



“Successful Waste Management Through Partnership”

**ARC21 JOINT COMMITTEE
FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2006**

ABSTRACT OF ACCOUNTS

TABLE OF CONTENTS

Foreword	1
Statement Of The Joint Committee's And Chief Executive's Responsibilities For The Statement Of Accounts	3
Statement On The System Of Internal Financial Control	4
Certificate Of The Chief Executive	6
Report Of The Local Government Auditor To The Department Of The Environment – Arc21 2005-06	7
Statement Of Accounting Policies For The Year Ended 31 March 2006	10
Income And Expenditure For The Year To 31 March 2006	13
Balance Sheet As At 31 March 2006	14
Cashflow Statement For The Year To 31 March 2006	15
Notes To The Accounts	16

FOREWORD

arc21 Joint Committee is a partnership of eleven District 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.

Waste Management Plans have been put in place on a sub regional basis across Northern Ireland, covering the East, South and North West of the Province, with arc21 being responsible for waste management in the eastern sub region.

The eleven Councils of arc21 are as shown in Note 1 on Page 16.

arc21 was incorporated as a body corporate, pursuant to Section 19 of the Local Government Act (NI) 1972, on the 13th February 2004. It became established, from an operational point of view, in September 2004 with the appointment of the Chief Executive, Mr John Quinn.

During the year the staff complement was increased to 5 with the appointment of Mr Jonathan Gray as Contracts and Project Manager, and Mrs Heather Campbell as Personal Assistant to the Chief Executive.

The organisation is supported by a Joint Committee, which is comprised of 22 elected Councillors, 2 nominated from each of the eleven Councils, a Steering Group, which is made up of Officers from each Council, and external specialist support.

During the year the first major waste infrastructure contract, the provision of a mixed dry recyclables service, became operational. This is an eight-year contract with a gross value of £12 million. In addition, a one-year contract, for the supply of wheeled refuse containers, was awarded and became operational during the year with a value around £1 million.

Two other major waste infrastructure contracts were awarded during the year and are scheduled to become operational during the next financial year, a two and a half year contract for the provision of a Landfill facility with a value of around £26 million, and a five-year contract for the provision of a Bring Bank service valued at around £1 million.

The next phase of waste infrastructure contracts, and the most significant in terms of value and technical complexity, commenced during the year. An organic waste treatment contract, for a period of fifteen years, is expected to be awarded in the next year and preparations for the tendering of other major waste contracts will commence in 2006/07.

A major review of the Waste Management Plan commenced in 2005 and the revised Plan must be submitted to the Department of the Environment by June 2006 for approval. The original Plan was approved in 2002 by the Department.

In general, the 2005/06 year has been a successful one in terms of enhancing the staff complement with additional required expertise, awarding and implementing waste related contracts, and preparing for future contracts, the continued development of relationships with our partners and demonstrating Best Value and Value for Money through the collective procurement process.

The foundations for the future success of arc21 have now been laid and we are confident that this approach will maintain the organisation as “Fit for Purpose” in terms of the challenges and opportunities ahead.

The financial results show a positive position both in terms of cash and reserves. As shown in the Income and Expenditure Report, arc21 received income and incurred expenditure of £2,408,691 during the year, resulting in a break even position. The cash position, as shown in the Balance Sheet, reflects a stronger position at the year end, up by £373,050 on the previous year. The level of reserves have been retained at £482,902 at 31 March 2006.

The Accounts Direction, issued by the Department of the Environment on 7 September 2005, requires the Joint Committee to prepare accounts for the 2005/06 year and this financial report has been prepared in compliance with the direction.

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 the Council.

The Chief Executive's Responsibilities

Under Section 77(1) and (2) of the Local Government Act (Northern Ireland) 1972 the Chief Financial Officer is responsible for the preparation of a Council'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 arc21 accounts must present fairly the income and expenditure and cash flows for the financial year, and the financial position as at the end of the financial year.

In preparing the arc21 Statement of Accounts, the Chief Executive is required to:

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

The Chief Executive is also required to:

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

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Statement of Accounts for arc21 Joint Committee. I acknowledge my responsibility for ensuring that an effective system of internal financial control is established and maintained in connection with the resources concerned.

The system of internal financial control provides reasonable assurance that the assets of the organisation are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular financial management information, financial regulations, processes and controls appropriate to the size of the organisation. In addition, the Joint Committee and Participating Councils require, in accordance with the Principle of Limit of Delegation in our Terms of Agreement, to approve the acquisition of assets or the incurring liabilities, in circumstances where the value is in excess of £250,000.

An official purchase ordering system is in place and all expenditure must be approved by a senior manager. All cheques require to be signed by two authorised signatories and only senior managers are authorised signatories. The bank accounts of the organisation are reviewed regularly and reconciled on a monthly basis.

The SAGE accounting software package, comprising General Ledger, Sales Ledger, Purchase Ledger and Payroll, has been installed to provide an adequate level of accounting support, management information and control.

The financial transactions are subject to an annual Statutory Audit by the Local Government Auditor and any recommendations arising from such a review will be taken into account. In addition, an Internal Audit service is being provided, using the services of Belfast City Councils Audit Governance and Risk Services (AGRS) and any recommendations arising from their work will also be considered.

A key element of using the services of AGRS is to assess any potential financial risks associated with the infrastructure contracts. During the year AGRS carried out two pieces of work and a large number of recommendations which were made in both reports will now be considered. The Audit Governance and Risk Services (AGRS) mainly tested the operation of key controls over charging gate fees and remitting revenue share post year end in relation to the Materials Recovery Facility contract. They could not provide a full assurance over the accuracy of the Mass Balance exercise methodology which was used by the contractor, Bryson Recycling, to determine:

- the percentage split of all materials being processed at the Materials Recovery Facility (MRF) at Mallusk; and
- the revenue share due to arc21.

Further information on the revenue share is obtained in Note 4 on Page 17.

More specifically, through the examination of the Mass Balance Spreadsheets and associated documentation, AGRS identified that the 2 main values that underpinned the calculation of revenue share due to ARC21 were inaccurate, ie

- the volume of materials processed by the MRF; and
- the average price which ARC21 receive per tonne of material processed.

The system of internal financial control will be kept under review and any additional measures deemed necessary for the maintenance of proper corporate governance will be implemented on an ongoing basis.

Signature _____
JOHN R QUINN B.Sc., C.Eng., C.Env., M.I.C.E., M.C.I.W.M.
CHIEF EXECUTIVE

Date _____

CERTIFICATE OF THE CHIEF EXECUTIVE

I certify that:-

- (a) the Statement of Accounts for the year ended 31 March 2006 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out in this document, and
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cashflows for the financial year and the financial position at the end of the financial year.

Signature

JOHN R QUINN B.Sc., C.Eng., C.Env., M.I.C.E., M.C.I.W.M.
CHIEF EXECUTIVE

Date

REPORT OF THE LOCAL GOVERNMENT AUDITOR TO THE DEPARTMENT OF THE ENVIRONMENT – ARC21 2005-06

I have audited the Statement of Accounts of ARC21 for the year ended 31 March 2006 under the Local Government Act (Northern Ireland) 1972, which comprise the District Fund Summary, Balance Sheet, the Statement of Total Movement in Reserves, the Cash Flow Statement, and the related notes. The Statement of Accounts has been prepared under the accounting policies set out within them.

Respective responsibilities of Chief Financial Officer and Local Government Auditor

The Chief Financial Officer's responsibilities for preparing the Statement of Accounts in accordance with the form directed by the Department of the Environment, including compliance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the Statement of Accounts presents fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 and has been properly prepared in accordance with the Local Government Act (Northern Ireland) 1972.

I review whether the statement on the system on Internal Financial Control reflects compliance with the requirements of the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005. I report if it does not comply with these requirements or if the statement is misleading or inconsistent with other information I am aware of from my audit of the Statement of Accounts. I am not required to consider, nor have I considered, whether the statement on the system on Internal Financial Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

Basis of Opinion

I conducted my audit in accordance with the Local Government Act (Northern Ireland) 1972, the Code of Audit Practice issued by the Local Government Audit Office and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also includes an assessment of the significant estimates and judgements made by the Chief Financial Officer in the preparation of the Statement of Accounts, and of whether the accounting policies are appropriate to ARC21 circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity or error.

However the evidence available to me was limited because ARC21 was unable to provide me with sufficient evidence to demonstrate the accuracy of the revenue share figure of £406,774 due to ARC21 in relation to monies generated through the sale of recycled waste material by Bryson House Recycling. The above amount is included within the accounts as income due from Bryson House Recycling to ARC21, and subsequently as expenditure due to the participating Councils from ARC21. At the request of ARC21, Belfast City Council's Audit Governance & Risk Services (AGRS) undertook a review of the Mass Balance Exercise methodology used by Bryson House Recycling to determine the revenue share from the waste infrastructure contract. Whilst they considered the methodology to be reasonable they could not provide a full assurance as to the accuracy of the revenue share figure due to ARC21. AGRS identified that the two main values that underpinned the calculation of revenue share due to ARC21 were inaccurate, ie

- The volume of materials processed by the Material Recovery Facility; and
- The average price which ARC21 received per tonne of material processed.

There were no other satisfactory procedures which I could adopt to confirm the accuracy of the above calculation.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

Limitation on Scope – Qualified Opinion

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the accuracy of the revenue share figure due to ARC21, in my opinion, the Statement of Accounts presents fairly in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of ARC21 at 31 March 2006 and its income and expenditure for the year then ended and have been properly prepared in accordance with the Local Government Act (Northern Ireland) 1972.

In respect solely of the limitation on our work relating to methodology used to calculate the revenue share figure:

- I have not obtained all the information and explanations that I considered necessary for the purpose of our audit; and
- I was unable to determine whether proper accounting records had been maintained.

Audit Completion

I report that I have completed the audit of the Statement of Accounts in accordance with the requirements of the Local Government Act (Northern Ireland) 1972 and the Code of Audit Practice issued by the Local Government Audit Office.

Denver Lynn
Local Government Auditor

April 2007

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

1. GENERAL PRINCIPLES

The accounts have been prepared in accordance with the Local Government Act (NI) 1972 and the Code of Practice on Local Authority Accounting in the United Kingdom. This Code of Practice has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Joint Committee in accordance with the Accounting Standards Board's (ASB) Code of Practice for the development of Statements of Recommended Practice.

The accounts have also been prepared in accordance with guidance notes issued by CIPFA on the application of accounting standards and the Department of the Environment's Accounts Direction.

2. INCOME AND EXPENDITURE (DEBTORS AND CREDITORS)

The income and expenditure of arc21 is maintained on an accruals basis in accordance with the code of accounting practice and Financial Reporting Standard (FRS) 18. That is, sums due to or from the organisation during the year are included whether or not the cash has actually been received or paid in the year.

3. FIXED ASSETS / CAPITAL CHARGES

arc21 is funded by way of contributions from revenue from the eleven Councils and revenue grant from the Environment and Heritage Service of the Department of the Environment.

As a consequence, the activities of arc21 are deemed to be of a revenue nature and during the year expenditure incurred on computer equipment, office furniture, equipment and refurbishment costs are charged to the general Income and Expenditure Account resulting in capital charges not being applicable.

An analysis of assets currently being used by arc21 which are valued in excess of £500 is provided in note 18 on Page 21.

4. SUPPORT SERVICES COSTS

All support services costs, provided by participating Councils, are allocated to the specific expense category in the Income and Expenditure Statement.

5. PENSION COSTS

Local Authorities in Northern Ireland, including Joint Committee's, contribute to the Northern Ireland Local Government Superannuation Committee Scheme (NILGOSC). The scheme is fully funded and provides the relevant information in accordance with Financial Reporting Standard (FRS) 17 within its own financial statements.

Details of the Employer's contribution amount and the rate of contribution can be found in Note 5 to the Income and Expenditure Report.

6. INVESTMENTS

arc21 generates Investment Income through placing funds on short-term deposits and through the use of an interest earning current account operated by the Bank of Ireland.

7. VALUE ADDED TAX

VAT is included in income and expenditure only to the extent that it is irrecoverable by the organisation in accordance with Statement of Standard Accounting Practice (SSAP) 5.

8. POST BALANCE SHEET EVENTS

Where a material post balance sheet event occurs which provides additional evidence relating to conditions existing at the balance sheet date or indicates that the application of the going concern concept to a material part of the authority is not appropriate then relevant charges have been made to the amounts included in the statement of accounts. Where a material post balance sheet event does not concern the conditions which exist at the balance sheet date their appropriate details are disclosed in the notes to the financial statements.

9. FOREIGN CURRENCY TRANSLATION

Receipts and payments in foreign currency are translated into sterling at the rate prevailing at the time of the transactions.

10. INSURANCE

The organisation has a range of Insurance Policies in place to meet its operational requirements.

The major policies in place are:

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

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

11. MAJOR PROVISIONS

The organisation makes provision for claims which may give rise to settlements in excess of £1,000 per claim and are charged to the Income and Expenditure Statement.

Provision for bad and doubtful debts are made and charged to the Income and Expenditure Statement.

12. GRANTS

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

13. LEASES

Finance Leases

Rentals payable under finance leases are apportioned between the finance charge and the reduction of the outstanding obligation. At the inception of the agreement, the asset is capitalised along with an obligation to pay future rentals. The finance element of future rentals is charged to revenue. The principal element reduces the obligation to pay future rentals.

Operating Leases

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

14. RESERVES

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

15. RELATED PARTY TRANSACTIONS

arc21 is a partnership between eleven Councils in the Eastern Region of Northern Ireland, formally established as a Joint Committee under Section 19 of the Local Government Act (NI) 1972.

The transactions between arc21 and the Participating Councils are disclosable in accordance with Financial Reporting Standard (FRS) 8 – Related Party Disclosures.

INCOME AND EXPENDITURE FOR THE YEAR TO 31 MARCH 2006

INCOME:	NOTE	2005/06 £	2004/05 £
PARTICIPATING COUNCILS	1	637,204.98	150,000.00
GOVERNMENT GRANT	2	45,827.44	383,079.00
BANK INTEREST	3	16,283.73	2,277.09
OTHER INCOME	4	1,709,374.40	-
TOTAL INCOME		<u>2,408,690.55</u> =====	<u>535,356.09</u> =====
EXPENDITURE:			
EMPLOYEE COSTS	5	254,449.93	89,855.15
PREMISES COSTS	6	29,938.99	21,286.68
SUPPLIES AND SERVICES	7	292,378.38	290,223.14
TRAVEL AND SUBSISTENCE COSTS	8	9,455.96	4,288.96
ADMINISTRATION COSTS	9	39,124.26	10,054.07
OTHER COSTS	10	1,783,343.03	-
TOTAL EXPENDITURE		<u>2,408,690.55</u> =====	<u>415,708.00</u> =====
SURPLUS		<u>-</u> =====	<u>119,648.09</u> =====

BALANCE SHEET AS AT 31 MARCH 2006

	NOTE	31 March-06 £	31 Mar-05 £
		_____	_____
ASSETS:			
STOCK		-	-
DEBTORS	11	855,699.42	388,049.66
PREPAYMENTS		3,812.50	3,812.50
ACCRUED INCOME	12	33,885.88	-
CASH AND BANK		490,074.85	117,024.48
PETTY CASH		85.20	312.40
VAT RECOVERABLE		_____ -	<u>28,831.08</u>
TOTAL ASSETS		1,383,557.85	538,030.12
LESS CURRENT LIABILITIES:			
CREDITORS	13	871,535.32	53,128.57
ACCRUALS		16,845.11	2,000.00
VAT PAYABLE		<u>12,275.87</u>	_____ -
TOTAL LIABILITIES		900,656.30	55,128.57
NET ASSETS		<u>482,901.55</u>	<u>482,901.55</u>
		=====	=====
		£	£
FINANCED BY:			
RESERVES AT 31 MARCH		482,901.55	363,253.46
SURPLUS IN THE YEAR		-	119,648.09
RESERVES AND BALANCES	14	<u>482,901.55</u>	<u>482,901.55</u>
		=====	=====

CASHFLOW STATEMENT FOR THE YEAR TO 31 MARCH 2006

	NOTE	£	£
		_____	_____
CASH OUTFLOWS:			
EMPLOYEE COSTS		269,420.00	
PREMISES COSTS		28,356.00	
SUPPLIES AND SERVICES		311,989.00	
TRAVEL AND SUBSISTENCE		3,509.00	
ADMINISTRATION		20,860.00	
WASTE INFRASTRUCTURE SERVICES		1,026,421.00	
INPUT VALUE ADDED TAX		<u>245,260.00</u>	1,905,815.00
CASH INFLOWS:			
MEMBER COUNCIL CONTRIBUTIONS		579,600.00	
GOVERNMENT GRANTS	15	403,355.00	
OTHER OPERATING CASH RECEIPTS	16	1,042,919.00	
OUTPUT VALUE ADDED TAX		<u>235,646.00</u>	<u>2,261,520.00</u>
NET CASH INFLOW			355,705.00
RETURNS ON INVESTMENTS & SERVICING OF FINANCE:			
BANK INTEREST AND CHARGES		110.00	
BANK INTEREST RECEIVED		<u>17,455.00</u>	17,345.00
NET INCREASE IN LIQUID RESOURCES			<u>373,050.00</u> =====
OPENING CASH POSITION 1 APRIL 2005			117,024.00
INCREASE IN CASH DURING THE YEAR			373,050.00
CLOSING CASH POSITION 31 MARCH 2006			<u>490,074.00</u> =====

NOTES TO THE ACCOUNTS

Note 1 Participating Councils Income

The amount received from each Participating Council was:

Name	2005/06 £	2004/05 £
Antrim Borough Council	33,644.00	7,920.00
Ards Borough Council	50,720.00	11,940.00
Ballymena Borough Council	40,589.00	9,555.00
Belfast City Council	191,299.98	45,030.00
Carrickfergus Borough Council	26,061.00	6,135.00
Castlereagh Borough Council	45,941.00	10,815.00
Down District Council	44,285.00	10,425.00
Larne Borough Council	21,282.00	5,010.00
Lisburn City Council	75,252.00	17,715.00
Newtownabbey Borough Council	55,308.00	13,020.00
North Down Borough Council	52,823.00	12,435.00
Total	637,204.98	150,000.00

Note 2 Government Grant Income

During the year a major review of the Waste Management Plan got underway and the Department of the Environment – Environment and Heritage Service (EHS) have provided grant support towards the cost of this work to the value of £45,827.44.

Note 3 Bank Interest

Banking services during the year were provided by the Bank of Ireland Ltd. Interest was earned by utilising an interest earning current account and short term deposit accounts. The amount of interest earned during the year was £16,283.73.

Note 4	Other Income	2005/06	2004/05
		£	
Revenue Share		406,773.50	
Waste Infrastructure Contracts		1,302,542.18	
Miscellaneous Income		58.72	
Total Income		1,709,374.40	

The contract with Bryson Recycling for the Materials Recovery Facility service includes a share of the revenue earned from the sale of mixed dry recyclables and during the year the amount earned was £406,773.50.

As part of the Policy of assessing and evaluating risks associated with Contracts, arc21 engaged the services of Belfast City Council's Audit Governance & Risk Services (AGRS) to undertake a review of the amount of revenue share offered by the Contractor. The aim of the exercise was to provide a level of assurance over the accuracy and reasonableness of the process. Due to inaccuracies identified in the main values that underpinned the calculation of the revenue share, AGRS were unable to provide 100% assurance over the accuracy of the revenue share figure. However, after taking into account an additional sum of £20,000 identified as a result of their thorough investigation, AGRS recommended that overall the amount offered, £406,773.50, was reasonable and that it would not be cost effective to pursue the matter any further.

Recommendations made by AGRS to improve the robustness of the process were put in place during the year and arc21 will continue to engage the services of AGRS for the 2006/07 year in order to further enhance the process.

Note 5 Employees and Employee Costs

During the year two additional full time staff were appointed, bringing the total staff establishment to five. The original operational plan for the organisation indicated a total staffing establishment of around ten. As a relatively new, but rapidly growing, Local Government Body, it is intended to keep under review the human resources level required to adequately support the operational activities going forward.

		2005/06	2004/05
(a)	Employees		
	Average Number of Employees	5	3
(b)	Employee Costs	£	£
	Gross Salaries	206,371.41	65,478.00
	Employers National Insurance Contributions	19,612.67	6,520.38
	Employers Superannuation Contributions	26,835.18	7,791.89
	Agency Staff Costs	1,630.67	10,064.88
	Total	254,449.93	89,855.15

The Employer Rate in respect of the contributions to the superannuation scheme (NILGOSC) during the year was 13.00%

Note 6 Premises Costs

arc21 moved into premises at Duncrue Complex, Duncrue Industrial Estate, Belfast, BT3 9BP, in October 2004. The amount of expenditure incurred in relation to premises during the year was as follows:

	2005/06	2004/05
	£	£
Office Furniture, Fixtures and Refurbishment	14,688.99	14,932.18
Rent, Rates and Service Charges	15,250.00	6,354.50
Total	29,938.99	21,286.68
	=====	=====

Note 7 Supplies and Services

The amount spent on supplies and services was as follows:

	2005/06	2004/05
	£	£
Computer / Website Services	28,028.28	15,767.28
Waste Management Plan Procurement Related Services:		
Technical Advice and Guidance	231,246.97	231,568.23
Tender Advertising	4,390.73	1,375.49
Ordnance Survey Costs	-	-
Other Miscellaneous Procurement Costs	1,451.63	11,113.19
Professional and Legal Fees	7,860.00	10,554.50
Recruitment and Selection Costs	4,977.66	18,083.27
Other Supplies and Services	14,423.11	1,761.18
Total	292,378.38	290,223.14
	=====	=====

Note 8 Travel and Subsistence Costs

The amount spent on travel and transport costs was as follows:

	2005/06	2004/05
	£	£
Essential Users Lump Sum	3,671.25	1,192.50
Motor Mileage	4,101.69	2,041.79
Other Travel and Subsistence Costs	1,683.02	1,054.67
Total	9,455.96	4,288.96
	=====	=====

Note 9**Administration Costs**

The amount spent on administration costs was as follows:

	2005/06	2004/05
	£	£
Audit Fees and Related Costs	2,667.46	2,000.00
Conference and Study Visits	6,216.05	1,920.72
Insurance	12,708.39	2,100.00
Printing and Stationery	9,104.54	1,711.57
Subscriptions	1,564.86	510.00
Telephone, Fax and Postage	4,100.96	707.23
Other Establishment Costs	2,762.00	1,104.55
Total	39,124.26	10,054.07
	=====	=====

Note 10**Other Costs**

The sum of £1,814,588.34 of other costs related to the following:

	2005/06	2004/05
	£	£
Waste Infrastructure Contract Costs	1,768,760.90	-
Waste Management Plan Services	45,827.44	-
Total	1,814,588.34	-
	=====	

Note 11**Debtors**

The debtors figure of £855,699.42 is made up as follows:

	2005/06	2004/05
	£	£
Environment and Heritage Grant Claim	25,551.31	383,079.00
Amounts due from Participating Councils	390,941.74	-
Other Debtors	439,206.37	4,970.66
Total	855,699.42	388,049.66
	=====	=====

Note 12**Accrued Income**

Amount due on the Materials Recovery Facility in respect of Revenue Share

	2005/06	2004/05
	£	£
	33,885.88	-
	=====	=====

Note 13 Creditors

The creditors figure of £871,535.32 is made up as follows:

	2005/06	2004/05
	£	£
Trade Creditors	706,652.83	47,352.07
Amounts due to Participating Councils	164,882.49	5,776.50
	<hr/>	<hr/>
Total	871,535.32	53,128.57
	<hr/> <hr/>	<hr/> <hr/>

Note 14 Reserves and Balances

The reserves at the end of the year have been maintained at a level of £482,901.55, the same position as at 31 March 2005. The Joint Committee has approved a reduction in the reserves of £125,000 which will apply in the 2006/07 year by way of reduced contributions from Participating Councils.

In considering the appropriate level of reserves to be held, arc21 will take into account future planned activities including the potential costs of specific procurement / infrastructure projects, as well as the amount of reserves that it would be prudent to maintain as a contingency measure. This will be considered within the framework of an overall Finance Strategy for the organisation.

Note 15 Government Grants

Grant support to the value of £403,355.13 was received from the Environment and Heritage Service in relation to the following activities:

	£
Waste Management Grant Claim for 2004/05	383,079.00
Strategic Environmental Assessment Grant Claim 2005/06	20,276.13
	<hr/>
Total	403,355.13
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Note 16 Other Operating Income

The major element of the amount shown, £1,042,919.48, represents income from Participating Councils for services provided in relation to Waste Infrastructure Contracts.

Note 17 Related Party Transactions – Financial Reporting Standard (FRS) 8

The eleven Councils of arc21 are regarded as related parties in accordance with Financial Reporting Standard FRS 8 and information in relation to the transactions between arc21 and the Councils during the year as shown in Note 1 on Page 16.

There were no other related party transactions during the year.

Note 18**Analysis of Assets**

Assets acquired during the year, with a value in excess of £500, are as follows:

Description	2005/06 £	2004/05 £
Computer Equipment	6,973.00	5,210.00
Other Office Equipment	-	995.00
Office Furniture	-	4,614.00
Office Fixtures and Refurbishment	12,315.00	-
Total	19,288.00	10,819.00

There were no disposals during the year.