

Note on preparation of current year AGAR

This note sets out the main differences in the basis of preparation between the current year AGAR published numbers and the actual numbers in the statement of accounts also included in this appendix.

Basis of preparation

Historically LWARB has adopted a traditional 'accruals' basis of accounting for the preparation of accounts, this enabled income and expenditure to be matched within the accounts. Fixed assets and investments are shown on the balance sheet and revalued (where relevant) on a quarterly basis.

The AGAR requires income and expenditure to be matched in a similar way however there are some key differences as detailed below.

- Investments and project loans
 - The AGAR treats all cash incomings and outgoings as income or expenditure rather than recording assets on the balance sheet. Therefore, payments made, for example, for the purchase of equity in investments is treated as an expense on the AGAR, whereas this would be an asset on the financial statements. Similarly, cash received in reimbursement of loans would be treated as income rather than the repayment of a debtor. This can lead to the AGAR income and expenditure looking more 'lumpy' than accruals accounts. Fixed assets and investments are shown separately as a memo line within the AGAR. Any revaluation or impairment of assets is removed from the income and expenditure analysis.

- Grant income
 - The guidance specifically stipulates that grant income should be recognised on the AGAR in the year that cash is received. This would normally be recorded as deferred income and income released periodically as it is earned. An example of this during the year ended 31 March 2021 is the Foodwave funding of £49k being received in January for work to be undertaken in 2021/22. In the AGAR the £49k is recognised as income however in the financial statements the amount is deferred to 2021/22 as is customary practise.

Key decisions

- Investment valuation
 - Currently the investments held by LWARB in the LGF have been adjusted on a quarterly basis. The AGAR requires the long term assets of LWARB to be noted in a memo box (Box 9). For consistency with prior years the decision has been made to maintain the valuation on the AGAR in line with that in the underlying records.

- Committed expenditure
 - Historically LWARB has treated committed project loans and grants as a liability within the accounting records. Arguably the provisions should not be recognised until the actual expense is incurred (rather than when the contract is signed). However, treatment is consistent with prior years and therefore the liability is recognised in full at signature. This is treated for AGAR purposes as a ring-fenced reserve within the General funds.

Reconciliation of reserves per financial statements to AGAR reserves

For the year ended 31st March 2020

INTERNAL USE

Reserves per Financial statements	23,797,081
Less fixed assets reported separately for AGAR	
0014 - LGF1 equity	(1,766,088)
0015 - Project equity	(4,010,556)
0101 - Cycle	-
Year end grant balances	160,615
Balance per AGAR	<u>18,181,051</u>
Variance	0

Reconciliation of reserves per financial statements to AGAR reserves

For the year ended 31st March 2021

INTERNAL USE

Reserves per Financial statements	20,117,827
Less fixed assets reported separately for AGAR	
0014 - LGF1 equity	(745,473)
0015 - Project equity	(4,803,742)
0101 - Cycle	-
Year end grant balances	218,107
Balance per AGAR	<u>14,786,720</u>
<i>Variance</i>	<i>(0)</i>

Reconciliation of Income statement and AGAR movement

For the year ended 31st March 2020

INTERNAL USE

Net expenditure per Internal accruals accounts	(3,528,010)
Adjustments for timing variances in recognising Grant income	266,737 <i>For AGAR Grant income should be recognised in the year the cash is received rather than the year the income is earned</i>
Revaluation of Assets	376,121 <i>Fixed asset revaluations excluded from AGAR</i>
Project Loan loan repayment received in the year	1,485,510 <i>Repayment of loans treated as income in AGAR rather than Balance sheet item in Financial statements</i>
Investments in equities during the year	(3,412,495) <i>Treated as asset in Financial statements but expenditure in AGAR</i>
Cycle scheme	1,000

Balance per AGAR (4,811,137)

Variance -
(0)

Reconciliation of Income statement and AGAR movement

For the year ended 31st March 2021

INTERNAL USE		Notes
	Net expenditure per Internal accruals accounts	(3,679,254)
Revaluation of Assets		
6981	CC - Investments - Impairments	1,020,616 <i>Fixed asset revaluations excluded from AGAR</i>
Adjustments for timing variances in recognising Grant income		
1501	Other debtors - AL grants receivable	31,374 <i>For AGAR Grant income should be recognised in the year the cash is received rather than the year the income is earned</i>
1502	Other debtors - CircE grant receivable	44,456 <i>For AGAR Grant income should be recognised in the year the cash is received rather than the year the income is earned</i>
1503	Other debtors - C A Foundation	22,250 <i>For AGAR Grant income should be recognised in the year the cash is received rather than the year the income is earned</i>
1504	Other debtors - RL grants receivable	109,465 <i>For AGAR Grant income should be recognised in the year the cash is received rather than the year the income is earned</i>
2503	Deferred income - Other	(150,053) <i>For AGAR Grant income should be recognised in the year the cash is received rather than the year the income is earned</i>
Investments additions during the year		
181	Project equity	(793,186) <i>Treated as asset in Financial statements but expenditure in AGAR</i>
	Balance per AGAR	(3,394,331)
	Variance	-

Reduced Statement of Accounts

Year ended 31 March 2021

London Waste and Recycling Board

Reduced Statement of Accounts for the year ended 31 March 2021

London Waste and Recycling Board
69 Wilson Street
London
EC2A 2BB

Reduced Statement of Accounts

Year ended 31 March 2021

info@LWARB.gov.uk

www.LWARB.gov.uk

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Name

The London Waste and Recycling Board
Formed under the London Waste and Recycling
Board Order No 2038 of 2008
Made on 23 July 2008

Registered Address

69 Wilson Street
London EC2A 2BB

Professional Advisors

Independent Auditors

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
EC2A 1AG

Legal Advisors

Addleshaw Goddard LLP
3 Sovereign House
Sovereign Street
Leeds LS1 4ER

Bankers

Royal Bank of Scotland,
49 Charing Cross,
Admiralty Arch,
SW1A 2DX

Internal Auditors

Ankura Consulting Limited
5th Floor
Woolgate Exchange
25 Basinghall Street
London, EC2V 5HA

Reduced Statement of Accounts

A reduced statement of Accounts has been produced for information purposes only, this is to facilitate a reconciliation between the old accounting statements and those now required for AGAR purposes.

Narrative Statement

This statement is intended to provide readers with an easily understandable guide to the most significant matters reported in the accounts.

Primary Statements

The primary statements in the accounts and their purpose are:

The Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

The Balance Sheet

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by LWARB. The net assets of LWARB (assets less liabilities) are matched by the reserves held by LWARB. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that LWARB may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that LWARB is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, 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'.

Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Project Expenditure	4	(588)	(1,611)
Administrative Expenditure	4	(2,731)	(2,381)
Total Gross Expenditure		(3,319)	(3,992)
Write back of Project Expenditure incurred in previous years	4	-	-
Other Income		13	18
Total Gross Income		13	18
Net Income / (Expenditure) from Continuing Operations		(3,306)	(3,974)
Financing and Investment Income	6	184	199
Financing and Investment Expenditure	6	(1,021)	(376)
Net Financing and Investment Income / (Expenditure)		837	177
Non-Specific Grant Income	7	463	623
Surplus / (Deficit) on the Provision of Services		(3,679)	(3,528)
Corporation tax	8	-	-
Total Comprehensive Income and Expenditure		(3,679)	(3,528)

Balance Sheet

Balance Sheet as at 31 March 2021

	Note	2021 £'000	2020 £'000
Long-term Assets			
Investments	14	5,549	5,777
Debtors	9	-	-
Total Long-term Assets		5,549	5,777
Current Assets			
Debtors	9	1,156	494
Cash and cash equivalents	14	14,890	18,537
Total Current Assets		16,046	19,031
Current Liabilities			
Creditors falling due within one year	10	(173)	(371)
Grant Receipts in Advance		-	-
Deferred income	11	(308)	(458)
Provisions for liabilities and charges	12	(996)	(182)
Total Current Liabilities		(1,477)	(1,011)
Net Current Assets		14,569	18,020
Long-term Liabilities		-	-
Net Assets		20,118	23,797
Reserves			
<i>Usable Reserves</i>			
General Fund	13	14,363	18,038
Capital Grants Unapplied Account	13	-	-
Total Usable Reserves		14,363	18,038
<i>Unusable Reserves</i>			
Capital Adjustment Account	13	5,777	5,777
Accumulated Absences Account	13	(22)	(18)
Total Unusable Reserves		5,754	5,759
Total Reserves		20,118	23,797

Certified that the Statement of Accounts give a true and fair view of the financial position of LWARB at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Glossary of Terms

Accounting Period – The period of time covered by the accounts, normally 12 months commencing on 1 April.

Accruals – Sums included in the final accounts to cover income and expenditure attributable to the accounting period but for which payment has not been made / received at the balance sheet date.

Amortisation – The writing down of Financial Instruments by making a charge (similar to depreciation).

Creditors – Amounts owed by LWARB at 31st March for goods received or services rendered but not yet paid for.

Current Assets – Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities – Amounts which will become due or could be called upon during the next accounting period

Debtor – Amounts owed to LWARB, which are collectable or outstanding at 31st March.

Government Grants – Payments by central government towards LWARB expenditure.

Provisions – Amounts set aside to meet known liabilities.

Reserves – Amounts set aside in the accounts for the purpose of meeting future expenditure.

Abbreviations used in the accounts

LWARB – the London Waste and Recycling Board

IFRS – International Financial Reporting Standards

GLA – Greater London Authority