Greater Manchester Waste Disposal Authority

Statement of Accounts 2010/11

Rose Hill Household Waste Recycling Centre (HWRC), one **of the more recent facilities redeveloped.**

In-Vessel Composting Facility (IVC), there are currently three with a fourth coming on board next year.

Mechanical and Biological Treatment and Anaerobic Digestion facility at Reliance Street in Manchester - the first one to be completed.

CONTENTS

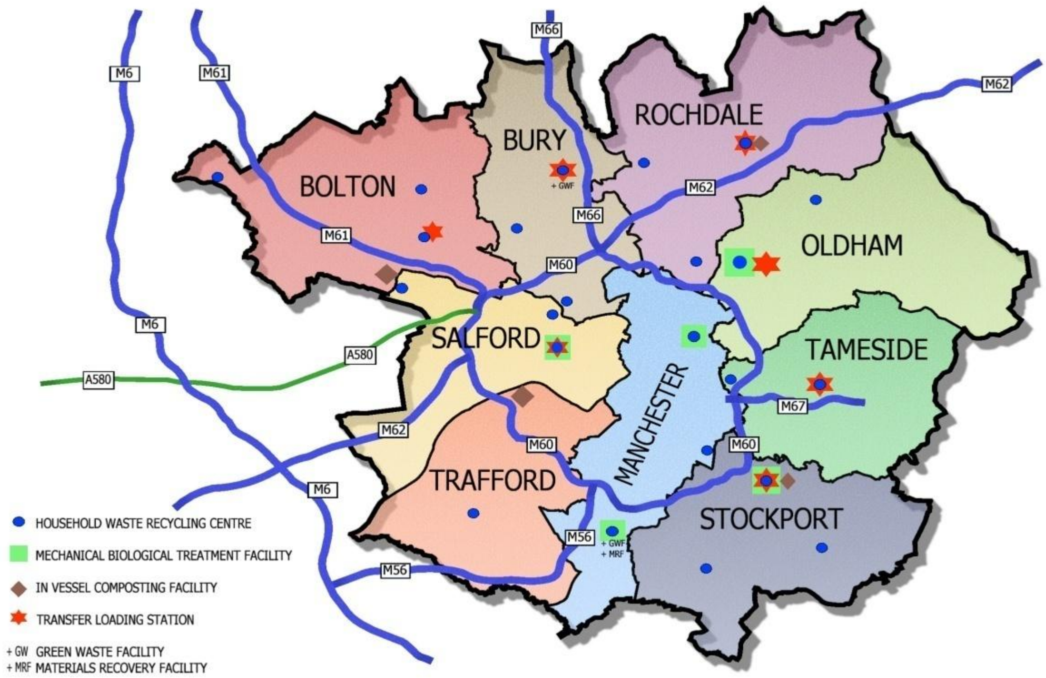
Greater Manchester Waste Disposal Authority (GMWDA)

About Us

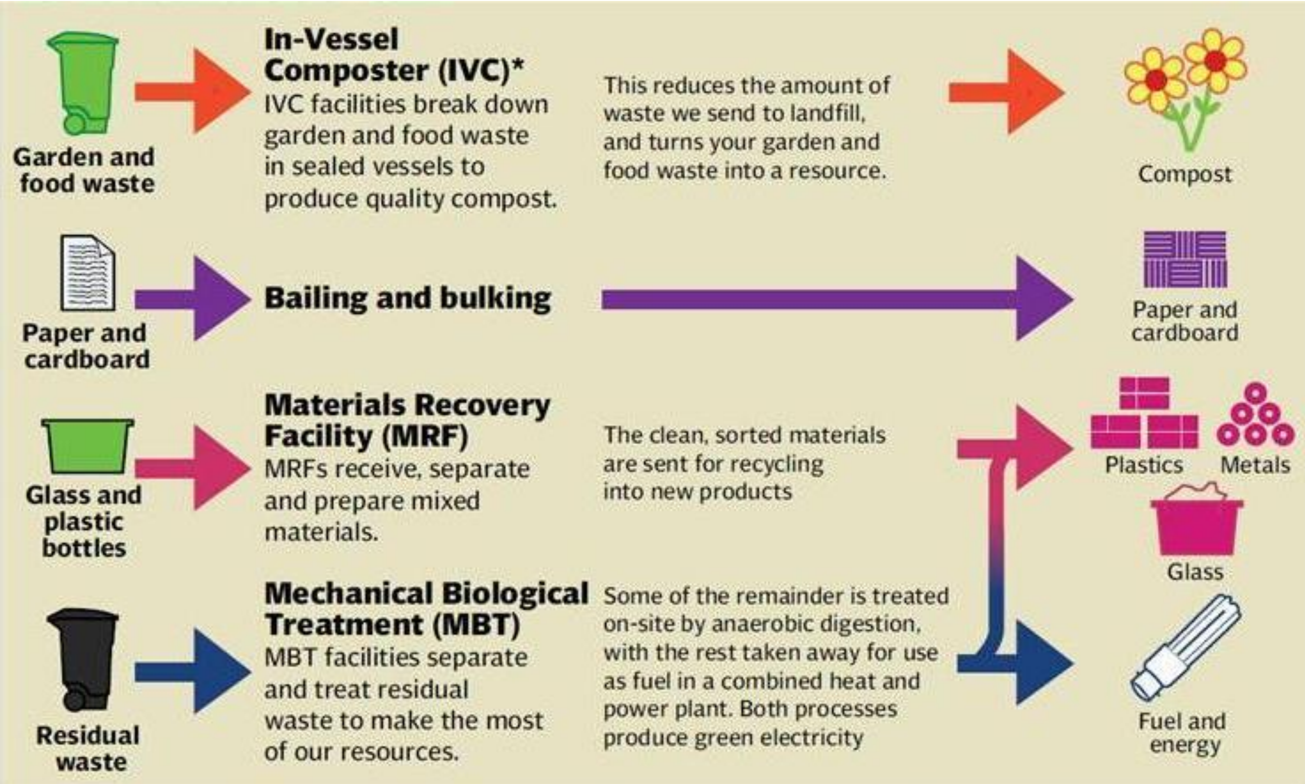
We are England's largest Waste Disposal Authority and provide a world class environmentally sustainable solution for Greater Manchester's waste. We are responsible for dealing with the 1.1 million tonnes of waste and recycling produced each year, by the 1,009,815 households in Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside and Trafford. This material comes from Local Authority household waste collections and 25 Household Waste Recycling Centres (HWRCs) provided and serviced by the Authority. We handle around 5% of National Municipal waste.

Our aim is zero waste to landfill and that is exactly why sending waste to landfill is our least favoured option. There has been a significant reduction of 49.5% (over 634,000 tonnes) to landfill from 2001/02 to 2009/10. The 25-year Recycling and Waste Management Contract with Viridor Laing (Greater Manchester) Limited (VLGM) is in place and, with part of the £631m investment programme starting to come on line, is making a real difference helping GMWDA decrease waste to landfill and help to use waste as an important resource. The Contract is providing a modern infrastructure with 35 out of 42 facilities completed by the date of this Statement of Accounts (September 2011). The facilities are carefully designed to have a green transport solution and hence minimise our carbon footprint.

The map shows where and what the 42 facilities are in the 9 districts of Greater Manchester



Working in close partnership with our nine Waste Collection Authorities (WCAs) the collection of material in Greater Manchester has been standardised into four streams. This is the base on which we will deliver long-term financial and environmental benefits in Greater Manchester, supported by work in the key areas of waste prevention and promotion of recycling.



In partnership with the WCAs and with the help of Greater Manchester residents GMWDA has reduced the amount sent to landfill from 676,000 tonnes in 09/10 to 622,000 tonnes in 2010/11. The recycling rate has increased from 5.1% in 2001/02 to *34.10% in 2010/11 (*the composted waste figure is on a like for like basis and does not take account of recent definition changes to so called "shred and spread"*). 38.6 tonnes of furniture was re-used in 2010/11, as a result of our new furniture re-use service, which has been rolled out to a total of five HWRCs and plans to roll out to a further four are underway. 3.3 tonnes of Waste Electrical and Electronic Equipment (WEEE) was also collected for re-use in 2010/11. This new re-use project was a pilot at two HWRCs and initial figures look promising.

During the financial year we have completed the first Mechanical Biological Treatment (MBT) and Anaerobic Digestion (AD) plant, as well as the second In-Vessel Composting Facility (IVC) and seven more Household Waste Recycling Centres have been redeveloped.

The Authority has bettered the Landfill Allowance Trading Scheme (LATS) targets obligations since their introduction and will continue to do so through to the end of the scheme.

In partnership with the WCAs, we have reduced the amount of waste collected from over 1.4 million tonnes in 2004/05 to around 1.1 million tonnes in 2010/11. We are not, however, complacent and with residents' further help and our current performance we are on track to achieve our 50% recycling target before 2015.

Landfill after care is an important part of what GMWDA does. We are responsible for 23 Closed Landfill Sites in Greater Manchester, which were all closed before 1992. The Aftercare Team manage and support the infrastructure of the sites. Two of the sites also supply green electricity which is fed into the National Grid.

Methane Stripping Plant, at Adswood former landfill in Stockport

GMWDA is made up of 21 Members (two from each district, with Manchester having three). In addition Wigan has two Councillors (partial non-voting) who sit on the Authority. For the 2011/12 Municipal Year Wigan Council have opted not to take up their seats. The Authority, as a result of budget reductions, is now supported by a team of 44 officers. As this report outlines we have overcome many challenges in the last financial year and we will continue to be focussed and pro-active in the forthcoming year to drive forward our ambition of zero waste to landfill.

Please visit our website to find out more. www.gmwda.gov.uk.

Introduction by the Chair and Clerk to the Authority

The end of this financial year marks the first two successful years of our 25-year Recycling and Waste Management Contract. It has been a proactive year as more of our world-class waste and recycling facilities have continued to be brought into use. The carefully designed technology ensures GMWDA handles the 1.1 million tonnes of municipal waste Greater Manchester produces each year, and that that is treated in an environmentally sustainable manner and puts us as one of the leaders in waste management.

We have continued with our ambition of zero waste to landfill using best practice and forward thinking strategies to further reduce waste and increase recycling rates. We are confident that the contract will achieve significant benefits by:-

Enabling residents to compost and recycle at least 50% of their waste by 2015
Ensuring we divert at least 75% of waste away from landfill by 2015
Delivering up to 400,000 tonnes of CO2 reductions per annum

Our achievement so far has been widely recognised by the wider world of waste management and as a result, GMWDA has been asked to share our waste experience at several conferences, nationally and internationally over the past year.

We know, however, that we can do more to deliver better and more sustainable solutions by utilising the full potential of our facilities. To do that, however, will need our residents to get behind us by becoming even better and more accurate at recycling. To deliver such widespread behavioural change will not be easy. Thus a number of successful campaigns and activities have been developed throughout 2010/11 including furniture and WEEE re-use, which will help play a significant part in reducing the amount of waste sent to landfill when fully rolled out. This year saw the culmination of the two year Love Food Hate Waste campaign, which has reduced food waste arisings, resulting in less harmful gases being released into the environment. We have also kept recycling at the forefront, and our recycle right campaign has encouraged participation with the aim to limit contamination across Greater Manchester.

We have invested money into the community with the launch of GMWDA's Community Waste Fund. By engaging with community groups, it will create lasting impacts on how we reduce waste, as the Community Waste Fund aims to balance environmental and community needs. We hope that by creating inspired community based programmes, it will spark far reaching change in people's attitudes towards reducing waste.

The ambitious programme we started in 2009 to ensure our residents actively participate by reducing, reusing and recycling as much as possible through our standardised four stream system is going strong and we will continue to build upon this to maximise recycling rates and reduce waste to landfill. With the squeeze on public spending and the rising cost of Landfill Tax, there is no better time to continue forward with our plan of zero waste to landfill.

The success stories this year demonstrate our commitment to deliver to residents the best facilities and best solution to managing Greater Manchester's waste. However, we cannot rest on our laurels, it is essential we continue to bring change by working in partnership with our residents, nine WCAs and the contractor, Viridor Laing (Greater Manchester) Limited.

The long term financing of all these facilities has been previously documented. The 2010/11 budget saw an average 3.99% increase in levy, but even taking this into account, around 10% average increases are required over five years until all construction is completed and facilities are fully on line. For the following 20 years, however, our increases will fall to a rate below inflation. Those sharp increases during the construction period have to be viewed in the context that the alternative of "doing nothing" was not tenable, financially or environmentally. The Contract is providing £631m of investment which in lay terms will increase costs (equivalent to today's prices) to householders by £1 per week. This compares favourably with a "do nothing, build nothing" option which would have cost an extra £2 a week, mostly in landfill tax and penalties.

The statement of accounts which follow, record a very prudent financial position for the Authority, one which provides us a strong basis upon which to face the future economic challenges.

Finally, the Authority is committed to continuous improvement and so if you have any views on how we are presenting our financial information, please do get in touch.

Thank you for showing an interest in the Authority's finances.

Councillor Neil Swannick Chair of the Authority	Charlie Parker Clerk to the Authority

EXPLANATORY FOREWORD

1. This section of the Accounts of the Greater Manchester Waste Disposal Authority (the Authority) for the financial year 2010/11 provides a summary of our financial performance, and includes key non financial information. It is aimed at improving the readability of our statements, so as to aid openness and transparency. The full statutory statements are:

   a) The Movement in Reserves Statement – this shows whether the Authority has over or under-spent against the Levy income 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 together with movements on all reserves held;

   b) The Comprehensive Income and Expenditure Statement – this shows the cost in the year to the Authority of providing services;

   c) The Balance Sheet – which sets out the financial position of the Authority on 31st March 2011 with regard to its assets and liabilities;

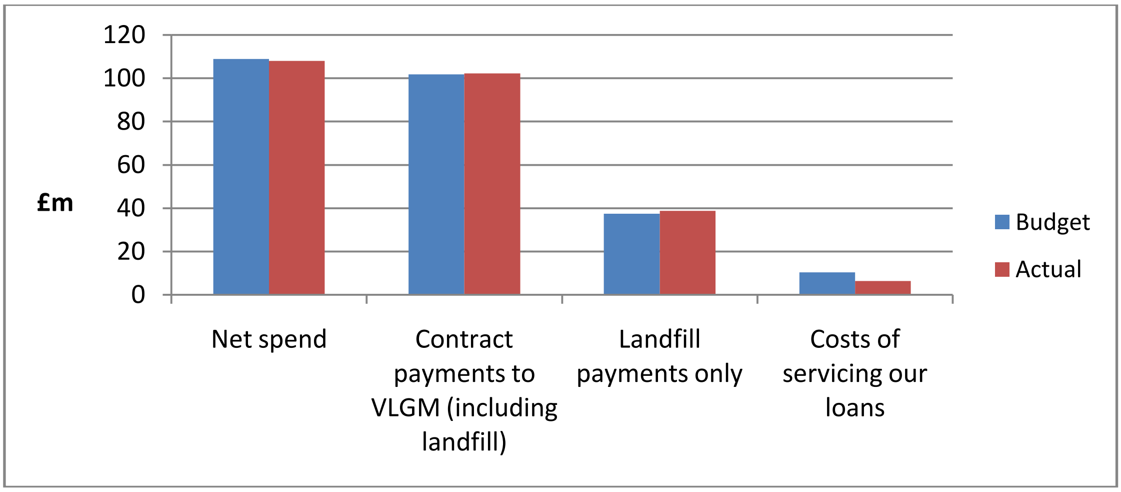
   d) The Cash Flow Statement – which summarises the total movement of the Authority's cash; and

   e) Group Accounts – which bring together the accounts of the Authority and those of its subsidiary company Greater Manchester Collections (2006) Limited.

2. <u>**Results at a glance**</u>

Day to day spending

2.1



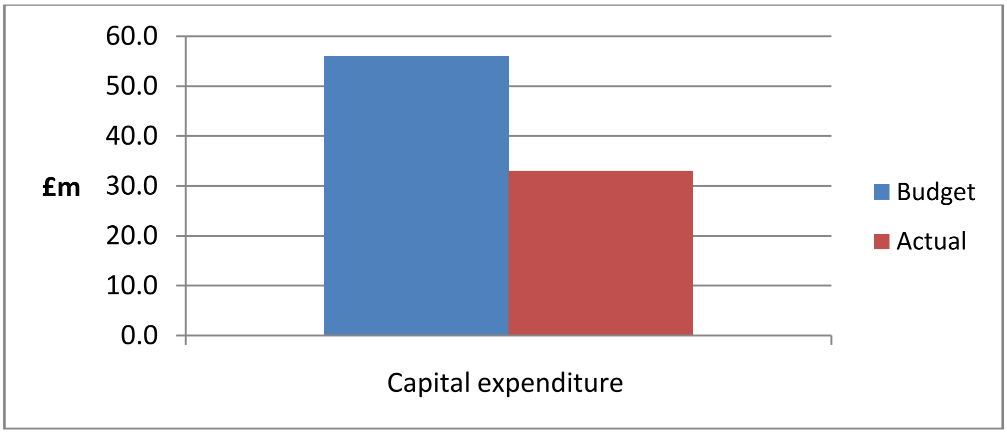
2.2 These show we spent £1.473m less than our original budget. This was due to a lower than budgeted spend on financing the Authority Capital Contribution together with savings on administrative overhead costs, partially offset by higher landfill costs than anticipated as a result of some operational difficulties and construction delays.

2.3 Our spending is paid for by a levy on our nine district councils (Bury, Bolton, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside and Trafford). Each district is charged for the waste it gives us (tonnage) and for general costs (such as our Household Waste Recycling Centres) on a council tax base (effectively the number and type of properties).

District	Budget	Tonnage based adjustment	Actual
	£m	£m	£m
Bolton	13.022	0.320	13.342
Bury	10.191	(0.094)	10.097
Manchester	21.080	0.510	21.590
Oldham	11.041	(0.339)	10.702
Rochdale	8.354	0.103	8.457
Salford	11.283	0.492	11.775
Stockport	13.113	(0.639)	12.474
Tameside	10.295	0.248	10.543
Trafford	10.514	0.078	10.592
	108.893	**0.679**	**109.572**
Adjustment from 2009-10			0.015
Total	**108.893**	**0.679**	**109.557**

Spending on our assets

2.4



2.5 The Authority's actual expenditure this year on capital projects relates to spending on the former landfill sites that the Authority maintains and a capital contribution to the Recycling and Waste Management Contract. This is not the same as the additions to fixed assets shown in the accounts as that includes Private Finance Initiative (PFI) assets capitalised in accordance with accounting standards.

2.6 The underspend of £23m compared with the amount included in the Capital Programme for the year relates mainly to additional capital contribution spend forecast in respect of construction works on sites that had not been identified when the PFI contract was signed. The full anticipated cost was included in the programme for 2010/11, but has not yet been expended and is carried forward to the budget for 2011/12. Work has been ongoing to minimise the ultimate cost and that is not now expected to be as high as provided for.

Investment through Viridor Laing (Greater Manchester) Limited

2.7 Through our multi award winning 25 year Recycling and Waste Management Contract (the Contract), let to Viridor Laing (Greater Manchester) Limited (VLGM) on the 8th April 2009, over £631m of investment in new and improved facilities on 42 (of our 44) sites is being made. During the year VLGM completed 10 of those sites giving a total of 34 sites completed at the year end date and of the remainder all bar one are now on site being built. All facilities in Greater Manchester, bar one, are due for completion by 2012, with full commissioning being completed on-site in 2013. The final facility, a fourth IVC at Bolton, is due to be fully on stream by September 2013.

2.8 This investment was financed through the PFI which traditionally means the assets are not owned by the Authority until the end of 25 years. On that traditional basis the assets would not form part of the Authority's Accounts (so called "off balance sheet"). Following the introduction last year of the International Financial Reporting Standards (IFRS) for PFI and similar contracts the accounting treatment changed and PFI assets are included on the Authority's balance sheet once they have been commissioned.

Economy, Efficiency and Effectiveness

2.9 The Authority needs to demonstrate to its' residents it provides right price, right time and appropriate services that are value for money. We achieve most of that through the Contract, but the aims and objectives are constantly under review and on the 9th April 2010 were reset to:

"Our aim is zero waste"

With 4 objectives of:-

- Deliver the Greater Manchester Municipal Waste Management Strategy (MWMS)
- Environmental strategy, climate change, sustainability and carbon trading,
- Influencing, within the City Region, the debate on waste management across all sectors,
- Pro-actively influence the waste agenda; local, regional, national, European Union and international levels.

A formal efficiency programme with targeted savings, approved in February 2011, will ensure we remain focused and give residents comfort in future years that we can "do more with less".

3. Key Accounting Standards and Statements

These Accounts cover the 12 month accounting period for the year ended on the 31st March 2011. They present the financial position fairly and in accordance with our outlined accounting policies. To ensure that happens we maintain computerised up to date accounting records, and through a comprehensive process seek to manage and mitigate risk. The Authority takes all reasonable steps to prevent and detect fraud and other irregularities.

As Treasurer and Deputy Clerk, I am the statutory officer (as required under the Local Government Act 1972, Section 151) who is responsible for the proper administration of the Authority's financial affairs, and I confirm that the systems can be relied upon.

The Authority's accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). They also reflect the requirements of CIPFA's Best Value Accounting Code of Practice (BVACOP) which modernises the system of local authority accounting and reporting to ensure that it meets the changed and changing needs of modern local government particularly the duty to secure and demonstrate Best Value in the provision of its services to the community. Presenting accounts in this way allows for comparison between local authorities.

For the 2010/11 financial year substantial changes have been made to the Accounts to bring Local Authority accounting into line with IFRS the most notable of which, from our point of view, is the revised layout of the accounts themselves, including:

- Renamed and different layout of the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement. The information included in these was previously shown in the Income and Expenditure Account, Statement of Movement on the General Fund Balance and the Statement of Total Recognised Gains and Losses.

- The requirement to show Accounting Policies as a note to the accounts (Note 1) rather than in a separate statement.

The major impact on the Authority of the introduction of IFRS based accounting was the introduction of the accounting treatment of PFI and similar contracts. The introduction of this was accelerated in advance of other IFRS measures and took effect in 2009/10.

These accounts are prepared in accordance with the Accounting Policies set out in note 1 to the accounts and various other notes to the accounts.

4. **Pension Arrangements**

The staff who work for the Authority are members of the Greater Manchester Pension Fund (GMPF). Tameside MBC administers this fund on behalf of the Authority. The latest actuarial report states that the Fund's liabilities are currently more than its assets. The current net liability is £9.110m (£14.930m in 2009/10).

The details of the movement can be seen in the Statement of Accounts and the notes. The breakdown of the individual elements now reflects the requirements of the relevant accounting standard, IAS19: Employee Benefits.

Financial Summary 2010/11

Revenue

5. Revenue expenditure and income refers to the day-to-day transactions such as salaries and wages, running expenses (including Contract payments), fees and charges, etc.

In February 2010 the Authority approved the revenue budget for 2010/11 amounting to £108.893m. The budget did not assume any contribution from balances and was based on a projected balances figure as of 31st March 2010 of £5.641m. Following finalisation of the 2009/10 accounts the actual level of balances was £10.918m.

In February 2011 the Authority approved a revised budget for 2010/11 of £108.223m.

The table below summarises the revenue costs of the Authority in 2010/11 compared to the Original and Revised Budgets:

	Original Budget £000	Revised Budget £000	Actual £000
WASTE DISPOSAL			
Net Expenditure	108,893	108,223	108,084
Tonnage based adjustment to 2009/10 Levy	0	0	(15)
2010/11 Levy on districts (net)	108,893	108,893	109,572
Net contributions to/(from) balances for year	0	670	1,473

The net cost of services charged to the General Fund in 2010/11, after interest and similar charges, was £108.084m. This is an increase of £16.176m (17.60%) on the equivalent figure for 2009/10. This increase in service cost reflects the increase in unitary charge as Contract facilities come on line, and the increased costs of meeting the Authority's debt costs due to its capital contribution to the Contract. Additionally the figure for 2009/10 was reduced by the impact of the severe weather in the last quarter of that year. Spend for the year is after transfers from reserves of £7.676m, comprising:-

Transfer to/(from):	Amount £k	Reason/Purpose
Waste Prevention Reserve	188	Specific provision to allow additional work on waste prevention/ participation in 2011/12 to match district roll out.
PFI Prepayment Reserve	(11,947)	The result of capital contribution payments (treated as PFI Unitary Charge payments in advance) for assets not yet commissioned – to be applied back to revenue as assets come into full use.
Authority Loan Reserve	1,185	Specific reserve to account for Authority as Senior Lender to the PFI – to mitigate future risk.
LATS Equalisation Reserve	23	Reserve in respect of LATS allowance disposals in accordance with the Authority's policy.
Capital Receipts Reserve	475	Statutory reserve.
Interest Rate Reserve	2,000	Specific reserve to enable the Authority to meet the additional cost of funding capital contributions following the increase in the margin chargeable on borrowings from PWLB.
Pension Deficit Funding Reserve	400	Specific Reserve to meet the cost of funding the deficit arising on transfer of former Greater Manchester Waste Ltd employees into the GMWDA pension fund on signing the PFI.
	(7,676)	

The Authority's Accounts show a surplus for the year (contribution to General Fund Balances) of £1.473m (page 20). This represents an underspend of £0.803m when compared to the revised budget. The revised budget showed a contribution to balances of £0.670m. The increased balances resulting from the surplus will provide an added cushion to compensate for the changed risks that the Authority is exposed to under the Contract. However, the level of balances is significantly greater than the level previously recommended at the Levy setting meeting of the Authority in February 2011, and thus a review of balances will be factored into our budget considerations and process in the autumn.

An analysis of the main variances against the revised budget is as follows:

	£'000
Payments to Contractor	691
Levy adjustments from districts	(665)
Establishment expenses	(230)
Debt Charges / Capital financing	(4,035)
Pension deficit funding payments	(400)
Transfers to earmarked reserves (excl PFI)	4,271
Other charges	(435)
Net underspend against revised budget	**(803)**
Forecast surplus per revised budget	(670)
Surplus per Accounts	**(1,473)**

Payment to Contractors is showing an increased cost against budget due to higher than expected landfill costs. This has resulted from some operational difficulties at the thermal recovery facility and from the slightly delayed commissioning of facilities. Additionally some districts delivered more residual waste than was forecast and that is reflected in the additional income from Levy adjustments which is tonnage based.

The decrease in debt charges is due to lower interest rates when initial borrowing was made and a lower than anticipated spend profile on the Authority's capital contribution coupled with efficient cash management procedures that have enabled the Authority to delay borrowing by funding capital advances from cash flow in the short term. The effect of the spend profile on capital contribution is a one off timing difference as spend against milestones is now virtually on track and the full projected level of borrowing is required for future years. Interest rates currently available are substantially higher than those included in the budget and the transfers to reserves include a sum set aside to deal with the anticipated additional cost of borrowing in the current markets.

Additional funding of the pension deficit of £400k was anticipated, but has not yet been paid.

Balances

6. The Authority's revenue balances at 31st March 2011 stood at £12.391m. For 2011/12 the Authority has set a levy that includes utilising £0.655m from balances.

The Authority's balances represent its buffer against future unforeseen expenditure and as such should ideally be maintained at minimum risk assessed levels. The Authority assessed the minimum risk level at which balances should be maintained at £10.600m when setting its 2011/12 levy.

Capital

7. Capital expenditure relates essentially to spending on assets that last for more than one year. The Authority spent £32.996m on capital schemes in 2010/11. This represents actual spend and includes the capital contribution into the Contract. It does not take any account

of the IFRS treatment for PFI Constructed Property, Plant and Equipment included within the Statement of Accounts.

Further Information

8. The Authority is keen to promote an awareness of its activities amongst the public. In addition to the statutory right of the public to inspect the accounts before the annual audit is completed, further information is available from the Treasurer and Deputy Clerk to the Authority, Medtia Chambers, 5 Barn Street, Oldham OL1 1LP. Telephone Number: 0161 770 1700 Website: www.gmwda.gov.uk

J.R. BLAND, CPFA
Treasurer and Deputy Clerk to the Authority

28th September 2011

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1. **The Authority's Responsibilities**

The Authority is required:

i) to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Treasurer and Deputy Clerk to the Authority.

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

iii) to approve the Statement of Accounts, through its delegation to the Audit Committee.

2. **The Treasurer to the Authority's Responsibilities**

The Treasurer is responsible for the preparation of the Authority's statement of accounts which is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2011. In preparing this statement of accounts, the Treasurer has:

i) selected suitable accounting policies and then applied them consistently;

ii) made judgements and estimates that were reasonable and prudent;

iii) complied with the Accounts and Audit Regulations, the Local Government and Housing Act 1989, the Code of Practice on Local Authority Accounting (SORP), issued by CIPFA/LASAAC, and also with guidance notes issued by CIPFA on the application of accounting standards (IAS) and Landfill Allowance Trading Scheme (LATS). They also reflect the requirements of CIPFA's Best Value Accounting Code of Practice (BVACOP).

The Treasurer has also:

i) kept proper accounting records which were up to date;

ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. **Certification of Accounts**

I certify that the Statement of Accounts present a true and fair view of the position of the Greater Manchester Waste Disposal Authority at 31st March 2011 and its income and expenditure for the year ended 31st March 2011.

Signed John Bland
Treasurer and Deputy Clerk to the Authority

Date 28 September 2011.

4. **Approval of accounts**

In accordance with the Accounts and Audit (England) Regulations 2011 I certify that the Audited Statement of Accounts 2010/11 was signed and dated by the s.151 Officer and was approved at a Meeting of the Audit Committee of the Authority on 28th September 2011.

Signed Geraldine Lewis
Chair of the Audit Committee

Date: 28th September 2011.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GREATER MANCHESTER WASTE DISPOSAL AUTHORITY

Opinion on the Authority and Group accounting statements

I have audited the Authority and Group accounting statements of Greater Manchester Waste Authority for the year ended 31 March 2011 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement and Collection Fund 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 Greater Manchester Waste Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Treasurer and Deputy Clerk and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer and Deputy Clerk is responsible for the preparation of the Authority and Group'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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Greater Manchester Waste Authority's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's 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 to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements 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 relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.
I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.
I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Greater Manchester Waste Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

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

Jackie Bellard Officer of the Audit Commission
2nd floor, Aspinall House
Aspinall Court
Middlebrook
Bolton BL6 6QQ

30th September 2011

Movement in Reserves Statement
For the years ended 31st March 2010 and 2011

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce the Levy) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Levy setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	Note	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2009		5,105	838	160	6,103	(11,075)	(4,972)
Movement in reserves during 2009/10							
Surplus or (deficit) on provision of services		(15,498)	0	0	(15,498)	0	(15,498)
Other Comprehensive Expenditure and Income		0	0	66	66	23,326	23,392
Total Comprehensive Expenditure and Income		(15,498)	0	66	(15,432)	23,326	7,894
Adjustments between accounting basis & funding basis under regulations	12	25,603	0	0	25,603	(25,603)	0
Net Increase/Decrease before Transfers to Earmarked Reserves		10,105	0	66	10,171	(2,277)	7,894
Transfers to/from Earmarked Reserves	13	(4,292)	4,292	0	0	0	0
Increase/Decrease (movement) in Year		5,813	4,292	66	10,171	(2,277)	7,894
Balance at 31 March 2010 carried forward		10,918	5,130	226	16,274	(13,352)	2,922
Movement in reserves during 2010/11							
Surplus or (deficit) on provision of services		(10,368)	0	0	(10,368)	0	(10,368)
Other Comprehensive Expenditure and Income		0	0	0	0	(475)	(475)
Total Comprehensive Expenditure and Income		(10,368)	0	0	(10,368)	(475)	(10,843)
Adjustments between accounting basis & funding basis under regulations	12	4,165	0	0	4,165	(4,165)	0
Net Increase/Decrease before Transfers to Earmarked Reserves		(6,203)	0	0	(6,203)	(4,640)	(10,843)
Transfers to/from Earmarked Reserves	13	7,676	(8,151)	475	0	0	0
Increase/Decrease in Year		1,473	(8,151)	475	(6,203)	(4,640)	(10,843)
Balance at 31 March 2011 carried forward		12,391	(3,021)	701	10,071	(17,992)	(7,921)

Comprehensive Income and Expenditure Statement
For the year ended 31st March 2011

This statement shows the accounting cost in the year of providing services in accordance with generally accepting accounting practices, rather than the amount to be funded from the Levy. The Authority raises a Levy to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Levy position is shown in the Movement in Reserves Statement.

	Note	31 March 2011			31 March 2010		
		£000s	£000s	£000s	£000s	£000s	£000s
		Expendture	Income	Net	Expendture	Income	Net
Gross expenditure, gross income and net expenditure of continuing operations							
Waste Disposal		92,494	(10,355)	82,139	92,828	(9,765)	83,063
Exceptional items:							
Impairment of PFI Infrastructure assets	15.3	29,596	0	29,596	4,890	0	4,890
Past service pension costs / gain (IAS 19)	9	(4,411)	0	(4,411)	6,563	0	6,563
Cost Of Services		**117,679**	**(10,355)**	**107,324**	**104,281**	**(9,765)**	**94,516**
Other Operating Expenditure							
Gain/loss on disposal of non current assets				149			1,900
Gain/loss on disposal of shares in subsidiary	17			0			13,478
Financing and Investment Income and Expenditure							
Interest payable on debt	5			3,760			2,288
Interest payable on PFI unitary payments	5			10,164			2,433
Pensions interest costs	9			2,199			2,086
Expected return on pension assets	9			(2,034)			(1,282)
Investment Interest income	6			(1,637)			(2,200)
Levy Income	7			(109,557)			(97,721)
(Surplus) or Deficit on Provision of Services				**10,368**			**15,498**
Surplus or deficit on revaluation of non current assets							
Revaluation gains	15.1			(10)			(29,568)
Capital Receipt				0			(66)
Actuarial gains / losses on pension assets / liabilities	26			485			6,242
Other Comprehensive Income and Expenditure				**475**			**(23,392)**
Total Comprehensive Income and Expenditure				**10,843**			**(7,894)**

BALANCE SHEET

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

		31 March 2011	31 March 2010	1 April 2009
	Note	£000s	£000s	£000s
Property, Plant & Equipment	15	178,499	102,340	18,148
Intangible Assets	14	32	21	25
Long Term Investments	17	28,870	14,065	13,478
Long Term Assets		**207,401**	**116,426**	**31,651**
Short Term Investments	19	1,139	1,118	0
Short Term Debtors	20	53,083	39,695	30,592
Cash and Cash Equivalents	21	2,725	1,315	3,124
Assets held for sale (<1yr)		0	0	0
Provisions				
Current tax asset (groups)		0	0	0
Current Assets		**56,947**	**42,128**	**33,716**
Bank Overdraft		0	0	0
Short Term Borrowing	22	(3,196)	(663)	(22,075)
Short Term Creditors	23	(37,155)	(28,894)	(14,593)
Provisions		0	0	0
Current Liabilities		**(40,351)**	**(29,557)**	**(36,668)**
Long Term Creditors				
Provisions		0	0	0
Long Term Borrowing	24	(88,828)	(42,711)	(14,495)
Other Long Term Liabilities	25	(143,090)	(83,364)	(19,176)
Deferred tax liability (groups)		0	0	0
Long Term Liabilities		**(231,918)**	**(126,075)**	**(33,671)**
Net Assets		**(7,921)**	**2,922**	**(4,972)**
Usable reserves	28	10,071	16,274	6,103
Unusable Reserves	29	(17,992)	(13,352)	(11,075)
Total Reserves		**(7,921)**	**2,922**	**(4,972)**

CASH FLOW STATEMENT
As at 31st March 2011

The Cash Flow statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cashflows as; operating, investing and financing activities. The amount of net cashflows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of levy. Investing activities represent the extent to which the cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cashflows arising from financing activities are useful in predicting claims on future cashflows by providers of capital (i.e. borrowing) to the Authority.

	Note	31 March 2011 £000s	31 March 2010 £000s
Net (surplus) or deficit on the provision of services		10,368	15,498
Adjust net surplus or deficit on the provision of services for noncash movements	30	(28,036)	(42,818)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31	(2,123)	(2,521)
		(19,791)	(29,841)
- Interest Received		(101)	(1,225)
- Interest paid		4,021	4,674
Net cash flows from Operating Activities		(15,871)	(26,392)
Investing Activities			
- Purchase of property, plant and equipment, investment property and intangible assets		6,697	6,598
- Purchase of short-term and long-term investments		0	1,118
- Other payments for investing activities		13,290	13,090
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(475)	(66)
- Proceeds from short-term and long-term investments			
- Other receipts from investing activities			
Financing Activities			
- Cash receipts of short- and long-term borrowing		(73,069)	(33,536)
- Other receipts from financing activities			
- Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)		42,365	13,417
- Repayments of short- and long-term borrowing		25,653	27,580
- Other payments for financing activities			
Net increase or decrease in cash and cash equivalents		(1,410)	1,809
Cash and cash equivalents at the beginning of the reporting period		(1,315)	(3,124)
Cash and cash equivalents at the end of the reporting period		**(2,725)**	**(1,315)**

NOTES TO THE ACCOUNTS

1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those Regulations also require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the *Best Value Accounting Code of Practice 2010/11*, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Exceptional Items

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

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies, or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible property, plant and equipment attributable to the service.

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

vii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees, but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. Where the amounts involved are considered immaterial, as is the case in these accounts, no accrual is made.

Termination Benefits

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

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

Post Employment Benefits

Employees of the Authority are members of the Greater Manchester Pension Fund (GMPF), administered by Tameside MBC. This is a defined benefits scheme providing defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority and accounted for as such:

- The liabilities of the GMPF attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.4% (based on the indicative rate of return on a basket of AA-rated bonds (iBoxx Sterling corporate AA over 15 year Index)).
- The assets of GMPF attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost / gain – the increase or decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
  - contributions paid to the GMPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the GMPF.

viii. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

ix. Financial Instruments

Financial Liabilities

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

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

x. Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Authority as a result of past events (e.g. software licences), is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority’s goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii. Interests in Companies and Other Entities

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

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xv. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Authority is not required to raise a Levy to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2010/11* (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

xvii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Where decreases in value are identified, they are accounted for by:

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using the straight-line method on the following bases:

Operational buildings	- over 50 years
HWRC and former landfill sites	- over 50 years
PFI assets	- over 30 years
Vehicles, plant and equipment	- over 5 – 10 years
Infrastructure assets	- over 50 years
Assets held under finance leases	- over the term of the lease

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

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xviii. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – a model computed interest charge of 12.92% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix. Provisions, Contingent Liabilities and Contingent Assets Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

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

Landfill Allowance Schemes

Landfill allowances, whether allocated by Department for Environment, Food and Rural Affairs (DEFRA) or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Contingent Liabilities

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

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

Contingent Assets

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

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

xx. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of the Levy.

xxii. VAT

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

2 Accounting Standards that have been issued but have not yet been adopted

The only accounting standard to which this could apply for these financial statements is Financial Reporting Standard 30 – Heritage Assets. The Authority does not have any heritage assets.

3 Critical Judgements and Material Estimates in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority occasionally has to make certain judgements about complex transactions or those involving uncertainty about future events. Judgements have been made in three specific areas, each of which has been supported by external expert advice:-

3.1 PFI and similar arrangements. The Authority is deemed to control the services provided under its PFI contract and also to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to this and the assets are recognised as Property, Plant and Equipment in the Authority's Balance Sheet. The Authority has utilised a financial model developed by Grant Thornton UK LLP to calculate the relevant accounting entries.

3.2 Property, Plant and Equipment. Property, plant and equipment are revalued on a periodic basis and, in the case of PFI assets, when they are brought onto the Balance Sheet, and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. Advice has been provided by external valuers employed by the Authority. Judgements are also required in determining the expected useful lives of assets and thereby the rates of depreciation applied.

3.3 Pensions Liability. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied.

4 Material Items of Income and Expense

The following items of income and expense, whilst not separately disclosed on the face of the CIES, are material and require disclosure:

	2010/11	2009/10
	£000	£000
PFI Service charge (the element of the PFI contract charge that relates to service provision)	42,085	41,794
PFI Credits received	(10,019)	(9,598)

5 Interest Payable and Similar Charges

Interest payable and similar charges mainly comprise the interest cost of the Authority's long term borrowing.

The interest payable on PFI unitary payments is the calculated finance element of the payments made to the contractor.

6 Interest and Investment Income

Interest and investment income is made up of the interest earned on short-term deposits and on the arrangement fee and interest earned from the Authority loan to Viridor Laing (Greater Manchester) Limited (VLGM) and Ineos Runcorn (TPS) Ltd.

	2010/11 £000	2009/10 £000
Interest receivable on short term deposits	(70)	(98)
Interest receivable on loan	-	-
Dividends received from subsidiary	-	-
Deferred income from Authority Loan	(1,567)	(2,102)
	(1,637)	(2,200)

7 Levy Income

	2010/11 £000	2009/10 £000
Levy for the year	108,893	104,715
Tonnage based adjustments for year	679	(6,994)
	109,572	97,721
Tonnage based adjustments for prior year	(15)	0
	109,557	97,721

8 Landfill Allowance Trading Scheme (LATS)

The impact on the Comprehensive Income and Expenditure Statement of the accounting entries for LATS required by CIPFA guidance is made up as follows:

	2010/11 £000	2009/10 £000
Income from Government Grant – allocation of allowances	-	-
Profit on sale of allowances	22	-
Adjust Liability for BMW Landfill 2009-10	-	-
Provision for Liability for BMW Landfill 2010-11	-	-
	22	-

This statement reflects the current £Nil (2009/10 £Nil) value for LATS allowances.

9 Pensions

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the levy is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement (CIES) after Net Operating Expenditure.

The following transactions have been made in the CIES during the year.

	2010/11 £000	2009/10 £000
Cost of Services:		
Current Service Cost	285	178
Past Service Costs (gain)	(4,411)	6,563
Curtailments and settlements	-	47
Financing and Investment Income and Expenditure		
Interest Cost	2,199	2,086
Expected return on scheme assets	(2,034)	(1,282)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(3,961)	7,592
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains and losses	485	6,242
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(3,476)	13,834
Movement in Reserves Statement		
Reversal of charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	3,961	(7,592)
Actual amount charged against Levy for pensions in the year:		
Employers' contributions payable to the scheme	2,344	2,378

The cumulative amount of actuarial gains and losses recognised in the CIES to 31 March 2011 is a loss of £8,822k.

The past service gain of £4,411k shown above for 2010/11 is the result of the recent change from Retail Prices Index (RPI) to Consumer Price index (CPI) as the basis for future inflation of pensions payments.

Note 24 contains details of the assumptions made in estimating the figures included in this note.

As part of the arrangements for the Recycling and Waste Management Contract (the Contract) it was agreed that past service pension liability would be dealt with by the Authority. In complex arrangements with the two former Greater Manchester Waste Limited (GMWL) schemes actuaries (GMPF and the LAWDC Citrus) part of the Schemes deficits have already been paid by GMWL. The arrangement involves a series of four transactions the first two of which have seen active members for both schemes transferred to Viridor Waste Limited, on a fully funded basis. The third transaction involves an insurance backed buy out arrangement for Deferred/ Pensioners section of Citrus. That process is underway but as markets need to respond to the Trustees requests the final outcome of that exercise is awaited. Once that is completed the final stage of the process will be to deal with the Deferred/Pensioners section of GMPF. Based on the Actuary's latest information it is envisaged that some resource will then remain available in GMWL to discharge some of the net £6,563k deficit position. As set out in the Medium Term Financial Strategy (MTFS) any remaining deficit will then be paid, by the Authority, to GMPF over a number of years.

10 Officers' Remuneration

The number of direct employees (excluding Senior Officers detailed below) whose remuneration, excluding employer's pension contributions, exceeded £50,000 or more, in bands of £5,000 was:

		Number of Employees	
		2010/11	**2009/10**
Band	£50,000 - £54,999	-	1
	£55,000 - £59,999	1	-
	£60,000 - £64,999	-	-
	£65,000 - £69,999	-	-
	£70,000 - £74,999	-	1

Senior Officers emoluments

2010/11

Post holder information	Salary (Including fees & Allowances)	Expense Allowances	Car User Allowance	Total Remuneration excluding pension contributions	Pension contributions	Total Remuneration including pension contributions
	£	£	£	£	£	£
Treasurer and Deputy Clerk	101,576	-	1,953	103,529	17,471	121,000
Executive Director	99,953	826	1,953	102,732	17,036	119,768
Director of Contract Services	82,499	953	1,953	85,405	14,190	99,595
Director of Resources	74,317	-	1,953	76,270	12,783	89,053
	358,345	**1,779**	**7,812**	**367,936**	**61,480**	**429,416**

2009/10

Post holder information	Salary (Including fees & Allowances)	Expense Allowances	Car User Allowance	Total Remuneration excluding pension contributions	Pension contributions	Total Remuneration including pension contributions
	£	£	£	£	£	£
Treasurer and Deputy Clerk	106,576	-	1,884	108,460	17,471	125,931
Executive Director	94,182	138	1,884	96,204	15,339	111,543
Director of Contract Services	77,887	101	1,884	79,872	12,537	92,409
Director of Resources	75,887	70	1,884	77,841	12,537	90,378
	354,532	**309**	**7,536**	**362,377**	**57,884**	**420,261**

11 Audit Costs

The cost of external audit fees payable to the appointed auditor included in the accounts was £76,708 (2009-10: £91,274).

12 Adjustments between Accounting Basis and Funding Basis under Regulations

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

	2010/11 £000	2010/11 £000	2009/10 £000	2009/10 £000
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the movement on the General Fund Balance for the year				
Adjustments involving the Capital Adjustment Account				
Depreciation of property, plant and equipment	(4,551)		(1,607)	
Loss on disposal of property, plant and equipment	(149)		(1,900)	
Impairment of property, plant and equipment	(29,596)		(9,943)	
Deferred Income amortisation	483		-	
Loss on disposal of shares in subsidiary	-		(13,478)	
Adjustments involving the Pensions Reserve				
Charges made for retirement benefits in accordance with IAS 19:				
Post employment benefit on provision of services	3,961		(7,592)	
Employers contributions payable	2,344		2,378	
		(27,508)		(32,142)
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining movement on the General Fund Balance for the year				
Minimum Revenue Provision for capital financing	21,690		5,738	
Provision for repayment of outstanding debt	1,653		801	
		23,343		6,539
		(4,165)		(25,603)

The practice of presenting these items within the Movement in Reserves Statement rather than as adjustments to the net operating expenditure within the Comprehensive Income and Expenditure Account complies with recommended practice.

13 Transfers To/From Earmarked Reserves

	2010/11 £000	2009/10 £000
Waste Prevention Reserve	188	487
Insurance Reserve	0	276
PFI Prepayment Reserve	(11,947)	1,598
Authority Loan Reserve	1,185	1,931
LATS Equalisation Reserve	23	0
Interest Rate Reserve	2,000	0
Pension Deficit Funding Reserve	400	0
	(8,151)	4,292
Capital Receipts Reserve	475	0
	(7,676)	4,292

14 Intangible Assets

	2010/11 £000	2009/10 £000
Cost as at 1st April	44	40
Computer Software purchased in the year	21	4
Cost as at 31st March	65	44
Amortisation as at 1st April	(23)	(15)
Amortisation for the year	(10)	(8)
Amortisation as at 31st March	(33)	(23)
Net Book Value 1st April	21	25
Net Book Value 31st March	32	21

15 Property, Plant and Equipment

15.1 Movement of Property, Plant and Equipment 2010/11

	Operational Assets					
	Land and Buildings £000	Vehicles, Plant and Equipment £000	PFI Assets £000	Infra-structure £000	Assets Under Construction £000	Total £000
Cost or Revaluation						
At 1st April 2010	30,410	3,371	56,582	13,610	-	103,973
Reclassifications	1,681	-		(1,681)		0
Additions	38	355	104,671	767	5,092	110,923
Revaluation Increases/ (decreases) to RR *	-	-	10	0	-	10
Revaluation Increases/ (decreases) to SDPS *	-	-	(29,596)		-	(29,596)
Disposals	-	-	-	(650)	-	(650)
At 31st March 2011	32,129	3,726	131,667	12,046	5,092	184,660
Depreciation						
At 1st April 2010	343	392	640	258	-	1,633
For year	645	376	3,187	332	-	4,540
Disposals	-	-	-	(12)	-	(12)
At 31st March 2011	988	768	3,827	578	0	6,161
Net Book Value						
At 1st April 2010	30,067	2,979	55,942	13,352	0	102,340
At 31st March 2011	31,141	2,958	127,840	11,468	5,092	178,499

PFI Assets

The disclosure of assets constructed under the Authority's Recycling and Waste Management Contract as PFI Assets is not in accordance with the requirements of the Code under which these assets should be broken down into the various other elements of property, plant and equipment. However, in view of the specialised nature of these assets, which are to a large degree hybrid buildings, plant and infrastructure with unclear distinction between the various categories, the Authority has chosen to disclose them under this single category of asset. It is not believed that this treatment has any material impact on the depreciation charge for the year. The Authority has assessed PFI assets as having a 30-year useful life.

The assets included as PFI Assets comprise:

- Improvements to Household Waste Recycling Centres
- In Vessel Composting (IVC) facilities
- A Materials Recovery Facility (MRF)
- Mechanical and Biological Treatment (MBT) facility
- Improvements to Transfer Loading Stations (TLS)

15.2 Movement of Property, Plant and Equipment 2009/10

	Operational Assets					
	Land and Buildings £000	Vehicles, Plant and Equipment £000	PFI Assets £000	Infra-structure £000	Assets Under Construction £000	Total £000
Cost or Revaluation						
At 1st April 2009	8,066	3,211	-	11,854	-	23,131
Additions	5,543	992	61,472	60	-	68,067
Revaluation Increases/ (decreases) to RR *	21,899	1,595	-	5,367	-	28,861
Revaluation Increases/ (decreases) to SDPS *	(5,061)	-	(4,890)	-	-	(9,951)
Disposals	(37)	(2,427)	-	(3,671)	-	(6,135)
At 31st March 2010	30,410	3,371	56,582	13,610	-	103,973
Depreciation						
At 1st April 2009	151	2,906	-	1,926	-	4,983
For year	299	344	640	316	-	1,599
Depreciation written out on revaluation	(97)	(513)	-	(97)	-	(707)
Impairment losses/ reversals to SDPS *	(7)	-	-	-	-	(7)
Disposals	(3)	(2,345)	-	(1,887)	-	(4,235)
At 31st March 2010	343	392	640	258	-	1,633
Net Book Value						
At 31st March 2009	7,915	305	-	9,928	-	18,148
At 31st March 2010	30,067	2,979	55,942	13,352	-	102,340

***** = Minimum disclosure required under the Code

RR= Revaluation Reserve

SDPS=Surplus or Deficit on the Provision of Services

15.3 Main Items of Capital Expenditure 2010/11

The main items of capital expenditure during the year related to the funding of operational assets being constructed by VLGM under the terms of the Contract. In accordance with the IFRS treatment now required by the Code these assets are included in the Authority's Balance Sheet once they are completed and brought into use.

The major facilities that were completed during 2010/11, which are therefore included in the additions for the year, were an In-Vessel Composting facility, a Materials Recovery Facility, a Mechanical and Biological Treatment and Anaerobic Digestion Facility, two Transfer Loading Stations and upgrades to some Household Waste Recycling Centres.

The impairment of £29,596k results from the valuation of the PFI facilities that were completed during the year and is shown as an exceptional item in the CIES.

15.4 Capital Commitments

The approved capital programme for 2011/12 includes a committed sum of £2.287 million in respect of the balance of the Authority's agreed capital contribution to the Contract.

15.5 Types and Source of Capital Expenditure 2010/11

Capital Expenditure	**£000**	**Financing**	**£000**
Intangible Assets	21	Loan finance	6,273
Property, plant and equipment	6,252	PFI	104,671
PFI Assets capitalised	104,671		
	110,944		110,944

The Authority's Capital Financing Requirement (CFR) at 31st March and the movements in the year are as follows:

	2010/11	**2009/10**
	£000	**£000**
Opening CFR	87,306	25,774
Capital investment:		
Property, plant and equipment	110,923	68,067
Intangible assets	21	4
Sums set aside from revenue:		
MRP	(21,690)	(5,738)
Provision for repayment of principal	(1,653)	(801)
Closing CFR	174,907	87,306

16 Fixed Asset Revaluations

The Authority's property, plant and equipment were independently revalued as at 31st March 2010 by Messrs GVA Grimley Ltd, External Valuers, in accordance with the provisions of the Royal Institute of Chartered Surveyors Valuation Standards.

Additionally PFI assets commissioned during 2010/11 have been valued as at 31st March 2011 by Messrs GVA Grimley Ltd.

17 Long Term Investments

These consist of loans being provided by the Authority as part of the syndicate of banks funding the Contract (Authority Loans) and a loan to the subsidiary company, on commercial terms, to facilitate the purchase of a site for development.

The Authority Loans have been advanced on equal terms to those of the other members of the banking syndicate and come with the normal risks and rewards associated with banking facilities provided to major projects. The Audit Committee assesses, on a quarterly basis, risk and reward and provides assurance around Governance to the full Authority via its minutes and annual report.

The loan to the subsidiary company, Greater Manchester Collections (2006) Limited, carries an interest rate of 4.5% per annum which equated to market rates at the time the loan was advanced.

	31st March		
	2011	**2010**	**2009**
	£000	**£000**	**£000**
Authority Loan – VLGM	15,779	10,198	-
Authority Loan – Ineos Runcorn (TPS) Ltd	8,223	3,867	-
Greater Manchester Collections (2006) Ltd	4,868	-	-
Investment in Greater Manchester Waste Ltd	-	-	13,478
	28,870	14,065	13,478

At 1st April 2009 the Authority held an investment in GMWL of £13.478m, which represented 100% of the issued share capital of the company based on historical cost. The Authority's investment in the company was disposed of for £1 on 8th April 2009 as part of the arrangements for the Contract. The resultant loss on disposal of £13.478m is recognised in the accounts to 31st March 2010. On 27th April 2009 following its disposal to Viridor Waste Management Limited the company changed its name to Viridor Waste (Greater Manchester) Limited.

The decision to dispose of the investment for £1, rather than at a market value, was taken at the Invitation to Tender (ITT) stages of the PFI procurement exercise following initial bids that included both options from each bidder. An assessment of those early bids concluded that the option to dispose at market value did not represent value for money for the Public purse.

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

18 LATS Allowances Asset Account

As set out in the Accounting Policies, allowances allocated to the Authority by DEFRA under LATS are recognised in the balance sheet as current assets at their fair value. There was very little trading in LATS Allowances during 2010-11 (a similar position existed for 2005-06 to 2009-10) and it was therefore difficult to determine what the fair value was at the balance sheet date. In order to deal with this, in previous years CIPFA decided that allowances should be valued at the average of all trades that did take place during those years. However, once again in 2010-11 there has been very little trading at an acknowledged value of allowances for that year. The Authority was able to sell 1,500 allowances during the year for £15 each and has recognised a return of £22k on that transaction however, despite its best efforts, the Authority has been unable to sell the remainder of its surplus allowances and current market indications are that there is a surfeit of prospective sellers and very few buyers for current allowances. In view of this the Authority considers that the current batch of LATS allowances are of no value and allowances held have been written down accordingly.

The value of LATS allowances held at the end of the year is made up as follows:

	No. of Allowances	Value £000
Allowances b/fwd 1st April 2009	1,121,536	-
Surrendered for 2008-09 BMW Landfill	(504,570)	-
	616,966	-
Surplus allowances cancelled (see note below)	(616,966)	-
	0	-
2009-10 Allowances allocated	557,297	-
Allowances b/fwd 1st April 2010	557,297	-
Surrendered for 2009-10 BMW Landfill	(473,030)	-
	84,267	-
Surplus allowances cancelled (see note below)	(84,267)	-
	0	-
2010-11 Allowances allocated	495,265	-
Allowances sold in year	(1,500)	22
Profit on disposal to Income and Expenditure account		-22
Allowances held at 31st March 2011	493,765	-

The Authority's liability to account to DEFRA for LATS Allowances to cover its BMW landfill for 2010/11 has been confirmed at 464,653 and, in accordance with CIPFA guidance, a liability for BMW Landfill of £Nil (464,653 @ £Nil) has been provided for. This provision is included in Current Liabilities.

2009/10 was a designated target year for LATS and consequently, in accordance with the rules of the scheme, surplus allowances from 2008/09 could not be brought forward into 2009/10 and equally surplus allowances remaining at the end of the trading period for that year had to be written off and could not be brought forward into 2010/11.

19 Short Term Investments

	31st March		
	2011 £000	2010 £000	2009 £000
Temporary Loans: Cooperative Bank	1,118	1,118	-
	1,118	1,118	-
Accrued interest	21	-	-
	1,139	1,118	-

20 Debtors

	31st March		
	2011	2010	2009
	£000	£000	£000
Government debtors	3,108	4,419	803
Sundry debtors	1,849	175	29,806
PFI Prepayment (Capital contribution)	48,128	35,101	-
Provision for doubtful debts	(2)	-	(21)
Due from subsidiary company	-	-	4
	53,083	39,695	30,592

The above debtors fall into the following categories:

	31st March		
	2011	2010	2009
	£000	£000	£000
Central government bodies	3,108	4,419	1,009
Other local authorities	1,816	119	44
Bodies external to general government	48,159	35157	29,539
	53,083	39,695	30,592

21 Cash and Cash Equivalents

This represents cash held on short term deposits and in the Authority's current account and is made up as follows:

	31st March		
	2011	2010	2009
	£000	£000	£000
Yorkshire Bank	1	431	13
Alliance and Leicester (Santander)	1,029	431	-
Bank of Scotland	1,432	431	-
Abbey (Santander)	-	-	244
Solicitor's Client Account	-	9	2,867
Co-operative Bank	263	13	-
	2,725	1,315	3,124

22 Short Term Borrowing

This is the amount of borrowings falling due for payment within one year and is made up as follows:

	Interest rates payable	Total outstanding balance at 31st March		
		2011	2010	2009
	%	£000	£000	£000
Source of loan				
Public Works Loan Board (PWLB)	5.768	2,567	402	15,000
Greater Manchester Pension Fund		-	-	7,000
Accrued Interest		629	261	75
		3,196	663	22,075

23 Creditors

Amounts falling due within one year

	2011	2010	2009
	£000	£000	£000
Sundry creditors	16,358	26,275	12,899
Inter company – due to subsidiary company	-	-	1,690
Deferred income	483	483	-
Deferred Lease Obligation under PFI Contract	20,314	2,136	-
Obligation under finance lease	-	-	4
	37,155	28,894	14,593

The above creditors fall into the following categories:

	2011	2010	2009
	£000	£000	£000
Central government bodies	192	132	128
Other local authorities	1,825	8,726	5,346
Public corporations and trading funds			
Bodies external to general government	35,138	20,036	9,119
	37,155	28,894	14,593

24 Long Term Borrowing

	Range of interest rates payable	Total outstanding balance at 31st March		
		2011	2010	2009
	%	£000	£000	£000
Source of loan				
Public Works Loan Board (PWLB)	1.61% - 9.25%	88,828	42,711	14,356
Accrued Interest (now shown in short term)		-	-	139
		88,828	42,711	14,495

The maturity profile of the long-term PWLB loans is:

	2011	2010	2009
	£000	£000	£000
Maturing less than 2 years	6,910	1,420	-
Maturing in 2 – 5 years	23,731	17,347	1,500
Maturing in 5 – 10 years	12,306	2,745	750
Maturing in more than 10 years	45,881	21,199	12,106
	88,828	42,711	14,356

25 Other Long Term Liabilities

	2011	2010	2009
	£000	£000	£000
Deferred income	10,633	11,117	-
Deferred Lease Obligation under PFI Contract	109,312	42,416	-
Transferred Debt Loans	13,973	14,839	15,640
Pensions liability	9,110	14,930	3,474
Provision for insurance	62	62	62
	143,090	83,364	19,176

The Transferred Debt Loans relate to The Local Government Reorganisation (Debt Administration) (Greater Manchester) Order 1986. These loans relate to debt previously held by the Greater Manchester Council (GMC) in respect of waste disposal assets which was transferred to the Authority on the demise of GMC on 31st March 1986. The loan is being repaid to Tameside MBC on an annuity basis over a period of 36 years (to 31st March 2022).

26 Net Pensions Asset/Liabilities

As part of its terms and conditions of employment of its staff, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Greater Manchester Pension Fund. This is a funded, defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, at a level estimated to balance the pensions liabilities with investment assets.

During 2009/10 as part of the Recycling and Waste Management arrangements former employees of GMWL who are in receipt of pensions, or have deferred their benefits, transferred into the Authority section of the GMPF.

The 2010/11 pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis of contributions payable for the year to the Greater Manchester Pension Fund (based on a formal actuarial valuation at 31st March 2010) and the pension payable in the year to retired staff. At 31st March 2011, the Authority has the following overall assets and liabilities for pension that are included in the balance sheet.

Year ended 31st March:	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of Employer Assets	29,573	29,276	11,257	14,164	15,316
Present value of Defined Benefit Obligation	(38,683)	(44,206)	(14,731)	(15,301)	(16,419)
Surplus/(Deficit)	(9,110)	(14,930)	(3,474)	(1,137)	(1,103)

Liabilities have been assessed by rolling forward the previous valuation data to 31st March 2010 allowing for changes in financial assumptions as prescribed by the relevant accounting standard. Other factors allowed for in the rolling forward process were the effects of contributions paid into, and estimated benefits paid from, the Fund by the Authority and its employees. The Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are: -

	2010/11	2009/10	2008/09
	%	%	%
Rate of inflation	2.8	3.8	3.1
Rate of increase in salaries	4.3	5.3	4.6
Rate of increase in pensions	2.8	3.8	3.1
Expected Return on Assets	6.6	6.9	6.3
Rate for discounting scheme liabilities	5.5	5.5	6.9

Changes in Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme (Amendment) Regulations 2006, SI 2006/966, made a number of changes to LGPS benefits with effect from 1 April 2008, including the right of scheme members retiring on or after 6 April 2008 to elect to take an enhanced tax free lump sum in return for a reduced annual pension. An allowance has been included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service. Prior to this year the Authority took the view that there was insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme and no allowance was included.

Assets in the Pension Scheme are valued, principally at market value for investments, and consist of the following categories, by proportion:

	Market Value 31/03/11 £000	2010/11 Expected Returns %	2010/11	Market Value 31/03/10 £000	2009/10 Expected Returns %	2009/10
Equity Investment	19,518	7.5	66%	19,615	7.8	67%
Bonds	5,027	4.9	17%	4,684	5.0	16%
Property	1,479	5.5	5%	1,757	5.8	6%
Cash	3,549	4.6	12%	3,220	4.8	11%
	29,573		100%	29,276		100%

A reconciliation of the Defined Benefit Obligation is as follows:

	2010/11 £000	2009/10 £000	2008/09 £000
Opening Defined Benefit Obligation	44,206	14,731	15,301
Current service cost	285	178	205
Interest cost	2,199	2,086	1,038
Contributions by members	128	110	90
Actuarial (Gains) / Losses	(1,710)	12,223	(1,082)
Past service costs	(4,411)	-	76
Losses on curtailments	-	47	-
Liabilities assumed in a Business Combination	-	16,587	-
Estimated Benefits Paid	(2,014)	(1,756)	(897)
Closing Defined Benefit Obligation	**38,683**	**44,206**	**14,731**

A reconciliation of the Fair Value of Employer Assets is as follows:

	2010/11 £000	2009/10 £000	2008/09 £000
Opening Fair Value of Employer Assets	29,276	11,257	14,164
Expected Return on Assets	2,034	1,282	960
Contributions by Members	128	110	90
Contributions by the employer	2,344	2,378	280
Actuarial Gains / (Losses)	(2,195)	5,981	(3,340)
Assets acquired in a Business Combination	-	10,024	-
Estimated Benefits Paid	(2,014)	(1,756)	(897)
Closing Fair Value of Employer Assets	29,573	29,276	11,257

The market value of assets disclosed above is an actuarial estimate. As in previous years, this estimate is based on the value of the assets at 31st December 2010 and an estimate of the movement in the Pension Fund's investments over the last 3 months of the financial year.

The actuary has estimated Employer's contributions for the year to 31st March 2012 at approximately £788,000.

The actuarial gains and losses on assets and liabilities as absolute amounts and as a percentage of assets or liabilities are as follows:

Year ended 31st March:	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Experience Gains/(Losses) on assets	(2,195)	5,981	(3,340)	(1,530)	96
Percentage of assets	-7.42%	20.43%	-29.67%	-10.80%	0.63%
Experience Gains/(Losses) on Liabilities	(954)	-	1	(623)	4
Percentage of liabilities	-2.47%	0%	0.01%	-4.07%	0.02%

The actuarial gains and losses recognised in the Comprehensive Income and Expense Statement (CIES) are as follows:

Year ended 31st March:	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actuarial Gains/(Losses)	(485)	(6,242)	(2,258)	(196)	904
Increase/(Decrease) in Irrecoverable Surplus from Membership	-	-	-	-	-
Actuarial Gains/(Losses) recognised in CIES	(485)	(6,242)	(2,258)	(196)	904
Cumulative Actuarial Gains and Losses	(8,822)	(8,337)	(2,095)	163	359

Mortality rates assumed by the actuary are as follows, expressed in terms of life expectancy at age 65:

	Males	Females
Current Pensioners	20.1 years	22.9 years
Future Pensioners	22.5 years	25.0 years

27 Contingent Liabilities

Scheme of Arrangement – Municipal Mutual Insurance Limited

In 1992/93 the Authority's then insurers, Municipal Mutual Insurance Ltd (MMI), ceased accepting new business. The Company has subsequently entered into a Scheme of Arrangement with its major creditors (of which the Authority is one) whereby, if there is an adverse change in the Company's financial position and the Directors consider that there is no reasonable prospect of a solvent run off, then a levy may be imposed on the major creditors whereby a portion of claims paid since the 30th September 1993 (ignoring the first £50,000 of the aggregated payments) will be clawed back. If a levy is ultimately imposed then subsequent payments will be made at a reduced rate (i.e. the payment percentage). The rate of the levy and the payment percentage may be varied at any time upwards or downwards. If it became necessary to use the Scheme of Arrangement the cost to the Authority at the current rate of levy and payment percentage would be £276,000 (£326,000 - £50,000). The amount of £326,000 is the value of claims paid by MMI that relate to the Authority, since 30th September 1993. There are currently no claims outstanding.

Because of the complex nature of MMI's financial position it is not possible to state with any degree of certainty whether the Company will ultimately be able to meet any future claims in full. However, recent information has cast doubt on the ability of MMI to carry through a solvent run off and consequently a reserve has been set aside to meet the Authority's full liability of £276,000.

28 Usable Reserves

The movement in Usable Reserves is shown in the Movement in Reserves Statement. The balance on reserves at 31st March 2011 is as follows:

	Balance at 31st March		
	2011	**2010**	**2009**
	£000	**£000**	**£000**
General Fund Balance	12,391	10,918	5,105
Earmarked Reserves:			
Insurance reserve	667	667	391
LATS Equalisation reserve	469	447	447
Authority Loan Income reserve	3,117	1,931	0
Waste Prevention reserve	675	487	0
Prepaid Unitary Charge reserve	(10,349)	1,598	0
Interest Rate reserve	2,000	0	0
Pension Deficit Funding reserve	400	0	0
Capital Receipts reserve	701	226	160
	10,071	16,274	6,103

29 Unusable Reserves

	Balance at 31st March		
	2011	**2010**	**2009**
	£000	**£000**	**£000**
Revaluation reserve	30,102	30,092	524
Capital Adjustment Account	(38,984)	(28,514)	(8,125)
Pensions reserve	(9,110)	(14,930)	(3,474)
	(17,992)	(13,352)	(11,075)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

Movement on Revaluation Reserve

	2010/11	2009/10
	£000	£000
Balance at 1st April	30,092	524
Unrealised gains on revaluation of PPE	10	29,568
Reduction of unrealised gains on revaluation	0	0
Balance at 31st March	30,102	30,092

Capital Adjustment Account

The capital adjustment account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charges to repay the principal element of external loans. The balance on this reserve cannot be called upon to support spending.

Movement on Capital Adjustment Account

	2010/11	2009/10
	£000	£000
Balance at 1st April	(28,514)	(8,125)
Statutory appropriation from General Fund Balances:		
Provision for repayment of debt	1,653	801
Minimum Revenue Provision	21,690	5,738
Depreciation of Property, Plant and Equipment	(4,551)	(1,607)
Impairment of Property, Plant and Equipment	(29,596)	(9,943)
Loss on disposal of assets	(149)	(1,900)
Amortisation of deferred income	483	0
Deficit on sale of subsidiary	0	(13,478)
Balance at 31st March	(38,984)	(28,514)

Pensions Reserve

The Pensions Reserve equates to the deficit of the fair value of Employer Assets compared to the Defined Benefit Obligation of the pension scheme at the year end date. Details of the movement in these amounts is set out in Note 26.

30 Cash Flow Statement – Adjustment for noncash movements

	2010/11 £000	2009/10 £000
Depreciation of PPE	(4,540)	(1,599)
Impairment of PPE	(29,596)	(9,944)
Amortisation of intangible assets	(11)	(8)
Amortisation of deferred income	483	0
Loss on disposal of PPE	(149)	(1,900)
Capital expenditure wrtten back	(13)	0
Loss on disposal of investment in subsidiary	0	(13,478)
Net pension costs under IAS 19	6,305	(5,214)
PFI finance charge	(10,164)	(2,433)
Increase / decrease in debtors	361	3,439
Increase / decrease in creditors	9,288	(11,681)
	(28,036)	(42,818)

31 Cash Flow Statement – Adjustment for items that are investing and financing activities

	2010/11 £000	2009/10 £000
Interest payable	(3,760)	(4,721)
Interest receivable	1,637	2,200
	(2,123)	(2,521)

32 Amounts Reported for Resource Allocation Decisions

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the costs of the Authority’s Recycling and Waste Management contract are based on cash flows rather than the PFI on Balance Treatment under IFRS that is included in the statutory accounts
- the cost of retirement benefits is based on cash flows (payment of employer’s pensions contributions) rather than current service cost of benefits accrued in the year

	Original Estimate 2010/11 £000	Revised Estimate 2010/11 £000	Outturn 2010/11 £000	Difference from Revised £000
EXPENDITURE				
Employees	2,462	2,285	2,281	(4)
Premises	651	660	662	2
Advisory Costs	563	417	252	(165)
Waste Prevention budget	350	499	282	(217)
Supplies and Services	606	474	518	44
Site Investigation	53	43	34	(9)
Transport	19	24	24	0
Establishment	1,111	945	715	(230)
Payment to Contractors	64,366	64,086	63,441	(645)
Landfill costs	37,481	37,481	38,817	1,336
Recycling Credits	250	176	170	(6)
Central Support Costs	215	50	37	(13)
Debt Charges / Cap Financing	4,228	4,189	3,872	(317)
PFI Capital contribution	6,228	6,228	2,510	(3,718)
Pension Deficit funding	575	975	575	(400)
Contingency	75	0	0	0
	119,233	118,532	114,190	(4,342)
INCOME				
PFI Credits	(10,019)	(10,019)	(10,019)	0
Government Grants	(112)	(158)	(179)	(21)
Other income	(72)	(71)	(85)	(14)
Interest	(137)	(61)	(70)	(9)
Sale of LATS Allowances	0	0	(23)	(23)
	(10,340)	(10,309)	(10,376)	(67)
NET EXPENDITURE	108,893	108,223	103,814	(4,409)
LEVY FOR THE YEAR	**108,893**	**108,893**	**109,558**	**665**
Transfers to Earmarked Reserves	**0**	**0**	(4,271)	(4,271)
Projected Surplus for the year	0	670	1,473	803

A reconciliation of the revised estimate to the CIES is as follows:

		£000
Projected Surplus per Revised Estimate		(670)
Amounts charged in CIES not in Revised Estimate:		
Depreciation and amotisation	4,551	
Impairment of PPE	29,596	
Loss on disposal of PPE	149	
Net impact of IAS 19 pension costs	(6,470)	
Amortisation of deferred income	(483)	
PFI service charge	42,085	
PFI finance charge	10,164	
PFI contingent rent	(353)	
Net income from lending to PFI (Authority loans)	(1,185)	
		78,054
Amounts charged in Revised Estimate not in CIES:		
PFI unitary charge payments excluding pass through costs	(59,124)	
MRP provision	(956)	
Provision for repayment of principal	(3,260)	
		(63,340)
Other net variances in income and expenditure		(3,676)
Deficit on provision of services per CIES		10,368

33 Related Parties

Levy payments by the constituent Local Authorities and the reductions for tonnage rebates were as follows: -

	2010/11		2009/10		2008/09	
	Levy	Adjustment	Levy	Adjustment	Levy	Adjustment
	£000	£000	£000	£000	£000	£000
Bolton MBC	13,022	320	11,813	(320)	10,342	(393)
Bury MBC	10,191	(94)	9,924	(879)	8,191	(182)
Manchester CC	21,080	510	19,656	(618)	16,549	(243)
Oldham Council	11,041	(339)	10,418	(896)	8,720	(500)
Rochdale MBC	8,354	103	8,160	(665)	7,060	(413)
Salford CC	11,283	492	10,862	(634)	9,206	(300)
Stockport MBC	13,113	(639)	13,367	(1,483)	11,204	(460)
Tameside MBC	10,295	248	9,696	(388)	8,470	(486)
Trafford MBC	10,514	78	10,819	(1,111)	9,361	(447)
	108,893	679	104,715	(6,994)	89,103	(3,424)

Levies receivable in the year all relate to the nine member authorities in the Greater Manchester area to finance expenditure.

Under arrangements for joint services agreed by the Association of Greater Manchester Authorities in 1986 on the demise of the former Greater Manchester County Council, Oldham

Council was nominated as the Lead District for the Authority. In that capacity Oldham Council's Chief Executive has acted as this Authority's Clerk. In addition to this strategic leadership Oldham Council provided services to the Authority for which charges are made in respect of:

- Strategic procurement advice
- Property advice
- IT direct service provision
- Legal advice
- Authority meeting servicing and hosting

The charges for this were £83k in 2010/11 (2009/10 £134k). Throughout 2010/11 the Authority continued to reduce its reliance for services on Oldham Council.

In addition, the following transactions involving parties related to the Authority are disclosed elsewhere within the accounts: -

- Receipts from central government – see Cash Flow Statement
- Payments to the Pension Fund – see Note 4 to the accounts
- Loan to subsidiary company at market rate – see note 15

In 2010/11 the Register of Members' Interests was held at the Authority offices, Medtia Chambers, 5 Barn Street, Oldham and is available for public inspection upon application.

None of the senior managers of the Authority had any material transactions with the Authority during the year.

34 Financial Instruments

34.1 Financial Assets and Liabilities

The following table details the categories of financial assets and liabilities held by the Authority as at 31st March 2011

	Balance as at 31 March 2011	
	Current	**Long Term**
	£000	**£000**
Assets		
Loans and Receivables	58,636	28,870
Available for Sale	-	-
Liabilities		
Financial liabilities held at amortised cost	(37,408)	(88,828)

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 obligations 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 traded

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 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.

34.2 Gains and Losses Recognised in the Comprehensive Income and Expenditure Account and Movement in Reserves Statement

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

	Financial Liabilities	Financial Assets	Available For Sale	Total
	£000	£000	£000	£000
Interest expense	12,402	-	-	12,402
Losses on de-recognition	-	149	-	149
Impairment losses	-	29,596	-	29,596
Interest payable and similar charges	**12,402**	**29,745**	**-**	**42,147**
Interest income	-	(1,637)	-	(1,637)
Gains on de-recognition	-	-	-	-
Interest and investment income	**-**	**(1,637)**	**-**	**(1,637)**
Net loss for the year	**12,402**	**28,108**	**-**	**40,510**

34.3 Fair Value of Assets and Liabilities Carried 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 2011;

- No early repayment or impairment is recognised.

The table below outlines the fair value of assets and liabilities as at 31st March 2011.

	Carrying Amount	Fair Value	Variance
	£000	£000	£000
Financial Liabilities – PWLB Loans	91,395	95,436	4,041
Financial Liabilities – Market Loans	-	-	-
Deferred Lease Obligation under PFI	129,626	129,626	-
Total Financial Liabilities	221,021	225,062	4,041
Available for Sale Assets	-	-	-

The fair value of the Authority's financial liabilities is more for its PWLB loans. The higher fair value occurs because the Authority's PWLB portfolio 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.

34.4 Nature and Extent of Risks Arising from Financial Instruments

The Authority’s financial instruments include financial assets (cash and cash equivalents and loans and receivables) and financial liabilities (trade payables arising from day to day operations and borrowings). The main purposes of the Authority’s financial instruments are to raise finance to support the Authority’s day-to-day operations (by investing surplus cash balances where appropriate) and to 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 recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services. Risk Management of financial instruments is the responsibility of the Clerk and the Treasurer with day-to-day responsibility delegated to the Executive Director and the remainder of the Authority’s Senior Management Team under the policies approved by the Authority in the annual Treasury Management Strategy. The Strategy provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk and the investment of surplus cash.

- 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 freehold property and untraded investments. Any surplus cash balances are invested directly by the Authority finance staff subject to the Authority’s policies as detailed in the Treasury Management Strategy.
  The credit risk of the Authority’s lending to the PFI Contractor is managed and governed by the funding documents that form part of the voluminous and complex PFI documentation. The Authority acts as a senior lender in this connection and is protected by the same provisions that apply to all senior lenders to the contract.

- Liquidity Risk
  Liquidity risk is the risk arising from maturities of financial instruments being unmatched to cashflows. At the present time the Authority has ready access to borrowing from the money market via the brokers for the short term and from the Public Works Loan Board (PWLB) for the medium and long term. So there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There is a low risk 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 is at note 24. All trade and other payables are due to be paid in less than one year.

- Market Risk
  The Authority like others 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 charged to the Income and Expenditure Account will rise;

  - Borrowing at fixed rates – the fair value of the borrowing liabilities will fall;

  - Investments at variable rates – the interest credited to the Income and Expenditure Account will rise; and

  - Investments at fixed rates – the fair value of the assets will fall.

  However 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 Comprehensive Income and Expenditure Statement.

  The Authority carefully manages risk and seeks to minimise exposure arising from its treasury activities and does not undertake any unnecessary borrowing or investment activity. When it lends it spreads the investments amongst several borrowers in accordance with the Authority's Treasury Management Strategy so as to hedge its position should a financial institution default. When lending, the Authority will tend to hedge its position rather than to attempt to maximize interest receivable.

  At the Balance Sheet date all of the Authority's borrowings were at fixed rates of interest and were therefore not sensitive to fluctuations in interest rates.

- Price Risk
  Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. However the Authority's equity shareholding is not traded in an active market nor does the Authority seek to trade it prior to the commencement of the PFI contract. As a consequence 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.

35 Private Finance Initiatives (PFI) and Similar Contracts

2010/11 was the second year of the Authority's 25 year Recycling and Waste Management PFI contract for the construction of 42 new facilities and the management of the waste disposal operation. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the facilities and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the service. The facilities including any plant and equipment installed will be transferred to the Authority for nil consideration at the end of the contract period. The Authority only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Property Plant and Equipment
The assets constructed and used to provide the services are recognised on the Authority's Balance Sheet once they have been completed and brought into use. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 13.

Payments
The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, overachieves standards, or waste volumes vary outside bands, but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2011 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Within one year £000	2-5 years £000	6-10 years £000	11-15 years £000	16-20 years £000	21-25 years £000
Service charges	44,741	209,719	318,466	390,519	463,339	321,458
Finance cost	28,344	157,487	174,134	144,469	103,075	26,537
Payment of liability	59,101	27,601	44,579	53,721	94,813	97,317
Total	132,186	394,807	537,179	588,709	661,227	445,312

36 Post Balance Sheet Events

As at 28th September 2011 there have not been any material Post Balance Sheet Events that require to be disclosed.

37 Approval of Accounts for Publication

The accounts were approved for publication by the Authority's s.151 Officer (the Treasurer and Deputy Clerk) on 28th September 2011.

GROUP ACCOUNTS

At 31st March 2011 the Authority had a 100% interest in its subsidiary company Greater Manchester Collections (2006) Limited. The summarised group financial statements presented show the consolidated financial position of the Authority and its interest in the Subsidiary Company. The effect of the consolidation is to increase revenue reserves by £229k in representing the Authority's share of the accumulated profits of the subsidiary Company. These reserves are not available to the Authority.

On 8th April 2009 the Authority disposed of its interest in Greater Manchester Waste Limited as part of the arrangements for the new Recycling and Waste Management Contract and consequently it is no longer included in these figures.

Basis of Consolidation

The features of the group accounts are as follows:

- Assets and liabilities of the Authority and its subsidiaries have been added together;
- Balances, including loans, between the Authority and the subsidiaries have been eliminated;
- The Authority's investment against the capital of the subsidiaries has been eliminated;
- The Authority's share of the subsidiaries' income and expenditure has been included after eliminating inter-company transactions;
- Dividends received by the Authority from the subsidiaries have been eliminated.

GROUP MOVEMENT IN RESERVES STATEMENT

For the years ended 31 March 2010 and 2011

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce the Levy) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Levy setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share Reserves (Group a/cs)	Total Reserves (Incl Groups)
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2009	5,105	838	160	6,103	(11,075)	(4,972)	15,023	10,051
Movement in reserves during 2009/10								
Surplus or (deficit) on provision of services	(15,498)	0	0	(15,498)	0	(15,498)	(109)	(15,607)
Other Comprehensive Expenditure and Income	0	0	66	66	23,326	23,392	0	23,392
Total Comprehensive Expenditure and Income	(15,498)	0	66	(15,432)	23,326	7,894	(109)	7,785
Adjustment on disposal of Subsidiary	0	0	0	0	0	0	(14,744)	(14,744)
Adjustments between accounting basis & funding basis under regulations	25,603	0	0	25,603	(25,603)	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	10,105	0	66	10,171	(2,277)	7,894	(14,853)	(6,959)
Transfers to/from Earmarked Reserves	(4,292)	4,292	0	0	0	0	0	0
Increase/Decrease (movement) in Year	5,813	4,292	66	10,171	(2,277)	7,894	(14,853)	(6,959)
Balance at 31 March 2010 carried forward	10,918	5,130	226	16,274	(13,352)	2,922	170	3,092
Movement in reserves during 2010/11								
Surplus or (deficit) on provision of services	(10,368)	0	0	(10,368)	0	(10,368)	(11)	(10,379)
Other Comprehensive Expenditure and Income	0	0	0	0	(475)	(475)	0	(475)
Total Comprehensive Expenditure and Income	(10,368)	0	0	(10,368)	(475)	(10,843)	(11)	(10,854)
Adjustments between accounting basis & funding basis under regulations	4,165	0	0	4,165	(4,165)	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(6,203)	0	0	(6,203)	(4,640)	(10,843)	(11)	(10,854)
Transfers to/from Earmarked Reserves	7,676	(8,151)	475	0	0	0	0	0
Increase/Decrease in Year	1,473	(8,151)	475	(6,203)	(4,640)	(10,843)	(11)	(10,854)
Balance at 31 March 2011 carried forward	12,391	(3,021)	701	10,071	(17,992)	(7,921)	159	(7,762)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

This statement shows the accounting cost in the year of providing services in accordance with generally accepting accounting practices, rather than the amount to be funded from the Levy. The Authority raises a Levy to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Levy position is shown in the Movement in Reserves Statement.

	Note	31 March 2011			31 March 2010		
		£000s Expendture	£000s Income	£000s Net	£000s Expendture	£000s Income	£000s Net
Gross expenditure, gross income and net expenditure of continuing operations							
Waste Disposal		92,494	(10,355)	82,139	92,828	(9,765)	83,063
Impairment of PFI Infrastructure assets		29,596	0	29,596	4,890	0	4,890
Other operations		15	(4)	11	14	(25)	(11)
Current additional service pension costs (IAS 19)		(4,411)	0	(4,411)	6,563	0	6,563
Cost Of Services		**117,694**	**(10,359)**	**107,335**	**104,295**	**(9,790)**	**94,505**
Other Operating Expenditure							
Gain/loss on disposal of non current (fixed assets)				149			1,900
Gain/loss on disposal of intangibles				0			0
Gain/loss on disposal of shares in subsidiary				0			13,478
Financing and Investment Income and Expenditure							
Interest payable on debt				3,760			2,288
Interest element of finance leases (lessee)				0			0
Interest payable on PFI unitary payments				10,164			2,433
Pensions interest costs				2,199			2,086
Expected return on pension assets				(2,034)			(1,282)
Investment Interest income				(1,637)			(2,200)
Taxation and Non-Specific Grant Income				(109,557)			(97,721)
(Surplus) or Deficit on Provision of Services				10,379			15,487
Tax expenses - Corporation tax payable				0			120
				10,379			**15,607**
Surplus or deficit on revaluation of non current assets							
Revaluation gains				(10)			(29,568)
Revaluation losses (chargeable to revaluation reserve)							
Impairment losses (chargeable to revaluation reserve)							
Capital Receipt				0			(66)
Surplus or deficit on revaluation of available for sale				0			0
Actuarial gains / losses on pension assets / liabilities				485			6,242
Other Comprehensive Income and Expenditure				**475**			**(23,392)**
Total Comprehensive Income and Expenditure				**10,854**			**(7,785)**

GROUP BALANCE SHEET
As at 31st March 2011

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

		31 March 2011	31 March 2010	31 March 2009
	Note	£000s	£000s	£000s
Property, Plant & Equipment	2	182,587	102,340	44,738
Investment Property		0	0	0
Intangible Assets	1	32	21	1,177
Long Term Investments		24,002	14,065	0
Long Term Assets		**206,621**	**116,426**	**45,915**
Short Term Investments		1,139	1,118	0
Inventories		0	0	426
Short Term Debtors		53,945	39,760	38,243
Cash and Cash Equivalents		2,821	1,424	8,981
Provisions				
Current tax asset (groups)		0	0	0
Current Assets		**57,905**	**42,302**	**47,650**
Bank Overdraft		0	0	0
Short Term Borrowing		(3,196)	(663)	(22,075)
Short Term Creditors	3	(37,174)	(28,898)	(24,596)
Current tax liability (groups)		0	0	0
Current Liabilities		**(40,370)**	**(29,561)**	**(46,671)**
Long Term Creditors				
Provisions		0	0	0
Long Term Borrowing		(88,828)	(42,711)	(14,495)
Other Long Term Liabilities		(143,090)	(83,364)	(22,099)
Deferred tax liability (groups)		0	0	(249)
Long Term Liabilities		**(231,918)**	**(126,075)**	**(36,843)**
Net Assets		**(7,762)**	**3,092**	**10,051**
Usable reserves		10,230	16,444	21,126
Unusable Reserves		(17,992)	(13,352)	(11,075)
Total Reserves		**(7,762)**	**3,092**	**10,051**

GROUP CASH FLOW STATEMENT
As at 31st March 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	31 March 2011 £000s	31 March 2010 £000s
Net (surplus) or deficit on the provision of services	10,379	15,607
Adjust net surplus or deficit on the provision of services for noncash movements	(27,254)	(41,027)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,123)	(2,521)
	(18,998)	(27,941)
- Interest Received	(101)	(1,225)
- Interest paid	4,021	4,674
Net cash flows from Operating Activities	(15,078)	(24,492)
Investing Activities		0
- Purchase of property, plant and equipment, investment property and intangible assets	10,785	6,598
- Purchase of short-term and long-term investments	0	1,118
- Other payments for investing activities	8,422	13,090
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(475)	(1,966)
- Proceeds from short-term and long-term investments		
- Other receipts from investing activities		
Financing Activities		0
- Cash receipts of short- and long-term borrowing	(73,069)	(33,536)
- Other receipts from financing activities		
- Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	42,365	13,417
- Repayments of short- and long-term borrowing	25,653	27,580
- Other payments for financing activities		
Adjustment on disposal of subsidiary	0	5,748
Net increase or decrease in cash and cash equivalents	(1,397)	7,557
Cash and cash equivalents at the beginning of the reporting period	(1,424)	(8,981)
Cash and cash equivalents at the end of the reporting period	**(2,821)**	**(1,424)**

NOTES TO THE GROUP ACCOUNTS

1. ***Intangible Assets***

	Computer Software	Goodwill	Total
	£000	£000	£000
Cost			
As at 1st April 2009	40	1,647	1,687
Additions	4	-	4
On disposal of subsidiary	-	(1,647)	(1,647)
As at 1st April 2010	44	0	44
Additions	21	-	21
Disposals	-	-	0
As at 31st March 2011	65	-	65
Amortisation			
As at 1st April 2009	15	495	510
Charge for year	8	-	8
On disposal of subsidiary	-	(495)	(495)
As at 1st April 2010	23	0	23
Charge for year	10	-	10
Disposals	-	-	0
As at 31st March 2011	33	-	33
Net Book Value			
At 31st March 2009	25	1,152	1,177
At 31st March 2010	21	-	21
At 31st March 2011	32	-	32

2. *Property, Plant and Equipment*

	Other Land & Buildings	Vehicles, Plant & Equipment	PFI Assets	Infra-structure Assets	PPE Under Construction	Total PP&E
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
At 1 April 2009 *	**28,489**	**45,160**	-	**11,854**	**21**	**85,524**
Disposal of subsidiary	(20,423)	(41,949)	-	0	(21)	**(62,393)**
Additions *	5,543	992	61,472	60	-	**68,067**
Revaluation Increases/(decreases) to RR *	21,899	1,595	-	5,367	-	**28,861**
Revaluation Increases/(decreases) to SDPS *	(5,061)	0	(4,890)	-	-	**(9,951)**
Derecognition-Disposals	(37)	(2,427)	-	(3,671)	-	**(6,135)**
At 31 March 2010 *	**30,410**	**3,371**	**56,582**	**13,610**	**0**	**103,973**
Reclassifications	1,681	-	-	(1,681)	-	**0**
Additions *	4,126	355	104,671	767	5,092	**115,011**
Revaluation Increases/(decreases) to RR *	-	-	10	-	-	**10**
Revaluation Increases/(decreases) to SDPS *	-	-	(29,596)	-	-	**(29,596)**
Derecognition-Disposals	-	-	-	(650)	-	**(650)**
At 31 March 2011 *	**36,217**	**3,726**	**131,667**	**12,046**	**5,092**	**188,748**
Depreciation and Impairment						
At 1 April 2009 *	**9,333**	**29,527**	**-**	**1,926**	**-**	**40,786**
Disposal of subsidiary	(9,182)	(26,621)	-	-	-	**(35,803)**
Depreciation writton out on revaluations	(97)	(513)	-	(97)	-	**(707)**
Impairment losses/reversals to SDPS *	(7)	-	-	-	-	**(7)**
Depreciation Charge *	299	344	640	316	-	**1,599**
Derecognition-Disposals	(3)	(2,345)	-	(1,887)	-	**(4,235)**
At 31 March 2010 *	**343**	**392**	**640**	**258**	**0**	**1,633**
Depreciation written out on revaluations	-	-	-	-	-	**0**
Impairment losses/reversals to SDPS *	-	-	-	-	-	**0**
Depreciation Charge *	645	376	3,187	332	-	**4,540**
Derecognition-Disposals	-	-	-	(12)	-	**(12)**
At 31 March 2011 *	**988**	**768**	**3,827**	**578**	**0**	**6,161**
Net Book Value						
At 31 March 2009	**19,156**	**15,633**	**-**	**9,928**	**21**	**44,738**
At 31 March 2010	**30,067**	**2,979**	**55,942**	**13,352**	**-**	**102,340**
At 31 March 2011	**35,229**	**2,958**	**127,840**	**11,468**	**5,092**	**182,587**

***** = Minimum disclosure required under the Code

RR= Revaluation Reserve

SDPS=Surplus or Deficit on the Provision of Services

3. ***Creditors (less than one year)***

	2011	2010	2009
	£000	**£000**	**£000**
Sundry Creditors	16,377	26,279	24,592
Deferred income	483	483	0
Obligations under Finance Leases	20,314	2,136	4
	37,174	28,898	24,596

GLOSSARY

Please see our website which has a glossary containing all acronyms relating specifically to the waste industry which have been used in this document at
http://www.gmwda.gov.uk/publications/glossary-of-terms

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains & Losses
Actuaries assess financial and non financial information provided by the Authority to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation
- the actuarial assumptions have changed.

Appointed Auditors
The Audit Commission appoints external auditors to every Local Authority. They may be from the Commission's own Operations Directorate or from one of the major firms of registered auditors.

Balances
The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Best Value Accounting Code of Practice (BVACOP)
Prepared and published by CIPFA with the aim of modernising the system of local authority accounts and reporting, providing practical guidance on all formal financial disclosures required in relation to the Best Value regime including standard service and subjective analyses of local government expenditure and income, and standard costing definitions.

Capital Adjustment Account
The Account accumulates (on the debit side) the write-down of the historical cost of non current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (deferred charges). The balance on the account thus represents timing differences between the amount of the historical cost of non current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure
This is expenditure on the acquisition of a non current asset, or expenditure, which adds to, and not merely maintains, the value of an existing non current asset.

Capital Financing Charges
This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital Receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount
The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Contingency
This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent Liabilities or Assets
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Authority's accounts.

Creditors
Amounts owed by the Authority for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment
Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors
These are sums of money due to the Authority that have not been received at the date of the Balance Sheet.

Deferred Liabilities
These are liabilities which are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time e.g. deferred purchase arrangements.

Defined Benefit Scheme
This is 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 Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions 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
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a non current asset.

Derecognition
Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Earmarked Reserves
The Authority holds a number of reserves earmarked to be used to meet specific known or predicted future expenditure.

Exceptional items
Material items deriving from events or transactions that fall within the ordinary activities of the Authority, but which need to be separately disclosed by virtue of their size and/ or incidence to give a fair presentation of the accounts.

External Audit
The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Expenditure
This is amounts paid by the Authority for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

Fair value
Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease
A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Regulations
These are the written code of procedures approved by the Authority, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund
This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

Group Accounts
The Authority is required to prepare Group Accounts that consolidate the financial results of the Authority, any of its subsidiaries and/or associates.

iBoxx Sterling Corporate AA
The market leader in fixed income benchmark indices.

Impairment
A reduction in the value of a non current asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non current asset's market value and evidence of obsolescence or physical damage to the asset.

Income
These are amounts due to the Authority for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Authority).

Infrastructure Assets
Non Current Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Non Current Assets
Non Current Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software, licenses and patents.

International Accounting Standard (IAS) 19
IAS 19 sets out the treatment of pensions and other forms of retirement benefits in an organisation's statutory accounts. The main features of IAS 19 are the valuation of assets and liabilities relating to pensions and other retirement benefits and their recognition and disclosure in the financial statements.

Inventories
Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:
a) Goods or other assets purchased for resale
b) Consumable stores
c) Raw materials and components
d) Products and services in intermediate stages of completion
e) Finished goods

Leasing Costs
This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Liabilities
These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Minimum Revenue Provision (MRP)
MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

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

Net Current Replacement Cost
This is the cost of replacing or recreating a 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 Debt
Net debt is the Authority's borrowings less cash and liquid resources.

Net Realisable Value (NRV)
NRV is 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 Current Assets
Assets that yield benefits to the Authority and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Non-Operational Assets
Non current assets held which are not directly used in the delivery of Authority services.

Operational Assets
Non current assets held and occupied, used or consumed in the delivery of Authority services.

Operating Lease
This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Prior Period Adjustments
Material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)
A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

PFI Assets
Assets constructed as part of the PFI.

Provisions
Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:-

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS). IFRS is applicable to Local Authorities from 1 April 2011.

Reserves
Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revaluation Reserve
The Reserve records the accumulated gains on the non current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure
Expenditure incurred on the day-to-day running of the Authority. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Subsidiary
This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Treasury Management
This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Unsupported (Prudential) Borrowing
This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.