:-

	31/3/2009	31/3/2008
Rate of return on equities	7.5%	7.5%
Rate of return on Government Bonds	4.0%	4.6%
Rate of return on other Bonds	6.0%	6.1%
Rate of return on Property Investments	6.5%	6.5%
Rate of return on Cash/Liquidity	0.5%	5.3%
Rate of return on Other Assets	7.5%	7.5%

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

	31/3/2009			31/3/2008		
	MWDA	MWHL	%	MWDA	MWHL	%
	£000	£000		£000	£000	
Equities	2,955	6,209	53.6	3,898	8,286	57.5
Government Bonds	976	2,050	17.7	1,091	2,320	16.1
Other Bonds	265	556	4.8	400	850	5.9
Property	513	1,077	9.3	590	1,254	8.7
Cash/Liquidity	232	487	4.2	305	648	4.5
Other Assets	574	1,205	10.4	495	1,052	7.3

The movement in the net pension liability for the year to 31 March 2009 was as follows:-

	MWHL		MWDA	
	£000	£000	£000	£000
Net Pension Liability at 1 April 2008		(1,986)		(2,772)
Movements in the Year				
- Current Service Cost	(306)		(179)	
- Employer Contributions	233		223	
- Interest on Pension Liabilities	(989)		(577)	
- Return on Plan Assets	944		446	
- Actuarial Gain / (Loss) on Assets	(3,318)		(1,569)	
- Actuarial Gain/(Loss) on Liabilities	3,109		1,917	
Net Pension Liability at 31 March 2009		(2,313)		(2,511)

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 2008:-

	MWHL	MWDA
	£000	£000
Asset Gain/(Loss)	(3,518)	(1,663)
Liability Gain/(Loss)	3,109	1,917
Change in Assumptions	-	-
Net Gain/ (Loss)	(409)	254

The SORP'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:-

Year	% Discount Rate at end of Year
2004-2005	5.4
2005-2006	4.9
2006-2007	5.4
2007-2008	6.1
2008-2009	7.1

It should be noted that for 2008-2009 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(B) 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.

The LAWDC Scheme is similar in nature to the Merseyside Pension Scheme as a defined benefit scheme. In 2008-2009 MWHL paid into the Scheme the sum of £312K.

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.

Assets & Liabilities Attributable to MWHL	2008-2009 £M	2007-2008 £M
Estimated liabilities in the scheme	(2.5)	(2.3)
Estimated assets in the scheme	2.6	2.9
Net assets in the scheme	0.1	0.6

Liabilities have been assessed on an actuarial basis.

CONTRIBUTIONS DISCLOSURES OUTSTANDING

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 were:-

	2009	2008
Rate of increase in salaries	4.7%	4.6%
Rate of increase in pensions in payment	3.7%	3.6%
Discount rate	7.2%	6.9%
Inflation assumption	3.7%	3.6%

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

	Long Term Rate of Return expected at 31 March 2009	Value at 31 March 2009	Long Term Rate of Return expected at 31 March 2008	Value at 31 March 2008
	%	£000	%	£000
Equities	6.3	1,678	7.0	2,179
Government Bonds	3.8	407	4.5	348
Corporate Bonds	6.3	290	6.9	232
Cash	0.1	207	5.3	143
Total Market Value of Assets		2,582		2,902
Present Value of Scheme Liabilities		(2,486)		(2,343)
Surplus/(Deficit)in the Scheme		96		559
Related Deferred Tax Asset		-		-
Net Pension Asset/ (Liability) on a FRS 17 basis		96		559

	31 March 2009	31 March 2008
	£000	£000
Movement in deficit during the period		
(Deficit) in scheme at 1 April	560	92
Operating Cost	(136)	(228)
Other Finance Costs	24	36
Actuarial Gains and Losses	(664)	361
Contributions Paid	312	299
Surplus/(Deficit) in scheme at end of year	96	560

	31 March 2009	31 March 2008
	£000	£000
Analysis of the amount charged to Operating Profit		
Current service cost	(136)	(228)

	31 March 2009 £000	31 March 2008 £000
Analysis of the amount credited to other Finance Income		
Expected return on pension scheme assets	190	193
Interest on pension scheme liabilities	(166)	(157)
Total other finance (costs)/gains	24	36

	31 March 2009 £000	31 March 2008 £000
Analysis of amounts recognised in Statement of Total Recognised Gains and Losses		
Actual return less expected return on pension scheme asset	(815)	(491)
Experience losses arising on the scheme liabilities	22	70
Changes in assumptions underlying the present value of the scheme liabilities	129	782
Actuarial loss recognised in Statement of Total Recognised Gains and Losses	(664)	361

	31 March 2009	31 March 2008
History of experience gains and losses		
Difference between the expected and actual return on scheme assets amount £000	(815)	(491)
Percentage of scheme assets	31.5%	16.91%
Total amount recognised in Statement of Total Recognised Gains and Losses – amount £000	(664)	361
Percentage of the present value of the scheme liabilities	26.7%	15.42%

6. RECONCILIATION BETWEEN NET(SURPLUS)/DEFICIT ON GROUP INCOME AND EXPENDITURE ACCOUNT TO THE REVENUE ACTIVITIES NET CASH FLOW

	2008-2009		2007-2008
	£000	£000	£000
Net (Surplus) / Deficit for year		**(1,485)**	**190**
(i) Taxation	-	(650)	(933)
(ii) Servicing of Finance Items			
- Interest Paid	(1,788)		(1,420)
- Interest Received	968	(820)	1,064
(iii) Non –Cash			
-Depreciation & Impairment	(2,847)		(1,583)
- Revaluation	(6,909)		-
- Use of Reserves	921		(4,675)
- FRS 17	(87)		53
- Grants Amortised	722		311
- Capital Movement to Revenue	(1,154)		-
- MRP	775	(8,579)	-
(iv) Movement in			
- Stock	(17)		-
- Debtors	(10,164)		(3,646)
- Creditors	7,798		4,979
- Deferred Liabilities	215		212
- Other	4,432	2,264	142
Revenue Activities Net Cash Flow		**(9,270)**	**(5,306)**

7. RECONCILIATION OF THE MOVEMENT IN CASH TO MOVEMENT IN NET DEBT

	Balance 31/3/2009 £000	Balance 31/3/2008 £000	Movement in Year £000
Balance Sheet Movements			
Borrowing			
- Long Term	(20,902)	(21,294)	392
- Short Term	(143)	(143)	-
Accrued interest on Long Term Borrowing	244	249	(5)
Cash in Hand/(Overdrawn)	28,022	11,456	16,566
	7,221	(9,732)	16,953
Cashflow Statement Balances			
Financing			387
Increase/(Decrease) in Cash and Cash Equivalent			16,566

8. CONTINGENT ASSETS AND LIABILITIES

Mersey Waste Holdings Limited have lodged a claim against Wrexham Borough Council amounting to £5.6M relating to sterilised minerals at Hafod Quarry. The success of the claim will be dependant upon potential legal action.

Mersey Waste Holdings Limited have received a claim from one of its contractors involved in Hafod Quarry for breach of contract in the amount of £2.1M. Mersey Waste Holdings Limited have denied the claim and are awaiting the contractor's response.

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

(i) recognising;
(ii) selecting measurement bases for; and
(iii) presenting assets, liabilities, gains, losses and changes to reserves.

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or

(ii) the actuarial assumptions have changed.

BALANCES AND RESERVES

These represent the accumulated 'free' monies of the Authority. Reserves are often earmarked for specific purposes, but generally may be raised to finance future capital expenditure, replacement or renewals, or a major event to be sponsored by the Authority.

CAPITAL EXPENDITURE

Expenditure on the acquisiton of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL ADJUSTMENT ACCOUNT

The account will record the consumption of historic cost over the life of the asset and deferred charges over the period that the Authority benefits from the expenditure. It will also record the resources set aside to finance capital expenditure.

CAPITAL FINANCING ACCOUNT

The introduction of a new system of capital accounting from 1 April 1994 required the establishment of this new reserve account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

The account disappears at 1 April 2007.

CAPITAL RECEIPTS

The proceeds from the sale of capital assets which, subject to various limitations can be used to finance Capital Expenditure or to repay leasing charges or outstanding debt on assets originally financed through loan.

CONTINGENT LIABILITY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a contingent liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, it will be disclosed in a note to the balance sheet.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which 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

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

(i) termination of employees services earlier than expected, for example as a result of closing or discontinuing a business unit; and

(ii) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEFERRED CHARGES

These represent capitalizable items of expenditure where no tangible asset exists but where the cost is to be amortised to revenue over an appropriate period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

DERECOGNITION

The discharge of verified Biodegradable Municipal Waste landfill usage liability at the end of the reconciliation period (i.e. the following year).

DISCONTINUED OPERATIONS

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued when the activities related to the operation have ceased permanently and the termination has a material effect on the nature and focus of the Authority's operations and represents a material reduction in its provision of services.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers.

EMOLUMENTS

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 either employer or employee are excluded.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, 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.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

FIXED ASSETS

Tangible assets that yield benefits to the Local Authority and the services it provides for a period of more than one year.

FIXED ASSET RESTATEMENT ACCOUNT

A reserve required following the introduction of a new capital accounting regime from 1 April 1994, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.

This account disappears at 1 April 2007.

GOVERNMENT GRANTS

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

IMPAIRMENT

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

INFRASTRUCTURE ASSETS

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However, Authorities (other than Town, Parish and Community Councils and District Councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON-DISTRIBUTED COSTS

Overheads for which no user now benefits and that are not apportioned to services.

NON-OPERATIONAL ASSETS

Fixed assets held by an Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASES

A lease other than a finance lease. This is a method of financing assets which allows the Authority to use, but not own an asset. A third party purchases the asset on behalf of the Authority, who then pay the lessor an annual rental over the life of the asset. Expenditure financed by operating leasing does not count against capital allocations.

OPERATIONAL ASSETS

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

PAST SERVICE COST

For a defined benefit 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 improvements to, retirement benefits.

PRIOR YEAR ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:-

(i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and

(ii) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PROVISIONS

These are monies set aside for liabilities or losses which are likely or certain to be incurred but the exact amount and dates are not currently known.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:-

(i) one party has direct or indirect control of the other party; or

(ii) the parties are subject to common control from the same source; or

(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or

(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an Authority include:-

(i) central government;

(ii) local authorities and other bodies precepting or levying demands on the Council Tax;

(iii) its subsidiary and associated companies;

(iv) its joint ventures and joint venture partners;

(v) its members;

(vi) its chief officers; and

(vii) its pension fund.

Examples of related parties of a pension fund include its:-

(i) administering authority and its related parties;

(ii) scheduled bodies and their related parties; and

(iii) trustees and advisers.

For individuals identified as related parties, the following are also presumed to be related parties:-

(i) members of the close family, or the same household; and

(ii) partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:-

(i) the purchase, sale, lease, rental or hire of assets between related parties;

(ii) the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;

(iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;

(iv) the provision of services to a related party, including the provision of pension fund administration services; and

(v) transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

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. Retirement benefits do not include termination benefits payable as a result of either:-

(i) an employer's decision to terminate an employee's employment before the normal retirement date; or

(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVALUATION RESERVE

This Reserve accounts for amounts where the current value net book value of an asset is above its historic cost net book value. It also represents the accumulated amount of valuation gains less amounts written off owing to depreciation and impairment.

REVENUE EXPENDITURE

This is money spent on the day to day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

SCHEME LIABILITIES

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

USEFUL LIFE

The period over which the Authority will derive benefits from the use of a fixed asset.