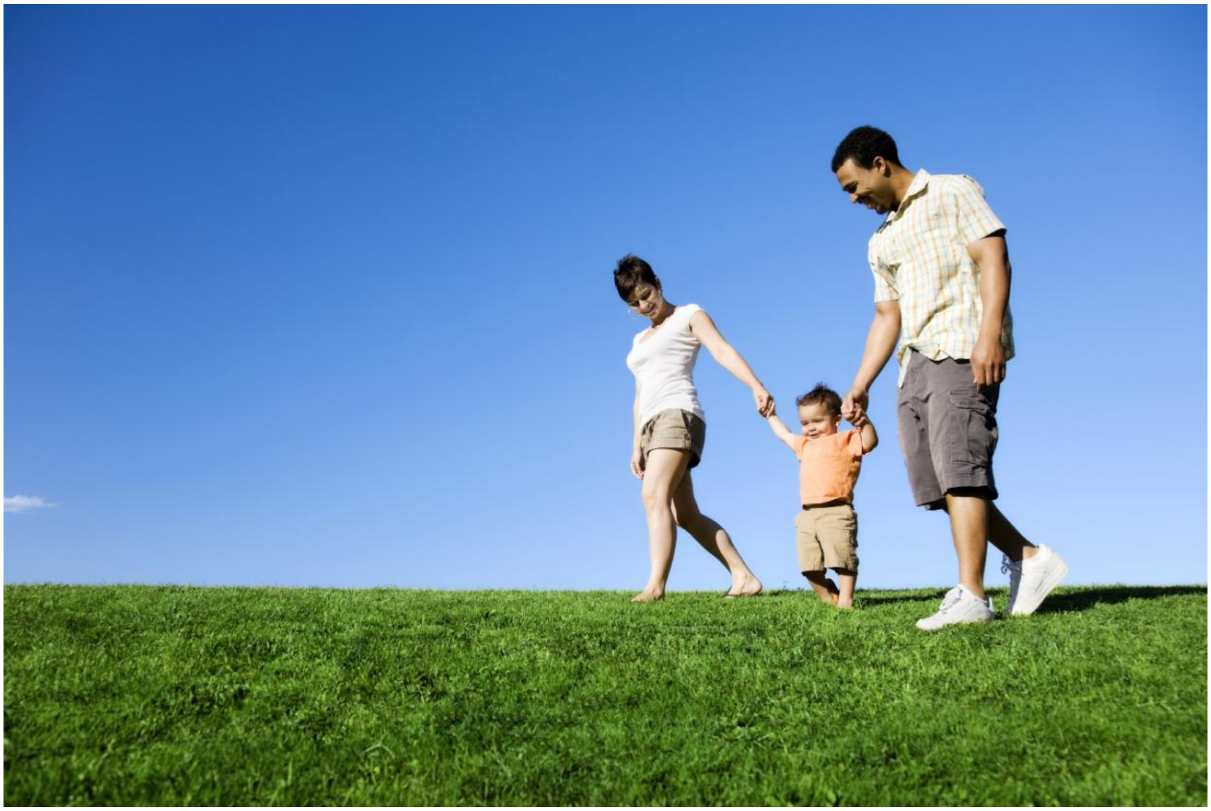

ABSTRACT OF ACCOUNTS

arc21 JOINT COMMITTEE
FINANCIAL REPORT FOR THE YEAR ENDED
31 MARCH 2011

arc21

Contents

Explanatory Foreword

Introduction

This report sets out the financial performance of arc21 for the year ended 31 March 2011 as can be seen in the Comprehensive Income and Expenditure Statement and Balance Sheet on pages 24 and 25.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code) and the Department of the Environment Accounts Direction, Circular LG 01/11 dated 22nd April 2011. 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 Code.

This Statement of Accounts explains the Joint Committee's finances during the financial year 2010/11 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Explanatory Foreword is not part of the financial statements but is prepared on the basis that it is consistent with the financial statements. In addition, the Explanatory Foreword does not purport to comment on Joint Committee policies. The content and style of the Explanatory Foreword should be a matter of local judgement.

The Explanatory Foreword should be used to clarify the relationship between the Joint Committee's financial statements and other financial information the Joint Committee reports externally.

The purpose of the Explanatory Forward is to make the financial statements understandable to as wide an audience as possible. Consequently, non-technical language is used in the main and care is taken not to overwhelm the user with too much detail or to obscure the real meaning of the financial statements.

Group Accounts

The Code 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 IFRS Joint Committee does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

The Movement in Reserves Statement

This Statement, as set out on pages 22-23, shows the movement, in the years 2009/10 and 2010/11, on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the Comprehensive Income and Expenditure Statement Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Joint Committee.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 24, shows the income earned and expenditure incurred during the year by the Joint Committee in accordance with generally accepted accounting practices.

The Balance Sheet

The Balance Sheet, as set out on page 25, shows the value as at the Balance Sheet date of the Joint Committee's assets and liabilities. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Joint Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

The Cash Flow Statement

The Cash Flow Statement, as set out on page 26, shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income and Council contributions, or from the recipients of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Joint Committee.

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 13th February 2004.

The principles outlined in the Terms of Agreement have been enhanced with a Supplementary Agreement which was approved by the Joint Committee on the 9th October 2008.

The participant Councils of arc21 are as shown in Note 7 on page 52.

Financial Information

The organisation achieved another year of substantial growth, in financial terms, due to the significant developments in contracting for waste facilities, the increase in the Landfill Tax escalator and the continuation in the procurement activity for the Residual Waste Treatment Project, which is mainly funded by way of government grant. The income for the year was £34,404,515 compared to £31,293,429 in 2009/10, an increase of 10.00%. The expenditure for the same period was £33,736,628 compared to £31,028,870 in 2009/10, resulting in a surplus on continuing operations of £667,887 for the year to March 2011.

Actuarial gains on the pension assets/liabilities of £320,000 resulted in a total of £987,887 being shown in the Comprehensive Income and Expenditure Statement.

In addition, the sum of £2,349 was incurred funding capital expenditure with the acquisition of computer equipment during the year.

After taking into account the charge for depreciation on fixed assets, there was a net increase to the General Usable Reserves of £474,545 for the year bringing the cumulative Usable Reserves at 31 March 2011 to £1,372,565 or 4.00 % of annual turnover.

Contract Activity

As reported in last year's accounts, the Organic Waste Treatment contract, the largest contract awarded by arc21 to date, became fully operational with the completion of the Glenside facility making it possible for the service to be available to all participant Councils. Currently the contract is operating in its interim phase pending the development of permanent facilities. During the year further progress was made in relation to permanent facilities with the Planning Service.

All four major waste contracts, Landfill, Materials Recovery Facility, Organic Waste Treatment and Bring Service, performed satisfactorily during the year, representing £30m or 89% of the total income for the year. It is expected that the contract activity will continue to grow at a significant level in the coming year, primarily as a result of the Landfill Tax Escalator.

Market Conditions for Mixed Dry Recyclate Materials

An important financial benefit to participant Councils of the Materials Recovery Facility (MRF) contract is the income earned from the sale of the materials, with arc21 sharing, on a 50/50 basis, the revenue earned.

Encouragingly, during the 2010/11 year the market recovery continued. Over the 12 months the gross selling prices earned by Bryson Recycling rose steadily from £88 in the previous year to a level of £113 in the current year, resulting in an overall annual average value per tonne payable to arc21 of £37.

As previously reported, a key contributing factor to the higher prices received by Bryson Recycling for the materials has been the successful completion of the capital investment programme to upgrade the facility and enable better quality materials to be provided to the market. This capital investment programme is a joint venture between arc21 and Bryson Recycling, at a cost of £980,000, and has proved to be invaluable as borne out by the market prices achieved, particularly in light of the challenging market conditions experienced in recent years.

This capital investment programme started in November 2006 and was completed, in five phases, up to February 2010. The plant upgrade has strengthened the market position of Bryson Recycling by enabling them to produce better quality materials from which higher revenues can be earned. Clearly the investment program has directly benefited the arc21 participant Councils as demonstrated by the levels of revenue share received.

Landfill Tax Escalator

In accordance with Government policy, the Landfill Tax Escalator continues to rise at a rate of £8 per tonne per annum resulting in an additional charge from the landfill operators to arc21 of a sum in the region of £2.5 million, which is then passed on to participant Councils. The landfill tax rate for the 2010/11 year was £48 per tonne.

This cost has a significant financial impact on Councils and the Landfill Tax Escalator provides a strong economic incentive for landfill diversion. Substantial savings are generated to participant Councils through diversion to the Materials Recovery Facility, Bring Service and Organic Waste contracts. In 2010/11 just over 131,000 tonnes of materials were delivered to these three contracts resulting in a saving on Landfill Tax of some £6.3m.

With the Landfill Tax rate per tonne increasing by a further 17%, from £48 to £56, in the 2011/12 year, the savings are estimated to increase to around £6.7m, thus demonstrating the significant impact to the ratepayer of the waste treatment services contracts of arc21.

The Government recently announced that there is no plan to increase the escalator beyond 2015 when the cumulative Landfill Tax will reach £80 per tonne, thus making it more critical, purely on economic grounds, to have alternative facilities in place to achieve the maximum landfill diversion.

The Residual Waste Treatment Project is aimed at providing such facilities and more information regarding this project is shown below.

Residual Waste Treatment Project

Progress continued to be made during the year on the procurement phase for the treatment of residual waste (black bin waste). Participants were invited to submit detailed solutions which were subject to evaluation prior to continuing with the procurement process.

It is anticipated that the procurement process will enter into the final phases in the next financial year.

The Department and the Programme Delivery Support Unit (PDSU) continued to provide excellent support to the project during the year. In addition, assistance from other central government bodies, such as the Department of Finance and Personnel and the Strategic Investment Board, proved invaluable.

The facilities required for the treatment of residual waste, 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. MBT and EfW have been identified in our strategic waste document, the Waste Management Plan, as being required in order to enable participant Councils to successfully meet the EU Landfill Directive targets.

The EU Landfill Directive targets limit the amount of biodegradable municipal waste that can be landfilled, and statutory targets have been set for the years 2010, 2013, and 2020 under the Directive. Locally the Department have introduced annual landfill targets for Councils to meet.

Substantial fines are payable for failing to meet the targets and this, in addition to the significantly increasing burden of landfill tax, are strong economic drivers for Councils to divert waste from landfill. In terms of the 2011 target year, the indications from participant Councils show that the overall amount of biodegradable waste sent to landfill was within the allowance.

The coming years are going to be even more challenging as the levels of waste that can be landfilled are further reduced annually. The 2012/13 year is also an EU Directive target year, thus putting more pressure on the timely and successful delivery of landfill diversion arrangements.

Residual Waste Treatment Project - Support

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 continued to receive valuable financial support from the Department, at a level of £1.02m (£1.07m in 2009/10), again covering the majority of the procurement activities.

In addition, arc21 was able to benefit from the expertise available through the Programme Delivery Support Unit (PDSU) which was established jointly by the Department and the Strategic Investment Board, to provide ongoing support to the three Waste Management Groups in Northern Ireland in the delivery of the projects for the treatment of residual waste.

arc21 would like to take the opportunity, once again, to formally acknowledge the support from the Department, the PDSU, the Strategic Investment Board and the Department of Finance and Personnel, which is critical to the successful delivery of the project.

Looking ahead, disappointingly, the Executive announced substantial cuts for the waste infrastructure programme in the Comprehensive Spending Review 2011-15 and this will have significant financial implications for the Residual Waste Treatment Project. For example, substantial funding is required to acquire suitable sites and to provide capital contributions to minimise the funding costs, but the Department has confirmed that this funding support is no longer available with effect from April 2011.

However, arc21 recognise the current constraints on public sector finances and continues to work positively with the Department to maximise the level of funding support available.

Insurance Matters

A range of insurance policies are in place as part of the ongoing risk management and governance arrangements of the organisation. Details of the insurance policies in place can be seen on page 45.

Accounting Regulatory and Policy Changes

The Accounts Direction issued by the Department to arc21 for the 2010/11 year, reflects the amendments required to comply with the International Financial Reporting Standards, which are applicable to these financial statements.

The Draft Local Government Finance Bill

During the year the Department progressed with the Finance Bill and arc21 responded to the various consultation documents which set out the proposals to modernise the current legislative framework relating to local government finance and Councillors remuneration in Northern Ireland. The Department has confirmed that the new regulations have been deferred until 2012 but that, in any case, the subordinate legislation applicable to the Joint Committee will be updated to reflect the relevant elements of the Finance Bill.

International Financial Reporting Standards (IFRS)

From April 2010, the accounts for local government bodies in Northern Ireland are required to comply with the International Financial Reporting Standards. During the year preparations got under way to implement the changes, including the restatement of the 2009/10 accounts for comparison with the 2010/11 accounts, which have been prepared on the same basis.

The main impact on the accounts has been the financial transactions and associated notes in relation to the pension scheme assets and liabilities.

Financial Reporting Standard 17 – Retirement Benefits

The reporting requirements in relation to retirement benefits (pensions) has also been updated in line with the international standards, and again, during the year preparations were made by arc21, in association with NILGOSC and the Association of Local Government Finance Officers, to ensure compliance with the new requirements. The restatement of the 2009/10 accounts, as outlined above, reflect the required changes to pensions for comparison with the 2010/11 figures.

The Review of Public Administration (RPA)

The issue of RPA continued to receive wide publicity during the year, particularly with the announcement by the Department that the process would be deferred until at least 2015.

In the meantime, however, Local Government in Northern Ireland, in response to the 11 council, Business Services Organisation model, developed a framework in which efficiencies and savings can be achieved across the range of services provided. This initiative is known as the Improvement, Collaboration and Efficiency (ICE) Programme. It is a voluntary local government led reform and transformation programme and arc21 has an active role to play in this process.

The Department is also giving consideration to options specifically for the delivery of waste management services in the future, including the potential for a single waste authority being established. An economic appraisal has been undertaken by the Department which arc21, and the other two waste management groups, have been involved. To date no outcome to the economic appraisal has been received from the Department.

Downturn in Financial Markets- Investment Income

Due to the continued global economic downturn the investment income earned by arc21 remains at a low level. In 2010/11 the actual interest earned by arc21 on cash held on deposit was £19,926 compared to £14,310 in 2009/10. Looking ahead to the next year there is unlikely to be any change in the level of investment income estimated to be earned, judging by the cautious approach to date of the Bank of England strategy regarding interest rates.

The overall interest earned for the year was £116,928 (£72,311 for 2009/10) as shown in the Comprehensive Income and Expenditure Statement on page 24. However, the additional interest was earned on the pension scheme and is therefore not available to arc21 for operational purposes. A breakdown of the interest earned is shown in note 8b on page 54.

Conclusion

In general, the 2010/11 year was a particularly challenging one but the financial results presented in this report reflect an overall satisfactory position for the Joint Committee.

Once again the cash position remained strong throughout the year and arc21 have been able to increase the level of reserves at the end of the year leaving the organisation in a better position to meet the obvious financial challenges ahead in the sector.

Finally, arc21 would like to take the opportunity to formally acknowledge the ongoing support and commitment from the elected Members of the Joint Committee and the Officers of participant Councils. Their support is one of the key factors behind the success of arc21.

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 the 30 June 2011.

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 give a true and fair view of 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.

- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.

- make judgments 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.

Northern Ireland Local Government Bodies
Annual Governance Statement 2010/2011

Scope of responsibility

Arc21 is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Arc21 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 local government body is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Arc21 has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how Arc21 has complied with this, its statutory duties under the 2006 Order 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 local government body is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables Ac21 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 local government body's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at arc21 for the year ending 31st March 2011 and up to the date of approval of the financial statement.

The Governance Framework

The key elements of the systems and processes that comprise arc21's governance arrangements include the following:

- 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 (2009-2012) which was informed by consultation with our main stakeholders, including member councils. An annual business 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.

During the year arc21 produced its annual report setting out the key achievements of the organisation compared to the corporate plan. It is the intention to continue this process as part of the normal annual activities of the organisation.

arc21 has a Code of Governance in place which was approved by the Audit Committee and Joint Committee. The Code is based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework' This sets out the systems and processes, culture and values, by which the organisation is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its community. This is reviewed and updated to ensure compliance.

- 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 progression towards the achievement of arc21's objectives. This is reflected in the production of the annual business plans.

arc21 is a member of the Waste Programme Board, which is Chaired by the Minister. This Board was established by the Executive to support Local Government in relation to the implementation of major waste infrastructure facilities in Northern Ireland. From this cascades the Waste Infrastructure Programme Board and the arc21 Project Board, all of which is formulated in accordance with Office of Government Commerce Guidelines for major projects.

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

arc21 regularly engage with member councils to present progress reports and invite continuous feedback. We provide a monthly bulletin to Chief Executives, publish and widely distribute 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 infrastructure contracts which have not been let.

In addition arc21 produce regular financial performance and key performance indicators (KPI) reports which are presented to member councils periodically.

An annual report is produced and distributed to stakeholders which includes information on the performance of arc21 in relation to the Corporate Plan.

- 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

Terms of Agreement, approved by all member councils in July 2003, 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 five principles under which arc21 is governed and these are:

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

A Supplementary Agreement to the Terms of Agreement is also in place as well as Key Terms to the Residual Waste Treatment Project which further enhances the robustness of the legal arrangements between arc21 and member councils.

A Scheme of Delegation is also in place, approved by the Joint Committee which applies to the functions delegated to the Chairman of the Joint Committee and 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 formal business of the meetings of the elected members at the Joint Committee.

- 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 has 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 members of 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 2003, 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.

A risk management strategy, setting out arc21's overall approach to risk management, was developed in line with best practice and approved by the audit committee. This is reviewed on an annual basis to ensure currency.

Audit, Governance and Risk Services continue to facilitate the development of risk management processes throughout the organisation, at the corporate level as well as during the procurement and operational phases of waste management contracts. A risk management framework is embedded throughout the organisation. This includes risks being identified and actively managed at both the corporate and operational levels of the organisation as well as for major projects.

Risk registers and risk action plans are in place to manage the risks identified. The risk registers and action plans are reviewed by the management team on an ongoing basis to ensure currency. Where appropriate, risk registers are incorporated as part of the governance arrangements for procuring waste management contracts and reviewed by the Project Boards established to oversee such procurements. In terms of operational contracts, during the operational phase, regular meetings take place to enable risks to be identified and appropriate action taken to manage the risks, including the use of the services of Audit, Governance and Risk Services.

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 continues to be in place and these signed assurance statements form part of the evidence to enable the sign off of the governance statement by the Accounting Officer.

- undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities arc21 have an established Audit Committee with a terms of reference and agreed programme of work. The Audit Committee provide an independent assurance on the adequacy of arc21's risk management framework and associated control environment. It provides 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 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 its 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 maintain registers dealing with Gifts and Hospitality and Staff Interests which may impact on the organisation.

Ongoing general legal support is provided by one of the arc21 member councils (Belfast City Council's Legal Services Department) and specific contract and procurement legal support is provided by an external company following a competitive tendering exercise. In addition, in relation to the Residual Waste Treatment Project, a client side team of professional consultants are in place to provide advice on financial, technical, legal, communications and planning issues etc.

arc21 continue to engage Belfast City Council's Audit, Governance and Risk Services to provide an independent assurance and advisory service to help arc21 achieve its objectives and improve the effectiveness of its risk management, control and governance processes.

The Northern Ireland Audit Office provide a level of assurance through the provision of the annual external audit and provision of the Audit and Management Letters.

- 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.

- 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 and the Chief Executives Forum and the training needs of the Audit Committee are kept under review.

A series of ongoing workshops on the Residual Waste Treatment Project have been provided to ensure stakeholders are adequately briefed on the progress of the Procurement. A major Waste conference was also held to bring together key stakeholders.

In relation to officers within the organisation personal training and development plans are in place and kept under review. All staff attend relevant seminars and conferences on a regular basis.

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

The Chair and Vice Chair of the Joint Committee are members of the Waste Programme Board, which is chaired by the Minister, and have received "On Board" training provided by CIPFA facilitated by the Department.

- 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 the member councils, contractors, Central Government departments and local government bodies.

arc21 regularly engage with member councils to present progress reports and invite continuous feedback. We provide a monthly bulletin to Chief Executives, publish and widely distribute a magazine called Wasteline and hold annual presentations to the Chief Executives of member councils. arc21 meet monthly with senior officers and elected members of member councils.

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. The review of effectiveness is informed by the work of the executive managers within the Joint Committee who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

The Audit Committee provides an independent assurance on the adequacy of the arc21's risk management framework and associated control environment. It provides an independent scrutiny of the arc21's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

The aim of Audit, Governance and Risk Services is to provide an independent assurance and advisory service which will help arc21 achieve its objectives and improve the effectiveness of its risk management, control and governance processes. Audit, Governance and Risk Services produce an annual audit plan and the Head of Audit, Governance and Risk Services provides an annual assurance statement on the Joint Committee's internal control environment within the annual report.

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/04/08. This review identified:

- The need to complete an annual review of the effectiveness of the Internal Audit Function
- The need to complete an annual review of the effectiveness of the Audit Committee

A review of the effectiveness of Internal Audit has been completed against CIPFA best practice standards, with a reasonable assurance level being achieved. This has been reported to the Audit Committee along with an action plan to address the issues raised.

In addition, a review of the effectiveness of the Audit Committee was completed against CIPFA guidance "Audit Committees: Practical Guidance for Local Authorities". The results of the review were presented to the Audit Committee. In addition, the Audit Committee has taken steps to augment the membership from three members to five members and are keeping under review the issue of the appointment of independent membership of the Audit Committee.

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

Other sources of assurance include assurances from management and external review bodies.

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.

Significant governance issues

During the year 2010/11 a number of required improvements to the overall governance framework were identified and action was taken to address these issues.

In terms of funding for the Residual Waste Treatment Project, the Department published its Comprehensive Spending Review 2011-15 which identified significant reductions in grant support for all three major waste infrastructure projects in Northern Ireland.

As a consequence, arc21 have been developing a Finance Strategy to deal with the potential for grant funding to be reduced specifically for the Project and also took the opportunity to incorporate a more comprehensive approach to funding other future waste infrastructure projects on behalf of Constituent Councils.

In terms of funding for the Project during the year, arc21 undertook regular reviews of the expenditure needs of the Residual Waste Treatment Project and was in regular contact with the Department of the Environment to ensure that the funding requirements of the project were maximised through the provision of the grant assistance schemes in place.

In terms of significant governance issues impacting on the procurement for the Residual Waste Treatment Project, there were a number of challenges impacting on the Project throughout the year. These matters were dealt with on an ongoing basis in conjunction with our specialist team of advisors, the Department, who are the sponsors of the waste infrastructure programme, and member councils.

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

Signed: Hubert Nicholl ....

Chair of the Joint Committee

Signed: ....

Chief Executive

On behalf of the committee of the Joint Committee or the members of the body meeting as a whole and by the Chief Executive

Certificate of the Chief Executive

I certify that:

(a) the Statement of Accounts for the year ended 31 March 2011 on pages 22 to 79 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 22 to 46.

(b) in my opinion the Statement of Accounts give a true and fair view of 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., M.C.I.P.S
Chief Executive

Date 31 · 10 · 2011

Joint Committee Approval of Statement of Accounts

These accounts were approved by resolution of the arc21 Joint Committee on the 30 June 2011.

Hubert Nicholl.............................

Alderman Hubert Nicholl
Chairman

Date 31. 10. 2011

Independent Auditor's Report To The Members Of The Joint Committee

I have audited the statement of accounts of arc21 for the year ended 31 March 2011 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and related notes. 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 the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities issued by the Chief Local Government Auditor.

Respective responsibilities of the Chief Executive and the independent auditor

As explained more fully in the Statement of the Joint Committee's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the statement of accounts and for being satisfied that it gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the statement of accounts in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Statement of Accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the arc21's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the arc21; and the overall presentation of the statement of accounts. In addition I read all the financial and non financial information in the Foreward to identify material inconsistencies with the audited statement of accounts. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion

In my opinion the statement of accounts gives a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11, the financial position of arc21 as at 31 March 2011 and its income and expenditure for the year then ended.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance statement:
    - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11,
    - does not comply with proper practices specified by the Department of the Environment,
    - is misleading or inconsistent with other information I am aware of from my audit, or
- adequate accounting records have not been kept; or
- the statement of accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

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.

Louise Mason
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

1 *November 2011*

Movement in Reserves Statement for the Comparative Year

	General Reserves	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Joint Committee Reserves
	£	£	£	£	£	£	£
At 1 April 2009	**591,753**	**0**	**0**	**0**	**591,753**	**(225,274)**	**366,479**
Movements on reserves during the year:							
Surplus/(Deficit) on the Provision of Services	264,560	0	0	0	264,560	0	264,560
Other Comprehensive Income and Expenditure	0	0	0	0	0	(591,000)	(591,000)
Total Comprehensive Income and Expenditure	**264,560**	**0**	**0**	**0**	**264,560**	**(591,000)**	**(326,440)**
Adjustments between accounting basis & funding basis under regulations	41,707	0	0	0	41,707	(41,707)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**306,267**	**0**	**0**	**0**	**306,267**	**(632,707)**	**(326,440)**
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/(Decrease) in Year	**306,267**	**0**	**0**	**0**	**306,267**	**(632,707)**	**(326,440)**
At 31 March 2010	**898,020**	**0**	**0**	**0**	**898,020**	**(857,981)**	**40,039**

Movement in Reserves Statement for the Current Year

	General Reserves	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Joint Committee Reserves
	£	£	£	£	£	£	£
At 1 April 2010	**898,020**	**0**	**0**	**0**	**898,020**	**(857,981)**	**40,039**
Movements on reserves during the year:							
Surplus/(Deficit) on the Provision of Services	667,887	0	0	0	667,887	0	667,887
Other Comprehensive Income and Expenditure	0	0	0	0	0	320,000	320,000
Total Comprehensive Income and Expenditure	**667,887**	**0**	**0**	**0**	**667,887**	**320,000**	**987,887**
Adjustments between accounting basis & funding basis under regulations	(193,342)	0	0	0	(193,342)	193,342	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**474,545**	**0**	**0**	**0**	**474,545**	**513,342**	**987,887**
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/(Decrease) in Year	**474,545**	**0**	**0**	**0**	**474,545**	**513,342**	**987,887**
At 31 March 2011	**1,372,565**	**0**	**0**	**0**	**1,372,565**	**(344,639)**	**1,027,926**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2011

This statement shows the income earned and expenditure incurred during the year by the Joint Committee in accordance with generally accepted accounting practices.

		2010/11 £	2009/10 £
INCOME:	**Notes**		
Participating Councils	***29***	707,249	690,008
Government Grant	***9***	1,023,751	1,074,533
Financing and Investment Income	***8b***	116,928	72,311
Contract Income :	***7a***		
Landfill Service		23,193,556	21,928,678
Materials Recovery Facility - MRF		1,574,098	1,593,262
MRF Revenue Share		1,576,213	1,207,487
Organic Waste Treatment		3,694,845	2,406,416
Bring Service		216,437	207,869
Supply of Bins and Bring Banks		626,020	444,191
Other Contract Income		1,671,794	1,659,999
Other Income		3,624	8,675
TOTAL INCOME		**34,404,515** =========	**31,293,429** =========
EXPENDITURE:			
Employee Costs	***6a***	208,123	413,541
Financing and Investment Income	***8a***	115,170	82,377
Other Operating Costs		1,356,497	1,332,822
Contract Expenditure :	***7b***		
Landfill Service		23,046,912	21,679,870
Materials Recovery Facility- MRF		1,574,098	1,593,262
MRF Revenue Share		1,226,213	1,207,487
Organic Waste Treatment		3,694,846	2,406,416
Bring Service		216,437	207,869
Supply of Bins and Bring Banks		626,020	444,191
Other Contract Costs		1,671,794	1,659,998
Other Costs	***10***	518	1,037
TOTAL EXPENDITURE		**33,736,628** =========	**31,028,870** =========
SURPLUS (DEFICIT) ON CONTINUING OPERATIONS		**667,887**	**264,560**
Actuarial gains/(losses) on pension assets/liabilities	***20***	320,000	(591,000)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE		**987,887** =========	**(326,440)** =========

Balance Sheet as at 31 March 2011

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

	Notes	2010/11 £	2009/10 £	2008/09 £
Property, Plant, & Equipment	***10***	44,361	58,019	72,726
Investment Properties	***10***	0	0	0
Intangible Assets	***10***	0	0	0
Assets Held For Sale		0	0	0
Long Term Investments		0	0	0
Investment In Associates and Joint Ventures		0	0	0
Long Term Debtors	***14a***	0	0	0
TOTAL LONG TERM ASSETS		**44,361**	**58,019**	**72,726**
Inventories	***13***	0	0	0
Short Term Debtors	***14b***	6,619,337	2,652,475	2,951,543
Cash and Cash Equivalents	***15/24b***	2,367,196	2,850,666	2,713,789
Assets Held For Sale	***15/24b***	0	0	0
CURRENT ASSETS		**8,986,533**	**5,503,141**	**5,665,332**
Bank Overdraft		0	0	0
Short Term Borrowing	***17***	0	0	0
Short Term Creditors	***17***	7,613,968	4,605,121	5,073,579
Provisions		0	0	0
Liabilities In Disposal Groups		0	0	0
CURRENT LIABILITIES		**7,613,968**	**4,605,121**	**5,073,579**
Long Term Creditors		0	0	0
Provisions	***18***	0	0	0
Long Term Borrowing	***16***	0	0	0
Other Long Term Liabilities	***5,20***	389,000	916,000	298,000
Donated Assets Account	***21***	0	0	0
Capital Grant Receipts In Advance	***22***	0	0	0
LONG TERM LIABILITIES		389,000	916,000	298,000
NET ASSETS		**1,027,926**	**40,039**	**366,479**
USABLE RESERVES:				
Capital Receipts Reserve	***25***	0	0	0
General Reserves	***25***	1,372,565	898,020	591,753
UNUSABLE RESERVES:				
Capital Adjustment Account	***25***	44,361	58,019	72,726
Pensions Reserve	***25***	(389,000)	(916,000)	(298,000)
Accumulated Absences Account	***25***	0	0	0
NET WORTH		**1,027,926**	**40,039**	**366,479**

Cash Flow Statement as at 31 March 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income and Council contributions, or from the recipients of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Joint Committee. The Joint Committee reports cash flows from operating activities using the indirect method, whereby the net Surplus or Deficit on the Provision of Services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

		2010/11	**2009/10**
	Notes	**£**	**£**
REVENUE ACTIVITIES			
Net Surplus / (Deficit) on the Provision of Services		**667,887**	**264,560**
Adjustment to surplus or deficit on the provision of services for noncash movements	***24a***	(1,149,008)	(126,030)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0	**0**
Net Cashflows from Operating Activities		**(481,121)**	**138,530**
Net Cashflows from Investing Activities	***24d***	(2,349)	(1,653)
Net Cashflows from Financing Activities		0	0
Net Increase or Decrease in Cash & Cash Equivalents		(483,470)	136,877
Cash & Cash Equivalents at the beginning of the reporting period		2,850,666	2,713,789
Cash & Cash Equivalents at the end of the reporting period		**2,367,196**	**2,850,666**

Notes to the Financial Statements

1. Accounting Policies

1a) General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2010/11 financial year and its position at the year-end, 31 March 2011. The Joint Committee is required to prepare an annual Statement of Accounts in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

ii) Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management. Bank overdrafts are shown within current liabilities on the balance sheet.

iii) Contingent Assets
A contingent asset arises where an event has taken place that gives the Joint Committee a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

iv) Contingent Liabilities
A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

v) Discontinued Operations
Additional policy details are required where a Joint Committee has discontinued operations (or transferred operations under machinery of government arrangements) during the financial year.

vi) Employee Benefits

Short-term employee benefits payable during employment, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

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

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

Post Employment Benefits
Employees of the Joint Committee are members of the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.

NILGOSC Pension Fund
The Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme is accounted for as a defined benefits scheme.

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

Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bonds on the iBoxx Sterling Corporate Index, AA over 15 years with recently re-rated bonds removed from the index).

The assets of the NILGOSC scheme attributable to the Joint Committee are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

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

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure

Statement as part of Non Distributed Costs

- **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Expenditure line in the Comprehensive Income and Expenditure Statement
- **expected return on assets** – the annual investment return on the fund assets attributable to the Joint Committee, based on an average of the expected long-term return – credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement
- **gains or losses on settlements and curtailments** – the result of actions to relieve the Joint Committee of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- **contributions paid to the NILGOSC scheme –** cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

Discretionary Benefits

The Joint Committee also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements, subject to the approval of the joint Committee. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the NILGOSC pension fund.

vii) Events After the Balance Sheet Date

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

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

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

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.

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

viii) Exceptional Items

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

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

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

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

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

x) Financial Instruments

Most financial instruments held by Joint Committees would fall to be classified into just one class of financial liability and two classes of financial assets:

Financial Liabilities
Amortised Cost

Financial Assets
Loans and Receivables
Available for Sale

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

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

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

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

Additional policy detail is required where a Joint Committee has entered into financial guarantees or has financial liabilities at fair value through profit or loss (such as derivatives).

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The Joint Committee has not made any relevant transactions to date but if it did so the policy would incorporate the amounts involved being presented in the Balance Sheet as the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement as the amount receivable for the year in the loan agreement.

However, should the Joint Committee make loans to voluntary organisations at less than market rates (soft loans), when soft loans are made, a loss will be recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest will be credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserves Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Reserves Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

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

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

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

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

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

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

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

Additional policy detail is required where a Joint Committee has financial assets at fair value through profit or loss (such as derivatives).

xi) Foreign Currency Translation

Where the Joint Committee has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

xii) Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to Government Grants in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserves Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiii) Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5k) the Capital Receipts Reserve.

xiv) Inventories & Long Term Contracts

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

Long Term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

xv) Investment Property

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Reserves Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Reserves Balance. The gains and losses are therefore reversed out of the General Reserves Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi) Landfill Allowance Schemes

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

xvii) Leases

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

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

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

The Joint Committee as Lessee

Finance Lease:

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Joint Committee is not required to raise finance to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the Comprehensive Income and Expenditure Statement, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

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

The Joint Committee as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:
- a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and
- finance income (credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Reserves Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Reserves Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Reserves Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Operating Leases

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

xviii) Disposals and Non-Current Assets Held for Sale

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

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

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

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

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Reserves Balance in the Movement in Reserves Statement.

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

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.

- 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.

xix) Overheads and Support Services

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

xx) Property, Plant and Equipment

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

<u>Recognition</u>

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

<u>Measurement</u>

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Joint Committee . In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Joint Committee.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserves Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:
- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

Where impairment losses are identified, they are accounted for as follows:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the Comprehensive Income and Expenditure Statement.
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down with a charge to the Comprehensive Income and Expenditure Statement.

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

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

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

Depreciation is calculated on the following bases:
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over the economic life of the asset.

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

xxi) Provisions

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

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

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

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

xxii) Reserves

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

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

xxiii) Charges to Revenue for Non-Current Assets

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the Joint Committee
- revaluation and impairment losses on assets used by the Joint Committee where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets.

Depreciation, impairment losses and amortisations are replaced by [revenue provision] in the General Reserves Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxiv) 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.

xxv) Insurance Policies

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

The major policies in place are:

- Employers Liability Insurance
- Professional Indemnity Insurance
- Public Liability Insurance
- Business Interruption Insurance
- Motor Vehicle Insurance
- Office Contents Insurance
- Personal Accident and Travel Insurance
- Commercial Legal Protection Insurance

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

1b) Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

This has yet to be confirmed.

1c) Critical Judgements in Applying Accounting Policies

In applying accounting policies set out below the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts take into account the following:

- There is a high degree of uncertainty about future levels of government funding. However, the Joint Committee has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Joint Committee might be impaired as a result of a need to close facilities and reduce levels of service provision.

1d) Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items in the Joint Committee's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year, but the following notes regarding pensions liabilities and arrears are presented for the readers information:

i) Pensions Liability

An estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged, in conjunction with NILGOSC, to provide the Joint Committee with expert advice about the assumptions to be applied.

The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways and the figures, calculated by the consulting actuaries, are reflected in these Financial Statements.

ii) Arrears

At 31 March 2011, the Joint Committee had a balance of sundry debtors for £185,662. A review of significant balances suggests that this allowance for doubtful debts is appropriate and, in the current economic climate, it is reasonably certain that such an allowance would be sufficient.

2. Segmental Reporting Analysis

In accordance with the Code of Practice on Local Authority Accounting, the Comprehensive Income and Expenditure Statement should be supported by information on individual reportable segments presented within the notes. Reportable segments are based on the Joint Committee's internal management reporting, for example departments, directorates or portfolios.
For each reportable segment, an analysis of the income and expenditure for that segment (ie a subjective analysis) is presented, to include those items of income and expenditure that are reported as part of internal management reporting. This analysis may include items that do not form part of the Comprehensive Income and Expenditure Statement (for example, that statutory provision for the repayment of debt) and exclude items that do form part of the Comprehensive Income and Expenditure Statement (for example, depreciation).

Since the Joint Committee operates as one unit in a single geographical area it is not deemed necessary or appropriate to produce segmental reporting. For completeness, year-on-year comparisons are shown below:

Income/Expenditure	**2010/11** **£**	**2009/10** **£**
Income from participating Councils	31,628,001	28,935,339
Government grants and contributions	1,023,751	1,074,534
Fees, charges and other service income	1,635,835	1,211,245
Interest and investment income	116,928	72,311
Surplus or deficit on associates and joint ventures	0	0
Total Income	**34,404,515**	**31,293,429**
Employee expenses	433,123	410,541
Other service expenses	33,172,846	30,520,629
Support service recharges	0	0
Depreciation, amortisation and impairment	15,489	15,323
Interest payments	115,170	82,377
Total Expenditure	**33,736,628**	**31,028,870**
Other items	0	0
CONTINUING OPERATIONS	**667,887**	**264,560**

3. Adjustments between accounting basis and funding basis under regulations

	Notes	2010/11 £	2010/11 £	2009/10 £	2009/10 £
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Reserves Balance for the year:					
Impairments (losses & reversals) of non-current assets	***10a/10b***	0		0	
Derecognition (other than disposal) of non-current assets	***10a/10b***	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	***10a/10b***	0		0	
Depreciation charged in the year on non-current assets	***10a/10b,23***	15,489	15,489	15,323	15,323
Net Revenue expenditure funded from capital under statute			0		0
Carrying amount of non-current assets sold		518		1,037	
Proceeds from the sale of PP&E, investment property and intangible assets	***23,25***	0	518	0	1,037
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	***25***		0		0
Net charges made for retirement benefits in accordance with IAS 19	***20***		(145,000)		85,000
Direct revenue financing of Capital Expenditure	***11,25***		(2,349)		(1,653)
Capital Grants and Donated Assets Receivable and Applied in year			0		0
Capital Grants Receivable and Unapplied in year			0		0
Adjustments in relation to Short-term compensated absences	***17***		0		0
Adjustments in relation to Lessor Arrangements			0		0
Loans/Lease principal repayments during the year			0		0
Employers contributions payable to the NILGOSC Pension Fund and retirement benefits payable direct to pensioners	***20.2***		(62,000)		(58,000)
			(193,342)		**41,707**

4. External Audit Fees

The Joint Committee has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Joint Committee's external auditors.

	2010/11	**2009/10**
	£	**£**
External Audit Fees	18,000	16,000
Grant Claim Certification Fees	0	0
Other Fees	0	0
	18,000	**16,000**

5. Operating and Finance Leases

Operating Leases (Joint Committee as lessee)

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

	2010/11		**2009/10**	
	Photocopier	**Education Vehicle**	**Photocopiers, Printers**	**Education Vehicle**
	£	**£**	**£**	**£**
Minimum lease payments	1,508	20,845	1,508	20,845
Contingent rentals	0	0	0	0
Less: Sublease payments receivable	0	0	0	0
	-	-	-	-
	1,508	**20,845**	**1,508**	**20,845**

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

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

	2011		2010	
	Photocopier	**Education Vehicle**	**Photocopier**	**Education Vehicle**
	£	**£**	**£**	**£**
Minimum lease rentals payable:				
No later than 1 year	2,700	10,422	1,508	20,845
Later than 1 year and no later than 5 years	10,800	0	0	10,422
Later than 5 years	0	0	0	0
	-	-	-	-
	13,500	**10,422**	**1,508**	**31,267**

6. Employee Costs

6a) Staff Costs

	2010/11	2009/10
	£	**£**
Salaries and Wages	343,603	328,712
Employers National Insurance	30,879	29,235
Employers pension costs	58,641	52,594
Total Staff Costs Prior to IFRS Adjustments	**433,123**	**410,541**
IFRS Related Adjustments:		
Current Service Costs	78,000	39,000
Less Pension Cost Re-Charge to Pension Provision	(62,000)	(58,000)
Past Service Gains	(241,000)	22,000
TOTAL	**208,123**	**413,541**

In addition, agency costs during the year amounted to £6,670 (2009/10 £670).

There are also two permanent members of staff not directly charged to staff costs, but charged to Education Vehicle costs and Residual Waste Treatment Project costs (£27k included in Other Contract Costs and £20k included in Other Operating Costs in Comprehensive Income and Expenditure Statement).

6b) Average Number of Employees - where FTE represents fulltime equivalent employees

	2010/11	2009/010
	FTE	FTE
	Actual Numbers	Actual Numbers
Full-time numbers employed	10	9
Part-time numbers employed	0	0

Note that FTE includes staff not directly charged to staff costs (see note 6a).

6c) Senior Employees' Remuneration

	2010/11	2009/10
	Number	Number
£50,001 to £60,000	2	2
£60,001 to £70,000	-	-
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1

7. Operating Income and Expenditure

7a) Contract Income

The year on year analysis of contract income is shown below.

Name	2010/11 £	2009/10 £
Antrim Borough Council	1,781,742	1,672,160
Ards Borough Council	2,847,466	2,560,634
Ballymena Borough Council	2,125,425	1,901,949
Belfast City Council	10,484,987	9,624,899
Carrickfergus Borough Council	1,368,302	1,215,639
Castlereagh Borough Council	1,946,623	1,474,844
Down District Council	377,690	388,456
Larne Borough Council	1,069,707	976,117
Lisburn City Council	3,630,777	3,371,134
Newtownabbey Borough Council	2,579,388	2,564,513
North Down Borough Council	2,705,021	2,486,311
Sub-Total	**30,917,128**	**28,236,656**
Other Contract Revenue	1,635,835	1,211,246
Total	**32,552,963** =========	**29,447,902** =========

7b) Contract Expenditure

The year on year analysis of contract expenditure is shown below.

	2010/11	2009/10
Name	**£**	**£**
Antrim Borough Council	87,644	82,962
Ards Borough Council	163,874	136,806
Ballymena Borough Council	4,610	45,624
Belfast City Council	321,473	363,386
Carrickfergus Borough Council	0	29,388
Castlereagh Borough Council	49,643	73,780
Down District Council	118,679	114,039
Larne Borough Council	65,452	56,143
Lisburn City Council	211,392	190,992
Newtownabbey Borough Council	0	60,012
North Down Borough Council	166,166	142,807
Sub-Total	**1,188,933**	**1,295,939**
Other Operating and Administrative Costs	32,223,884	29,235,975
Total	**33,412,817** =========	**30,531,914** =========

8. Financing and Investment Income and Expenditure

8a) Interest Payable and Similar Charges

	2010/11	2009/10
	£	£
Loan Interest	0	0
Bank Interest	170	377
Pension Interest Cost	115,000	82,000
Other Interest (please specify)	0	0
TOTAL	**115,170**	**82,377**

8b) Interest and Investment Income

	2010/11	2009/10
	£	£
Current account interest	2	1
Short-term deposit interest	19,926	14,310
Expected return on assets in the pension scheme	97,000	58,000
TOTAL	**116,928**	**72,311**

8c) Pension Interest Cost and Expected Return on Pension Assets

	2010/11	2009/10
	£	£
Expected return on assets in scheme	(97,000)	(58,000)
Interest cost	115,000	82,000
TOTAL	**18,000**	**24,000**

9 Government Grants

	2010/11	2009/10
	£	£
Capital Grants		
Central Government Grants	766,669	671,633
Revenue Grants		
Waste Management	257,082	402,901
Total Grants	**1,023,751**	**1,074,534**

10. Non Current Assets

10a). Fixed Assets – Current Year

	Land £	Buildings £	Infrastructure Assets £	Vehicles & Equipment £	Assets Under Construction £	Non-Operational £	TOTAL £
Cost or Valuation							
At 1 April 2010	**0**	**0**	**0**	**90,014**	**0**	**0**	**90,014**
Revaluation	0	0	0	0	0	0	**0**
Additions	0	0	0	2,349	0	0	**2,349**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	(1,555)	0	0	**(1,555)**
At 31 March 2011	0	0	0	90,808	0	0	**90,808**
Depreciation							
At 1 April 2010	0	0	0	31,995	0	0	**31,995**
Revaluation	0	0	0	0	0	0	**0**
Disposals	0	0	0	(1,037)	0	0	**(1,037)**
Provided for year	0	0	0	15,489	0	0	**15,489**
At 31 March 2011	0	0	0	46,447	0	0	**46,447**
Net Book Value							
At 31 March 2010	**0**	**0**	**0**	**58,019**	**0**	**0**	**58,019**
At 31 March 2011	**0**	**0**	**0**	**44,361**	**0**	**0**	**44,361**

10b). Fixed Assets – Comparative Year

	Land £	Buildings £	Infrastructure Assets £	Vehicles & Equipment £	Assets Under Construction £	Non-Operational £	TOTAL £
Cost or Valuation							
At 1 April 2009	**0**	**0**	**0**	**89,916**	**0**	**0**	**89,916**
Revaluation	0	0	0	0	0	0	**0**
Additions	0	0	0	1,653	0	0	**1,653**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	(1,555)	0	0	**(1,555)**
At 31 March 2010	0	0	0	90,014	0	0	**90,014**
Depreciation							
At 1 April 2009	0	0	0	17,190	0	0	**17,190**
Revaluation	0	0	0	0	0	0	**0**
Disposals	0	0	0	(518)	0	0	**(518)**
Provided for year	0	0	0	15,323	0	0	**15,323**
At 31 March 2010	0	0	0	31,995	0	0	**31,995**
Net Book Value							
At 31 March 2009	**0**	**0**	**0**	**72,726**	**0**	**0**	**72,726**
At 31 March 2010	**0**	**0**	**0**	**58,019**	**0**	**0**	**58,019**

11. Capital Expenditure

	Note	2010/11	2009/10	2008/09
Expenditure		**£**	**£**	**£**
Capital Expenditure	10	2,349	1,653	80,916
Financed By				
Borrowings:				
Loans		0	0	0
Finance leases		0	0	0
Grants receivable		0	0	0
Capital receipts		0	0	0
Revenue contributions to capital	***3,25***	2,349	1,653	80,916
(Surplus)/Deficit		0	0	0
Balance at 1 April 2010		0	0	0
At 31 March 2011		**0**	**0**	**0**

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

12 Future Capital Commitments

In relation to the Residual Waste Treatment Project, arc21 expect to be in a position to acquire land and property for the construction of facilities to provide the necessary waste treatment services. Such acquisitions will be subject to independent valuations undertaken by the Land and Property Services Agency of the Department of Finance and Personnel and will be accounted for in the relevant financial year.

13 Stock

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

14. Debtors

	2010/11	2009/10	2008/09
	£	**£**	**£**
a) Long Term Debtors: *amounts falling due*			
in more than one year			
Employee car loans	0	0	0
b) Debtors: amounts falling due in less than			
One year			
Government Departments/Grants	567,677	652,544	513,552
Councils	5,284,951	1,426,433	2,358,558
Value Added Tax	231,159	230,854	220,313
Payments in advance	58,258	184,525	5,230
Other	662,954	411,517	104,652
less: provision for doubtful debts	(185,662)	(253,398)	(250,762)
Total debtors	**6,619,337**	**2,652,475**	**2,951,543**

15. Cash and Cash Equivalents

	2010/11	2009/10	2008/09
	£	**£**	**£**
Bank deposits – general	2,353,965	2,848,039	2,709,329
Bank deposits - repairs and renewals	0	0	0
Bank deposits - capital fund	0	0	0
Money market - deposits	0	0	0
Current account - balance	13,230	2,627	4,460
Total Short-Term Investments	**2,367,195**	**2,850,666**	**2,713,789**

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

The Joint Committee have not entered into any borrowing arrangements.

17. Creditors

	2010/11	2009/10	2008/09
	£	£	£
Amounts falling due in less than one year			
Government Departments	0	0	0
Councils	2,005,720	1,154,769	1,114,214
Receipts in advance	0	0	0
Trade Creditors	4,061,207	2,933,805	3,459,858
Other	1,547,041	516,547	499,507
Borrowing re-payable within one year	0	0	0
Total creditors	**7,613,968**	**4,605,121**	**5,073,579**

18. Provisions

The Joint Committee has no provisions.

19. 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.

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

	£
Less than three months	6,436,814
Three to six months	67,098
Six months to one year	11,671
More than one year	Nil

There is no historical experience of default in relation to deposits with banks and other financial institutions and 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, the Joint Committee has 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. Further comment on this issue has been made in the Explanatory Foreword

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.

20. Retirement Benefits

20.1 Participation in the arc21 Joint Committee Pension Fund

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

The Joint Committee participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. This is a funded scheme, meaning that the Joint Committee and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

20.2 Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges:

The Joint Committee recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Joint Committee is required to make against General Reserves is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the 'adjustments between accounting basis & funding basis under regulations' line, in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement during the year:

	Note	**2010/11**	**2009/10**
		£	**£**
Net cost of services:			
Current service cost		78,000	39,000
Past service cost/(gain)		(241,000)	22,000
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Interest cost		115,000	82,000
Expected return on scheme assets		(97,000)	(58,000)
Net charge to the Comprehensive Income and Expenditure Statement		**(145,000)**	**85,000**

Adjustments between accounting basis & funding basis under regulations:			
Reversal of net charges made for retirement benefits in accordance with IAS 19		145,000	(85,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		62,000	58,000
Net charge to the Comprehensive Income and Expenditure Statement		**207,000**	**(27,000)**

The service cost figures include an allowance for administration expenses of 0.3%.

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £320k (£591k loss in 2009/10) were included in other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a loss of £271k.

20.3 Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Note	2010/11	2009/10
		£	£
Balance as at 1 April		2,221,000	1,152,000
Current service cost		78,000	39,000
Interest cost		115,000	82,000
Contributions by members		26,000	25,000
Actuarial losses/(gains)		(297,000)	904,000
Past service costs/(gains)		(241,000)	22,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(3,000)	(3,000)
Balance as at 31 March		**1,899,000**	**2,221,000**

Reconciliation of present value of the scheme assets:

	Note	2010/11	2009/10
		£	£
Balance as at 1 April		1,305,000	854,000
Expected return on assets		97,000	58,000
Contributions by members		26,000	25,000
Contributions by employer		62,000	58,000
Contributions in respect of unfunded benefits		0	0
Actuarial gains/(losses)		23,000	313,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(3,000)	(3,000)
Balance as at 31 March		**1,510,000**	**1,305,000**

The Joint Committee has been advised by the consulting actuary, Hymans Robertson LLP, that the return on the Fund in market value terms for the year to 31 March 2011 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. The expected return on scheme assets is 6.9% for the year to 31 March 2011.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £527k (2009/10 loss of £916k).

Fair Value of Plan Assets

-	31/03/2011	31/03/2010
	£	£
Equity investments	1,163,000	1,005,000
Bonds	211,000	183,000
Property	91,000	78,000
Cash	45,000	39,000
	1,510,000	**1,305,000**

The above asset values are at bid value as required by IAS 19.

The Joint Committee's share of the Net Pension Liability (included in the Balance Sheet):

-		31/03/2011	31/03/2010
		£	£
Fair Value of Employer Assets		1,510,000	1,305,000
Present value of funded liabilities		(1,899,000)	(2,221,000)
Net (Under)/Overfunding in Funded Plans		**(389,000)**	**(916,000)**
Present Value of Unfunded Liabilities		0	0
Unrecognised Past Service Cost		0	0
Amounts not recognised as an asset		0	0
Fair value of reimbursement rights recognised as an asset		0	0
Other amounts not recognised in the Balance Sheet		0	0
Net Asset/(Liability)		**(389,000)**	**(916,000)**
Amount in the Balance sheet:			
Liabilities		(389,000)	(916,000)
Assets		0	0
Net Asset/(Liability)		**(389,000)**	**(916,000)**

20.4 Scheme History

Analysis of Scheme Assets and Liabilities

		31/03/2011	31/03/2010
		£	£
Fair Value of Assets in pension scheme		1,510,000	1,305,000
Present Value of Defined Benefit Obligation		(1,899,000)	(2,221,000)
Surplus/(deficit) in the Scheme		**(389,000)**	**(916,000)**

Amount recognised in Other Comprehensive Income and Expenditure:

		31/03/2011	31/03/2010
		£	£
Actuarial gains/(losses)		320,000	(591,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors		0	0
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure		320,000	(591,000)
Cumulative actuarial gains and losses		**(271,000)**	**(591,000)**
History of experience gains and losses:			
Experience gains and (losses) on assets		23,000	313,000
Experience gains and (losses) on liabilities		33,000	0

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £1,899k has a substantial impact on the net worth of the Joint Committee as recorded in the Balance Sheet, resulting in a net liability of £389k.

However, statutory arrangements for funding the deficit mean that the financial position of the Joint Committee remains healthy. The deficit on the NILGOSC Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of Projected Amount to be Charged to the Comprehensive Income and Expenditure Statement for the Year to 31 March 2012

-		31/03/2012	31/03/2012
		£	%
Projected current cost		86,000	20.6%
Interest on obligation		107,000	25.5%
Expected return on assets		(108,000)	(25.8)%
Past service cost		0	0.0%
Gains and losses on settlements or curtailments		0	0.0%
		85,000	20.3%

The total contributions expected to be made to the arc21 Joint Committee Pension Fund by the Joint Committee in the year to 31 March 2012 is £75,000.

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011.

		31/03/2011	31/03/2010
		%	%
Experience gains and (losses) on Assets		15.75%	n/a
Experience gains and (losses) on Liabilities		14.50%	n/a

20.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years is dependent on assumptions about mortality rates, salary levels, etc. The Joint Committee's Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Joint Committee Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2011.

	2010/11	**2009/10**
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.50%	7.80%
Bonds	4.90%	5.00%
Property	5.50%	5.80%
Cash	4.60%	4.80%
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	22.9 years	n/a
Women	25.7 years	n/a
Longevity at 65 for future pensioners:		
Men	24.9 years	n/a
Women	27.7 years	n/a
Inflation/Pension Increase Rate	2.80%	3.80%
Salary Increase Rate	5.10%	5.30%
Expected Return on Assets	6.90%	7.20%
Discount Rate	5.50%	5.50%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	50%	0%
Service post April 2009	75%	0%

20.6 Major Categories of Plan Assets as Percentage of Total Plan Assets

The arc21 Joint Committee (NILGOSC) Pension Fund's assets consist of the following categories, by proportion of the total assets held:

-		31/03/2011	31/03/2010
		%	**%**
Equity investments		77	77
Bonds		14	14
Property		6	6
Cash		3	3
		100	**100**

21. Donated Assets Account

There are no donated assets.

22 Capital Grants Received In Advance

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

23. Contingencies

The Joint Committee is not aware of any possible obligation which may require payment or a transfer of economic benefits under the provisions set out in IAS37.

24a) Analysis of Adjustments to Surplus/Deficit for the year

	Note	2010/11 £	2009/10 £
Adjustment to surplus for noncash movements			
Depreciation	***3,10***	15,489	15,323
(Increase)/Decrease in debtors		(3,966,862)	299,068
Increase/(Decrease) in creditors		3,008,847	(468,458)
Payments to Pension Fund		(207,000)	27,000
Carrying value of non-current assets sold		518	1,037
		(1,149,008)	**(126,030)**
Adjustment for items included in the net surplus that are investing and financing activities			
Proceeds from sale of non-current assets		0	0
		0	**0**

24b) Analysis of Changes in Cash and Cash Equivalents During the Year

	Note	2010/11	2009/10	2008/09
		£	£	£
Temporary Investments		0	0	0
Cash		2,367,196	2,850,666	2,713,789
Total		**2,367,196**	**2,850,666**	**2,713,789**

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 £2.5m 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 around 7% of turnover.

24c) Cash Flow Statement – Operating Activities

	2010/11 £	2009/10 £
The cash flows from operating activities include:		
Interest received	**19,928**	**14,311**
Interest paid	**170**	**377**

24d) Cash Flows from Investing Activities

	2010/11 £	2009/10 £
Purchase of PP&E, investment property and intangible assets	(2,349)	(1,653)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	0	0
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	0	0
Other Receipts from Investing Activities	0	0
Net Cash flows from Investing Activities	**(2,349)**	**(1,653)**

25a). Movement on Reserves – Current Year

		USABLE RESERVES			UNUSABLE RESERVES				
		Capital Receipts Reserve	General Reserves	TOTAL USABLE RESERVES	Capital Adjustment Account	Pensions Reserve	Accumulated Absences Account	TOTAL UNUSABLE RESERVES	TOTAL RESERVES
		£	£	£	£	£	£	£	£
	Note	*26a)*	*26f)*		*26g)*	*26k)*	*26m)*		
At 1 April 2010		0	898,020	**898,020**	58,019	(916,000)	0	**(857,981)**	**40,039**
Movements during the year:									
Direct Revenue Financing	***3,11***		(2,349)	**(2,349)**	2,349			**2,349**	**0**
Depreciation & impairment adjustment	***3***		15,489	**15,489**	(15,489)			**(15,489)**	**0**
Surplus/(Deficit) on the Provision of Services			667,887	**667,887**				**0**	**667,887**
Transfers between Earmarked Reserves and General Reserves			0	**0**				**0**	**0**
Net movements on Pension Reserve	***3,20***		(207,000)	**(207,000)**		207,000		**207,000**	**0**
Disposal of Fixed Assets/Capital Sales	***3,10***	0	518	**518**	(518)			**(518)**	**0**
Capital Receipts used to finance capital expenditure	***3,11***	0		**0**	0			**0**	**0**
Revaluation	***10,20***			**0**		320,000		**320,000**	**320,000**
Other Movements		0		**0**	0			**0**	**0**
Total movements on reserves during the year (Change in Net Worth)		**0**	**474,545**	**474,545**	**(13,658)**	**527,000**	**0**	**513,342**	**987,887**
At 31 March 2011		**0**	**1,372,565**	**1,372,565**	**44,361**	**(389,000)**	**0**	**(344,639)**	**1,027,926**

25a). Movement on Reserves – Comparative Year

		USABLE RESERVES			UNUSABLE RESERVES				
		Capital Receipts Reserve	General Reserves	TOTAL USABLE RESERVES	Capital Adjustment Account	Pensions Reserve	Accumulated Absences Account	TOTAL UNUSABLE RESERVES	TOTAL RESERVES
		£	£	£	£	£	£	£	£
	Note	*26a)*	*26f)*		*26g)*	*26k)*	*26m)*		
At 1 April 2009		0	591,753	**591,753**	72,726	(298,000)	0	**(225,274)**	**366,479**
Movements during the year:									
Direct Revenue Financing	***3,11***		(1,653)	**(1,653)**	1,653			**1,653**	**0**
Depreciation & impairment adjustment	***3***		15,323	**15,323**	(15,323)			**(15,323)**	**0**
Surplus/(Deficit) on the Provision of Services			264,560	**264,560**				**0**	**264,560**
Transfers between Earmarked Reserves and General Reserves			0	**0**				**0**	**0**
Net movements on Pension Reserve	***3,20***		27,000	**27,000**		(27,000)		**(27,000)**	**0**
Disposal of Fixed Assets/Capital Sales	***3,10,23***	0	1,037	**1,037**	(1,037)			**(1,037)**	**0**
Capital Receipts used to finance capital expenditure	***3,11***	0		**0**	0			**0**	**0**
Revaluation	***10,20***			**0**		(591,000)		**(591,000)**	**(591,000)**
Other Movements		0		**0**	0			**0**	**0**
Total movements on reserves during the year (Change in Net Worth)		**0**	**306,267**	**306,267**	**(14,707)**	**(618,000)**	**0**	**(632,707)**	**(326,440)**
At 31 March 2010		**0**	**898,020**	**898,020**	**58,019**	**(916,000)**	**0**	**857,981**	**40,039**

26a) 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.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute.

26b) Capital Grants Unapplied account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

26c) Capital Fund

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

26d) Renewal and Repairs Fund

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

26e) Other Balances & Reserves

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

26f) General Reserves

This reserve shows the accumulated resources which have not been assigned to a special purpose reserve and are therefore available to meet general future expenditure requirements. It is credited with income received less the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This reserve includes an amount earmarked for future waste-related activities as agreed with member councils.

26g) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Joint Committee.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

The purpose of this 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.

26h) Financial Instruments Adjustment Account

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

26i) Revaluation Reserve

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

26j) Available-for-Sale Financial Instruments Adjustment Reserve

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

26k) Pension Reserve

Please refer to note 20.

26l) Deferred Capital Receipts Account

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

26m) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Comprehensive Income and Expenditure Statement from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the Comprehensive Income and Expenditure Statement is neutralised by transfers to or from this Accumulated Absences Account

27. Significant Trading Operations

The Joint Committee is not engaged in any significant trading operations.

28. Agency Services

The Joint Committee is not engaged in the provision of agency services.

29. 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 2010/11 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.

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 per tonne or units bought basis. During 2010/11, the level of transactions between arc21 and participant Councils was £31,624,377, compared to £28,930,423 in 2009/10. The amount owed by participant Councils to arc21 at 31 March 2011 was £5.3m and the amount owed by arc21 to participant Councils was £2.0m.

The Establishment Costs of arc21 paid by member councils, as reflected in the Comprehensive Income and Expenditure Statement on page 24, is shown below.

		2010/11	2009/10
Name		**£**	**£**
Antrim Borough Council		39,828	38,639
Ards Borough Council		58,032	56,638
Ballymena Borough Council		46,932	45,619
Belfast City Council		200,664	196,504
Carrickfergus Borough Council		29,952	29,385
Castlereagh Borough Council		49,512	48,189
Down District Council		52,200	50,835
Larne Borough Council		23,412	22,994
Lisburn City Council		85,824	83,377
Newtownabbey Borough Council		61,884	60,016
North Down Borough Council		59,009	57,812
Total		**707,249**	**690,008**

30. First Time Adoption of IFRS

These are the Joint Committee's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is 1 April 2009.

The Joint Committee's IFRS accounting policies presented in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2011, the comparative information and the opening statement of financial position at the date of transition.

The Joint Committee has applied the IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS compliant financial statements, except in cases where interpretations or adaptations to fit the public sector, have been prescribed by the Code of Practice on Local Authority Accounting (The Code). Material differences between amounts presented under the SORP 2009 and the IFRS-based Code are explained below.

30.1 Post Employment Benefits

The NILGOSC Pension Fund was previously accounted for as if it were a defined contribution scheme. Under the Code this is no longer the case and Joint Committees are required to account for their pension plans on a defined benefit basis.

Joint Committees are therefore required to recognise their defined benefit obligation and the fair value of the plan assets attributed to them on their opening IFRS balance sheet (1 April 2009).

Regulations require the charge to the Comprehensive Income and Expenditure Statement to be based on retirement benefits payments and contributions to pension funds which are payable for that financial year.

Since the defined benefit obligation is greater than the plan assets, a net pension liability is included in the balance sheet.

As a result of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

a) The net difference between the defined benefit obligation and the plan assets at 31 March 2009 has been transferred to a net pension liability in the opening 1 April 2009 balance sheet.

b) Employers contributions previously charged to cost of services during 2009/10 have been adjusted (credited) to the Comprehensive Income and Expenditure Statement, to reduce the defined benefit obligation. [When accounting for a defined benefit scheme, employer contributions are not charged to the Comprehensive Income and Expenditure Statement, but reduce the defined benefit obligation].

c) The current service cost (net of employee contributions) has been charged to the Comprehensive Income and Expenditure Statement during 2009/10 to comply with the provisions of the Code.

d) The assumed pension interest cost and assumed return on pension plan assets have been recognised in financing and investment expenditure and income in the Comprehensive Income and Expenditure Statement and in the net pension liability in the balance sheet.

e) Actuarial gains/(losses) have been recognised in other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement and in the net pension liability in the balance sheet.

Accounting for the NILGOSC Pension Fund on a defined benefit basis has resulted in changes being made to the Joint Committee's financial statements as indicated in Note 30.5 below.

There is no change to the General Reserves balance, as the Accounts Direction permits the impact of the defined benefit pension accounting to be transferred to the Pensions Reserve.

30.2 Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable.

There is no change to the General Reserves balance, as capital grant income is included in the General Reserves under both the previous and current accounting policies.

30.3 Short Term Accumulating Absences

Short-term accumulating compensated absences refer to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Joint Committee. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Joint Committee is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

Regulations have been issued that mean Joint Committees are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in changes being made to the Joint Committee's financial statements as indicated in Note 30.5 below.

30.4 Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

For leases entered into after 1st April 2010, where the Joint Committee is Lessor, new arrangements will necessitate revenue being accounted for in accordance with the code. However, for existing arrangements prior to that date, where the Joint Committee is a Lessor, and where Operating Leases are reclassified to Finance Leases under the Code, statutory guidance permits the amount now recognised as a capital receipt to be retained in the General Reserves. Therefore, the Joint Committee will report a transfer to the General Reserves from the Capital Receipts Reserve in the Movement In Reserves Statement.

30.4(i) Finance leases-Land & Buildings (Joint Committee is Lessor)

The Joint Committee did not enter into any transactions with regards to land and buildings finance leases.

30.4(ii) Finance leases-Plant & Equipment (Joint Committee is Lessee)

The Joint Committee did not enter into any transactions with regards to plant and equipment finance leases.

30.5 Summary of Adjustments

The following reconciliations indicate the material adjustments between amounts presented under the SORP and the equivalent amounts under the IFRS-based Code.

30.5(i) Reconciliation of Total Comprehensive Income and Expenditure for the year ended 31 March 2010

	£
UK GAAP based Total Comprehensive Income and Expenditure	307,920
Adjustments in respect of Defined Benefit Pension Scheme (Note 30.1)	(634,360)
Adjustments in respect of Government Grants Deferred (Note 30.2)	0
Adjustments in respect of Short Term Accumulating Absences (Note 30.3)	0
Adjustments in respect of Leases (Note 30.4)	0
Other Adjustments	0
Restated Total Comprehensive Income and Expenditure	**(326,440)**

30.5(ii) Reconciliation of Total Comprehensive Income and Expenditure for the year ended 31 March 2009

Not applicable to the Joint Committee.

30.5(ii) Reconciliation of Total Reserves (Net Worth) as at 31 March 2010

	£
Reserves under UK GAAP as at 31 March 2010	956,039
Adjustments in respect of Defined Benefit Pension Scheme (Note 30.1)	(916,000)
Adjustments in respect of Government Grants Deferred (Note 30.2)	0
Adjustments in respect of Short Term Accumulating Absences (Note 30.3)	0
Adjustments in respect of Leases (Note 30.4)	0
Other Adjustments	0
Restated Reserves as at 31 March 2010	**40,039**

Accounts Authorised for Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains a material amendment from the Accounts approved on 30th June 2011 are at today's date hereby authorised for issue. Any material amendments will be reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

IAS 10 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 Amendment

- Reduction in bad debt provision of £350k and increase in income of £350k. As a consequence the General Reserves increase by £350k.

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John R Quinn B.Sc., C.Eng., C.Env., M.I.C.E., F.C.I.W.M., M.C.I.P.S.
Chief Financial Officer

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Date 31 · 10 · 2011