

Explanatory Foreword

Certificate of the Chief Executive

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2009 on pages X to X has been prepared in the form directed by the Department of the Environment (DOE) and under the accounting policies set out on pages – to –.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year

.....

Chief Executive

.....

Date

Joint Committee Approval of Statement of Accounts

These accounts were approved by resolution of the ARC 21 Joint Committee on _____.

.....

Chairman

.....

Date

Statement of the Joint Committee's and Chief Executive's Responsibilities For the Statement of Accounts

The Joint Committee's Responsibilities

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

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

These accounts were approved by the Joint Committee on ----- 2009.

The Chief Executive's Responsibilities

Under Regulation 4 (1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Chief Financial Officer is responsible for the preparation of the district Council's statement of accounts in the form directed by the Department of the Environment. For ARC 21 this is the responsibility of the Chief Executive.

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

In preparing this statement of accounts, the Chief Executive is required to:

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

The Chief Executive is also required to:

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

Annual Governance Statement 2008 / 2009

<p>This statement needs to be tailored to the requirements of the Joint Committee concerned and, if necessary, reference should be made to the SORP for further guidance.</p>
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Scope of Responsibility

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

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

The Joint Committee is required to prepare an Annual Governance Statement which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework: Delivering good governance in local government and which is in full compliance with the framework for the year commencing 1 April 2009. The statement explains how the Joint Committee is progressing towards this and also meets the requirements of Regulation 2A of the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

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

In 2007, CIPFA withdrew its guidance relating to Statements on Internal Control with the publication of the joint CIPFA / SOLACE “Delivering Good Governance: Framework”. This requires the publication of an Annual Governance Statement rather than a Statement on Internal Control.

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

- compliance
- non-compliance and the reasons why

The Governance Framework
<p>Describe the key elements of the systems and processes that comprise the Joint Committee’s governance arrangements, including arrangements for:</p> <ul style="list-style-type: none">• identifying and communicating the Joint Committee’s vision of its purpose and intended outcomes for citizens and service users (Joint Committee’s comment)• reviewing the Joint Committee’s vision and its implications for the Joint Committee’s governance arrangements (Joint Committee’s comment)

- measuring the quality of services for users, for ensuring they are delivered in accordance with the Joint Committee's objectives and for ensuring that they represent the best use of resources
(Joint Committee's comment)
- defining and documenting the roles and responsibilities of the Executive, non-Executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
(Joint Committee's comment)
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
(Joint Committee's comment)
- reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals; this clearly defines how decisions are taken and the processes and controls required to manage risks
(Joint Committee's comment)
- undertaking the core functions of an audit committee, as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'
(Joint Committee's comment)
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
(Joint Committee's comment)
- whistle-blowing and for receiving and investigating complaints from the public
(Joint Committee's comment)

- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
(Joint Committee's comment)
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
(Joint Committee's comment)

Review of Effectiveness

The Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Joint Committee who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

Describe the process that has been applied in maintaining and reviewing the effectiveness of the governance framework, including some comment on the role of:

- the members
- the senior officers
- the audit committee / overview and scrutiny committees / risk management committee
- internal audit
- other explicit review / assurance mechanisms

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by (the Executive / Audit Committee / Overview and Scrutiny

Committee / Risk Management Committee) (amend list as appropriate) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

(Include an outline of the actions taken, or proposed, to deal with significant governance issues.)

We propose, over the coming year, to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: **Date:**

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

Local Government Auditor's Report to the Members of ARC 21 Joint Committee

The Local Government Auditor has requested that two pages are reserved here for the certificate and opinion.

Local Government Auditor's Report to the Members of ARC 21 Joint Committee

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Income and Expenditure Account for the Year Ended 31 March 2009

Income	Notes	2008 / 2009 £	2007 / 2008 £
Participating Councils	7		
Government grant			
Bank interest	6b		
Contract income:	4a		
Landfill service			
Materials Recovery Facility (MRF)			
MRF revenue share			
BRING service			
Supply of bins and BRING banks			
Other contract income			
Other income			
TOTAL INCOME			
Expenditure			
Employee costs	5		
Bank interest	6a		
Other operating costs			
Contract expenditure:	4b		
Landfill service			
Materials Recovery Facility (MRF)			
MRF revenue share			
BRING service			
Supply of bins and BRING banks			
Other contract costs			
Other costs			
TOTAL EXPENDITURE			
Surplus (deficit) for the year			

**Statement of Movement on the General Reserves Balance
For the Year Ended 31 March 2009**

	Notes	2008 / 2009 £	2007 / 2008 £
Surplus / (deficit) for the year on the income and expenditure account	3		
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the general reserves balance for the year	3		
Movement on the General Reserves Balance for the year	3/23		
Balance brought forward	23		
Balance carried forward	23		

Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

	Notes	2008 / 2009 £	2008 / 2009 £	2007 / 2008 £	2007 / 2008 £
Surplus / (deficit) on the general reserves – income and expenditure account for the year	3				
Surplus / (deficit) arising on revaluation of fixed assets	8				
Surplus / (deficit) arising on revaluation of available-for-sale financial assets					
Revaluation of pension reserve / provision	18/23				
Any other gains and losses required to be included in the statement of total recognised gains and losses					
Other					
Total recognised gains and losses for the year (change in net worth)					
Prior period adjustments made during the year (as explained in note X)					
Total gains / (losses) recognised since last annual report (change in net worth)					

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Balance Sheet as at 31 March 2009

	Notes	2008 / 2009 £	2007 / 2008 £
FIXED ASSETS			
Tangible fixed assets			
Operational assets:			
Land and buildings	8		
Infrastructure assets	8		
Vehicles, plant, furniture and equipment	8		
Non-operational assets:			
Investment properties			
Assets under construction	8		
Surplus assets held for disposal			
TOTAL FIXED ASSETS	8		
Long-term investments			
Long-term debtors	12a		
TOTAL LONG-TERM ASSETS			
CURRENT ASSETS			
Stocks	11		
Debtors	12b		
Short-term investments	13/22a		
Cash and bank	22a		
CURRENT LIABILITIES			
Borrowing repayable on demand or within 12 months	14		
Creditors, Bank overdraft	14		
TOTAL ASSETS LESS CURRENT LIABILITIES			
LONG-TERM LIABILITIES			
Borrowing repayable within a period in excess of 12 months	15		
Deferred liabilities	16		
Government grants – deferred	19		
Provisions	18		
NET ASSETS			
RESERVES:			
Capital adjustment account	23		
Financial instruments adjustment account	23		
Revaluation reserve	23		
Available-for-sale financial instruments reserve	23		
Pensions reserve	23		
Capital receipts reserve	23		
Capital fund	23		
Renewal and repairs fund	23		
Other balances and reserves	23		
General reserves	23		
Net Worth			

Cash Flow Statement as at 31 March 2009

	Notes	2008/09 £	2007/08 £
REVENUE ACTIVITIES			
Net cash inflow from operating activities	21		
Returns on investments and servicing of finance			
Cash outflows			
Interest paid			
Interest element of finance lease payments			
Cash inflows			
Interest received			
Net cash outflow from returns on investments and servicing of finance			
CAPITAL ACTIVITIES			
Cash outflows			
Purchase of fixed assets			
Purchase of long-term investments			
Other capital cash payments			
Cash inflows			
Sale of fixed assets			
Capital grants received	22d(i)		
Other capital cash receipts			
Net cash outflow from capital expenditure before financing			
Management of liquid resources			
Net increase / decrease in short-term deposits			
Net increase / decrease in other liquid resources			
FINANCING			
Cash outflows			
Repayment of amounts borrowed	22c		
Capital element of lease rental / hire purchase payments	22c		
Cash inflows			
New loans raised	22c		
New short-term loans			
Increase / (decrease) in cash and cash equivalents	22a		

Notes to the Financial Statements

1. Accounting Policies

1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the 'Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of the Environment (DOE) in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The general principles adopted in compiling and presenting the financial statements are those specified within the 2008 SORP. The 2008 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 01 April 2008. These financial statements comply with accounting standards issued or adopted by the Accounting Standards Board insofar as these are applicable to local government.

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

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

1b) Accounting Concepts

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

Relevance

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

Reliability

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

Comparability

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

Understandability

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

Materiality

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

Accruals

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

1c) Fixed Assets

i) Tangible Assets

ARC 21 is primarily funded by way of contributions from participant Councils and revenue grants from government. As a consequence, the activities of ARC 21 were deemed to be of a revenue nature with expenditure on assets such as computer equipment, office furniture and office equipment being charged to the income and expenditure account.

From 01 April 2007, with the significant growth in the organisation and in preparation for future substantial organisational developments (specifically in relation to the treatment of Residual Waste), the Joint Committee has changed its policy on tangible assets. Under the new policy, the acquisition of tangible assets will be accounted for in the balance sheet. This policy will bring ARC 21 into line with that of Councils in Northern Ireland.

This policy will require the utilisation of a revaluation reserve and a capital adjustment account respectively. This change of accounting policy has not required a prior year adjustment.

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

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

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

- operational land and properties and other operational assets are included at the lower of net current replacement cost or net realisable value in existing use
- infrastructure assets are included in the balance sheet at historical cost, net of depreciation, where appropriate
- other non-operational assets, such as assets under construction, are included at historical cost

If an asset is included at current value, it will be formally revalued, by either a qualified external or internal valuer, at intervals of not more than 5 years. The revised amount will then be included in the balance sheet.

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

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

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

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

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

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

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

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

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

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

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

- buildings, installations and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer; depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 to 50 years
- plant, vehicles and equipment (excluding IT equipment) are depreciated on historic cost using a standard life of X years; IT equipment is depreciated using a standard life of X years
- a full year's depreciation is charged in the year of acquisition and none in the year of disposal

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

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

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

The General Reserves should be:

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

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

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

1d) Debtors and Creditors

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

A general provision for doubtful debts is included in the financial statements at X percent of commercial outstanding debts. This is in addition to the specific provision for those debts that are identifiable as potentially not fully collectable. Provisions in respect of bad debts have been estimated in accordance with recommended practice and past experience. Uncollectable debts are only written-off to the General Reserves - Income and Expenditure Account after all recovery avenues open to the Joint Committee have been exhausted and the Joint Committee has formally approved the write-off.

1e) Stocks

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

1f) Value Added Tax

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of value added tax, unless it is irrecoverable.

1g) Provisions

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

1h) Pensions

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

Joint Committees in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Joint Committee provides further information on discretionary benefits awarded to employees. The Joint Committee's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund.

1i) Post Balance Sheet Events

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

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

1j) Foreign Currency Translation

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

1k) Financial Instruments

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

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

Financial Liabilities

Amortised Cost

Financial Assets

Loans and Receivables

Available for Sale

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

The Accounting treatment of Financial Assets is summarised as follows:

- i) loans and receivables, for example, non-equity and non-derivative financial assets, are recognised in the balance sheet under amortised cost using the effective interest rate method. Interest receivable, impairment losses and the gain or loss on de-recognition are taken to the Income and Expenditure Account
- ii) available-for-sale assets, for example equity investments, are carried at fair value on the balance sheet. Interest receivable and dividend income, impairments and the gain or loss

on de-recognition are taken to the Income and Expenditure Account. Gains and losses arising from changes in fair value (except impairment) are taken to the Statement of Total Recognised Gains and Losses. The effective interest rate method is used to determine interest income.

In these disclosure notes, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy / sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Where instruments are actively traded rather than held for the long-term or are in a portfolio of instruments, some of which are actively traded, it is necessary to consider whether they should be classified as at fair value through profit or loss. Joint Committees often do not hold financial assets or liabilities that FRS 26 would require to be classified at fair value through profit or loss. This matter is covered in Annex 2 of the 2008 SORP.

Further information on the recognition, initial measurement and accounting treatment in respect of Financial Instruments is contained in Chapter Four of the 2008 SORP.

1l) Insurance

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

The major policies in place are:

- employers' liability insurance
- professional indemnity insurance
- public liability insurance
- office contents insurance
- travel insurance

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

1m) Grants

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

1n) Reserves

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

2. Significance of the Statement of Movement on the General Reserves Balance

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

If not already included within the Foreword, include a note here to explain, in brief and simple terms the reason(s) for any significant movement on the General Reserves Balance.

3 Analysis of the Movement on the General Reserves Balance

	Notes	2008/09 £	2008/09 £	2007/08 £	2007/08 £
Surplus / (deficit) for the year on the general reserves - income and expenditure account	21				
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the general reserves balance for the year:					
Transfer to capital financing account:					
Direct revenue financing of capital expenditure	9,23				
Deferred grants amortised in the year	19,21,23				
Loans / lease principal / depreciation adjustment:					
Depreciation charged in the year	8,21				
Loans / lease principal repayments during the year	23				
Transfers to / from earmarked reserves:					
Capital fund	23				
Renewal and repairs fund	23				
Pension reserve	23				
Gain / (loss) on disposal of fixed assets	21,23				
Difference in finance costs					
Difference in pension costs					
Net adjustments to income and expenditure account					
Movement on the general reserves balance for the year	23				
General reserves balance brought forward	23				
General reserves balance carried forward	23				

4. Operating Income and Expenditure

4a) Contract Income

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

2008 / 2009 2007 / 2008

Contract A

4b) Contract Expenditure

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

2008 /2009 2007 /2008

Contract A

4c) External Audit Fees

	2008 / 09	2007 / 08
	£	£
External audit fees		
Grant fees		
Other fees		

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2007 / 2008 £NIL).

4d) Leases

Expenditure during the year on finance lease rentals was £X (2007 / 2008 £Y) and outstanding finance lease rentals at 31 March 2008 / 2009 are as follows (if hire purchase agreements are in place, two further tables should be inserted):

	2008 / 2009	2007 / 2008
	£	£
2008 / 2009		
2009 / 2010		
2010 / 2011		
2011 / 2012		
2012 / 2013		

Expenditure during the year on operating lease rentals was £X (2007 / 2008 £X) and outstanding operating lease rentals at 31 March 2008 / 2009 are as follows:

	2008 / 2009	2007 / 2008
	£	£
2008 / 2009		
2009 / 2010		
2010 / 2011		
2011 / 2012		
2012 / 2013		

5. Employee Costs

5a) Staff Costs

	2008 / 2009	2007 / 2008
	£	£
Salaries and wages		
Employers national insurance		
Employers pension costs		

In addition, agency costs during the year amounted to £X (2007 / 2008 £Y).

5b) Average Number of Employees

(Where FTE represents full-time equivalent employees.)

	2008 / 2009	2007 / 2008
	FTE	FTE
	Actual numbers	Actual numbers
Full-time numbers employed		
Part-time numbers employed		

5c) Senior Employees' Remuneration

	2008 / 2009	2007 / 2008
	Number	Number
£50,001 to £60,000		
£60,001 to £70,000		
£70,001 to £80,000		
£80,001 to £90,000		

6a) Interest Payable and Similar Charges

	2008 / 2009	2007 / 2008
	£	£
Lease / hire purchase Interest		
Bank interest		
Other interest (please specify)		

6b) Interest and Investment Income

	2008 / 2009	2007 / 2008
	£	£
Current account interest		
Short-term deposit interest		

7. Related Party Transactions

This note needs to be tailored to the requirements of the Joint Committee concerned and, if necessary, reference should be made to the SORP for further guidance.

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

Councillors have direct control over the Joint Committee's financial and operating policies. In the 2008 / 2009 financial year, the Joint Committee did not commission any works and services from companies in which Councillors had an interest.

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

The Joint Committee provides administration support to the 11 participant Councils, in relation to the procurement and management of waste-related contracts. During 20XX / YYYY, the Joint Committee reported income of £X from these organisations of which £X was outstanding at 31 March 20YY. In addition, during 20XX / YYYY, the Joint Committee reported expenditure of £X from these organisations of which £X was outstanding at 31 March 20YY.

The income from participating Councils is shown below.

Council A	2008 / 2009	2007 / 2008
-----------	-------------	-------------

8. Fixed Assets

	Land £	Buildings £	Infrastructure assets £	Vehicles and equipment £	Assets under construction £	Non- operational £	TOTAL £
Cost or Valuation							
At 01 April 2008							
Revaluation additions (Note 9)							
Transfers							
Disposals (Note 22)							
At 31 March 2009							
Depreciation							
At 1 April 2008							
Revaluation							
Disposals (Note 22)							
Provided for year							
At 31 March 2009							
Net book value							
At 31 March 2009							
At 31 March 2008							

9. Capital Expenditure

	Note	2008 / 2009	2007 / 2008
Expenditure		£	£
Capital expenditure	8		
Financed by			
Borrowings:			
loans	22(c)		
leases / hire purchase leases	22(c)		
Grants receivable	19		
Capital receipts	23		
Revenue contributions to capital	3,23		
(Surplus) / deficit			
Balance at 01 April 2007			
At 31 March 2008			

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

10. Future Capital Commitments

The district Council has future capital commitments as described below.
Expenditure approved and contracted for £X k. Expenditure approved but not contracted for £X k.

11. Stock

There are no stock items other than immaterial items of stationery and computer consumables which are charged to the income and expenditure account.

12. Debtors

	2008 / 2009	2007 / 2008
	£	£
a) Long-term debtors: amounts falling due in more than one year		
Employee car loans		
b) Debtors: amounts falling due in less than one year		
Government departments		
Other Councils (note 7)		
Value added tax		
Payments in advance		
Other		
Less: provision for doubtful debts		
Total debtors		

Relevant ARC 21 notes to be inserted.

13. Short-Term Investments

	2008 / 2009	2007 / 2008
	£	£
Bank deposits – general		
Bank deposits – repairs and renewals		
Bank deposits – capital fund		
Bank deposits – other		
Money market deposits		
Current account deposits		
Total short-term investments		

14. Creditors

	2008 / 2009	2007 / 2008
	£	£
Amounts falling due in less than one year		
Government departments		
Other Councils		
Receipts in advance		
Trade creditors		
Other		
Borrowing re-payable within one year		
Total creditors		

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

	2008 / 2009	2007 / 2008
	£	£
Between one and two years		
Between two and five years		
Between five and ten years		
In more than ten years		
Government loans fund		

Interest rates on government loans range between X percent and X percent.

16. Deferred Liabilities

	2008 / 2009	2007 / 2008
	£	£
Between one and five years		
In more than five years		

This represents the principal outstanding for assets acquired under finance leases.

17. Financial Instruments

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

Credit Risk

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

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

	£
Less than three months	
Three to six months	
Six months to one year	
More than one year	

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

Liquidity Risk

As the Joint Committee has ready access to borrowings from the Department of Finance and Personnel Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is included in notes 16 to 18. All trade and other payables are due for payment within one year.

Market Risk

Interest Rate Risk

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

Foreign Exchange Risk

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

18. Provisions

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

Movements on this provision are as follows:

	Note	2008 / 2009	2007 / 2008
		£	£
Opening balance			
Less: payments to NILGOSC	3,23		
Add:			
Revaluation	23		
Amounts arising during the year			

Note: Joint Committees should give brief details of each of the other provisions, what they are, how the provision is calculated and the period over which expenditure is likely to be incurred.

19. Deferred Grants

	Note	2008 / 2009	2007 / 2008
		£	£
Opening balance			
Add: new grants received	9		
Less: amounts released to the income and expenditure account	21,23		

All capital grants towards the purchase of a fixed asset are taken to the government grant deferred account, and this amount is written off to the income and expenditure account over the useful life of the asset.

20. Contingencies

ARC 21 should disclose, by way of note, if there is a possible obligation which may require payment or a transfer of economic benefits (refer to FRS 12 for further information).

21. Reconciliation of Surplus to Net Cash Inflow from Operating Activities

	Note	2008 / 2009 £	2008 / 2009 £	2007 / 2008 £	2007 / 2008 £
Surplus / deficit for year	3				
Non-cash transactions					
Depreciation	3,8				
Deferred grants amortised in year	3,19,23				
Adjustment for items reported separately on cashflow					
Interest and investment income	6b)				
Interest payable and similar charges, including gains or losses, on the repurchase or early resettlement of borrowings	6a)				
Gain or loss on disposal of fixed assets	3,23				
Items on an accruals basis					
Increase in stock					
Increase (decrease) in debtors					
Increase in creditors					
Net cash inflow from operating activities					

22a) Analysis of Changes in Cash and Cash Equivalents during the Year

		2008 / 2009	2007 / 2008	Change in	2007 /
	Note			the year	2008
		£	£	£	£
Temporary investments					
Cash					
Total					

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

22b) Analysis of Net Debt

	Cash £	Temporary Investments £	Cash at bank and in hand £	Loans due within one year £	Loans due after more than one year £	Finance leases £	Net Debt £
Balance at 1 April 20XX							
Change in year							
Other non-cash changes - new finance leases							
Balance at 31 March 20YY							

22c) Reconciliation of Changes in Cash to Movements in Net Debt

	Note	2008 / 2009	2007 / 2008
		£	£
Increase in cash in year			
Cash inflow from new loans raised	9		
Cash outflow from:			
Loans repaid			
Finance lease repayments			
Change in net debt resulting from cash flows			
New finance leases	9		
Net debt b/fwd			
Net debt c/fwd			

22d) Analysis of Government Grants shown in the Cash Flow Statement

	2008 / 2009	2007 / 2008
	£	£
Capital Grants		
Central government grants		
(i) Sub-total		
Revenue grants		
Waste management		
(ii) Sub-total		
Total grants		

Revenue grants are included within in the 'Net Cash Inflow from Operating Activities' figure in the cash flow statement.

23 Movement on Reserves

		Capital adjustment account	Financial instrument adjustment account	Revaluation reserve	Available-for- sale financial instruments reserve	Pensions reserve	Capital receipts reserve	Capital fund	Renewal and repairs fund	Other balances and reserves	General reserves	TOTAL
Note		£ 23a)	£ 23b)	£ 23c)	£ 23d)	£ 18, 23e)	£ 23f)	£ 23g)	£ 23h)	£	£ 3	£
At 01 April 2008												
Movements on reserves during the year:												
Capital grants released	3,19,21											
Direct revenue financing	3,9											
Loans fund principal / depreciation adjustment	3											
Receipts												
Interest received												
Receipts applied	3											
Payments to NILGOSC	3,18											
Disposal of fixed assets / capital sales	3,8,21											
Capital receipts used to finance capital expenditure	9											
Revaluation	8,18											
Total movements on reserves during the year: (Change in net worth)												
At 31 March 2009												

23a) Capital Adjustment Account

The Capital Adjustment Account replaced the Capital Financing Account on 01 April 2007. The balance on the former Fixed Asset Restatement Account and the balance on former Capital Financing Account were combined to form this new account. The purpose of this new account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts, excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the general reserves for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

23b) Financial Instruments Adjustment Account

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

23c) Revaluation Reserve

This new Revaluation Reserve replaced the former Fixed Asset Restatement Account on 01 April XX/YY where the balance was transferred to the new Capital Adjustment Account. This account cannot be used to support spending. The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to the General Reserves) are mirrored in the Statement of Total Recognised Gains and Losses. It is a fundamental principal of this new account that it never becomes negative. If the asset disposed of was held at current value when it is disposed of, the balance held on the Revaluation Reserve is written-off to the Capital Adjustment Account.

23d) Available-for-Sale Financial Instruments Adjustment Reserve

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

23e) Pension Reserve

Refer to note 18.

23f) Capital Receipts Reserve

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

23g) Capital Fund

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

(ARC 21 to provide details, if any.)

23h) Renewal and Repairs Fund

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

(ARC 21 to provide details, if any.)

Accounts Authorised for Issue Certificate

In accordance with Financial Reporting Standard 21, Events after the Balance Sheet Date (FRS 21) this Statement of Accounts which contains a number of minor amendments from the Accounts approved

on ----- 2009 are at today's date hereby authorised for issue.

FRS 21 sets out:

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

Signed.....
Chief Executive

Date.....

Mr John Quinn
ARC 21
Duncrue Complex
Duncrue Industrial Estate
BELFAST
BT3 9BP

Goodwood House
44 - 58 May Street
BELFAST
BT1 4NN

Telephone: 028 9025 6079
Facsimile: 028 9025 6080
Email: Marie.finnegan@doeni.gov.uk

Your reference:
Our reference:

Circular LG 06/09

6 April 2009

Dear Mr Quinn

ACCOUNTS DIRECTION: ARC 21

Following consultations with the Local Government Audit Office, the Department has prepared a revised Direction for the appropriate form and format of accounts of ARC21. This replaces the version issued under cover of my letter dated 9 June 2008.

Therefore, in exercise of powers under Article 24(2) of the Local Government (Northern Ireland) Order 2005 and Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Department hereby directs that the accounts for the financial year ended 31 March 2009 and subsequent financial years shall comply with the enclosed Direction. The format of the accounts should follow the layout of the pro forma enclosed.

Yours sincerely



MFT FINNEGAN (MISS)

cc: Mr George Craig, Finance Director
Mr John Buchanan, Chief Local Government Auditor
Mr Denver Lynn, Deputy Chief Local Government Auditor

ACCOUNTS DIRECTION: ARC 21 JOINT COMMITTEE

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF THE ENVIRONMENT, IN ACCORDANCE WITH ARTICLE 24(2) OF THE LOCAL GOVERNMENT (NORTHERN IRELAND) ORDER 2005 AND REGULATION 4(1) OF THE LOCAL GOVERNMENT (ACCOUNTS AND AUDIT) REGULATIONS (NORTHERN IRELAND) 2006 FOR THE YEAR ENDED 31 MARCH 2009.

1. The accounts shall 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.
2. Subject to the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, this Accounts Direction and other statutory provisions, the Joint Committee shall observe all relevant accounting and disclosure requirements given in the applicable Code of Practice on Local Authority Accounting in the United Kingdom (the SORP – a Statement of Recommended Practice), as amended or augmented from time-to-time, except where stated at 3 below.
3. In addition to the requirements of the SORP the statement of accounts, which it is the duty of the Chief Executive to prepare in respect of the financial year ended 31 March 2009, it shall include:
 - (a) an Explanatory Foreword
 - (b) a Certificate of the Chief Executive and Joint Committee Approval of the Statement of Accounts
 - (c) a Statement of the Joint Committee's and Chief Executive's Responsibilities for the Statement of Accounts
 - (d) a Governance Statement
 - (e) Local Government Auditor's Report to the Members of ARC 21 Joint Committee
 - (f) an Income and Expenditure Account
 - (g) a Statement of Movement on the General Reserves Balance
 - (h) a Statement of Total Recognised Gains and Losses
 - (i) a Balance Sheet
 - (j) a Cash Flow Statement

4. The statement of accounts should also include such notes as may be necessary for the purposes of the additional disclosure requirements, as attached.
5. The accounts of the Joint Committee should be prepared in the form directed by the Department, signed by the Chief Executive and approved by the Joint Committee. Four signed copies should be submitted to the Department on or before 30 June following the financial year to which they relate.

Dated: ----- day of April 2009

Signed by authority of the Department of the Environment

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MFT FINNEGAN (MISS)