

**ARC21 JOINT COMMITTEE  
FINANCIAL REPORT FOR THE YEAR ENDED  
31 MARCH 2008**



**ABSTRACT OF ACCOUNTS**

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Explanatory Foreword**

### **Introduction**

This report sets out the financial performance of arc21 for the year ended 31 March 2008 as can be seen in the Income and Expenditure Account and Balance Sheet on pages 18 and 21.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) and the Department of the Environment Accounts Direction, Circular LG 08/08 dated 9 June 2008. It is the purpose of this foreword to explain the financial facts in relation to the Joint Committee. Comparative figures have been re-stated to take account of changes in accounting treatment as a result of the SORP.

This Statement of Accounts explains the Joint Committee's finances during the financial year 2007/08 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

### **Group Accounts**

The 2007 SORP requires local authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Joint Committee does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

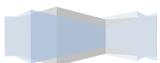
### **Financial Report**

#### *Background*

By way of background information, arc21 Joint Committee is a partnership of eleven Councils who have agreed, pursuant to Terms of Agreement dated July 2003, to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public.

arc21 was incorporated as a body corporate, pursuant to Section 19 of the Local Government Act (NI) 1972, on the 13<sup>th</sup> February 2004.

The participant Councils of arc21 are as shown in Note 7 on page 35.



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## *Financial information*

The organisation achieved another year of substantial growth, in financial terms, due to the significant developments in contracting for waste facilities. The income for the year was £23,548,095 compared to £9,957,217 in 06/07. The expenditure for the same period was £23,517,724 compared to £9,898,369 in 06/07, resulting in a surplus of £30,371 for the year to March 2008.

In addition, the sum of £9,000 was incurred funding capital expenditure with the acquisition of a motor vehicle.

After taking into account the depreciation charge on the vehicle, there was a net increase to the General Reserves of £23,271 for the year bringing the cumulative reserves at 31 March 2008 to £565,021 or 2.4% of annual turnover.

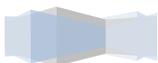
## *Contract Activity*

All three major waste contracts, Landfill, Materials Recovery Facility and Bring Service, performed satisfactorily during the year, representing £21,772,584 or 92% of the total income for the year. The Materials Recovery Facility and Bring Service contracts also generate savings to participant Councils by way of Landfill Tax being avoided. In the year to March 2008 the Landfill Tax rate was £24 per tonne, representing savings in the region of £1.2m and with the Landfill Tax set to increase to £32 per tonne from April 2008, the potential savings will increase to around £1.5m in 08/09.

This level of growth is expected to continue with the awarding of the organic waste contract which is expected to become operational in 08/09. This contract will be the largest contract awarded by arc21 to date, has a whole life value in excess of £70m over a contract period of fifteen years. As reported last year, this contract was the subject of a successful legal challenge by one of the bidders, resulting in arc21 incurring legal costs in defending the case of some £472,000. These legal costs were recovered under the Professional Indemnity Insurance policy in place.

## *Residual Waste*

Looking to the longer term, treatment facilities are required for the residual waste (Black Bin waste) and during the year progress continued on the procurement process. The facilities required, Mechanical Biological Treatment (MBT) and Energy From Waste (EFW), are substantial in cost and complexity and bring with them the most challenging procurement process to date. The Capital Costs involved are in the region of £300m, contracts will be up to 35 years long and take up to six years to procure.



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MBT and EFW have been identified in our strategic waste document, the Waste Management Plan, as being required in order to enable Councils to meet the EU Landfill Directive targets. The target years are 2010, 2013 and 2020 and the EU Directive limits the amount of waste that can be landfilled, with substantial fines for failing to meet the targets.

## *Strategic Waste Infrastructure Fund*

The level of funding required for waste facilities has been recognised by central government as being beyond the means of local government and during the year arc21 were heavily involved with the Department in the preparation of their Departmental Strategic Business Case for Waste Management Funding Support in Northern Ireland. In October 2007, the Northern Ireland Executive announced a capital funding package of £200m for waste management in the Investment Strategy for Northern Ireland 2008-18, since named the Strategic Waste Infrastructure Fund.

Of this £200m package, £197m has been allocated in the next Comprehensive Spending Review period, 2008 to 2011, with around £104m being made available to support waste infrastructure facilities in the arc21 region.

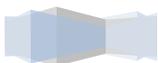
This is excellent news for the waste sector in Northern Ireland but will also bring additional challenges to arc21 and central government. The facilities required by arc21, MBT and EFW, will take longer than three years to procure and this will be undertaken against a background of reduced flexibility in the “carry forward underspend” arrangements in place within central government, following recent guidelines from the Treasury.

## *Resources for Residual Waste*

To assist arc21 in successfully implementing the residual waste project, a Project Coordinator has been appointed on a full time basis for a three year fixed term and professional external expertise has been put in place to provide support in key areas such as Technical, Financial, Insurance, Legal and Public Relations. The Department has also established a Programme Delivery Support Unit (PDSU) to further assist the waste management groups, in addition to existing central government resources, such as the Department of Finance and Personnel and the Strategic Investment Board.

## *Accounting Regulatory and Policy Changes*

To prepare for the implications of the Strategic Waste Infrastructure Fund for waste management, arc21 have developed a policy on the accounting treatment of Assets and Borrowing, which was approved by the Joint Committee in February 2008. This policy will bring arc21 into line with Councils in Northern Ireland in terms of accounting for capital transactions.



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

The Department has also recognised the potential for the Joint Committee to operate, in financial terms, more like a Council in Northern Ireland and, following representations from arc21, have updated the statutory Order accordingly. The new Order, the Local Government (Constituting a Joint Committee a Body Corporate) (Amendment) Order (Northern Ireland) 2007 was issued on 17 December 2007 and came into operation on 28 January 2008.

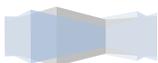
The Accounts Direction issued by the Department to arc21 for the 07/08 year, reflects the standard Council accounting format and these financial statements have been prepared in accordance with the Accounts Direction.

In addition, the new Audit and Accounts regulations have replaced the Statement on the System of Internal Financial Control. Initially this was replaced by the need to have a Statement of Internal Control but was subsequently changed to the Governance Statement which has been incorporated within this report, on page 7.

## *The Review of Public Administration*

In terms of the implications on arc21 of the Review of Public Administration (RPA), the announcement by Minister Arlene Foster on 13 March 2008 of the new Local Government arrangements in Northern Ireland are of particular interest. The current Council membership of arc21 will change and the exact position has yet to be finalised. This issue will be kept under review in 08/09.

Finally, in general, the year was a particularly challenging one but progress has continued to be made across all our activities. Over the past four years the organisation has been growing continuously at a rapid pace and preparations are now in place to take on the most significant challenge to date, the procurement of facilities for the treatment of the residual waste.



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Certificate of the Chief Executive**

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2008 on pages 18 to 46 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 23 to 31.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

.....  
**John R Quinn B.Sc., C.Eng., C.Env., M.I.C.E., F.C.I.W.M**  
**Chief Executive**

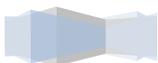
**Date 26 June 2008**

## **Joint Committee Approval of Statement of Accounts**

These accounts were approved by resolution of the arc21 Joint Committee on the 26<sup>th</sup> June 2008.

.....  
**Alderman Hubert Nicholl**  
**Chairman**

**Date 26 June 2008**



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Statement of the Joint Committee's and Chief Executive's Responsibilities for the Statement of Accounts**

### **The Joint Committee's Responsibilities**

Under Section 54 of the Local Government Act (Northern Ireland) 1972 a council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it, and those arrangements shall be carried out under the supervision of such officer of the council as the council designates as its Chief Financial Officer. The Joint Committee has adopted a similar arrangement and its Chief Executive undertakes equivalent duties to those of a Chief Financial Officer in a Council.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Joint Committee is required by resolution, to approve the accounts.

These accounts were approved by the Joint Committee on 26 June 2008.

### **The Chief Executive's Responsibilities**

Under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Chief Financial Officer is responsible for the preparation of the Joint Committee's Statement of Accounts in the form directed by the Department of the Environment. For arc21 this is the responsibility of the Chief Executive.

The accounts must present fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Executive is required to:

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) as amended and augmented from time to time.
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- make judgements and estimates that are reasonable and prudent.

The Chief Executive is also required to:

- keep proper accounting records that are up-to-date.
- take reasonable steps for the prevention and detection of fraud and other irregularities.



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Annual Governance Statement 2007/2008**

### **Scope of responsibility**

The Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively. The Joint Committee also has a duty under the Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

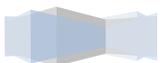
In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Joint Committee has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and which sets out its intention to achieve full compliance with the Framework for the year commencing 1 April 2009. This statement explains how the Joint Committee is progressing towards this and also meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

### **The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.



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In 2007 CIPFA withdrew its guidance relating to Statements on Internal Control with the publication of the joint CIPFA/SOLACE “Delivering Good Governance: Framework”. This requires the publication of an Annual Governance Statement rather than a Statement on Internal Control. Local authorities in England have been preparing the less comprehensive Statement on Internal Control for several years. The Department recognises that the Joint Committees had been preparing to include with their accounts, for the first time in 2007-2008, a Statement on

Internal Control. As a result of the revised proper practice requirements, Joint Committees are required to prepare an Annual Governance Statement in 2007-2008, without having previously completed a Statement on Internal Control.

Some aspects of the Statement on Internal Control are carried forward to the Annual Governance Statement. Where this is the case, the Joint Committee will have undertaken the necessary preparatory work. Where the Annual Governance Statement provides additional requirements local government bodies will include with its disclosure one of the following:

- Compliance
- Intention to comply by 1 April 2009 (or earlier)
- Intention not to fully comply and reasons why.

**The Joint Committee intends to be fully compliant by 1 April 2009. Arrangements towards achieving full compliance commenced in 2007/08 and will continue in 2008/09 in order that the Joint Committee is fully compliant by 1<sup>st</sup> April 2009.**

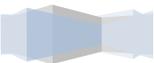
## **The Governance Framework**

The key elements of the systems and processes that comprise arc21’s governance arrangements are shown below. arc21 fully comply with the “Delivering Good Governance Framework” unless reference to the contrary is noted within the key element.

- **identifying and communicating the Joint Committee’s vision of its purpose and intended outcomes for citizens and service users**

*arc21 has developed a 3 year corporate plan (2006-2009) which was informed by consultation with the main stakeholders, Member Councils, at a range of workshops. Following wide consultation issues such as staff structure, funding, political representation, consensus, critical mass, economies of scale and the benefits of collaborating in a strategic partnership were raised, all of which helped shape the corporate plan. An annual plan is also in place setting out clear objectives and targets for the coming year.*

*The corporate plan was circulated to all key stakeholders, continues to be distributed to relevant third parties as required and is available on the arc21 website.*



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

- **reviewing the Joint Committee’s vision and its implications for the Joint Committee’s governance arrangements**

*The Corporate plan and the arrangements in place to deliver the plan are subject to continuous review to ensure currency and to ensure progress towards the achievement of arc21’s objectives. This is reflected in the production of the annual business plans.*

- **measuring the quality of services for users, to ensure that they are delivered in accordance with the Joint Committee’s objectives and that they represent the best use of resources**

*arc21 regularly engage with Member Councils to present progress reports and invite continuous feedback. A monthly bulletin is provided to Chief Executives, and arc21 has also published, and widely distributed, a magazine called Wasteline and hold annual presentations to the Chief Executives of Member Councils.*

*Performance reports are presented monthly to the senior officers and elected members from Member Councils. These include performance in relation to arc21’s key contracts and progress towards further implementation of waste infrastructure contracts which have not been let.*

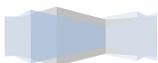
- **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

*arc21 operate within Terms of Agreement which were approved by all Member Councils in July 2003. They define the roles and responsibilities of the Joint Committee and the operational functions carried out under the direction of the Chief Executive. The Terms of agreement set out the 5 principles under which arc21 is governed and they are:*

- *Principle of Consensus*
- *Principle of Limit of Delegation*
- *Principle of Functional Responsibilities*
- *Principle of Equitable Shared Funding*
- *Principle of Equal Committee Representation*

*A Scheme of Delegation is also in place, approved by the Joint Committee which applies to the functions delegated to the Chief Executive. The levels of authority and responsibility are set out in the Scheme of Delegation.*

*Standing Orders are in place which deals with the conduct of the business of the formal meetings of the elected members at the Joint Committee.*



## ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

- **developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

*The individual elected members of the Joint Committee are bound by the codes of conduct from their own council. In addition the members are bound by Standing Orders in relation to the regulation of business at the formal Joint Committee meetings.*

*arc21 have adopted the Local Government Staff Commission model code of conduct for local government employees. The staff code of conduct for arc21 establishes guidance to staff on how they should behave. It touches on areas such as staff integrity, roles and responsibilities, use of resources, conflicts of interests and other issues which all influence how effective internal financial controls are in place. All staff receive induction training which includes an introduction to the Code of Conduct.*

- **reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

*The Standing Orders were developed from existing models in place within NI local government and are updated as and when required.*

*The Terms of agreement, approved by Member Councils in July 03, are kept under continuous review. Any changes require the approval of all 11 Member Councils of arc21.*

*A Scheme of Delegation is also in place, approved by the Joint Committee which applies to the functions delegated to the Chief Executive by the Joint Committee. arc21's Financial Regulations are incorporated within this.*

*Following the provision of risk management training to all senior officers of arc21, Belfast City Council's Audit Governance & Risk Services (AGRS) facilitated the production of a corporate risk register during 07/08. Risk action plans were put in place in December 2007 to manage the risks identified. The risk register and action plans are reviewed by the management team on an ongoing basis to ensure currency. All risks have been evaluated on the basis of likelihood and impact and have been allocated a risk owner. In addition all risks related to major contracts/procurement exercises are identified as part of the ongoing project management process within arc21.*

*A system of assurance reporting by Directors within arc21 was implemented in March 2008 and these signed assurance statements form part of the evidence to enable the sign off of the governance statement by the Accounting Officer, the Chief Executive.*

*An Assets and Borrowing policy was approved by the Joint Committee on the 28<sup>th</sup> February 2008 and this sets out the procedures required for accounting for capital transactions, including capital financing, in preparation for arc21 to acquire substantial assets.*



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

- **undertaking the core functions of an audit committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities**

*Given the continuing rapid expansion of arc21, the need for an audit committee was identified during 2007/08. This was established by the Joint Committee on the 6<sup>th</sup> December 2007 with a terms of reference and agreed programme of work. The Audit Committee will provide an independent assurance on the adequacy of arc21’s risk management framework and associated control environment. It will provide an independent scrutiny of the organisation’s financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. The Committee will also oversee the financial reporting process.*

- **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

*In accordance with the functions delegated to the Chief Executive in the Scheme of Delegation the Chief Executive and directors are responsible for, within their area of responsibility, ensuring that staff conduct business in accordance with the law and proper standards, and that public money, for which they are responsible, is safeguarded and properly accounted for, and used economically, efficiently and effectively.*

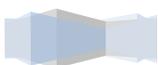
*The Financial Regulations include an explicit reference to management responsibility for internal control. The Chief Executive is the designated officer responsible for the proper administration of the Joint Committee’s financial affairs. They set out the delegated powers of the Chief Executive in ensuring expenditure is lawful.*

*The Code of Conduct for Local Government Employees provides guidance on a wide range of areas in relation to policies and procedures for staff. For example, arc21 have a Register of Interests in place*

*Ongoing legal advice is received from one of the Member Council’s (Belfast City Council’s Legal Services department) to provide relevant legal advice.*

- **whistle-blowing and for receiving and investigating complaints from the public**

*A Public Interest Disclosure (“Whistleblowing”) policy is in place and has been communicated to all staff and this matter is also included in the Code of Conduct for Local Government Employees. This is based on the Local Government Staff Commission model.*



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

- **identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

*In terms of the needs of elected members on the Joint Committee and senior officers from the Joint Committee regular monthly meetings are held to ensure that they are kept up to date with issues as they emerge.*

*The members of the audit committee who are drawn from member councils have received specific audit committee training provided by CIPFA, on the 8<sup>th</sup> May 2008.*

*A major Energy from Waste conference was held by arc21 on the 31<sup>st</sup> March 2008 for officers and members to specifically raise awareness and deal with issues arising from this type of major waste infrastructure facility.*

*Staff and Members have been involved in Technical Study visits, throughout the year, as part of the monitoring of waste infrastructure facilities in the marketplace.*

*In relation to officers within the organisation personal development plans are being put in place for 2008/09. All staff attend relevant seminars and conferences on a regular basis.*

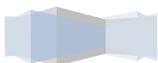
*All senior managers received formal risk management training provided by Belfast City Council's AGRS in the period October to December 2007.*

*All staff receive induction training which includes an introduction to the Code of Conduct on joining the organisation.*

- **establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

*arc21 regularly communicate with key stakeholders, including Member Councils, contractors, Central Government Departments and Local Government bodies.*

*arc21 regularly engage with Member Councils to present progress reports and invite continuous feedback. A monthly bulletin is provided to the Chief Executives, and a magazine called Wasteline has been published and widely distributed and annual presentations to the Chief Executives of Member Councils are held. arc21 meet monthly with senior officers and elected members of Member Councils.*



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Review of effectiveness**

The Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. A review of the system, of internal control was not carried out for the 2007-08 financial year as the service provided in 2007-08 did not cover all aspects of the organisation. The internal audit service was extended to cover all aspects of the organisation on the 8<sup>th</sup> May 2008, when approval of an audit programme of work for the 2008-09 year was given by the Audit Committee. From 1 April 2008 the review of effectiveness will be informed by the work of the executive managers within the Joint Committee, who have responsibility for the development and maintenance of the governance environment, by the Head of Internal Audit's annual report, and also by comments made by the external auditors.

Through the formal decision making process, recommendations will be brought to the Joint Committee for approval. The Senior Officers of member councils will also be involved in the decision making process and will be presented with reports on a regular basis for their comments and approval.

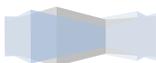
During the year Belfast City Council's Audit Governance and Risk Services reviewed the effectiveness of the governance framework in place within arc21 against the requirements under the Audit and Accounts Legislation 2006 and against the guidance provided within DOE Circular LG/08/08 dated 9 June 2008.

This review identified the need for:

- Implementing processes for risk management including training for senior managers
- The establishment of an Audit Committee
- The introduction of year end Directors Assurance Statements
- The need to secure a more comprehensive Internal Audit Service covering all aspects of the organisation with the aim of gaining an annual report on the system of internal control

Local Government Audit have also provided a level of assurance through the provision of the annual external audit and management letter. An action plan is in place to address the issues identified.

The executive and the audit committee have been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Significant governance issues**

During the year 2007/08 a number of required improvements to the overall governance framework within arc21 were identified and action was taken to address these issues as follows :

### **Risk Management**

Following the provision of risk management training in the period October to December 2007 to all senior officers a corporate risk register was developed in January 2008. Risk action plans are in place to manage the risks identified. The risk register and action plans are reviewed by the management team on an ongoing basis to ensure currency.

### **Assurance Statements**

A system of assurance reporting by Directors within arc21 was implemented in March 2008 and these signed assurance statements form part of the evidence to enable the sign off of the governance statement by the Accounting Officer, the Chief Executive.

### **Audit Committee**

arc21 received a copy of the DAO(DFP) 07/07 dated 4 July 2007 from David Thomson, Treasury Officer of Accounts, dealing with the subject of Audit Committees and in addition, further discussed the subject with the Local Government Auditor during the audit of the accounts for the year 06/07 which took place in October 2007. As a result preparations were made to put in place an Audit Committee within arc21.

A decision to establish a formal Audit Committee was made at the December 2007 Joint Committee meeting and the inaugural meeting of the Audit Committee was held on 8<sup>th</sup> May 2008. In view of the fact that the Audit Committee held its first meeting in the 08/09 year, full compliance with the new Governance Framework in the 07/08 year was not achieved in respect of this key element. At the meeting Members received bespoke training on Best Practice in Audit Committees which was provided by CIPFA. The Audit Committee adopted a terms of reference based on CIPFA's model Terms of reference contained within the "Audit Committees – Practical Guidance for Local Authorities" Best practice guidance.

The terms of reference for the Audit Committee sets out a clear statement of purpose that it will provide an independent assurance on the adequacy of arc21's risk management framework and associated control environment. It will provide an independent scrutiny of the organisation's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. The Committee will also oversee the financial reporting process.

The Audit Committee also agreed a programme of work with a commitment to a minimum of 4 meetings through the year and a commitment to the identification of any further training needs for members.



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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## Internal Audit

Previously, arc21 have engaged Belfast City Council's Audit Governance and Risk Services (AGRS) under a Service Level Agreement to carry out a number of specific audit assignments. While work undertaken provided a degree of assurance over specific activities, it was not geared to providing arc21 with an overall assurance on its risk management, governance and internal control arrangements.

To help address this gap, AGRS facilitated the development of a corporate risk register and associated processes at arc21 during the period October 2007 to March 2008. An audit needs assessment of arc21 was also carried out, in February 2008, leading to the production of a three year strategic plan of audits. This is designed to meet management's requirements in terms of gaining assurance on risk management governance and internal control. This will be carried out in line with professional standards. This plan was agreed at the inaugural audit committee meeting on the 8<sup>th</sup> May 2008.

## Code of Governance

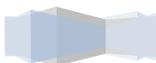
It is our intention to develop and adopt a Code of Governance during the first half of 2008/09 based on the six principles set out in the CIPFA/Solace 'Good Governance in Local Government: A Framework'.

It is proposed that, over the next financial year, 08/09, steps to address the above matters to further enhance our governance arrangements and ensure full compliance by 1 April 2009, will be taken. arc21 is satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and their implementation and operation will be monitored as part of the next annual review.

.....  
**John R Quinn B.Sc., C.Eng., C.Env., M.I.C.E., F.C.I.W.M**  
**Chief Executive**

.....  
**Date 26 June 2008**

**On behalf of the Joint Committee**



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **Local Government Auditor's Report to the Members of Joint Committee**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARC21**

I have audited the statement of accounts of ARC21 for the year ended 31 March 2008 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Income and Expenditure Account, Statement of Movement on the General Reserves Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, and Cash Flow Statement. The statement of accounts has been prepared under the accounting policies set out within them.

This report is made solely to the Members of ARC21 in accordance with Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

### **Respective responsibilities of the Chief Financial Officer and the independent auditor**

The Chief Financial Officer's responsibilities for preparing the statement of accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the statement of accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the local government body and its income and expenditure for the year.

I review whether the Annual Governance Statement reflects compliance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007. I report if it does not comply with proper practices specified by the Department of the Environment or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Annual Governance Statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

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

## **Basis of audit opinion**

I conducted my audit in accordance with the Local Government (Northern Ireland) Order 2005, the Local Government Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also includes an assessment of the significant estimates and judgments made by the local government body in the preparation of the statement of accounts, and of whether the accounting policies are appropriate to the local government body's circumstances, consistently applied and adequately disclosed.

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

## **Opinion**

In my opinion the statement of accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of ARC21 as at 31 March 2008 and its income and expenditure for the year then ended.

## **Certificate**

I certify that I have completed the audit of the accounts of ARC21 in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

Local Government Auditor  
106 University Street  
Belfast  
BT7 1EU

Date 29 October 2008



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## Income and Expenditure for the Year To 31 March 2008

	NOTE	2007/08	2006/07
<b>INCOME:</b>		£	£
Participating Councils	7	650,014	488,834
Government Grant		210,854	182,045
Bank Interest	6b	102,932	43,444
Contract Income :	4a		
Landfill Service		18,827,315	5,722,812
Materials Recovery Facility- MRF		1,576,800	1,610,131
MRF Revenue Share		1,176,807	807,915
Bring Service		191,662	149,134
Supply of Bins and Bring Banks		399,545	874,128
Other Contract Income		411,955	78,507
Other Income		211	267
<b>TOTAL INCOME</b>		23,548,095	9,957,217
		=====	=====
<b>EXPENDITURE:</b>			
Employee Costs	5	406,904	338,406
Bank Interest	6a	1,123	165
Other Operating Costs		528,032	301,646
Contract Expenditure :	4b		
Landfill Service		18,827,315	5,722,812
Materials Recovery Facility- Mrf		1,576,800	1,610,131
MRF Revenue Share		1,176,807	807,915
Bring Service		191,662	149,134
Supply of Bins and Bring Banks		399,545	874,128
Other Contract Costs		409,535	94,031
Other Costs		1.00	1.00
<b>TOTAL EXPENDITURE</b>		23,517,724	9,898,369
		=====	=====
<b>SURPLUS / DEFICIT</b>		30,371	58,848
		=====	=====



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

### Statement of Movement on the General Reserves Balance for the Year Ended 31 March 2008

	<i>Notes</i>	<b>2007/08</b>	<b>2006/07</b>
		£	£
Surplus/(Deficit) for the year on the Income and Expenditure Account	3	30,371	58,848
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Reserves Balance for the year	3	7,100	0
<b>Movement on the General Reserves Balance for the year</b>	<b>3/22</b>	<b>23,271</b>	<b>58,848</b>
Balance Brought Forward	22	541,750	482,902
<b>Balance Carried Forward</b>	<b>22</b>	<b>565,021</b>	<b>541,750</b>



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

### Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2008

	<i>Notes</i>	2007/08 £	2007/08 £	2006/07 £	2006/07 £
Surplus/(Deficit) on the General Reserves - Income and Expenditure Account for the year	3		30,371		58,848
Surplus/(Deficit) arising on revaluation of fixed assets	8		0		0
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets			0		0
Revaluation of pension reserve/provision	18/22		0		0
<b>Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses</b>			0		0
Other			0		0
<b>Total recognised gains and losses for the year (Change in Net Worth)</b>			<b>30,371</b>		<b>58,848</b>
Prior period adjustments made during the year			0		0
<b>Total gains/(losses) recognised since last annual report (Change in Net Worth)</b>			<b>30,371</b>		<b>58,848</b>



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## Balance Sheet as at 31 March 2008

	<i>Notes</i>	<b>2007/08</b> £	<b>2006/07</b> £
<b>FIXED ASSETS</b>			
<b>Tangible Fixed Assets</b>			
<i>Operational Assets:</i>			
Land & Buildings	8	0	0
Infrastructure Assets	8	0	0
Vehicles, Plant, Furniture and Equipment	8	7,100	0
<i>Non-Operational Assets:</i>			
Investment Properties		0	0
Assets under Construction	8	0	0
Surplus Assets held for Disposal		0	0
<b>TOTAL FIXED ASSETS</b>	8	<b>7,100</b>	<b>0</b>
Long Term Investments		0	0
Long Term Debtors	12a	0	0
<b>TOTAL LONG TERM ASSETS</b>		<b>7,100</b>	<b>0</b>
<b>CURRENT ASSETS</b>			
Stocks	11	0	0
Debtors	12b	4,034,236	1,490,459
Short Term Investments	13/21a	2,173,237	1,063,056
Cash and Bank	21a	65,936	1,383,108
		6,273,409	3,936,623
<b>CURRENT LIABILITIES</b>			
Borrowing repayable on demand or within 12 months	14	0	0
Creditors	14	5,708,388	3,394,873
Bank Overdraft		0	0
		5,708,388	3,394,873
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>572,121</b>	<b>541,750</b>
<b>LONG TERM LIABILITIES</b>			
Borrowing repayable within a period in excess of 12 months	15	0	0
Deferred Liabilities	16	0	0
Government Grants – deferred	19	0	0
Provisions	18	0	0
		0	0
<b>NET ASSETS</b>		<b>572,121</b>	<b>541,750</b>
<b>RESERVES:</b>			
Capital Adjustment Account	22	7,100	0
Financial Instruments Adjustment Account	22	0	0
Revaluation Reserve	22	0	0
Available-for-sale Financial Instruments Reserve	22	0	0
Pensions Reserve	22	0	0
Capital Receipts Reserve	22	0	0
Capital Fund	22	0	0
Renewal and Repairs Fund	22	0	0
Other Balances and Reserves	22	0	0
General Reserves	22	565,021	541,750
<b>Net Worth</b>		<b>572,121</b>	<b>541,750</b>



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## Cash Flow Statement as at 31 March 2008

	<i>Notes</i>	2007/08 £		2006/07 £
<b>REVENUE ACTIVITIES</b>				
<b>Net Cash Inflow from Operating Activities</b>	<b>20</b>	<b>-302,338</b>		<b>1,915,254</b>
<b>Returns on Investments and Servicing of Finance</b>				
<b>Cash Outflows</b>				
Interest paid		-1,123	-165	
Interest element of finance lease payments		0	0	
<b>Cash Inflows</b>				
Interest received		105,470	40,915	
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>		<b>104,347</b>		<b>40,751</b>
<b>CAPITAL ACTIVITIES</b>				
<b>Cash Outflows</b>				
Purchase of fixed assets		-9,000	0	
Purchase of long term investments		0	0	
Other capital cash payments		0	0	
<b>Cash Inflows</b>				
Sale of fixed assets		0	0	
Capital Grants received	<i>21d(i)</i>	0	0	
Other capital cash receipts		0	0	
<b>Net Cash Outflow from Capital Expenditure before Financing</b>		<b>-9000</b>		<b>0</b>
<b>Management of Liquid Resources</b>				
Net increase/decrease in short term deposits		0	0	
Net increase/decrease in other liquid resources		0	0	
<b>FINANCING</b>				
<b>Cash Outflows</b>				
Repayment of amounts borrowed	<i>21c</i>	0	0	
Capital element of finance lease rental payments	<i>21c</i>	0	0	
<b>Cash Inflows</b>				
New loans raised	<i>21c</i>	0	0	
New short term loans		0	0	
		0		0
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>21a</b>	<b>-206,991</b>		<b>1,956,005</b>



## Notes to the Financial Statements

### 1. Accounting Policies

#### 1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the '*Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice*' (SORP) and in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The general principles adopted in compiling and presenting the financial statements are those specified within the 2007 SORP. The 2007 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2007. These financial statements comply with accounting standards issued or adopted by the Accounting Standards Board insofar as these are applicable to local government.

Following from this, the financial statements are presented on the basis that the Joint Committee will continue to operate for the foreseeable future, the going concern concept. The accounts also reflect the concept of the primacy of legislative requirements in that, where an accounting treatment is prescribed by law, it must be applied even if it contradicts another accounting concept. In addition the Chartered Institute of Public Finance and Accountancy (CIPFA) publish a number of bulletins dealing with capital finance and Best Value accounting, which have been followed when preparing these financial statements.

The Income and Expenditure Account on page 18 has been prepared using the requirements of the Best Value Accounting Code of Practice.

#### 1b) Accounting Concepts

In general, the financial statements are prepared on the basis of historical cost modified by the revaluation of land, buildings, vehicles and plant subject to and in accordance with the fundamental accounting concepts set out below:

##### *Relevance*

The financial statements are prepared so as to provide readers with information about the Joint Committee's financial performance and position that is useful for assessing the stewardship of public funds.



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## ***Reliability***

The financial statements are prepared on the basis that the financial information contained within them is reliable, i.e. free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

## ***Comparability***

The financial statements are prepared so as to enable comparison between financial years. To aid comparability the Joint Committee has applied its accounting policies consistently both during the year and between years.

## ***Understandability***

Every effort has been made to make the financial statements as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of basic accounting and local government finance. Where the use of technical terms has been unavoidable, an explanation has been provided in the body of the financial statements.

## ***Materiality***

Certain information may be excluded from the financial statements on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Joint Committee or to the understanding of the accounts.

## ***Accruals***

With the exception of the Cash Flow Statement, the financial statements have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the financial statements for the year in which those effects are experienced and not in the year in which the cash is actually received or paid.

### **1c) Fixed Assets**

#### **i) Tangible Assets**

arc21 is primarily funded by way of contributions from participant Councils and revenue grants from Government. As a consequence, the activities of arc21 were deemed to be of a revenue nature with expenditure on assets such as computer equipment, office furniture and office equipment being charged to the Income and Expenditure Account.

## ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

From 1 April 2007, with the significant growth in the organisation and in preparation for future substantial organisational developments, specifically in relation to the treatment of Residual Waste, the Joint Committee has changed its policy on Tangible Assets. Under the new policy the acquisition of Tangible Assets will be accounted for in the Balance Sheet. This policy will bring arc21 into line with that of councils in Northern Ireland.

This policy will require the utilisation of a Revaluation Reserve and a Capital Adjustment Account respectively. This change of accounting policy has not required a prior year adjustment.

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis in accordance with Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15). The Joint Committee applies a de-minimis level of £5,000 to all fixed assets (on an individual asset basis), meaning only assets over £5,000 are capitalised. Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and classified as a tangible fixed asset, provided that it yields benefits to the Joint Committee and the services it provides for a period of more than one year.

Assets acquired on terms meeting the definition of a finance lease are capitalised and included together with a liability to pay future rentals. If a fixed asset is acquired for other than a cash consideration or if payment is deferred, the asset is recognised and included in the Balance Sheet at fair value.

All fixed assets are initially capitalised at cost, but only those costs that are directly attributable to bringing the asset into working condition for its intended use. Fixed assets are included in the Balance Sheet as follows:

- Operational land and properties and other operational assets are included at the lower of net current replacement cost or net realisable value in existing use
- Infrastructure assets are included in the Balance Sheet at historical cost, net of depreciation, where appropriate
- Other non-operational assets, such as assets under construction, are included at historical cost.

If an asset is included at current value, it will formally be revalued, by either a qualified external or internal valuer, at intervals of not more than five years. The revised amount will then be included in the Balance Sheet.



## ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

If a fixed asset is included in the Balance Sheet at current value, the increase over the previous carrying amount at which that asset was included in the Balance Sheet immediately prior to the latest (re-)valuation will be credited to the Statement of Total Recognised Gains and Losses and taken to the Revaluation Reserve except to the extent it reverses revaluation losses (after adjusting for depreciation) on the same asset that were previously recognised in the General Reserves, when it should be recognised in the General Reserves. If, on revaluation, there has been a decrease over the previous carrying amount an impairment loss has occurred. If the loss has been occasioned by clear consumption of economic benefits, any such loss will be recognised in the General Reserves. The amount of the decrease in value not associated with a clear consumption of economic benefit will be recognised in the Statement of Total Recognised Gains and Losses until the asset's carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve and thereafter in the General Reserves.

If a fixed asset is acquired under a finance lease, at the inception of the lease the amount to be recorded both as an asset and as a liability will be the present value of the minimum lease payments derived by discounting them at the interest rate implicit in the lease in accordance with SSAP 21 (minimum lease payments and the interest rate implicit in the lease are defined in paragraphs 20 and 24 of SSAP 21).

A review for impairment of a fixed asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If no such events or changes in circumstances are identified, and there are no other indications that a tangible fixed asset has become impaired, there is no requirement for an impairment review. Impairment will therefore be a relatively infrequent addition to depreciation. Tangible fixed assets other than non-depreciable land should be reviewed at the end of each reporting period for impairment when either:

- no depreciation charge is made on the grounds that it would be immaterial (either because of the length of the estimated remaining useful life or because the estimated residual value of the fixed asset is not materially different from the carrying amount of the asset), or
- the estimated remaining useful life of the fixed asset exceeds 50 years.

If an impairment loss on a tangible fixed asset carried at historical cost caused by a clear consumption of economic benefit occurs, it will be written down for the impairment and the impairment loss should be recognised in the General Reserves.



## ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

With any gain or loss on disposal of tangible assets, the disposal proceeds are credited to the General Reserves and the net book value credited to fixed assets and debited to the General Reserves. In order to comply with statutory/proper practices restrictions on the use of capital receipts, if the asset disposed of was at carried at historical cost, then, it is necessary to:

reverse out the gain or loss credited or debited to the General Reserves with an amount equal to the gain or loss on disposal of the tangible fixed asset, as follows:

- credit the Capital Receipts Reserve of an amount equal to the disposal proceeds
- debit the Capital Adjustment Account of an amount equal to the carrying amount of the fixed asset disposal.

The gain or loss on disposal of the tangible asset should be a reconciling item in the Statement of Movement on the General Reserves Balance. If, in exceptional circumstances the tangible asset disposed of was carried at current value, in addition to the entries mentioned above the balance on the Revaluation Reserve in respect of the asset disposal should be written off to the Capital Adjustment Account.

In accordance with FRS 15, depreciation is provided for on all tangible fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation. Assets under construction are not depreciated until completed but they may nevertheless suffer impairment. Surplus assets held for sale are depreciated under FRS 15. Provision for depreciation has been calculated using the straight line method by allocating the cost (or revalued amount) less estimated residual value of the assets evenly to the periods expected to benefit from their use.

The useful lives of assets are estimated on a realistic basis, reviewed regularly and, if necessary, revised. If the useful life of a fixed asset is revised, the carrying amount of the fixed asset will be depreciated over the revised remaining useful life. Freehold land (both operational and non-operational) is not depreciated. Depreciation is based on the amount at which the asset is included in the Balance Sheet, whether at net current replacement cost or historical cost.

Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:

- buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 to 50 years



## ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

- plant, vehicles and equipment (excluding IT equipment) are depreciated on historic cost using a standard life in the range of 5 to 10 years. IT equipment is depreciated using a standard life in the range of 3 to 5 years.
- a full year's depreciation is charged in the year of acquisition and none in the year of disposal.

General Reserves, as defined in CIPFA's *Best Value Accounting Code of Practice*, are charged with depreciation and where required, any related impairment loss (due to a clear consumption of economic benefits), for all fixed assets used in the provision of the service.

In respect of all gains and losses resulting from revaluations, the Statement of Total Recognised Gains and Losses and therefore Revaluation Reserve should be:

- credited with revaluation gains, except to the extent that they reverse previous revaluation losses (after allowing for depreciation) on the same asset that were charged to the General Reserves
- debited with revaluation losses not associated with an impairment related to a clear consumption of economic benefit up to the balance on the Revaluation Reserve in respect of that asset.

The General Reserves should be:

- credited with any revaluation gains that reverse revaluation losses (after allowing for depreciation) on the same asset that were charged to services
- debited with revaluation losses associated with an impairment related to a clear consumption of economic benefit
- debited with revaluation losses not associated with a clear consumption of economic benefit in excess of the balance on the Revaluation Reserve in respect of that asset (i.e. in excess of the amount allowed to be debited to the Statement of Total Recognised Gains and Losses).

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the Income and Expenditure Account in the year in which they arise.

Any grant contribution towards the purchase of a fixed asset is taken to the deferred grants account in the Balance Sheet. The balance is then written-off to the General Reserves over the useful life of the asset.



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **1d) Debtors and Creditors**

The accounts of the Joint Committee are maintained on an accruals basis in accordance with the SORP and Financial Reporting Standard 18 Accounting Policies (FRS18). This ensures that provision has been made for known outstanding debtors and creditors at the year-end, estimated amounts being used where actual figures are not available.

A general provision for doubtful debts is included in the financial statements at 10% of the revenue share due in relation to the Materials Recovery Facility (MRF) contract. The MRF contractor is responsible for the collection of commercial debts and arc21 is entitled to 50% of the revenue collected, after the deduction of bad debts, if any. This is in addition to the specific provision for those debts that are identifiable as potentially not fully collectable. Provisions in respect of bad debts have been estimated in accordance with recommended practice and past experience. Uncollectable debts are only written-off to the General Reserves - Income and Expenditure Account after all recovery avenues open to the Joint Committee have been exhausted and the Joint Committee has formally approved the write-off.

## **1e) Stocks**

Stocks are valued on the basis of the latest invoiced price. This is not materially different from valuation on a First In First Out (FIFO) basis as recommended by Statement of Standard Accounting Practice 9 Stocks and Long-Term Contracts (SSAP 9).

## **1f) Value Added Tax**

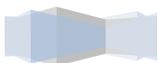
All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.

## **1g) Provisions**

Provisions for liabilities have been established in accordance with Financial Reporting Standard 12 Provisions, Contingent Liabilities and Assets (FRS 12). These are sums set aside for liabilities which will probably occur.

## **1h) Pensions**

The Joint Committee charges the General Reserves - Income and Expenditure Account with an amount equal to the retirement benefits payments which it made for that financial year in accordance with discretionary compensation regulations.



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

Joint Committees in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Joint Committee provides further information on discretionary benefits awarded to employees. The Joint Committee's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund. The Joint Committee's current contribution is 13%, rising to 15% on 1 April 2008. At the last actuarial valuation, dated 31 March 2007, the Fund's assets as a whole were sufficient to meet 89% (2004: 85%) of the liabilities accrued up to that date.

## **1i) Post Balance Sheet Events**

The Joint Committee complies with the requirements of Financial Reporting Standard 21 Events After the Balance Sheet Date (FRS21). Changes are made to the financial statements where a material post balance sheet event occurs that either provides additional evidence relating to conditions existing at the balance sheet date or indicates that the application of the going concern concept to a material part of the Joint Committee is not appropriate.

There are no material post balance sheet events to report in these financial statements at the date when the financial statements were approved by the Joint Committee.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

## **1j) Foreign Currency Translation**

Income received and payments made in foreign currency are translated at the rate prevailing when lodged to the bank or when payment is made. Whilst this is contrary to the Statement of Recommended Practice, due to the sums involved, the effect of the different treatment would be immaterial.

## **1k) Financial Instruments**

The accounting treatment of a financial instrument (i.e. how its subsequent carrying value is measured and gains and losses recognised) depends on its classification on initial recognition.

Financial liabilities are recognised in the balance sheet under amortised cost using the effective interest rate method and financing costs and the gain or loss on de-recognition are both taken to the General Reserves.

# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **1l) Insurance**

The organisation has a range of Insurance Policies in place to meet its operational requirements and costs incurred are charged to the Income and Expenditure Account.

The major policies in place are:

- Employers Liability Insurance
- Professional Indemnity Insurance
- Public Liability Insurance
- Motor Vehicle Insurance
- Office Contents Insurance
- Travel Insurance

The level and type of insurance in place to meet the operational needs of the organisation is kept under review.

## **1m) Grants**

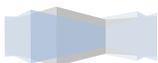
Government grants are accounted for on an accruals basis and are recognised when the conditions for their receipt have been complied with and there is reasonable assurance that the grant will be received. Revenue grants will be recognised in the revenue account and are matched with the expenditure to which they relate.

## **1n) Reserves**

The policy of the organisation is to maintain an adequate level of reserves subject to the approval of the Joint Committee.

## **2 Significance of the Statement of Movement on the General Reserves Balance**

The movement on the General Reserves balance adjusts the surplus or deficit generated by the Joint Committee in accordance with Generally Accepted Accounting Principles (GAAP). The closing balance is available to fund Joint Committee services.



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## 3 Analysis of the Movement on the General Reserves Balance

	<i>Notes</i>	2007/08 £	2007/08 £	2006/07 £	2006/07 £
<b>Surplus/(Deficit) for the year on the General Reserves - Income and Expenditure Account</b>	<b>20</b>		<b>30,371</b>		<b>58,848</b>
<i>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Reserves Balance for the year:</i>					
<b>Transfer to Capital Financing Account:</b>					
Direct revenue financing of Capital Expenditure	9,22	9,000		0	
Deferred grants amortised in the year	19,20,22	0		0	
Loans fund principal/depreciation adjustment:					
Depreciation charged in the year	8,20	1,900		0	
Loans fund principal repayments during the year	22	0		0	
			7,100		0
<b>Transfers to/from earmarked reserves:</b>					
Capital Fund	22	0		0	
Renewal and Repairs Fund	22	0		0	
Pension Reserve	22	0		0	
<b>Gain/(loss) on disposal of fixed assets</b>	<b>20,22</b>				
<b>Difference in Finance costs</b>		0		0	
<b>Difference in Pension costs</b>		0		0	
<b>Net adjustments to Income &amp; Expenditure Account</b>			<b>0</b>		<b>0</b>
<b>Movement on the General Reserves Balance for the year</b>	<b>22</b>		<b>23,271</b>		<b>58,848</b>
General Reserves Balance Brought Forward	22		541,750		482,902
<b>General Reserves Balance Carried Forward</b>	<b>22</b>		<b>565,021</b>		<b>541,750</b>

## 4. Operating Income and Expenditure

### 4a) Contract Income

The year on year analysis of contract income for the main contracts in place is shown in the Income and Expenditure Account on page 18.

### 4b) Contract Expenditure

The year on year analysis of contract expenditure for the main contracts in place is shown in the Income and Expenditure Account on page 18.



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

### 4c) External Audit Fees

	2007/08	2006/07
	£	£
External Audit Fees	10,000	7,927
Grant Fees		
Other Fees		

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2006/07 £NIL).

### 4d) Leases

There was no expenditure incurred during the year on finance lease rentals (2006/07 £NIL) and there were no outstanding finance lease rentals at 31 March 2008.

## 5. Employee Costs

### 5a) Staff Costs

	2007/08	2006/07
	£	£
Salaries and wages	326,148	257,586
Employers National Insurance	28,727	23,950
Employers pension costs	42,399	33,403
<b>TOTAL</b>	<b>397,274</b>	<b>314,939</b>

In addition, agency costs during the year amounted to £9,630 (2006/07 £23,467).

### 5b) Average Number of Employees - where FTE represents fulltime equivalent employees

	2007/08	2006/07
	FTE	FTE
	Actual Numbers	Actual Numbers
Full-time numbers employed	11	9
Part-time numbers employed	0	0



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## 5c) Senior Employees' Remuneration

	2007/08	2006/07
	Number	Number
£40,001 to £50,000	3	3
£50,001 to £60,000	0	0
£60,001 to £70,000	0	0
£70,001 to £80,000	1	1

## 6a) Interest Payable and Similar Charges

	2007/08	2006/07
	£	£
Loan Interest	0	0
Bank Interest	1,123	165
Other Interest (please specify)	0	0

## 6b) Interest and Investment Income

	2007/08	2006/07
	£	£
Current account interest	4,746	2,281
Short-term deposit interest	98,186	41,163
<b>TOTAL</b>	<b>102,932</b>	<b>43,444</b>

## 7. Related Party Transactions

Financial Reporting Standard 8 Related Party Disclosures (FRS 8) requires the Joint Committee to disclose all material related party transactions arising during the year. Related parties are bodies or individuals that have the potential to control or influence the Joint Committee or be controlled or influenced by the Joint Committee. Disclosing these types of transactions in financial statements permits readers to assess the extent to which the Joint Committee might have constrained its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee. Transactions with related parties not disclosed elsewhere in these financial statements are set out below.

Councillors have direct control over the Joint Committee's financial and operating policies. In the 2007/08 financial year the Joint Committee did not commission any works and services from companies in which Councillors had an interest.

The Joint Committee did not pay grants to any organisations in which Councillors and Council officers had an interest.



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

The Joint Committee provides support to the eleven participant Councils, in relation to the procurement and management of waste related contracts and the services provided are recharged on the basis of Population, for Establishment Costs, and for Waste Related Services, on a cost per tonne or units bought basis. During 2007/08, the level of income and expenditure between arc21 and participant Councils was £22,361,967, compared to £9,164,665 in 06/07. The amount owed by participant Councils to arc21 at 31 March 2008 was £3.12m and the amount owed by arc21 to participant Councils was £2.96m.

The year on year Establishment Costs charged , as shown in the Income and Expenditure Account on page 18, is shown below.

		<b>2007/08</b>	<b>2006/07</b>
<b>Name</b>		<b>£</b>	<b>£</b>
Antrim Borough Council		35,352	26,352
Ards Borough Council		52,716	39,480
Ballymena Borough Council		42,492	31,752
Belfast City Council		187,620	142,356
Carrickfergus Borough Council		27,444	20,484
Castlereagh Borough Council		45,996	34,824
Down District Council		47,184	35,352
Larne Borough Council		21,768	16,356
Lisburn City Council		78,060	58,320
Newtownabbey Borough Council		56,568	42,492
North Down Borough Council		54,814	41,066
<b>Total</b>		<b>650,014</b>	<b>488,834</b>



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## 8. Fixed Assets

	Land £	Buildings £	Infrastructure Assets £	Vehicles & Equipment £	Assets Under Construction £	Non- Operational £	TOTAL £
<b>Cost or Valuation</b>							
At 1 April 2007	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Additions (Note 9)	0	0	0	9,000	0	0	9,000
Transfers	0	0	0	0	0	0	0
Disposals (Note 22)	0	0	0	0	0	0	0
At 31 March 2008	0	0	0	9,000	0	0	9,000
<b>Depreciation</b>							
At 1 April 2007	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Disposals (Note 22)	0	0	0	0	0	0	0
Provided for year	0	0	0	1,900	0	0	1,900
At 31 March 2008	0	0	0	1,900	0	0	1,900
<b>Net Book Value</b>							
At 31 March 2007	0	0	0	0	0	0	0
At 31 March 2008	0	0	0	7,100	0	0	7,100

## 9. Capital Expenditure

	Note	2007/08 £	2006/07 £
<b>Expenditure</b>			
Capital Expenditure	8	9,000	0
<b>Financed By</b>			
Borrowings:			
Loans	<i>21[c]</i>	0	0
Finance leases	<i>21[c]</i>	0	0
Grants receivable	<i>19</i>	0	0
Capital receipts	<i>22</i>	0	0
Revenue contributions to capital	<i>3,22</i>	9,000	0
(Surplus)/Deficit			
Balance at 1 April 2007		0	0
<b>At 31 March 2008</b>		<b><u>0</u></b>	<b><u>0</u></b>

The financing of capital expenditure has been completed on an accruals basis.



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## 10. Future Capital Commitments

arc21 is preparing to move to new premises in the 08/09 year and the proposed capital expenditure to be incurred is in the region of £80,000, mainly relating to Fixtures and Fittings, IT infrastructure and Furniture.

## 11. Stock

There are no stock items other than immaterial items of stationery and computer consumables which are charged to the Income and Expenditure Account.

## 12. Debtors

	2007/08	2006/07
	£	£
<b>a) Long Term Debtors: amounts falling due in more than one year</b>		
Employee car loans	0	0
<b>b) Debtors: amounts falling due in less than One year</b>		
Government Departments	161,477	100,550
Other Councils (Note 7)	3,123,143	422,109
Value Added Tax	71,510	8,100
Payments in advance	328,883	69,208
Other	439,223	890,492
less: provision for doubtful debts	90,000	0
<b>Total debtors</b>	<b><u>4,034,236</u></b>	<b><u>1,490,459</u></b>

## 13. Short-Term Investments

	2007/08	2006/07
	£	£
Bank deposits – general	2,173,237	1,063,056
Bank deposits - repairs and renewals	0	0
Bank deposits - capital fund	0	0
Bank deposits – other	0	0
Money market deposits	0	0
Current account deposits	65,936	1,383,108
<b>Total Short-Term Investments</b>	<b><u>2,239,173</u></b>	<b><u>2,446,164</u></b>



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## 14. Creditors

	2007/08	2006/07
	£	£
<b>Amounts falling due in less than one year</b>		
Government Departments	65,938	0.00
Other Councils (Note 7)	2,962,286	706,074
Receipts in advance	0	0
Trade Creditors	2,519,667	2,646,045
Other	160,497	42,754
		0
Borrowing re-payable within one year	0	0
<b>Total creditors</b>	<b>5,708,388</b>	<b>3,394,873</b>

## 15. Borrowing Re-Payable within a Period in Excess of One Year

arc21 have not yet entered into any borrowing arrangements.

## 16. Deferred Liabilities

This account represents the principal outstanding for assets acquired under finance leases, and, to date, arc21 have not entered into any such arrangements.

## 17. Financial Instruments

The Joint Committee has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Joint Committee's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Joint Committee. The provision for bad and doubtful debts reflects the Joint Committee's assessment of the risk of non-payment by trade debtors and, as such, there is no further additional estimated exposure to default and inability to collect.



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	£
Less than three months	3,920,238
Three to six months	113,998
Six months to one year	Nil
More than one year	Nil

There is no historical experience of default in relation to deposits with banks and other financial institutions. Therefore there is no estimated exposure to risk of default.

## Liquidity Risk

As the Joint Committee has ready access to borrowings from the Department of Finance and Personnel Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. To date, arc21 have not required the use of borrowing facilities.

## Market Risk

### Interest rate risk

The Joint Committee is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments.

### Foreign exchange risk

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

## 18. Provisions

This is the Joint Committee's pension provision, which is an estimated liability in respect of discretionary payments awarded to employees granted early retirement. This pension provision is matched in the balance sheet by a reserve of the same amount.

There were no movements on this provision during the year.



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

### 19. Deferred Grants

All capital grants towards the purchase of a fixed asset are taken to the Government Grants Deferred Account, and this amount is written off to the District Fund - Income and Expenditure Account over the useful life of the asset. There were no transactions in relation to Deferred Grants during the year.

### 20. Reconciliation of Surplus to Net Cash Inflow from Operating Activities

	<i>Note</i>	2007/08 £	2007/08 £	2006/07 £	2006/07 £
Surplus/Deficit for year	3		30,371		58,848
<u>Non-cash transactions</u>					
Depreciation	3,8	1,900		0	
Deferred Grants amortised in year	3,19,22	0		0	
<u>Adjustment for items reported separately on Cashflow</u>					
Interest and Investment Income	6b)		-102,932		-40,915
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)		1,123		165
Gain or loss on disposal of fixed assets	3,22		0		0
<u>Items on an accruals basis</u>					
Increase in stock			0		0
Increase (decrease) in debtors			-2,543,777		-597,062
Increase in creditors			2,310,977		2,494,217
<b>Net Cash Inflow from Operating Activities</b>			<b>-302,338</b>		<b>1,915,254</b>



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

### 21a) Analysis of Changes in Cash and Cash Equivalents During the Year

		2007/08	2006/07	Change in	2006/07
	Note			the year	
		£	£	£	£
Temporary Investments		0	0	0	0
Cash		2,239,173	2,446,164	-206,991	1,956,005
<b>Total</b>		<b>2,239,173</b>	<b>2,446,164</b>	<b>-206,991</b>	<b>1,956,005</b>

The Joint Committee classes liquid resources as short-term deposits, which do not have a fixed-term investment date. Only current asset investments are included.

The level of cash balances held are directly related to the level of contracting activity and participant Councils are invoiced in advance to ensure that sufficient cash is available to meet the contractual requirements of arc21, which run at around £2m per month. The level of cash held at the year end is deemed to be prudent to meet the short term obligations of the organisation and represents just under 10% of turnover.

### 21b) Analysis of Net Debt

	Cash £	Temporary Investments £	<b>Cash at Bank and in hand £</b>	Loans due within one year £	Loans due after more than one year £	Finance Leases £	<b>Net Debt £</b>
Balance at 1 April 2007	2,446,164	0	<b>2,446,164</b>	0	0	0	<b>2,446,164</b>
Change in Year	-206,991	0	<b>-206,991</b>	0	0	0	<b>-206,991</b>
Other non cash changes - new finance leases	0	0	<b>0</b>	0	0	0	<b>0.00</b>
<b>Balance at 31 March 2008</b>	<b>2,239,173</b>	<b>0</b>	<b>2,239,173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,239,173</b>



## ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

### 21c) Reconciliation of Changes in Cash to Movements in Net Debt

	Note	2007/08	2006/07
		£	£
Increase / Decrease in cash in year		-206,991	1,956,005
Cash inflow from new loans raised	9	0	0
Cash outflow from:			
Loans repaid		0	0
Finance lease repayments		0	0
<b>Change in net debt resulting from cash flows</b>		<b>-206,991</b>	
New finance leases	9	0	0
Net debt b/fwd		2,446,164	490,159
<b>Net debt c/fwd</b>		<b><u>2,239,173</u></b>	<b><u>2,446,164</u></b>

### 21d) Analysis of Government Grants shown in the Cash Flow Statement

	2007/08	2006/07
	£	£
<b>Capital Grants</b>		
Central Government Grants	0	0
<b>(i) Sub-total</b>		
<b>Revenue Grants</b>		
Waste Management	49,378	105,427
<b>(ii) Sub-total</b>		
<b>Total Grants</b>	<b>49,378</b>	<b>105,427</b>

Revenue grants are included within in the 'Net Cash Inflow from Operating Activities' figure in the Cash Flow Statement.



## ABSTRACT OF ACCOUNTS

### 22 Movement on Reserves

		Capital Adjustment Account	Financial Instrument Adjustment Account	Revaluation Reserve	Available-for- sale Financial Instruments Reserve	Pensions Reserve	Capital Receipts Reserve	Capital Fund	Renewal and Repairs Fund	Other Balances and Reserves	General Reserves	TOTAL
Note		£ 22a)	£ 22b)	£ 22c)	£ 22d)	£ 18, 22e)	£ 22f)	£ 22g)	£ 22h)	£	£ 3	£
<b>At 1 April 2007</b>		0	0	0	0	0	0	0	0	0	541,750	<b>541,750</b>
<b>Movements on reserves during the year:</b>												
Capital Grants Released	3,19,20	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Direct Revenue Financing	3,9	9,000	0	0	0	0	0	0	0	0	0	<b>9,000</b>
Loans fund principal/depreciation adjustment	3	1,900	0	0	0	0	0	0	0	0	0	<b>1,900</b>
Receipts		0	0	0	0	0	0	0	0	0	23,271	<b>23,271</b>
Interest received		0	0	0	0	0	0	0	0	0	0	<b>0</b>
Receipts Applied	3	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Payments to NILGOSC	3,18	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Disposal of Fixed Assets/Capital Sales	3,8,20	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Capital Receipts used to finance capital expenditure	9	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Revaluation	8,18	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total movements on reserves during the year: (Change in Net Worth)</b>		7,100	0	0	0	0	0	0	0	0	23,271	<b>30,371</b>
<b>At 31 March 2008</b>		<b>7,100</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>565,021</b>	<b>572,121</b>

# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **22a) Capital Adjustment Account**

The Capital Adjustment Account replaced the Capital Financing Account on 1 April 2007. The balance on the former Fixed Asset Restatement Account and the balance on the former Capital Financing Account were combined to form this new account. The purpose of this new account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the General Reserves for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

## **22b) Financial Instruments Adjustment Account**

The Joint Committee had no transactions during the year that would require the use of this account.

## **22c) Revaluation Reserve**

This new Revaluation Reserve replaced the former Fixed Asset Restatement Account on 1 April 2007 where the balance was transferred to the new Capital Adjustment Account. This account cannot be used to support spending. The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to the General Reserves) are mirrored in the Statement of Total Recognised Gains and Losses. It is a fundamental principal of this new account that it never becomes negative. If the asset disposed of was held at current value when it is disposed of, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

## **22d) Available-for-Sale Financial Instruments Adjustment Reserve**

The Joint Committee has no transactions that would require use of this reserve.

## **22e) Pension Reserve**

Refer to Note 18.



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## **22f) Capital Receipts Reserve**

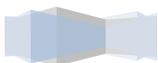
This reserve has been renamed the Capital Receipts Reserve, having previously being named the Useable Capital Receipts Reserve. These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

## **22g) Capital Fund**

The Joint Committee can establish a Capital Fund under section 56 of the Local Government Act (NI) 1972.

## **22h) Renewal and Repairs Fund**

The Joint Committee can establish a Renewal and Repairs Fund under section 56 of the Local Government Act (NI) 1972.



# ABSTRACT OF ACCOUNTS

arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

## Accounts Authorised for Issue Certificate

In accordance with Financial Reporting Standard 21, Events after the Balance Sheet Date (FRS 21) this Statement of Accounts which contains a number of material amendments from the Accounts approved on 26 June 2008 are at today's date hereby authorized for issue. Any material amendments are explained below and are reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

FRS 21 sets out

- \* The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and
- \* In the event of adjustments the disclosures that should be made.

## Material Amendments

### 1 Amounts owed by Participant Councils

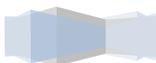
Included in Debtors ( See note 12 on page 37) the amounts owed by other Councils to arc21 include the sum of £1,350,531 being credit notes issued up to 31 March 2008. This value should have been included within Creditors on the Balance Sheet rather than Debtors. The appropriate adjustment has now been made in the accounts.

### 2 Landfill Contract Costs

The amount payable under the Landfill Contract is based on the average price over the contract year – November to October. The amount payable at the end of the financial year, March 08, is based on the actual tonnage delivered to that date and the sum of £528,000 represents the difference between the average price and the actual price at 31 March 2008. This sum is now reflected in both the Debtors and Creditors headings in the Balance Sheet.

.....  
**John R Quinn B.Sc., C.Eng., C.Env., M.I.C.E., F.C.I.W.M**  
**Chief Executive**

.....  
**Date 28 October 2008**



# ABSTRACT OF ACCOUNTS

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arc21 Joint Committee | Financial Report for Year Ended 31 March 2008

