

# Statement of Accounts

Year ended 31 March 2018

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## London Waste and Recycling Board

### Statement of Accounts for the year ended 31 March 2018

**London Waste and Recycling Board**

169 Union Street

London

SE1 0LL

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[www.LWARB.gov.uk](http://www.LWARB.gov.uk)

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**Information**

**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**  
 169 Union Street  
 London SE1 0LL

**Professional Advisors**

**Independent Auditors**  
 Grant Thornton UK LLP  
 30 Finsbury Square  
 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**  
 Mazars  
 Tower Bridge House  
 St Katherine’s Way  
 London E1W 1D

# **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 Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the London Waste and Recycling Board (LWARB), analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The 'total comprehensive Income and expenditure' line shows the true economic cost of providing LWARB's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance.

### **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'.

### **The Cash Flow Statement**

This statement shows the changes in cash and cash equivalents of LWARB during the reporting period. The statement shows how LWARB 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 LWARB are funded by way of grant income or from the recipients of services provided by LWARB.

### **Accounting Policies**

The accounting policies applied during the year are set out on page 18.

## **Review of Activities**

### **London Waste and Recycling Board**

LWARB has primary provisions made in Section 356A and 356B of the GLA Act 1999 (as amended by the GLA Act 2007). Its membership and constitution are set out in the London Waste and Recycling Board Order 2008 (Statutory Instrument 2008 No. 2038, made on 23 July 2008). LWARB's objectives are to promote and encourage, so far as relating to Greater London:

- (a) the production of less waste;
- (b) an increase in the proportion of waste that is reused or recycled;
- (c) the use of methods of collection, treatment and disposal of waste that are more beneficial to the environment.

In doing so it is required to act in accordance with the provisions of the London Environment Strategy dealing with municipal waste management and in general conformity with the Spatial Development Strategy for Greater London (the 'London Plan').

The Board comprises eight members under the chairmanship of the Mayor of London or his nominated representative. The remaining seven members are as follows:

- Four London borough councillors appointed by London Councils
- Two independent members appointed by London Councils
- One independent member appointed by the Mayor of London

### **Activities in 2017/18**

#### **Resource London Programme**

Resource London was established in April 2015 as a jointly funded partnership between LWARB and WRAP, to maximise the resources of both organisations for the benefit of London. For 2017-18 a programme of work was designed around maximising the impact of the support provided to London waste authorities. The support comprised both advice and funding, and included: residual restriction roll-out; the introduction of new food waste services; bespoke support to tackle contamination; targeted projects to boost food waste recycling in existing services; behaviour change campaigns; and joint procurement, innovation and research. Resource London officers also continued with the annual programme of meeting with all 38 London waste authorities to understand their drivers and priorities. The third year of programme was highly productive, with the following projects being of particular note:

- **Recycle for London (RfL):** Phase one of the RfL 3-year campaign 'One bin is rubbish' (OBIR) went live on 6th November 2017 (ending on 20th March 2018). The campaign focuses on tackling in-home systems as a barrier to effective recycling. The campaign is London-wide but elements of the campaign are focused in 16 target boroughs. London-wide media ran between November and mid-March, and between January and mid-March the campaign was localised in ten of the target boroughs. The campaign used a mix of out-of-home and digital channels, and included an innovative content partnership with BuzzFeed.
- **Tackling contamination:** With contamination an acute issue for all London boroughs, improving the quality of dry recycling is critical not only in terms of increasing recycling rates, but also for authorities to deliver efficient and cost effective services. Responding to this, Resource London, in partnership with LEDNET, developed a toolkit to help boroughs assess the true cost for them when contamination occurs in

the domestic recycle stream. Building on the toolkit, Resource London intensively supported four London boroughs to work through a 'contamination service review' to identify where and why contamination was occurring in the supply chain. Support (advice and funding) was then provided to deliver a range of conventional and innovative interventions, with impacts closely monitored. Evaluation of the four pilot projects has shown reduced contamination and a number of key learnings have been identified. The next phase is to share these insights across London.

- Flats: Resource London established a partnership with the Peabody Housing Association and eight inner London boroughs (which each have over 50% of residents living in purpose-built flats) to explore solutions that will improve recycling in purpose-built flats. The first phase of this was to conduct ethnographic research with residents to build a more detailed understanding of the broader social context and barriers to recycling in flats. The research findings are now being used to inform the list of interventions the project will test in 2018-19.
- Trifocal: The first three-month wave of TRiFOCAL's householder campaign activity, under the campaign name 'Small Change, Big Difference', was completed in the first partner boroughs (Hackney, Merton and Lambeth) in December 2017.

### **Circular London Programme**

The circular economy route map for London was published by LWARB in June 2017. The route map sets out 100 practical actions that stakeholders in the capital can take to accelerate a transition to a more circular economy. Two key priorities this year have been integrating circular economy principles into the development of the Mayor of London's key strategies including the Environment Strategy and the London Plan, as well as developing demonstration projects that exemplify circular economy in the city.

The Circular London team has also prioritised seeking external funding from EU, UK and private foundations to support the delivery of the circular economy route map.

### **Advance London Programme**

During the year, LWARB's investment activity was focused on managing existing portfolio commitments whilst developing new propositions aligned to LWARB's wider circular economy objectives. A commitment made was a £300k cornerstone investment into a new early stage venture fund, Sustainable Accelerator, dedicated to commercialising seven circular economy and low carbon startups through investment and bespoke support.

Development is also underway on further circular economy investment programmes and will be announced in the forthcoming 12 months.

The Advance London Business Support service (jointly funded by the EU through the ERDF programme) has had a successful year, supporting 71 small and medium sized businesses in the development of circular business models. Businesses supported span the programme's target areas of built environment, plastics, textiles, electricals/electronics and food.

### **Budgetary performance**

Programme expenditure for the year was 22% under budget, representing the net effect of underspend of 8% on the Resource London programme, and timing differences and decisions to redesign other programme strategies, pushing expenditure into the next two years of the business plan period. Administrative expenditure for the year was 8% over

budget, primarily as a result of higher than budgeted accommodation costs and the cost of IT infrastructure upgrades.

**Internal and external sources of funds**

LWARB received £904k of loan interest and capital repayments, £123k of interest earned on cash deposits and £416k of grant income from European Union sources during the year.

**Members of the Board**

The members of the Board during the year were:

<b>Name and Position</b>	<b>Primary position held elsewhere</b>
<b>Liz Goodwin Chair</b>	Individual
<b>Barbara Anderson</b>	Non-Executive Director
<b>Cllr Feryal Demirci</b>	Councillor, London Borough of Hackney
<b>Melville Haggard</b>	Independent Consultant
<b>Cllr Bassam Mahfouz</b>	Councillor, London Borough of Ealing
<b>Cllr Nicholas Paget-Brown</b>	Councillor, Royal Borough of Kensington & Chelsea (Leader of the council until 18 July 2017)
<b>Shirley Rodrigues</b>	Deputy Mayor of London – Environment and Energy
<b>Ian Wingfield</b>	Councillor, London Borough of Southwark

## Board Member Committee and Board Meeting Attendance 2017/18

Board member	Number of meetings	Board	Audit Committee	Investment Committee	Resource London Partnership Board
	Total number of meetings held in year	3	3	1	3
Liz Goodwin	Number of meetings attended	3			
Barbara Anderson	Number of meetings attended	3	3	1	
Feryal Demirci	Number of meetings attended	1	3		2
Melville Haggard	Number of meetings attended	3		1	
Bassam Mahfouz	Number of meetings attended	3	3	1	
Nicholas Paget-Brown	Number of meetings attended	2	3		
Shirley Rodrigues	Number of meetings attended	3			
Ian Wingfield	Number of meetings attended	3	3		

\* Attendance figures are only shown for members of each committee.

# Statement of Responsibilities for this Statement of Accounts

## LWARB's responsibilities

LWARB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In LWARB this officer is the Head of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## The Head of Finance's responsibilities

The Head of Finance is responsible for the preparation of the LWARB's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

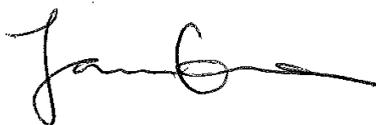
In preparing this Statement of Accounts the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Head of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of LWARB at the reporting date and of its expenditure and income for the year ended 31 March 2018.



**James Lanman**  
Head of Finance

Date: 3 August 2018

# Independent Auditor's Report to the Members of the London Waste and Recycling Board

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of London Waste and Recycling Board (the 'Authority') for the year ended 31 March 2018 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to

adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Head of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 1 to 5, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Head of Finance and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities set out on page 6, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance. The Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit Committee is Those Charged with Governance.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *the Authority* put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

## **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Report on other legal and regulatory requirements – Certificate**

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

*Iain Murray*

Iain Murray  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square  
London  
EC2A 1AG

3 September 2018

# Annual Governance Statement

## Scope of Responsibility

The London Waste and Recycling Board 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. LWARB also has a duty under the Local Government Act 1999 to make arrangements to secure 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 Board is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Board has approved and adopted a governance framework, which may be seen on our website at [www.lwarb.gov.uk](http://www.lwarb.gov.uk) or can be obtained from the Secretariat, London Waste and Recycling Board, 169 Union Street, London SE1 0LL.

The governance framework outlines LWARB's risk strategy, Board and committee structure, scheme of delegated authority and standing orders which include the regulatory framework under which LWARB is required to operate. A copy of LWARB's risk register is also available at the above web address as a standing item on each audit committee agenda.

## The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled. It enables the Board 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 Board's governance framework and standing orders cover membership, undertaking the work of the Board, provision of information to the public, the decision making process, delegated authorities, the legal background to the Board's activities and the code of conduct.

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 Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically. In particular, the system ensures that:

- The Board's policies are implemented in practice;
- The Board's values and ethical standards are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Performance statements and other published information are accurate and reliable; and
- Human, financial and other resources are managed efficiently and effectively.

The governance framework has been in place within LWARB for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

## Key elements of the governance framework

LWARB uses recognised leading software for its accounting and payroll processes (Xero and Kashflow Payroll respectively). These systems are supported by a detailed project evaluation and contracting process involving many levels of review, including, recognised leading industry consultants, internal officers, an independent Investment Committee, Audit Committee and ultimately the Board.

A risk management strategy is fully developed and established which, along with other key elements of procedures, controls and authorities is set out in a detailed Operations Manual.

## Review of effectiveness

The Board 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 officers of the Board who have responsibility for the development and maintenance of the governance environment, and also by comments made by internal and external auditors and other review agencies and inspectorates.

The Audit Committee that has been formed as part of the Board's support structure has been delegated authority to ensure that the Board maintains adequate financial, risk management and internal control systems. It ensures that an annual review of the effectiveness of the internal control environment is undertaken and that the findings from that review are dealt with in a prompt manner. Part of this review process is to establish a risk based internal audit programme and LWARB has appointed Mazars Public Sector Internal Audit Ltd as its auditors who have prepared, conducted and reported on a risk based audit plan. In addition, Grant Thornton, LWARB's external auditors, provide an Audit Findings Report and Annual Audit Letter with recommendations for improvements to the internal control environment that have been identified during its annual audit and inspection. In response to this report it was concluded that the internal control environment is satisfactory.

The current internal auditors were appointed in the 2014/15 financial year and in 2017/18 have performed a review of the core financial systems, the Advance London programme and the LWARB's Human Resources function.

The internal auditors have provided the following assurance for each area reviewed:

Audited Area	Evaluation Assessment	Testing Assessment
Core Financial Systems	Satisfactory	Satisfactory
Advance London	Satisfactory	Satisfactory
Human Resources	Satisfactory	Satisfactory

LWARB's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2010) as set out in the Application Note to *Delivering Good Governance in Local Government: Framework*.

**Law and Regulations**

Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include Standing Orders relating to the Board and Committees, as well as Financial procedures which are contained within the Operations Manual.



**Wayne Hubbard**  
Chief Operating Officer

Date: 3 August 2018



**Bassam Mahfouz**  
Audit Committee Chair

Date: 3 August 2018

## Movement in Reserves Statement

Movement in Reserves Statement for the year ended 31 March 2018

	General Fund	Capital Grants Unapplied Account	Total Usable Reserves	Capital Adjustment Account	Accumulated Absences account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	22,847	1,103	<b>23,950</b>	3,052	(15)	<b>3,037</b>	<b>26,987</b>
Total comprehensive income and expenditure	3,625	-	<b>3,625</b>	-	-	-	<b>3,625</b>
Adjustments between accounting basis and funding basis under regulations	<b>(510)</b>	<b>(801)</b>	<b>(1,311)</b>	<b>1,311</b>	<b>1</b>	<b>1,311</b>	<b>-</b>
<b>Net increase / (decrease) in the year</b>	<b>3,115</b>	<b>(801)</b>	<b>2,314</b>	<b>1,311</b>	<b>1</b>	<b>1,311</b>	<b>3,265</b>
<b>Balance as at 31 March 2018</b>	<b>25,962</b>	<b>302</b>	<b>26,264</b>	<b>4,363</b>	<b>(14)</b>	<b>4,348</b>	<b>30,612</b>

# Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Project Expenditure	4	(1,967)	(1,443)
Administrative Expenditure	4	(1,690)	(1,150)
<b>Total Gross Expenditure</b>		<b>(3,658)</b>	<b>(2,593)</b>
Write back of Project Expenditure incurred in previous years	4	104	26
Other Income		12	4
<b>Total Gross Income</b>		<b>12</b>	<b>4</b>
<b>Net Income / (Expenditure) from Continuing Operations</b>		<b>(3,542)</b>	<b>(2,563)</b>
Financing and Investment Income	6	18,324	492
Financing and Investment Expenditure	6	(11,559)	(571)
<b>Net Financing and Investment Income / (Expenditure)</b>		<b>6,765</b>	<b>(79)</b>
Non Specific Grant Income	7	416	53
<b>Surplus / (Deficit) on the Provision of Services</b>		<b>3,640</b>	<b>(2,589)</b>
Corporation tax	8	(14)	(60)
<b>Total Comprehensive Income and Expenditure</b>		<b>3,625</b>	<b>(2,649)</b>

# Balance Sheet

Balance Sheet as at 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Long-term Assets</b>			
Investments	9	3,001	26
Debtors	9	-	582
<b>Total Long-term Assets</b>		<b>3,001</b>	<b>608</b>
<b>Current Assets</b>			
Debtors	9	1,584	2,766
Cash and cash equivalents	14	27,272	24,117
<b>Total Current Assets</b>		<b>28,856</b>	<b>26,883</b>
<b>Current Liabilities</b>			
Creditors falling due within one year	10	(626)	(212)
Grant receipts in advance	11	(82)	(150)
Deferred income			(3)
Provisions for liabilities and charges	12	(537)	(140)
<b>Total Current Liabilities</b>		<b>(1,245)</b>	<b>(505)</b>
<b>Net Current Assets</b>		<b>27,611</b>	<b>26,378</b>
<b>Long-term Liabilities</b>		-	-
<b>Net Assets</b>		<b>30,612</b>	<b>26,987</b>
<b>Reserves</b>			
<i>Usable Reserves</i>			
General Fund	13	25,962	22,847
Capital Grants Unapplied Account	13	302	1,103
<b>Total Usable Reserves</b>		<b>26,264</b>	<b>23,950</b>
<i>Unusable Reserves</i>			
Capital Adjustment Account	13	4,363	3,052
Accumulated Absences Account	13	(15)	(15)
<b>Total Unusable Reserves</b>		<b>4,348</b>	<b>3,037</b>
<b>Total Reserves</b>		<b>30,612</b>	<b>26,987</b>

Certified that the Statement of Accounts give a true and fair view of the financial position of LWARB at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

**Approved by the Board on 3 August 2018**

Liz Goodwin  
Chair

Date: 3 August 2018

Bassam Mahfouz  
Audit Committee Chair

Date: 3 August 2018

# Cash Flow Statement

## Cash Flow Statement for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Net surplus / (deficit) on the provision of services		3,625	(2,649)
(Increase) / decrease in debtors	9	(1,211)	(378)
Increase / (decrease) in creditors	10	414	59
Increase/ (decrease) in deferred income		(3)	(27)
Increase / (decrease) in provisions	12	397	(568)
Adjustment for investing and finance activities		(5,478)	498
Increase / (decrease) in Grants Receipts in Advance	11	(68)	150
<b>Net cash flows from operating activities</b>		<b>(2,323)</b>	<b>(2,941)</b>
<b>Cash flows from investing activities</b>			
Interest received on cash and cash equivalents		123	88
Drawdown of equity instruments		(501)	(26)
Repayment of equity investments		5,251	-
Drawdown of loans awarded		(300)	(800)
Interest received on loans awarded		53	72
Repayment of loans awarded		852	168
<b>Net cash flows from investing activities</b>		<b>5,478</b>	<b>(498)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,154</b>	<b>(3,413)</b>
Cash and cash equivalents at the beginning of the reporting period		24,117	27,531
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>27,271</b>	<b>24,117</b>

Cash and cash equivalents are held in the form of amounts in instant access bank accounts and an instant access deposit account held by the Greater London Authority.

# Notes to the Accounts

Notes to the accounts for the year ended 31 March 2018

## 1. Accounting Policies

### Basis of financial statements and accounting policies

LWARB's accounting policies are the principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be shown in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves. It has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 15 to 17.

The accounting policies set out below have been applied consistently to all periods presented in this Statement of Accounts.

The preparation of the Statement of Accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Statement of Accounts is included in the following notes:

Note 14 - Financial instruments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 14 - Financial instruments

Note 12 – Provisions for liabilities and charges

The Statement of Accounts has been prepared in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* (the Code).

## **Accruals of Expenditure**

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation. LWARB is not registered for Value Added Tax (“VAT”) and accordingly expenditure includes irrecoverable VAT.

## **Provisions**

A provision is recognised if, as a result of a past event, LWARB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### *Provisions for Committed Project Grants*

LWARB awards project grants under agreements that can span more than one year. The full potential funding award is recognised on the signing of the funding agreement and is recognised in the balance sheet as a provision for Committed Project Grants. Drawdowns of the funding award are made subject to achieving set milestones. When the milestones are achieved and a milestone invoice is raised this amount is charged against the provision and recognised in the balance sheet as a current liability. Material write downs of provisions are detailed on page 22.

## **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

## **Financial Instruments**

The only financial assets held are loans and receivables and equity instruments.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Equity instruments that do not have a quoted price in an active market for an identical instrument are held at estimated fair value. Where fair value cannot be reliably measured, equity instruments are held at cost.

Each financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by the debtor, restructuring of an amount due to LWARB on terms that LWARB would not consider otherwise, or indications that a debtor will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in

Surplus or Deficit on the provision of Services. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### **Government Grants and Other Contributions**

Grants and other contributions are not recognised until there is reasonable assurance that LWARB will comply with any conditions attached to them, and the grants or other contributions will be received. Grants and contributions relating to revenue expenditure are accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or other contribution has conditions relating to initial recognition that the authority has not satisfied. Grants and contributions that satisfy the recognition criteria above but which have a condition attached that remains to be satisfied are recognised initially in the Grant Receipts in Advance Account.

### **Corporation Tax**

LWARB is a body corporate for the purposes of the Corporate Tax Acts and is therefore subject to Corporation Tax on its deposit and loan interest income. A corresponding expense and liability is recognised where LWARB has accrued such income and is liable for Corporation Tax on it. A reconciliation between accounting Surplus on the Provision of Services and tax expense, and a breakdown of the components of the tax expense are shown in note 8.

### **Events after the Balance Sheet Date**

Events that have occurred after the Balance Sheet date up to the date of approval of the Statement of Accounts but could not be foreseen at the Balance Sheet date are disclosed in note 17 along with the unadjusted financial impact on the Statement of Accounts.

### **Accounting Standards that have been issued but have not yet been adopted**

There are no Accounting Standards that have been issued but have not yet been adopted that are relevant to the Statement of Accounts of LWARB.

## **2. Financial risk management**

LWARB has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about LWARB's exposure to each of the above risks, the objective, policies and processes for measuring and managing risk, and LWARB's management of capital. Further quantitative disclosures are included throughout these Statement of Accounts.

#### *Risk management framework*

The risk management framework is set out in the Annual Governance Statement on page 11 of these Statement of Accounts.

#### *Credit risk*

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit rating of a counterparty and the available level of security is considered when setting minimum interest rates on each financial instrument issued in accordance with the State Aid compliant communication OJ C 14, 19.1.2008 issued by the European Commission.

LWARB establishes an allowance for impairment that represents its estimate of incurred losses. This allowance is calculated on the basis of loss components that relate to individually significant exposures.

#### *Liquidity risk*

Liquidity risk is the risk that LWARB will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. LWARB's approach to managing liquidity risk is to only commit to financial instruments that can be funded from the available cash resources at the date of commitment.

#### *Market risk*

Market risk is the risk that changes in market prices such as interest rates will affect LWARB's income or the value of its financial instruments.

#### *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with LWARB's processes or personnel, technology and infrastructure risks, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The governance framework supported by a detailed operations manual manages operational risk so as to balance the avoidance of financial losses and damage to LWARB's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

#### *Capital Management*

LWARB's policy is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain the future development of the business. LWARB seeks to distribute funds on as commercial a basis as possible as repayable loans and equity investments so as to secure the long term financial viability of the organisation.

### **3. Operating segments**

LWARB manages its activities and reports as a single operational unit and as such no operational segmentation is provided in these Statement of Accounts.

LWARB does not provide multiple local authority services as set out in the Service Reporting Code of Practice 2017/17 ("SeRCOP"). All services and corresponding income and expenditure for LWARB fall within the SeRCOP service category of "environmental and regulatory services"

#### 4. Expenditure

	Note	2018 £'000	2017 £'000
<b>Project Expenditure</b>			
Grants		(1,938)	(1,354)
Professional fees		(29)	(89)
<b>Total Project Expenditure</b>		<b>(1,967)</b>	<b>(1,443)</b>
Write back of Project Expenditure incurred in previous years*		104	26

\*These amounts relate to the write back of provisions made in previous years against contracted project expenditure. The amounts are written back as a result of remaining undrawn contracted funds no longer being required by the relevant projects.

#### Administrative Expenditure

Staff Costs	(1,375)	(838)
Professional fees	(39)	(25)
Serviced Accommodation	(164)	(85)
Other overheads	(112)	(56)
<b>Total Administrative Expenditure</b>	<b>(1,690)</b>	<b>(1,004)</b>

Included in professional fees is an amount of £5,412 plus VAT (2017: £5,412 plus VAT) with respect to Auditors' remuneration for external services carried out by Grant Thornton UK LLP.

#### 5. Staff costs

##### 5.1 Members of the Board

The remuneration and expenses of members of the Board for the year to 31 March 2018 was as follows:

	Board Remuneration £	Audit Committee Remuneration £	Investment Committee Remuneration £	Resource London Remuneration £	Expenses £	Total £	2017 Total £
Liz Goodwin	20,000	-	-	-	1,968	<b>21,968</b>	<b>1,338</b>
Barabara Anderson	6,000	3,000	2,417	-	-	<b>11,417</b>	<b>12,000</b>
Feryal Demirci	6,000	3,000	-	3,000	-	<b>12,000</b>	<b>3,941</b>
Melville Haggard	6,000	-	3,625	-	-	<b>9,625</b>	<b>10,500</b>
Bassam Mahfouz	6,000	4,500	1,167	-	-	<b>11,667</b>	<b>9,284</b>
Nicolas Paget-Brown	6,000	3,000	1,250	-	-	<b>10,250</b>	<b>12,000</b>
Shirley Rodrigues	-	-	-	-	-	-	-
Ian Wingfield	6,000	3,000	-	-	-	<b>9,000</b>	<b>3,372</b>
<b>Total</b>	<b>56,000</b>	<b>16,500</b>	<b>8,458</b>	<b>3,000</b>	<b>1,968</b>	<b>85,926</b>	<b>52,435</b>

No pension payments were made on behalf of Board members.

## 5.2 Staff costs.

The number and job titles of employees whose remuneration during the year to 31 March 2018 was £50,000 or more, in bands of £5,000, together with the equivalent number for the previous year, was:

Remuneration Band	Number of Employees	
	2018	2017
£110,000 - £114,999	1	-
£105,000 - £109,999	-	1
£80,000 - £84,999	1	-
£75,000-79,999	1	1
£70,000 - £74,999	-	1
£65,000 - £69,999	1	-
£60,000 - £64,999	2	1
£55,000 - £59,999	4	2
£50,000 - £54,999	1	-

The following employees earned over £50,000

	Employer's Pension contributions		2018 total	2017 total
	Salary			
	£	£	£	£
Chief operating Officer	114,015	3,300	117,315	108,044
Head of Investment	80,146	2,404	82,550	70,966
Head of Programme (Resource London)	79,159	2,287	81,446	78,986
Circular Economy Manager	67,325	1,951	69,276	60,424
Local Authority Support Manager	62,001	1,791	63,792	61,710
Communications Manager	61,369	596	61,965	48,995
Head of Finance	58,832	1,697	60,529	61,954
Business Development Officer	59,562	568	60,130	54,249
Local Authority Support Manager	56,819	568	57,387	43,905
Business Advice Manager	56,406	1,128	57,534	11,710
Senior Business Advisor	52,703	1,581	54,284	10,711

There were no employees earning over £150,000

	2018	2017
	£'000	£'000
Employee remuneration (officers and members)	1,204	832
Employer pension contributions	28	15
Employer National Insurance Contributions	143	96
Annual leave carry over accrual/(release)	(1)	7
Staff consultancy costs	-	29
<b>Total Staff Costs</b>	<b>1,374</b>	<b>979</b>

## 6. Financing and Investment Income and Expenditure

	<b>2018</b>	<b>2017</b>
	£'000	£'000
Write back of project expenditure incurred in previous period*	18,000	-
Interest income on loans and receivables	201	404
Interest income on bank deposits	123	88
Total finance and investment income	<b>18,324</b>	<b>492</b>
		-
Impairments	(11,558)	(571)
Total finance and investment costs	<b>(11,558)</b>	<b>(571)</b>
<b>Net finance income / (costs) recognised in Surplus / (Deficit) on the Provision of Services</b>	<b>6,765</b>	<b>(79)</b>

\*In 2010 LWARB contributed £18m to a European Commission “Joint European Support for Sustainable Investment in City Areas” (“JESSICA”) programme to support sustainable urban development and regeneration through the stimulation of waste infrastructure development in London. This amount was written off through income and Expenditure in the financial year ending 31<sup>st</sup> March 2010.

During the course of the previous financial year ended 31<sup>st</sup> March 2017, the decision was taken to cease future investment activity in this vehicle beyond management of existing assets, and to investigate return of the cash held within it, as well as future returns from portfolio assets, to the original financial contributors (including LWARB).

This legal process was successfully completed in the financial year ended 31<sup>st</sup> March 2018, with documents enshrining the new arrangements executed in July 2018. At this point LWARB recognised an asset on its Balance Sheet, with a corresponding credit to Income and Expenditure that reflected the fair value of its share of the cash and other assets held in the JESSICA vehicle, presented as a write back of the original £18m expenditure item, and immediate impairment of the newly recognised financial asset to fair value. The fair value of this asset at this point (the point of recognition) was £8.6 million, and at the year end is £2.4m, with the decrease in value reflecting repayments received after exits from portfolio investments, and impairments recognised against remaining portfolio assets.

## 7. Grants

	<b>2018</b>	<b>2017</b>
	£'000	£'000
Grant income from European Union	416	53
	<b>416</b>	<b>53</b>

## 8. Corporation Tax

LWARB is a body corporate for the purposes of the Corporate Tax Acts and is therefore subject to Corporation Tax on its deposit and loan interest income. As LWARB is not engaged in a trade, interest receipts are deemed non-trading loan relationship credits, and therefore only expenses directly attributable to loans can be deducted.

In the current year LWARB incurred corporation tax losses as a result of loan impairments. The treatment of these losses is shown below.

### *Reconciliation between tax expense and accounting Surplus on the Provision of Services*

	<b>2018</b> £'000	<b>2017</b> £'000
Taxable investment income	324	492
Less tax deductible impairment losses	(10,760)	(330)
Taxable profits/(tax loss)	(10,436)	162
Utilisation of rolled forward tax losses	-	(162)
<b>Corporation Tax Expense</b>	<b>-</b>	<b>-</b>

### *Components of the tax expense/credit*

	<b>2018</b> £'000	<b>2017</b> £'000
Current tax:		
Current year	-	-
Prior year reclaim	-	-
Movement in deferred tax asset	(14)	(60)
<b>Total tax</b>	<b>(14)</b>	<b>(60)</b>

### *Tax losses*

	<b>2018</b> £'000	<b>2017</b> £'000
Brought forward tax losses	(5,553)	(5,715)
Tax losses incurred during the year	(1,015)	-
Tax losses realised as a result of JESSICA asset recognition*	(9,421)	-
Utilised against current year taxable profits	-	162
<b>Carried forward tax losses</b>	<b>(15,989)</b>	<b>(5,553)</b>

At the balance sheet date, LWARB has unused tax losses of £15,989k available for offset against future profits.

\*This includes an amount of £10,760k, representing the net of the original £18m JESSICA advance (see note 6), cash repayments on that investment and the Fair Value of the Investment at the balance sheet date.

## 9. Debtors and Investments

	2018 £'000	2017 £'000
Trade and other receivables	70	114
Deferred tax	-	14
Staff loans (rail season tickets)	6	13
Loans and receivables	1,462	3,179
Prepayments	47	28
<b>Total</b>	<b>1,584</b>	<b>3,348</b>
Non-current	-	582
Current		2,766
<b>Total</b>	<b>1,584</b>	<b>3,348</b>

LWARB's exposure to credit risks and impairment losses relating to trade and other receivables is disclosed in note 14.

Loans and receivables and equity instruments are valued according to IFRS 13's fair value hierarchy, with the inputs to valuation techniques used to measure fair value falling within level 2 of the hierarchy. Level 2 inputs are defined as "inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

At the balance sheet date LWARB has three loans receivable outstanding, two of which are measured at the estimated value of the asset security held by LWARB under the terms of the loan agreement, and one at the estimated value of monetary returns to LWARB on the basis of a sale of the loanee business currently under negotiation.

## Investments

At the balance sheet date LWARB has two investments in private equity funds, and one in the JESSICA vehicle as described in note 6. The private equity fund investments are both in their infancy and therefore held at cost (reflecting the accounting treatment of the fund managers), while the JESSICA investment is held at Fair Value through profit and loss, on the basis of the fund manager's valuation report at 31st March 2018.

## 10. Creditors falling due within one year

	2018 £'000	2017 £'000
Trade creditors	591	176
Accrued employee annual leave entitlement	15	15
Accruals	21	21
<b>Total</b>	<b>626</b>	<b>212</b>

## 11. Grant Receipts in Advance

	2018 £'000	2017 £'000
<b>Revenue Grants</b>		
European Union	82	150
<b>Total Grant Receipts in advance</b>	<b>82</b>	<b>150</b>

## 12. Provisions for liabilities and charges

### *Provisions for Committed Project Grants and Loans*

LWARB has entered into the following grant agreements

£'000	Grant agreements
Balance at 1 April 2017	140
Grants/ Loans awarded during the year	678
Invoiced	(177)
Written back*	(104)
<b>Balance at 31 March 2018</b>	
Non Current	-
Current	537

### *\*Write backs*

Write backs of £177k are recognised where there has been underspend against contracted grants under borough support programmes.

All grant agreements are entered into with local authority and third sector organisations seeking to deliver projects in support of the LWARB Business Plan. The drawdown of funds is dependent on milestones which vary by project both in terms of timing and nature. As the delivery dates of milestones by project are uncertain the provisions are based on anticipated cash flows at the reporting date but are subject to variation.

## 13. Reserves

LWARB is required to maintain a number of reserves under the provisions of the Code. The reserves and their broad functions are as follows.

### *Usable Reserves*

General Fund – this balance represents the cumulative surplus available to LWARB to support revenue spending.

Capital Grants Unapplied Account – this reserve represents the balance of capital grants that have been recognised as income but have yet to be used to finance investment expenditure.

When LWARB makes capital investments the amounts invested are required by the Code to be transferred from the Capital Grants Unapplied Account to the Capital Adjustments Account. The value of this account is then reduced by the amount of any impairments to or repayments of the capital assets held.

*Unusable Reserves*

Capital Adjustment Account – this account exists to capture those elements of capital accounting required by the Code.

Accumulated Absences Account – this reserve exists to capture the difference between the amount of expenditure recognised in the Comprehensive Income and Expenditure Statement relating to accrued holiday pay and that required by Statute to be charged to the General Fund.

**14. Financial Instruments**

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>2018</b>	<b>2017</b>
	£'000	£'000
Loans and receivables	1,462	3,174
Equity instruments	3,001	26
Cash and cash equivalents	27,272	24,117
<b>Total</b>	<b>31,734</b>	<b>27,317</b>

Loans and receivables and equity instruments are valued according to IFRS 13's fair value hierarchy, with the inputs to valuation techniques used to measure fair value falling within level 2 of the hierarchy. Level 2 inputs are defined as "inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

At the balance sheet date LWARB has three loans receivable outstanding, two of which are measured at the value of the asset security held by LWARB under the terms of the loan agreement, and one at the estimated value of monetary returns to LWARB on the basis of a sale of the loanee business that is currently under negotiation.

At the balance sheet date LWARB has two investments in private equity funds, and one in the JESSICA vehicle as described in note 6. The private equity fund investments are both in their infancy and therefore held at cost (reflecting the accounting treatment of the fund managers), while the JESSICA investment is held at Fair Value through profit and loss, on the basis of the fund manager's valuation report at 31st March 2018.

### *Impairment losses*

An impairment review of loans and equity investments was undertaken at the balance sheet date, and as a result impairment losses of £11,558k were recognised as disclosed in note 6.

### *Liquidity risk*

The following are the contractual maturities of financial liabilities, including estimated interest payments:

£'000	Carrying amount	Contractual cash flows	6 months or less
<b>31 March 2018</b>			
Trade and other payables	634	634	634
Committed project grants	537	537	537
<b>Total</b>	<b>1,171</b>	<b>1,171</b>	<b>1,171</b>

£'000	Carrying amount	Contractual cash flows	6 months or less
<b>31 March 2017</b>			
Trade and other payables	212	212	212
Committed project grants	140	140	140
<b>Total</b>	<b>352</b>	<b>352</b>	<b>352</b>

The cash flows included in the maturity analysis could vary significantly for committed project grants with drawdowns based on achievement of milestones rather than specified dates.

## **15. Related Party Transactions**

LWARB is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence LWARB or to be controlled or influenced by LWARB. Disclosure of these transactions allows readers to assess the extent to which LWARB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with LWARB.

All members of the Board, voting members of the Investment Committee, the Resource London Partnership Board, the Chief Operating Officer and the Head of Finance were asked to declare any direct financial relationship through outside bodies or companies with LWARB for the financial year 2017/17

Related parties in 2018 are those listed in the table below, and in 2017 were those listed in the table below that:

## Related parties in 2018

Related party	Individual with influence	Relationship to LWARB	Relationship to related party
London Borough of Ealing	Bassam Mahfouz	LWARB Board Member	Councillor
London Borough of Hackney	Feryal Demirci	LWARB Board Member	Councillor and Cabinet Member
London Business Waste and Recycling Ltd.	Wayne Hubbard	Chief Executive Officer	Director
WRAP	Peter Maddox	Resource London Partnership Board member	Director

## Related parties in 2017

Related party	Individual with influence	Relationship to LWARB	Relationship to related party
West London Waste Authority	Bassam Mahfouz	LWARB Board Member	Chair of West London Waste Authority
Royal Borough of Kensington and Chelsea	Nicholas Paget-Brown	LWARB Board Member	Leader of Royal Borough of Kensington and Chelsea
London Borough of Hackney	Feryal Demirci	LWARB Board Member from October 2017	Councillor and Cabinet Member at London Borough of Hackney
Greater London Authority	Sadiq Khan	Chair of LWARB from May 2017 to March 2018	Mayor of London
	Shirley Rodrigues	LWARB Board Member from December 2017	Deputy Mayor of London
	Matthew Pencharz	LWARB Board Member to May 2017	Deputy Mayor of London
	Richard Tracey	Chair of LWARB to May 2017	London Assembly Member
London Borough of Sutton	Niall Bolger	Resource London Partnership Board member	Chief Executive London Borough of Sutton
City of London	Carolyn Dwyer	Resource London Partnership Board member	Chief Officer at City of London

## Related party transactions

	Transaction value		Balance outstanding	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
LB Waltham Forest	(77)	-	(78)	-
LB Ealing	(4)	-	-	-
RB Kensington and Chelsea	-	(20)	(15)	(20)
LB Merton	-	-	(36)	-
LB Sutton	-	-	-	-
LB Hackney	(54)	(15)	(9)	(15)
Greater London Authority	-	18	-	18
City of London	-	(8)	-	-
LBWR Ltd.	(165)	-	-	-
WRAP	(318)	-	(301)	-

### 17. Events after the Balance Sheet date

No material events have occurred after the Balance Sheet date up to the date of publishing the Statement of Accounts which could not be foreseen at the Balance Sheet date.

## 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 31<sup>st</sup> 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 31<sup>st</sup> 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