

# GREATER **LONDON** AUTHORITY

## Statement of Accounts 2014/15 AUDITED



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## Explanatory Foreword

### 1. Introduction to the Greater London Authority

The Greater London Authority (“GLA”) at its inception was often characterised as a ‘strategic’ body: an institution to think through the imperatives and opportunities facing London; a hub around which others could be brought together for the benefit of London; and a platform to help the Mayor put forward London’s case nationally and internationally.

Yet since April 2012 the GLA has also been a major commissioner of activity in its own right as the Mayor secured new powers for the GLA to tackle London’s housing challenges and promote economic development. At the same time, the GLA inherited responsibility for 635 hectares of public land in London, of which 90 per cent is now either already developed, currently in development or being marketed.

Working with others has always been vital to the GLA’s success; not just with the GLA’s four functional bodies – Transport for London, the Mayor’s Office for Policing and Crime, the London Fire and Emergency Planning Authority and the London Legacy Development Corporation – but as a convenor of and contributor to a wider network of partnerships. London’s local authorities and businesses are key to these partnerships.

The Mayor’s 2020 Vision and the Long Term Economic Plan for London set out how the capital can stimulate new jobs, make major improvements to transport systems, open up new sites for housing and improve the skills of Londoners.

The Mayor is also spearheading the London Infrastructure 2050 programme, which is establishing the infrastructure London needs to remain one of the best cities in the world to live, work and do business in. This is a long term drive to prioritise capital investment and improve infrastructure delivery in the capital, working with government, business, utility and transport providers and regulators.

Overall, this has been a spectacular year for London with many records being claimed: the population reached its record level of 8.6 million since the peak in 1939, and it is set to grow to 10 million by 2030; we are building record numbers of homes, more than in any year since 1980, and are on course to build 100,000 affordable homes by 2016. More people are using the Tube and buses than before and more are cycling (over half a million every day). Crime is down. We have successfully reopened Queen Elizabeth Olympic Park and have last year welcomed to London more visitors than Paris or New York.

London is also going from strength to strength with huge investments in infrastructure. The first tube extension in 15 years is about to begin on the Northern Line, Crossrail continues apace; some exceptional projects, led by the ground-breaking Olympicopolis initiative, are promising to keep London as an undisputed leader amongst world cities. Olympicopolis will create a world class education and cultural district in the Queen Elizabeth Olympic Park. University College London and the University for the Arts London will each establish a new university campus. The Park will also house new locations for the Victoria and Albert

Museum and Sadler's Wells and the Smithsonian Institute also plans to open its first international museum outpost alongside them.

## 2. Introduction to the Greater London Authority Annual Accounts

The annual statement of accounts has been prepared in accordance with the 2014/15 Code of Practice on Local Authority Accounting and International Financial Reporting Standards. Changing requirements over several years have led to the increasing complexity and detail required in the accounts and one of the purposes of this foreword is to provide a guide to the accounts and the most significant financial matters contained within the statements.

The **Group Accounts** comprise of:

- **GLA;**
- **Greater London Authority Holdings Ltd** and its **GLA Land and Property Ltd** ("GLAP") subsidiary. The GLA owns 100 per cent of the share capital in Greater London Authority Holdings Ltd, and through this structure it controls the benefits arising from the property trading activities of GLAP. GLAP is a wholly owned subsidiary of Greater London Authority Holdings Ltd and this company has been created to undertake the vast majority of the GLA's land, property and commercial activities; and
- **London Legacy Development Corporation** ("LLDC"), which is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011. LLDC is a 'functional body' of the GLA and the Mayor appoints Members to its Board and allocates its budgets.

The principal accounting statements are the:

- **Movement in Reserves Statement:** This statement shows the movement in the year on the different reserves held by the GLA and the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfer to or from earmarked reserves;
- **Comprehensive Income and Expenditure Statement:** This statement is fundamental to understanding the GLA's and the Group's activities. It brings together all of the functions of the GLA and the Group and summarises all of the resources that have been generated, consumed or set aside in carrying out activities during the year. As such, it is intended to show the true financial position of the GLA and the Group, before allowing for the concessions provided by statute to raise local taxation according

to different rules and for the ability to divert particular expenditure to be met from capital resources;

- **Balance Sheet:** like the Comprehensive Income and Expenditure Statement this is also fundamental to understanding the financial position of the GLA and the Group as at 31 March. The Balance Sheet shows the value of the assets and liabilities recognised by the GLA and the Group. The net assets (assets less liabilities) are matched by the reserves held by the GLA and the Group. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the GLA and the Group 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 is the one that the GLA and the Group is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”;
- **Cash Flow Statement:** the Cash Flow Statement shows the changes in cash and cash equivalents of the GLA and Group during the reporting period. The statement shows how the GLA and Group generate and use 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 are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

These Statements are further supported by notes and supplementary financial statements, including the:

- **Fund Account**, which shows government grants received by the GLA for the GLA and functional bodies, and the amounts passed on to the functional bodies; and
- **Business Rates Supplement Revenue Account**, which details the income raised from the levy imposed on large non-domestic ratepayers to raise money to help fund the Crossrail construction project.

There is also a glossary of financial terms that are intended to assist the reader to understand the specialist accounting terms that are contained within the Statement of Accounts.

### 3. Financial Summary 2014/15

#### Revenue

Including activities carried out by GLAP, the GLA had revenue expenditure of £233m.

<b>Directorate</b>	<b>2014/15 £m</b>	<b>2013/14 £m</b>
Development, Enterprise and Environment	31	32
Housing and Land	32	35
Communities and Intelligence	23	21
External Affairs	7	7
Resources	127	113
Corporate Management	1	1
London Elects	1	1
Mayor's Office	4	4
Assembly and Secretariat	7	7
<b>Net Cost of GLA Services</b>	<b>233</b>	<b>221</b>

The expenditure was funded by the following resources:

<b>Source</b>	<b>2014/15 £m</b>	<b>2013/14 £m</b>
Revenue Reserves	33	43
Revenue Support Grant	55	39
Retained Business Rates	42	32
Council Tax Freeze Grant	9	10
Council Tax Precept	94	97
<b>Total Funding</b>	<b>233</b>	<b>221</b>

The net revenue outturn for 2014/15 was an underspend of £21m against its revenue budget after taking account of £30m carried forward to continue approved spending programmes in 2015/16. The favourable variance includes £6m as a result of savings in debt servicing and additional investment interest generated. These reflect effective cash management and within strict risk parameters an increased rate of return due to the use of new investment opportunities and cash pooling arrangements. Other significant positive variances arise from a review of the amount to be set aside for the repayment of debt and a revision to the Business Rates Retention funding account.

A provision of £4m has been created to fund obligations that have arisen during the current financial year, see Note 40 for further details, the remaining balance has been used to create a reserve to manage any fluctuations in spending of the Mayoral Development Corporations.

The LLDC's revenue outturn for the year was an underspending of £6.5m against its revenue budget of £40m. This was largely due to lower than budgeted operational spending on the Queen Elizabeth Olympic Park which opened to the public in April 2014.

## Capital

Including activities carried out by GLAP, the GLA had a capital budget of £1.7bn against which £1.5bn was spent, equating to 90 per cent delivery. Of this expenditure, £530m relates to the GLA's contribution to Transport for London towards the cost of the Crossrail project – of which £309m was financed by borrowing and £221m from a share of Business Rate Supplement revenues. More detail on Crossrail borrowing is set out below. The majority of the remaining expenditure of £960m is related to Regeneration funds, a loan of £171m to LLDC and the GLA's Housing and Land programmes.

<b>Capital Spending Plan</b>	<b>2014/15 £m</b>	<b>2013/14 £m</b>
Crossrail	530	875
Northern Line Extension	50	0
LLDC Loan	171	0
Affordable Housing Programme	382	192
Decent Homes Programme	289	214
Outer London Fund	8	18
Mayor's Regeneration Fund	6	5
London Enterprise Fund	3	1
London Enterprise Panel	4	0
Compulsory Purchase Order payments	18	29
Kidbrooke Regeneration Scheme	5	2
Minor Programmes	24	24
<b>Capital Expenditure</b>	<b>1,490</b>	<b>1,360</b>

The financing of capital expenditure was by the following methods:

<b>Capital Funding Sources</b>	<b>2014/15 £m</b>	<b>2013/14 £m</b>
Borrowing - Crossrail	309	800
Business Rate Supplement	221	75
Borrowing - NLE	24	0
S106 Contributions - NLE	26	0
Grants	892	443
Receipts	18	13
Short Term Provisions	1	29
<b>Total Capital Funding</b>	<b>1,490</b>	<b>1,360</b>

LLDC planned net capital funding requirement for the year was £177m, against which there was underspend of £25m reflecting slippage on a number of capital projects into 2015/16.

The budget for the transformation of the former Olympic Stadium at Queen Elizabeth Olympic Park was increased in November 2014 due to additional expenditure incurred on the roof works in 2014/15 which will continue into 2015/16. The contract cost for the Stadium transformation was confirmed on 19 June 2015 at £272m. Contingency is also held for potential work that is subject to business case approval.

## Performance

Further information on the full range of activities carried out by the GLA, GLAP and the LLDC in 2014/15 can be found within:

- The Mayor's Annual Report for 2014/15  
[http://www.london.gov.uk/sites/default/files/Annual\\_per\\_cent20Report\\_per\\_cent202014-15\\_per\\_cent20PDF.pdf](http://www.london.gov.uk/sites/default/files/Annual_per_cent20Report_per_cent202014-15_per_cent20PDF.pdf)
- The London Legacy Development Corporation's website  
<http://www.queenelizabetholympicpark.co.uk/>

## 4. The GLA's Group Balance Sheet

### Reserves

The net worth (total reserves) of the GLA is a £3bn (deficit). This is split between usable reserves (£0.4bn) and unusable reserves (£3.4bn deficit). The main component of unusable reserves is the capital adjustment account which reflects the impact of borrowing for Crossrail where the asset is held by Transport for London and not the GLA.

At the year-end usable reserves were £7m higher than the level at 31 March 2014. This reflected an increase in the capital receipts reserve (+£34m) and capital grants unapplied (+£8m) offset by a reduction of £35m in earmarked reserves from £307m to £272m. The major earmarked reserves within this figure include the:

- **Mayor's Resilience Reserve** (£56m), which has been increased to manage the adverse impact on the GLA's finances as a result of the introduction of a new business rate retention scheme from 2013/14 and its volatility due to the level appeals by business ratepayers as well as to support spending pressures across the GLA Group.
- **Revenue Grants Unapplied Reserve** (£54m), which includes grants that have been received in advance of the expenditure being incurred. The high level of this reserve reflects the receipt of grant from the London Settlement, which is the main funding settlement agreed with the Government for the GLA and LLDC running to the end of 2014/15 and which brought forward amounts due into 2012/13 and 2013/14, thereby providing substantial balance sheet resilience to manage the GLA's new functions.
- **NDR (non-domestic rates or 'business rates') Backdated Appeals Spreading Reserve** (£45m), which was created in relation to the business rates retention scheme to offset an annual charge arising from the release of the deferred business rate appeals for which a provision was made in 2013/14. This is £15 million lower than in 2013/14 as 25 per cent of the original reserve has been released in line with statutory



requirements. The remaining balance will be eliminated in equal amounts over the next three financial years. The effect of releasing this reserve is to debit the general fund to reduce the business rates income for the GLA used for the purposes of calculating any levy or safety net payments due to/from central government. This is expected to have no direct financial impact in 2014/15 as the GLA will not be required to make a levy payment on the basis of the retained rates income receivable or be eligible for a safety net payment. This adjustment is, however, expected to result in reductions in its levy payments on business rates growth for 2015/16 to 2017/18;

- **Development Corporations Reserve** (£42m), which is available to manage any fluctuations in spending of the Mayoral Development Corporations. In addition to the LLDC, from 1 April 2015 a newly created Old Oak and Park Royal Development Corporation came into operation in West London to realise the full development potential of Old Oak Common and Park Royal; and
- **Directorate Programme Reserve** (£31m), which represents amounts carried forward to continue approved GLA spending programmes in 2015/16; and

The LLDC usable reserves held as its general fund is in deficit by £38m. In accordance with International Accounting Standards the full liability for a deferred tax charge of £53m has been charged in 2014/15. This deferred tax liability is mainly due to the increase in the value of its investment portfolio and will be a direct cost as and when the LLDC disposes of its property portfolio and the increase in value of the portfolio is realised.

### **LLDC long term assets**

The majority of LLDC assets are being held for their income generating potential or for capital appreciation and are therefore classified as investment property. Overall the value of these assets has increased by £256m from £170m at the end of last year to £426m as at 31 March 2015. The increase in the market value of these assets is mainly due to an increase in residential land values and the development agreements signed for East Wick and Sweetwater in March 2015.

### **E20 Stadium LLP**

The LLDC has an interest in a joint venture, E20 Stadium LLP, with the London Borough of Newham ("LBN") through LBN's subsidiary Newham Legacy Investments Limited ("NLI"). This partnership is designed to give the local area ownership of the former Olympic Stadium and is the legal entity that now holds a 102 year leasehold interest in the Stadium Island site and is responsible for the transformation works required for the Rugby World Cup in 2015 and the subsequent use by West Ham United Football Club and UK Athletics.

During the year, LLDC invested £110m into E20 Stadium LLP in relation to the transformation of the Stadium. The fair value assessment of the Stadium is based on revenue contracts and considered the level of income that these could generate in excess of operating expenditure, as well as market data of the performance of other European stadium developments. As at 31 March 2015, the Stadium's fair value, based on the E20 partnership's approved business plan, is expected to be £40m (2013/14 £60m) once the transformation work has been completed in the summer of 2016. The approved business

plan reflects that no ongoing subsidy is required once the business has reached steady state operation.

In 2014/15 the total comprehensive loss of the E20 partnership was £125m of which £122m relates to the fair value adjustment for property, plant and equipment under construction. In accordance with the Members Agreement between LLDC and NLI, any impairment loss should be offset against LLDC's capital contribution in the first place, and as a result the contribution made by LLDC during the year has been fully impaired. The investment in the transformation of the stadium delivers value for Londoners as it will provide a new national competition stadium for athletics in the UK and a year round multi-use arena. The Stadium will be financially stable over the long term and is a key part of 2012 Games legacy regeneration programme that will deliver thousands of new jobs and homes in London.

## Pensions

Included within the unusable reserves section is the negative pensions reserve totalling £119m for the GLA. This matches the pension liability in the balance sheet as measured under International Accounting Standard 19 ("IAS 19"). The purpose of IAS 19 is to facilitate comparison of the pension obligations of employers. The IAS 19 calculations are carried out using a prescribed method and some of the assumptions are also prescribed. As the method and assumptions underlying the calculations are different, the IAS19 calculations will produce different results from the formal funding actuarial valuation. In particular, the calculated deficit will likely be different from that published in the triennial valuation.

The GLA's estimated liabilities for retirement benefits for the pension fund exceeded the assets in the fund by £119m as at 31 March 2014. Further details are set out in note 20 "Pensions".

The actuary has certified that the GLA's employer contribution is to be maintained at the rate of 12 per cent for the three years to 31 March 2017. Statutory provisions require the GLA's reserves to be charged with the amount payable by the GLA to the pension fund in the year, not the amount calculated according to IAS 19. The IAS 19 transactions are charged to the GLA's income and expenditure account and accounts for the Authority's future pensions obligations. Statute however requires that the IAS 19 charges are reversed and not charged against the GLA's reserves.

The LLDC is also member of the Local Government Pension Scheme, administered by the London Pensions Fund Authority, and the same statutory arrangements for funding and accounting for its deficit apply. The LLDC's employer contribution rate is 12 per cent.

## Provisions

The Group balance sheet also includes provisions totalling £201m. The major provisions are:

- £163m for **non-domestic (business) rates appeals**. This is in respect of the GLA's share of billing authorities' estimates of the provision required for potential refunds relating to retrospective alterations to the rating list under the business rates retention scheme. In 2014/15, there was a net increase of £50m compared to 2013/14; and

- £28m for the settlement of **Compulsory Purchase Orders**. This included an additional £5.5m provision, the reversal of £16m excess provision and the use of £18m to fund CPO payments in year, resulting in a net reduction of the provision of £29m.

## 5. Other significant issues

### Impact of reforms to funding of the GLA introduced in April 2013

In 2013/14, the Government introduced a new system of local government finance which has affected the way in which the GLA and its functional bodies are funded.

The main changes were:

- The introduction of the business rates retention system whereby 50 per cent of business rates collected in London are retained locally (GLA 20 per cent, London boroughs 30 per cent);
- The localisation of council tax support (formerly benefit) accompanied by reforms which gave greater discretion in relation to council tax discounts and exemptions for second and empty homes; and
- The consolidation of a number of formerly distinct revenue grant streams for the GLA and its functional bodies into a single pot over which the Mayor has complete discretion on the allocation of – paid through retained business rates and revenue support grant.

For 2014/15, the Comprehensive Income and Expenditure Statement includes £194m of revenue support grant and the £974m of business rates retention funding allocated to the functional bodies and the GLA for services in line with the Mayor's budget decisions. In addition the GLA made a £349m tariff payment to government which represented the difference between the GLA's funding allocation for retained rates in the 2014/15 Local Government Finance Settlement and its 20 per cent share of the business rates baseline in London at the start of the system, uprated for the change in the non-domestic rating multiplier.

Based on the budgeted income forecasts by billing authorities, supplied in January 2014, it was estimated that a further £30m of business rates revenues would be retained in the Mayor's Resilience Reserve – representing the difference between the sums budgeted to be received from retained business rates and the amounts budgeted to be applied for GLA and functional body services and for the tariff payment. This included taking into account an estimated £40m budgeted to be received in section 31 grant from central government to finance the loss of rates income arising from the 2 per cent cap on the NNDR multiplier and various discretionary rates reliefs confirmed by the Government for 2014/15 in the Chancellor's 2013 Autumn Statement.

The provisional business rates outturn from the 33 London billing authorities indicated in aggregate terms that the total retained income for the GLA in respect of 2014/15 was £63m lower than their forecasts made at the start of the year. This has arisen primarily

because of a large increase in appeals by ratepayers responding to a 31 March 2015 deadline set by the Chancellor by which appeals had to be lodged to enable any refunds to be backdated to April 2010. In addition the GLA is expected to have to repay £13m of section 31 grants paid on account during 2014/15 as the take up of some reliefs by ratepayers has been lower than anticipated. As a result there is a £77m adverse variance in total income compared to billing authorities' budgeted assumptions at the start of the financial year in respect of the GLA's 20 per cent share.

In addition to the business rates reforms, decision making on the award of council tax benefit was localised in 2013/14 – with council tax benefit subsidy replaced by a general fund grant (local council tax support) – alongside new powers given to billing authorities in relation to discounts, exemptions and premiums for council tax on second and empty homes.

The changes had the net effect of reducing the council tax base for Greater London by approximately 16 per cent in 2013/14 compared to 2012/13. This reduction in revenue from the lower taxbase was offset in part by the provision of £160m of local council tax support funding from central government. For 2014/15, the policing element (£120m) – is paid to MOPAC as a specific grant with the remainder notionally included within the GLA's revenue support grant and retained business rates baselines.

The Mayor's council tax requirement for 2014/15 was £787m (2013/14 £767m) and the GLA received a further £15m during the year relating to the release of billing authorities' estimated collection fund surpluses at 31 March 2014.

## **Borrowing**

All of the GLA's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing. Standard & Poor's confirmed that it has maintained the GLA's credit rating at AA+ with a stable outlook.

In 2010/11 the GLA commenced its major programme of borrowing as a core element of its £4.1bn commitment to the Crossrail funding package, as agreed with the Government and Transport for London, with the original plan of borrowing £3.5bn and making a direct contribution of £0.6bn from Business Rate Supplement raised. The financing and repayment of this borrowing is funded through the 2p Crossrail Business Rate Supplement ("BRS"), which is a property-based tax levied on larger businesses within Greater London (i.e. those with a rateable value above £55,000), collected alongside business rates.

The GLA has now completed its borrowing for Crossrail having secured £3.3bn of fixed rate borrowing from a combination of the PWLB and the capital markets, and has made a direct contribution from BRS of £800m. This reduced borrowing is principally due to the fact that the GLA has been able to borrow the amount required to meet its commitment to TfL at a borrowing rate of some 3.6 per cent, whereas the original plan assumed a rate of 6 per cent.

In addition to borrowing for Crossrail, the GLA has £255m of outstanding borrowing arising from inherited Olympic debt transferred from the LDA.

The GLA has entered into an arrangement with the Treasury to borrow up to £1bn to finance the Northern Line Extension (“NLE”) alongside a parallel agreement with the London Boroughs of Lambeth and Wandsworth and Transport for London to finance the scheme. The proposal includes plans to create two new stations at Nine Elms and Battersea Power Station and the borrowing is to be financed by developer contributions and the retention of incremental business rates revenue growth in the area for a period of at least 25 years with the option of an extension for a further 5 years if required. The NLE borrowing, like Crossrail, is ring-fenced and will be accounted for on a similar basis as a Tax Increment Financing scheme. No long term NLE related borrowing has been undertaken in 2014/15. A payment of £50m has been made to Transport for London to finance the project during 2014/15.

On 5 May, 2015 the GLA, via its Lloyds Community Finance (COFCO) vehicle, issued an index-linked bond for £200m. Assuming Bank of England inflation forecasts, the rate is some 81 basis points below the fixed rate PWLB equivalent and this equates to a saving in interest payments of some £38m over the term of the loan, as well as giving the GLA some protection from a deflationary environment.

Over the turn of last calendar year, the GLA agreed a loan facility with the EIB for £480m to finance the NLE. The GLA has now committed to drawdown the first £240m of this facility over the next two financial years. The average rate of these loans was 2.4 per cent with repayment over the next 13-18 years. The GLA was able to borrow below the implied UK Government rate by between 0.15-0.20 per cent. This equates to a saving of £27m against the implied PWLB project rate of 0.6 per cent above the government rate and by locking in to future rates, provides a protection against unanticipated rises in rates.

A commitment to draw the balance of EIB funding is expected shortly and this will remove further interest rate uncertainty and capture additional interest rate savings. This means the GLA will have funding of £680m secured for the NLE.

### **GLA lending to LLDC**

In previous years, LLDC has benefited from funds allocated from the Public Sector Funding Package for the Olympic Games, the 2010 Spending Review and additional Government funding for the transformation of the former Olympic Stadium. These funds were incorporated into the GLA’s own grant settlement from Government. This investment reflects the huge scale of the works undertaken to transform the former Olympic venue from a temporary athletics stadium into a year-round multi-use arena capable of delivering world class sporting and cultural events. It will be the only stadium in the UK to meet UEFA Category 4 classification and be a fully compliant IAAF Category 1 athletics facility. Looking ahead, the GLA will receive £141m capital grant funding for Olympicopolis (this being the creation of a world class education and cultural district on Queen Elizabeth Olympic Park).

The GLA has full discretion over how it provides funding to LLDC and any additional capital subsidy that may be required by LLDC. Funding for LLDC’s capital expenditure is now on the basis that capital investment should be self-financing over the long term, repaid from capital receipts generated from the exploitation of LLDC ownership of development platforms on and around the Park. In 2014/15 and in future, the LLDC’s short and medium

term funding needs will be provided from the GLA as loan funding to be repaid from capital receipts. Loan funding in 2014/15 amounted to £171m.

### **London Travelwatch**

In previous years the Group Accounts included London Travelwatch ("LTW"). LTW is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog reporting to the London Assembly (which itself forms part of the GLA made up of the 25 Assembly Members elected to hold the Mayor to account by examining his decisions and actions to ensure he delivers his promises for Londoners). The Board of LTW is appointed by the London Assembly. The Assembly also approves LTW's budget and has the power to issue guidance and direction. On the grounds of materiality, the GLA has decided to no longer consolidate LTW on a line by line basis. In the Related Party Notes there is a disclosure of the grant paid to LTW and LTW's net asset/liability position.

For details of any other items not included in this section please refer to the Notes to the Accounts and the Core Financial Statements..

## **6. Further information**

Further information about the GLA's Annual Statement of Accounts is available upon request from the Head of Financial Services, Greater London Authority, City Hall, The Queen's Walk, More London, London SE1 2AA.

The Annual Statement of Accounts can also be viewed on the GLA's website (<http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/accounts-and-annual-governance-statement>). Please contact us at the above address if you have any comments on the presentation of the Annual Statement of Accounts.

Martin Clarke  
**Executive Director of Resources**

## Statement of Responsibilities for the Statement of Accounts

### The Authority's responsibilities

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 Executive Director of Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Executive Director of Resources' responsibilities

The Executive Director of Resources is responsible for the preparation of the Authority'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 2014/15* (the Code).

In preparing this Statement of Accounts, the Executive Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Executive Director of Resources has also:

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

### Certificate of the Executive Director of Resources

I certify that the accounts for the Greater London Authority, give a true and fair view of the financial position of the Greater London Authority as at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

**Martin Clarke CPFA**

Executive Director of Resources

Date: 24 September 2015

## **Approval of the Statement of Accounts by the Mayor of London**

In accordance with Regulation 8(3) of the Accounts and Audit Regulations 2011, I approve the accounts of the Greater London Authority.

**Boris Johnson**  
Mayor of London

Date: 24 September 2015



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# **INDEPENDENT AUDITOR'S REPORT TO THE GREATER LONDON AUTHORITY**

## **Opinion on the Authority's financial statements**

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and the related notes 1 to 55. 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 2014/15.

This report is made solely to the Greater London Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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.

## **Respective responsibilities of the Executive Director of Resources and auditor**

As explained more fully in the Statement of the Executive Director of Resources Responsibilities set out on page 14, the Executive Director of Resources 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Greater London Authority Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

## **Opinion on other matters**

In our opinion, the other information given in Greater London Authority Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### *Respective responsibilities of the Authority and the auditor*

The Authority is responsible for putting in place proper arrangements to secure 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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place 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.

### *Basis of conclusion*

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under its 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 2015.

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 form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### *Conclusion*

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Greater London Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

### **Certificate**

We certify that we have completed the audit of the accounts of the Greater London Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Karl Havers  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
London  
24<sup>th</sup> September 2015

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## Group Movement in Reserves Statement

2014/15	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Reserves Usable £000	Share of Reserves Unusable £000	Group Usable £000	Group Unusable £000	Total Reserves £000
Balance at 31 March 2014		(58,748)	(307,356)	(1,183)	(1,391)	(368,678)	3,074,502	2,705,824	43,427	(306,278)	(325,251)	2,768,224	2,442,973
Movement in reserves during 2014/15													
Group (surplus) or deficit		253,559	-	-	-	253,559	-	253,559	(80,796)	-	172,763	-	172,763
Corporation Tax		-	-	-	-	-	-	-	(2,436)	906	(2,436)	906	(1,530)
Other Comprehensive Expenditure and Income		-	-	-	-	-	48,357	48,357	-	(3,253)	-	45,104	45,104
Total Comprehensive Expenditure and Income		253,559	-	-	-	253,559	48,357	301,916	(83,232)	(2,347)	170,327	46,010	216,337
Adjustment between authority accounts and group accounts		4,432	-		-	4,432	(4,326)	106			4,432	(4,326)	106
Adjustments between accounting basis and funding basis under regulations	7	(226,321)	-	(33,788)	(8,100)	(268,209)	268,209	-	89,857	(89,857)	(178,352)	178,352	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		31,670	-	(33,788)	(8,100)	(10,218)	312,240	302,022	6,625	(92,204)	(3,593)	220,036	216,443
Transfers to/(from) Earmarked Reserves	8	(31,564)	31,564	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2014/15		106	31,564	(33,788)	(8,100)	(10,218)	312,240	302,022	6,625	(92,204)	(3,593)	220,036	216,443
Balance at 31 March 2015		(58,642)	(275,792)	(34,971)	(9,491)	(378,896)	3,386,742	3,007,846	50,052	(398,482)	(328,844)	2,988,260	2,659,416

## Group Movement in Reserves Statement (continued)

2013/14	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Reserves Usable Unusable	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000 £000	£000	£000	£000
<b>Balance as at 31 March 2013</b>		<b>(53,819)</b>	<b>(290,126)</b>	<b>(103)</b>	<b>-</b>	<b>(344,048)</b>	<b>2,183,035</b>	<b>1,838,987</b>	<b>9,395</b> <b>(279,804)</b>	<b>(334,653)</b>	<b>1,903,231</b>	<b>1,568,578</b>
<b>Movement in reserves during 2013/14</b>												
Group (surplus) or deficit		852,199	-	-	-	852,199	-	852,199	16,117	-	868,316	868,316
Corporation Tax		-	-	-	-	-	-	-	209	-	209	209
Other Comprehensive Expenditure and Income		-	-	-	-	-	14,638	14,638	(8,761)	-	5,877	5,877
<b>Total Comprehensive Expenditure and Income</b>		<b>852,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>852,199</b>	<b>14,638</b>	<b>866,837</b>	<b>16,117</b> <b>(8,552)</b>	<b>868,316</b>	<b>6,086</b>	<b>874,402</b>
Adjustment between authority accounts and group accounts			-	22,601	-	22,601	(22,601)	-	-	22,601	(22,601)	-
Other adjustment		-	-	-	-	-	-	-	(7)	(7)	-	(7)
Adjustments between accounting basis and funding basis under regulations	7	(874,358)	-	(23,681)	(1,391)	(899,430)	899,430	-	17,922	(17,922)	881,508	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>		<b>(22,159)</b>	<b>-</b>	<b>(1,080)</b>	<b>(1,391)</b>	<b>(24,630)</b>	<b>891,467</b>	<b>866,837</b>	<b>34,032</b> <b>(26,474)</b>	<b>9,402</b>	<b>864,993</b>	<b>874,395</b>
Transfers to/(from) Earmarked Reserves	8	17,230	(17,230)	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2013/14</b>		<b>(4,929)</b>	<b>(17,230)</b>	<b>(1,080)</b>	<b>(1,391)</b>	<b>(24,630)</b>	<b>891,467</b>	<b>866,837</b>	<b>34,032</b> <b>(26,474)</b>	<b>9,402</b>	<b>864,993</b>	<b>874,395</b>
<b>Balance at 31 March 2014 carried forward</b>		<b>(58,748)</b>	<b>(307,356)</b>	<b>(1,183)</b>	<b>(1,391)</b>	<b>(368,678)</b>	<b>3,074,502</b>	<b>2,705,824</b>	<b>43,427</b> <b>(306,278)</b>	<b>(325,251)</b>	<b>2,768,224</b>	<b>2,442,973</b>

## Authority Movement in Reserves Statement

2014/15	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>		<b>(58,642)</b>	<b>(307,356)</b>	<b>(23,784)</b>	<b>(1,391)</b>	<b>(391,173)</b>	<b>3,097,103</b>	<b>2,705,930</b>
<b>Movement in reserves during the year</b>								
(Surplus) or Deficit on the provision of services		257,884	-	-	-	257,884	-	257,884
Other Comprehensive Expenditure and Income		-	-	-	-	-	48,357	48,357
<b>Total Comprehensive Expenditure and Income</b>		<b>257,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,884</b>	<b>48,357</b>	<b>306,241</b>
Other adjustments		1	-	-	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	7	(226,321)	-	(33,788)	(8,100)	(268,209)	268,209	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>		<b>31,564</b>	<b>-</b>	<b>(33,788)</b>	<b>(8,100)</b>	<b>(10,325)</b>	<b>316,566</b>	<b>306,241</b>
Transfers to/(from) Earmarked Reserves	8	(31,564)	31,564	-	-	-	-	-
<b>(Increase)/Decrease in year</b>		<b>-</b>	<b>31,564</b>	<b>(33,788)</b>	<b>(8,100)</b>	<b>(10,325)</b>	<b>316,566</b>	<b>306,241</b>
<b>Balance at 31 March 2015 carried forward</b>		<b>(58,642)</b>	<b>(275,792)</b>	<b>(57,572)</b>	<b>(9,491)</b>	<b>(401,498)</b>	<b>3,413,669</b>	<b>3,012,171</b>

2013/14	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2013</b>		<b>(53,819)</b>	<b>(290,126)</b>	<b>(103)</b>	<b>-</b>	<b>(344,048)</b>	<b>2,183,035</b>	<b>1,838,987</b>
<b>Movement in reserves during 2013/14</b>								
(Surplus) or Deficit on the provision of services		852,306	-	-	-	852,306	-	852,306
Other Comprehensive Expenditure and Income		-	-	-	-	-	14,638	14,638
<b>Total Comprehensive Expenditure and Income</b>		<b>852,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>852,306</b>	<b>14,638</b>	<b>866,944</b>
Other adjustments		-	-	-	-	-	(1)	(1)
Adjustments between accounting basis and funding basis under regulations	7	(874,359)	-	(23,681)	(1,391)	(899,431)	899,431	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>		<b>(22,053)</b>	<b>-</b>	<b>(23,681)</b>	<b>(1,391)</b>	<b>(47,125)</b>	<b>914,068</b>	<b>866,943</b>
Transfers to/(from) Earmarked Reserves	8	17,230	(17,230)	-	-	-	-	-
<b>(Increase)/Decrease in 2013/14</b>		<b>(4,823)</b>	<b>(17,230)</b>	<b>(23,681)</b>	<b>(1,391)</b>	<b>(47,125)</b>	<b>914,068</b>	<b>866,943</b>
<b>Balance at 31 March 2014 carried forward</b>		<b>(58,642)</b>	<b>(307,356)</b>	<b>(23,784)</b>	<b>(1,391)</b>	<b>(391,173)</b>	<b>3,097,103</b>	<b>2,705,930</b>



## Group Comprehensive Income and Expenditure Statement

2013/14 Gross Exp* £000	2013/14 Gross Income £000	2013/14 Net Exp* £000	Continuing operations	Note	2014/15 Gross Exp* £000	2014/15 Gross Income £000	2014/15 Net Exp* £000
596	-	596	Central services		789	-	789
74,535	(1,500)	73,035	Cultural & Related Services		80,185	(2,413)	77,772
3,623	(185)	3,438	Environmental & Regulatory Services		2,618	(650)	1,968
151,841	(5,258)	146,583	Planning Services		181,425	(18,147)	163,278
10,750	(5,238)	5,512	Children's and education services		23,707	(18,018)	5,689
1,684,597	(1,073)	1,683,524	Highways and transport services		1,415,421	(897)	1,414,524
466,292	(36,006)	430,286	Housing and Land services		771,614	(101,218)	670,396
53,655	(15,276)	38,379	Olympic legacy		35,041	(3,463)	31,578
3,423	(1,820)	1,603	Public Health		6,350	(4,550)	1,800
272,399	-	272,399	Fire Services		254,742	-	254,742
9,356	-	9,356	Police Services		-	-	-
22,515	(476)	22,039	Corporate and democratic core		21,771	(1,094)	20,677
(3,553)	-	(3,553)	Non distributed costs		-	-	-
<b>2,750,029</b>	<b>(66,832)</b>	<b>2,683,197</b>	<b>Cost Of Services</b>		<b>2,793,663</b>	<b>(150,450)</b>	<b>2,643,213</b>
		691,384	Other Operating Expenditure	9			708,341
		96,853	Financing and Investment Income and Expenditure	10			107,550
		168,135	Movement in the fair value of LLDC's investment properties				(215,711)
		(2,795,827)	Taxation and Non-Specific Grant Income	11			(3,250,924)
		<b>843,742</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(7,531)</b>
			Share of the (surplus) or deficit on the provision of services of				
		23,934	associates and joint ventures	32			123,864
		640	Tax expenses of subsidiaries	55			56,430
		<b>868,316</b>	<b>Group (Surplus) or Deficit</b>				<b>172,763</b>
			<b>Items that are or may be reclassified to the surplus or deficit on the provision of services</b>				
			(Surplus) or deficit on revaluation of available-for-sale financial				
		(9,636)	assets				(4,960)
			Net change in available-for-sale assets reclassified to the				
		2,631	(surplus) or deficit				3,076
			<b>Items that will never be reclassified to the surplus or deficit on the provision of services</b>				
		(3,014)	(Surplus) or deficit on revaluation of non-current assets				(5,728)
		(2,630)	Finance lease income credited to pooling of interests reserve				-
		18,526	Remeasurements of the net defined benefit liability	20			52,716
		209	Tax on other comprehensive income				(1,530)
		<b>6,086</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>43,574</b>
		<b>874,402</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>216,337</b>

\* Expenditure

## Authority Comprehensive Income and Expenditure Statement

2013/14	2013/14	2013/14		2014/15	2014/15	2014/15
Gross Exp	Gross Income	Net Exp	Gross expenditure, gross income and net expenditure of continuing operations	Gross Exp	Gross Income	Net Exp
£000	£000	£000	Note	£000	£000	£000
596	-	596	Central services	789	-	789
74,535	(1,500)	73,035	Cultural & related services	80,185	(2,413)	77,772
3,623	(185)	3,438	Environmental & regulatory services	2,618	(650)	1,968
151,841	(5,258)	146,583	Planning services	181,425	(18,147)	163,278
10,750	(5,238)	5,512	Children's and education services	23,707	(18,018)	5,689
1,684,611	(1,064)	1,683,547	Highways and transport services	1,415,317	(897)	1,414,420
428,403	(3,448)	424,955	Housing services	706,823	(6,074)	700,749
213,625	-	213,625	Olympic legacy	42,454	-	42,454
3,423	(1,820)	1,603	Public Health	6,350	(4,550)	1,800
272,399	-	272,399	Fire Services	254,742	-	254,742
9,356	-	9,356	Police Services	-	-	-
21,818	(627)	21,191	Corporate and democratic core	21,771	(1,095)	20,676
(3,553)	-	(3,553)	Non distributed costs	-	-	-
<b>2,871,427</b>	<b>(19,140)</b>	<b>2,852,287</b>	<b>Cost Of Services</b>	<b>2,736,181</b>	<b>(51,844)</b>	<b>2,684,337</b>
		691,384	Other operating expenditure	9		708,341
		99,098	Financing and investment income and expenditure	10		108,939
		(2,790,463)	Taxation and non-specific grant income and expenditure	11		(3,243,733)
<b>852,306 (Surplus) or Deficit on Provision of Services</b>						<b>257,884</b>
<b>Items that will never be reclassified to the surplus or deficit on the provision of services</b>						
		-	(Surplus) or deficit on revaluation of non-current assets			(280)
		14,638	Remeasurements of the net defined benefit liability	20		48,637
		<b>14,638</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>48,357</b>
<b>866,944 Total Comprehensive Income and Expenditure</b>						<b>306,241</b>

## Balance Sheet

		Authority	Group	Restated Authority	Restated Group	Restated Authority	Restated Group
	Note	31 March 2015 £000	31 March 2015 £000	31 March 2014 £000	31 March 2014 £000	1 April 2013 £000	1 April 2013 £000
Property, plant & equipment	25	3,146	25,588	3,020	22,063	3,415	20,650
Investment property	26	-	479,588	-	206,956	-	177,041
Intangible assets	27	-	70	15	64	46	107
Long term investments	29	-	36,728	-	34,651	-	33,693
assets	30	-	58,670	-	60,287	-	54,117
Investments in associates and joint ventures		-	-	-	-	2	63
Long term debtors	33	495,617	25,288	317,163	17,163	345,915	58,559
Finance lease receivables	34	-	75,127	-	25,469	-	6,814
<b>Long Term Assets</b>		<b>498,763</b>	<b>701,059</b>	<b>320,198</b>	<b>366,653</b>	<b>349,378</b>	<b>351,044</b>
Short term investments	50	634,397	634,397	584,413	584,413	526,525	528,367
Assets held for sale		-	-	-	-	627	627
Finance lease receivables	34	-	14,909	-	5,313	-	7,255
Inventories	36	-	221,549	-	255,399	-	262,229
Trade and other receivables	37	336,844	352,660	286,950	312,366	130,872	122,825
Cash and Cash Equivalents	38	346,442	368,251	429,993	437,561	421,170	447,418
<b>Current Assets</b>		<b>1,317,683</b>	<b>1,591,766</b>	<b>1,301,356</b>	<b>1,595,052</b>	<b>1,079,194</b>	<b>1,368,721</b>
Bank overdraft	38	-	-	-	-	-	(336)
Short term borrowing	50,51	(256,313)	(231,264)	(38,552)	(22,765)	(101,055)	(26,125)
Short term creditors	39	(398,594)	(441,906)	(386,792)	(438,322)	(351,249)	(394,896)
Receipts in advance - revenue	14	(791)	(792)	(7,050)	(7,050)	(458)	(458)
Receipts in advance - capital	14	(467,201)	(467,201)	(419,656)	(419,656)	(182,969)	(182,969)
Finance lease liabilities	34	-	(1)	-	(1)	-	(1)
Provisions	40	(11,674)	(21,794)	(20,492)	(39,247)	(43,511)	(44,661)
<b>Current Liabilities</b>		<b>(1,134,573)</b>	<b>(1,162,958)</b>	<b>(872,542)</b>	<b>(927,041)</b>	<b>(679,242)</b>	<b>(649,446)</b>
Long term creditors		(70)	(7,801)	(70)	(4,411)	(145)	(14,490)
Provisions	40	(175,850)	(178,972)	(130,118)	(136,272)	(32,331)	(53,859)
Long term borrowing	50,51	(3,394,250)	(3,394,250)	(3,254,428)	(3,254,428)	(2,500,000)	(2,509,197)
Investment in Joint Venture	32	-	(14,711)	-	(1,056)	-	-
Finance lease liabilities	34	-	(327)	-	(328)	-	(329)
Net pensions liability	20	(118,535)	(128,281)	(65,078)	(72,453)	(49,358)	(52,266)
Receipts in advance - revenue	14	(2,120)	(2,120)	(2,029)	(2,029)	(3,264)	(3,264)
Receipts in advance - capital	14	(3,219)	(3,219)	(3,219)	(3,219)	(3,219)	(3,219)
Deferred tax liability		-	(59,602)	-	(3,441)	-	(2,273)
<b>Long Term Liabilities</b>		<b>(3,694,044)</b>	<b>(3,789,283)</b>	<b>(3,454,942)</b>	<b>(3,477,637)</b>	<b>(2,588,317)</b>	<b>(2,638,897)</b>
<b>Net Assets</b>		<b>(3,012,171)</b>	<b>(2,659,416)</b>	<b>(2,705,930)</b>	<b>(2,442,973)</b>	<b>(1,838,987)</b>	<b>(1,568,578)</b>
Usable reserves		(401,498)	(328,844)	(391,173)	(325,251)	(344,048)	(334,653)
Unusable Reserves	42	3,413,669	2,988,260	3,097,103	2,768,224	2,183,035	1,903,231
<b>Total Reserves</b>		<b>3,012,171</b>	<b>2,659,416</b>	<b>2,705,930</b>	<b>2,442,973</b>	<b>1,838,987</b>	<b>1,568,578</b>

## Cash Flow Statement

	Note	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Net surplus or (deficit) on the provision of services		(257,884)	(172,763)	(852,305)	(868,316)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	42	78,252	(4,315)	214,264	368,958
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	43	(42,374)	(53,119)	(2,131)	(195,570)
<b>Net cash flows from Operating Activities</b>		<b>(222,006)</b>	<b>(230,197)</b>	<b>(640,172)</b>	<b>(694,928)</b>
Investing Activities	45	(198,504)	(336,863)	(59,648)	(82,718)
Financing Activities	46	336,959	497,750	708,643	768,125
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(83,551)</b>	<b>(69,310)</b>	<b>8,823</b>	<b>(9,521)</b>
Cash and cash equivalents at 1 April		429,993	437,561	421,170	447,082
<b>Cash and cash equivalents at 31 March</b>		<b>346,442</b>	<b>368,251</b>	<b>429,993</b>	<b>437,561</b>

## Notes to the Core Financial Statements

### 1. Changes in Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2014.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities have been adopted along with revised versions of IAS 27 Separate Financial Statements (as amended in 2011) and IAS 28 Associates (as amended in 2011). The aim of these standards is to improve the quality of reporting in relation to the consolidation of subsidiaries, special purpose vehicles and accounting for joint arrangements. The Group boundaries have been reviewed and the requirements of these standards have not affected the Group's financial statements.

### 2. Accounting Policies

#### i. Code of Practice

The Statement of Accounts summarises the Greater London Authority's ("GLA"/"the Authority") and the GLA Group's ("the Group") transactions for the 2014/15 financial year and its position at 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the Code ") and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards ("IFRS") adopted by the European Union ("Adopted IFRS") and statutory guidance issued under Section 12 of the 2003 Act.

The Group financial statements have been prepared in accordance with the Code.

The Code is compliant with Adopted IFRS with the exception of capital grants and contributions which are recognised immediately in the Comprehensive Income and Expenditure Statement once there is reasonable assurance that all conditions relating to those grants have been met. Under Adopted IFRS capital grants and contributions are recorded as deferred income and recognised in the Comprehensive Income and Expenditure Statement over the useful life of the asset.

#### ii. Basis of Accounting

The accounts are prepared as at 31 March.

The accounting policies set out below, have been applied consistently to all periods presented in these financial statements.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are considered significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Authority and Group's financial performance.

### **iii. Basis of Preparation of Group Accounts**

The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group's financial statements incorporate the financial statements of the Greater London Authority and its subsidiaries prepared as at the year end date. Where significant, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with other GLA Group entities.

#### **Subsidiaries**

The Group accounts presented with the Authority's accounts consolidate the individual accounts of the Greater London Authority and its subsidiaries. The Authority's subsidiaries are Greater London Authority Holdings Limited, London Legacy Development Corporation and London Travel Watch. A subsidiary is an entity over which the Authority exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of subsidiaries have been consolidated on a line-by-line basis, with the exception of London Travel Watch which has been excluded on materiality grounds. Intragroup transactions and balances between GLA Group entities are eliminated.

### **iv. Going Concern**

The financial statements have been prepared on a going concern basis as it is considered by the Mayor that the activities of the GLA and the GLA Group will continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment

### **v. Prior Period Adjustments, Changes in Accounting Policies and Errors and Estimates**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of a transaction, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively as if the new policy had always been applied (unless stated otherwise), by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 1.

Material errors discovered in prior period figures or reclassifications are corrected retrospectively by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 4.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

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

#### **vii. Accruals of income and expenditure**

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group;
- Revenue from the provision of services is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the Group;
- Development properties and land sales – Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. It is considered that risks and rewards pass on legal completion. Revenue in respect of residential properties is recognised at the fair value of the consideration received or receivable on legal completion.
- Rental income from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet, see Inventories accounting policy xviii for further details;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **viii. Government Grants and Contributions**

#### **Revenue grants**

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

- the Group will comply with the conditions attached to the payments; and
- the revenue grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions, attached to the revenue grant or contribution, have been satisfied. Conditions are stipulations that specify how the revenue grant should be used by the Group, and which if not met require the grant to be returned to the transferor.

Monies advanced as revenue grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors where the amount per grant stream exceeds £100,000. When conditions are satisfied, the revenue grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where revenue grant income has been received that has no conditions attaching to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied, the Group transfers this grant income to earmarked reserves until it is applied.

#### **Capital grants**

Capital grants recognised as due are not credited to the CIES until conditions attached to the capital grant have been satisfied. They are carried in the Balance Sheet as creditors (receipts-in-advance) until the conditions have been met.

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



### **Business Rates Supplement (“BRS”)**

A BRS has been levied on non domestic properties with a rateable value above £55,000 and it is collected on behalf of the GLA by thirty-two London Boroughs and the City of London Corporation (as the billing authorities for national non domestic rates in London). The Authority acts as the principal under the scheme, and accounts for income received and expenditure incurred within the Comprehensive Income and Expenditure Statement. Further details on the BRS can be found in note 56.

### **Community Infrastructure Levy (“CIL”)**

The Authority has elected to charge a CIL. The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Authority is the chargeable body and Transport for London and the London Boroughs collect the levy on the Authority's behalf. The income from the levy will be used to fund Crossrail.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges has been used to fund revenue expenditure.

### **Rates Retention Funding (Non-domestic rates) (“NDR”)**

The rates retention system was introduced in 2013/14 –the GLA receives funding in two forms via funds transferred by billing authorities from rates income collected and from central government to compensate for the lost revenue arising firstly from the granting of certain additional rating reliefs (e.g. in 2014-15 small business double rate relief and a £1,000 relief granted to certain eligible retailers) and secondly the difference between the actual 2 per cent increase in the 2014-15 non domestic rating multiplier agreed by the Government and the September 2013 Retail Prices index of 3.2 per cent.. September 2013 RPI would have been used to uprate the non domestic rating multiplier under Schedule 7 to the Local Government Finance Act without the Secretary of State’s intervention to substitute a lower figure.

Section 31 grants for rates retention are paid on account during the financial year based on billing authority forecasts with an adjustment made to the multiplier cap compensation in relation to the proportion relating to the GLA’s tariff payment. A reconciliation is undertaken following the receipt of the outturn information from billing authorities and the GLA will either reimburse the Secretary of State if the sum due is lower than the budgeted amount paid on account or receive additional grant if this is higher. The balance receivable or repayable is accrued for by the GLA with any funding transfers to/from the Secretary of State taking place in cash terms during the following financial year.

Non domestic rating income due to the GLA is transferred to it during the financial year based on billing authorities budgeted estimates. Any variance from the budgeted amount reported in billing authority’s outturn is transferred to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement as explained in note xxxi.

The GLA – acting for the Mayor – has allocated funding through retained business rates to the GLA, LFEPA and TfL in line with the allocations approved in the Mayor’s annual budget for 2014-15. The

allocations for TfL and LFEPA are consistent with the baseline funding allocations at the start of the new system set by central government updated by the September 2013 Retail Price Index. The GLA receives a 20 per cent share of non domestic rates income in London under the retention system and records any provisions, debtors and creditors on its balance sheet on the same proportions using the data supplied by each billing authority.

Rates retention is accounted for in a similar way to council tax. The retained rates income included in the Comprehensive Income and Expenditure Statement for the year will be the GLA's share of the accrued income for that year aggregated for the 33 London billing authorities. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

Since the collection of business rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from business rates debtors belongs proportionately to them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from ratepayers.

The GLA exercised its right under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014 to spread the cost of its share of the provisions made by the 33 billing authorities for backdated appeals relating to periods prior to 2013/14 over 5 years reported in their 2013/14 outturn data in order to minimise its potential levy payments to central government. This had the effect of notionally increasing the GLA's rates income for 2013/14 – offset by a reduction in equal amounts over the next four financial years. This was balanced by the creation of a backdated appeals spreading reserve in the Balance sheet, of which 25 per cent has been released in 2014/15 and the remainder will be released in equal amounts over the next three financial years as specified by the regulations. This has the effect of reducing the GLA's retained rates income for the purposes of calculating its requirement to pay a levy on growth or alternatively receive a safety net payment if it incurs a deficit which is more than 7.5 per cent of its baseline funding within the system.

#### **ix. Accounting for the costs of the Carbon Reduction Commitment Scheme ("CRC")**

The Authority is required to participate in the CRC Energy Efficiency Scheme. Participants are required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost is recognised and reported in the costs of the Authority's services in the Comprehensive Income and Expenditure Statement.

## **x. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SERCOP). The total absorption costing principle is used-the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Group bodies' status as multi-functional, democratic organisations; and
- Non distributed Costs – the cost of discretionary benefits awarded to employees retiring early and other past service costs relating to retirement benefits.

These two categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

## **xi. Exceptional Items**

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

## **xii. Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the annual contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **xiii. Employee Benefits**

#### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as salaries, other remuneration, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Authority recognises costs for a restructuring.

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

#### **Post-Employment Benefits**

Employees of the Authority and LLDC are members of the Local Government Pensions Scheme. Staff at London TravelWatch and one of the Authority's employees is a member of the Principal Civil Service Pension Scheme ("PCSPS").

#### **The Local Government Pension Scheme**

The Local Government Pension Scheme in respect of GLA and LLDC employees is administered by the London Pensions Fund Authority (LPFA) and is accounted for as a defined benefits scheme:

- The liabilities of the LPFA pension scheme attributable to the Authority and LLDC are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.5%. The chosen discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA-rated corporate bond yield curve.

- The assets of the LPFA pension fund attributable to the Authority and LLDC are included in the Balance Sheet at their fair value as follows:
  - Quoted securities-current bid price
  - Unquoted securities-professional estimate
  - Unitised securities-current bid price
  - Property-market value

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

- Service cost comprising:
  - current service cost – the increase in liabilities, as a result of years of service earned this year-allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
  - interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in the interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to

account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary benefits**

Discretionary awards of retirement benefits are sometimes made in the event of early retirements. Any liabilities estimated to arise as a result of an award to a member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **The Principal Civil Service Pension Scheme**

The PCSPS is a multi-employer, unfunded, defined benefit scheme and it is therefore not possible to identify its share of the underlying liabilities. The scheme is accounted for as if it were a defined contribution scheme – no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable to the PCSPS in the year. The staff at London TravelWatch are members of the scheme.

## **xiv. Financial Instruments**

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") are classified as:

- financial assets at fair value through the income statement;
- loans and receivables ; or
- available for sale financial assets.

Financial liabilities within the scope of IAS39 are classified as either financial liabilities at fair value through the income statement or financial liabilities measured at amortised cost.

The Group determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transactional costs. The exception to this is for assets and liabilities measured at fair value, where transaction costs are immediately recognised.

The subsequent measurement of financial instruments depends on their classification as follows:

### **Financial assets at fair value through the income statement (held for trading)**

Financial assets are classified as held for trading if they are acquired for sale in the short-term.

Assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, do not qualify as trading assets and have not been designated as either 'fair value through the income statement' or available for sale. Such assets are carried at

amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

Trade and other receivables are classified as loans and receivables financial instruments.

### **Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as such or are not classified in any of the other categories. After initial recognition, interest is taken to the income statement using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised as a separate component of reserves until the investment is de-recognised, or until the investment is deemed to be impaired at which time the cumulative gain or loss previously reported in reserves is included in the income statement.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

### **Financial liabilities at fair value through the income statement (held for trading)**

Derivative liabilities are classified as held for trading unless they are designated as hedging instruments. They are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

### **Financial liabilities measured at amortised cost**

All non-derivative financial liabilities are classified as financial liabilities measured at amortised cost. Non-derivative financial liabilities are initially recognised at the fair value of the consideration received, less directly attributable issue costs. After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are de-recognised or impaired, as well as through the amortisation process.

Trade and other creditors are measured at amortised cost.

All loans and borrowings and obligations under finance leases are classified as financial liabilities measured at amortised cost.

### **Financial assets – Other Investments**

Other investments include short-term deposits - with a maturity of more than 90 days from the date of acquisition - with Government or banks, including Money Market Fund investments. Other Investments are classified as loans and receivables financial instruments.

### **Impairment of financial assets**

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence that they are impaired. Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

#### **xv. Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in ninety days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority and group members' cash management.

#### **xvi. Foreign Currency Translation**

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

#### **xvii. Interests in Companies and Other Entities**

The Authority has material interests in companies and other entities that have the nature of subsidiaries and associates that require it to prepare group accounts.

#### **xviii. Inventories**

##### **GLA**

Inventory items with an item value of £1,000 or more are included in the Balance Sheet at historical cost rather than at the lower of cost or net realisable value, as given the low value of inventory held this does not have a material impact on the reported figures.

##### **Greater London Authority Holdings Ltd**

Inventories are valued annually, by external professionally qualified valuers, at the lower of cost and net realisable value.

Inventory costs are comprised of direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Land is recognised as inventory when the significant risks and rewards of ownership have been transferred.

Non-refundable land option payments are initially recognised in inventory and are written off to the income statements when it is probable that they will not be exercised.



## **xix. Leases**

### **Finance Leases (the Group as lessee)**

#### **Leased Assets**

Leases are identified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

#### **Lease Payments**

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred.

### **Finance Leases (the Group as lessor)**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

### **Operating Leases (the Group as lessee)**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services that benefit from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

### **Operating Leases (the Group as lessor)**

Rental income from operating leases and initial direct costs are recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the relevant lease.

## **xx. Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and will generate future economic benefits or deliver service potential through use of the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired- any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. See Note 27.

The useful lives and amortisation methods for software costs are as follows:

Software costs	Straight line	3 to 5 years
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Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement on Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## **xxi. Property, Plant and Equipment**

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

### **Recognition**

Expenditure, of £20,000 and above, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is

charged as an expense when it is incurred. Expenditure below £20,000 may be grouped and capitalised where practicable to do so.

### De-recognition

Where expenditure is incurred in the direct replacement of an existing asset or a significant component of an existing asset – that component is de-recognised prior to the recognition of any subsequent expenditure.

### Initial Measurement and Valuations

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- Borrowing costs incurred are not capitalised whilst assets are under construction.

Assets are then carried on the Balance Sheet using the following measurement bases:

- Plant and equipment – measured at cost less accumulated depreciation and accumulated impairment losses as a proxy for fair value;
- Assets under construction – measured at cost less accumulated depreciation and accumulated impairment losses;
- Specialised properties – where there is no market-based evidence of fair value depreciated replacement cost (DRC) is used as an estimate of fair value;
- Non-specialised operational properties – open market value on an existing use basis; and
- Surplus assets – fair value based on existing use value.

### Valuations

Assets included in the Balance Sheet at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account in order to reverse a loss charged to services in a prior year.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- where there is an insufficient balance in the revaluation reserve, the revaluation reserve is written down to nil and the remaining amount of the decrease in value is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where there is no balance in the Revaluation Reserve, the whole amount of the decrease in value is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

### Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### Depreciation

Depreciation is provided on all Property, Plant and Equipment assets by systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets that are not yet available for use (i.e. assets under construction).

Depreciation is provided according to the following policy:

- Newly acquired assets are depreciated when they are brought into use or on an average basis; and
- Depreciation is calculated using the straight-line method and over the following useful lives:
  - Buildings – up to 60 years
  - Plant and equipment – 3 to 40 years
  - IT infrastructure and development – 3 years
  - Furniture, fixtures and fittings – 5 to 10 years
  - Motor vehicles – 3 years

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and the cost of which is significant in relation to the total cost of the item, the components are depreciated separately.

Land is not depreciated as it is deemed to have an indefinite useful life.

### **Disposals**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal).

The following policy will be applied to the de-recognition of fully depreciated assets:

- Asset life 5 years –write off after 8 years if existing use cannot be determined (or sooner if confirmed no longer in use); and
- Asset life 3 years – write off after 5 years if existing use cannot be determined (or sooner if confirmed no longer in use).

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are apportioned to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **xxii. Heritage Assets**

Heritage assets are assets that are held principally for their contribution to knowledge or culture, and may be carried at cost or fair value based on market value. Most often this is deemed to be its insured value, for example in the case of works of art.

Two heritage assets were transferred on 1 April 2012 from the Homes and Community Agency both had depreciated to a nil carrying value. The assets held are of a unique nature and as there is no historical cost information available and no comparable market value information.

The Group considers the cost of obtaining such information outweighs the benefits to the users of the financial statements. As a result the assets have not been recognised on the Balance Sheet. The appropriate disclosures have been made in Note 28.

### **xxiii. Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value with any change therein recognised in the Comprehensive Income and Expenditure Statement. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

External, professionally qualified valuers are used to measure fair value.

### **xxiv. Non-Current assets held for sale**

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

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

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

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

### **xxv. Revenue expenditure funded from capital under statute (REFCUS)**

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but which does not result in the creation of a fixed asset to the Authority/Group. For example, grant paid to a third party for the purchase or creation of a fixed asset. This will include

capital grants paid to Transport for London in respect of the Crossrail project, housing capital funding paid to London boroughs, developers and housing associations; and regeneration funding paid to London boroughs and other organisations.

REFCUS is charged as expenditure to the relevant service revenue account in the year. Where such expenditure is funded from capital grants or contributions, the grants or contributions (or the portions that relate to the expenditure) are recognised as revenue grants or contributions. Both the expenditure and the grant or contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account so there is no impact on the level of the precept.

## **xxvi. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

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

### **Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **xxvii. Reserves**

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

Capital reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant accounting policies.

## **xxviii. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **xxix. Corporation Tax**

Corporation tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Comprehensive Income and Expenditure Statement except to the extent that it relates to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set off.



A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **xxx. Council Tax Accounting**

The GLA is the only major preceptor on the 32 London Boroughs and City of London Corporation.

In their capacity as billing authorities, the boroughs and the City of London Corporation, act as the GLA's agent: they collect and distribute council tax income on behalf of themselves and the GLA.

The council tax income included in the Comprehensive Income and Expenditure Statement for the year will be the accrued income for that year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the precept for the year plus the preceptor's share of the Council Tax surplus on the billing authorities' Collection Fund for the previous year or less its share of the Council Tax deficit on the Collection Fund for the previous year.

Since the collection of council tax is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from council tax debtors belongs proportionately to them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from council taxpayers.

### **xxxi. Non-domestic rates**

In their capacity as billing authorities, the 32 boroughs and the City of London Corporation, act as the Greater London Authority and the Secretary of State's agent: they collect and distribute non-domestic rates income on behalf of themselves, the Secretary of State and the GLA in proportion to the agreed shares set out in the Non Domestic Rating (Rates Retention) Regulations 2013.

The non-domestic rates income included in the Comprehensive Income and Expenditure Statement for the year will be the GLA's share accrued income for that year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the Authority's proportionate share of non-domestic rates for the year plus the Authority's share of the Non-Domestic Rates surplus on the billing authorities' Collection Fund for the previous year or less its share of the Non-Domestic Rates deficit on the Collection Fund for the previous year.

Under the 2013/14 rates retention scheme the GLA is a tariff authority as its allocated share of business rates revenues in London is higher than its baseline funding set by the Secretary of State – the difference between these two amounts is the tariff payable. This tariff payment is uprated in subsequent years by the increase in the non-domestic rating multiplier. Where an authority's business rates income is lower than its baseline funding it receives a top up payment for the difference.

If the GLA's retained income as calculated under the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 at the end of a financial year exceeds its baseline funding approved in the local government finance settlement it is required to make a levy payment to the Secretary of State equivalent to approximately 27 per cent of the difference. If its retained income is less than 92.5 per cent of its baseline funding it would be eligible to receive a safety net payment. This safety net payment would top up its funding to the 92.5 per cent of baseline funding level.

Top-up receipts from and tariff payments to central government along with safety net receipts and levy payments are recognised in the Comprehensive Income and Expenditure Account within the Surplus or Deficit on Provision of Services.

Since the collection of non-domestic rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from non-domestic rates debtors belongs proportionately to them, the GLA and notionally in respect of their centrally retained share the Secretary of State. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from non-domestic rate payers.

A debtor/creditor position with central government will be reported in the Balance Sheet for the difference between safety net payments paid on account and the actual safety net payment due and a creditor for the actual levy payment due if applicable.

## **xxxii. Crossrail Business Rate Supplement**

The GLA is empowered to levy a business rate supplement under the Business Rate Supplements Act 2009. It published a prospectus in January 2010 confirming its intention to levy a BRS to finance £4.1 billion of its contribution towards the cost of the Crossrail Transport project. It may therefore only apply its Business Rate Supplement revenues in respect of expenditure relating to this project.

Within the Comprehensive Income and Expenditure Statement, the GLA accounts for its BRS related expenditure within Highways and Transport Services ( its contribution to the Crossrail project) and its interest payable on the associated borrowing within 'financing and investment income'. BRS income is presented within "Taxation and Non-Specific Grant Income". As the GLA is required to refund BRS levies that have not been used to finance the project (e.g. where the imposition of the Business Rate Supplement has come to an end) any BRS income is therefore subject to a condition, and therefore all BRS receipts are initially recognised as a creditor.

The GLA receives amounts in respect of BRS from billing authorities during the year based on a provisional estimate at the start of the year net of reliefs, borough collection costs and a 5% contingency allowance. After the financial year-end each billing authority calculates the amount it has collected in BRS after allowing for collection and other costs. This uses a different methodology - as

specified in section 7 to Schedule II of the BRS Transfers to Revenue Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009.

The amount calculated as having been collected in BRS under this methodology is based on the total amount paid into each billing authority's collection fund in business rates and BRS multiplied by the share which BRS liabilities represent of the total business rates liability for all ratepayers (including those not liable for BRS) adjusted for prior year liabilities and refunds. A debtor or creditor is raised depending on whether the amount calculated as having been collected is higher or lower than the amount paid in instalments based on the provisional estimate. There is no direct relationship between the methodology used to calculate the provisional returns and the final returns.

The GLA recognises its BRS revenue as income in the Comprehensive Income and Expenditure Statement only at the point the conditions it has set out in its final prospectus are satisfied (i.e. at the point that it makes its contribution to the Crossrail project by means of a payment made to Transport for London and is credited by them to the Crossrail Sponsor Funding Agreement Account or SFA). This SFA account is administered by Transport for London and all monetary contributions by the GLA, TfL and the Secretary of State for Transport towards the cost of the project are paid into it.

The GLA has recognised all revenue expenditure (including interest incurred on that element of its contribution financed by borrowing) relating to its contribution towards the Crossrail project as expenditure in the relevant service revenue account(s) as it is incurred. Its contributions paid to Transport for London in respect of Crossrail are recognised as REFCUS in line with section 4.6 of the "Code".

Where revenue expenditure is incurred in respect of a BRS project, the GLA transfers an amount equal to that expenditure from the Business Rate Supplement Account to the General Fund as the expenditure is incurred. Were capital expenditure in respect of a BRS project to be incurred, the GLA would transfer an amount equal to the capital expenditure from the Business Rate Supplement Account to the Capital Adjustment Account as the capital expenditure is incurred.

Where capital expenditure in respect of a BRS project has been funded from borrowing, the GLA transfers, from its Business Rate Supplement Revenue Account to its General Fund, an amount equal to the sum of the Minimum Revenue Provision ("MRP") and interest charged to the General Fund in the year in respect of the BRS project. These transfers are reported in the Movement in Reserves Statement. As the GLA does not generate an asset from its BRS contributions no depreciation or impairment of assets are financed from BRS levies.

The GLA transfers an amount equal to its income receivable in respect of the Crossrail project once recognised in the financial year (net of administrative expenses incurred by it and the 33 billing authorities in London) from its General Fund to its Business Rate Supplement Revenue Account. Any difference between the cumulative income transferred to the Business Rate Supplement Revenue Account and the amount required by regulation to be transferred to that account (i.e. the amount reported by billing authorities as having been collected as specified in the BRS Transfers to Revenue Accounts regulations) is credited or debited to that account, with the corresponding debit or credit being made to the Collection Fund Adjustment Account.

Where the GLA's BRS Revenue Account is in deficit, it transfers an amount equivalent to the deficit

from its General Fund to the Business Rate Supplement Revenue Account; this transfer being reported in the Movement in Reserves Statement.

Any deficit may be recaptured in future years from any surpluses arising on the account. Where deficits arise as a result of capital grants made to TfL (as above), capital finance regulations and the GLA's minimum revenue provision policy ensure that there is no net impact on the General Fund. Therefore, the GLA's contribution to Crossrail has no impact on the Precept or council taxpayer.

Where the GLA's BRS Revenue Account is in surplus, it transfers the surplus to its General Fund to the extent that this reverses any amounts charged to that fund in the ten years immediately preceding the financial year having regard to the requirements of the BRS Accounting Regulations; this transfer being reported in the Movement in Reserves Statement.

The Crossrail BRS is projected to operate for at least 24 years from 2010-11 and is expected to cease once the associated borrowing undertaken by the GLA to finance the project has been repaid. It could be terminated earlier, however, in the unlikely event that the Crossrail project were curtailed or abandoned. Where, in the final year of the BRS, and in the case of the GLA its associated borrowing has been repaid – the Business Rate Supplement Revenue Account is in surplus, the GLA will transfer this surplus to the Collection Fund Adjustment Account. These surplus funds will be transferred to each billing authority in proportion to the amounts paid in BRS by that authority over the lifetime of the BRS. Where such sums are material these surpluses will be repaid to those ratepayers liable to the BRS in its final year by that billing authority as prescribed in the Business Rate Supplements (Accounting) (England) Regulations 2010.

### **xxiii. Minimum Revenue Provision**

A minimum revenue provision (MRP) is a requirement to set aside some of the Group's revenue as a provision for debt repayment. The provision is in respect of capital financed by borrowing or credit arrangements. The scheme for calculating MRP is set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. The objective is to ensure that a prudent provision is made for the repayment of debt over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The Authority's MRP policy relating to Crossrail Business Rates Supplement (BRS) is that the annual Crossrail BRS proceeds received in excess of interest payable and other revenue expenses shall be accounted for as direct revenue financing until the total committed funding for Crossrail (£4.1bn) has been transferred to TfL, currently expected to be 2015/16. Once this total has been reached, annual Crossrail BRS proceeds received in excess of interest payable and other revenue expenses, including the making good of prior year BRS account deficits, shall fund the repayment of debt relating to Crossrail. This is a prudent provision, since it will fully fund the liability over a period of time reasonably commensurate with the benefits of the project.

Where the Authority incurs capital expenditure as a result of making a loan to another entity for purposes that, had the Authority undertaken these directly, would be treated as capital expenditure, then the capital financing requirement element arising from such loans shall be excluded from the minimum revenue provision calculations to reflect the policy that the capital receipt arising from the repayment of the loan will be applied in full to meet the initial expenditure. The Executive Director of

Resources may override this exemption on the grounds of prudence, directing a provision to be made in accordance with the methodology set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. However, the impact of such direction on the revenue account shall be accounted for as a voluntary revenue provision (VRP).

#### xxxiv.Events after the Balance Sheet Date

Events after the balance sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. The date when the Statement of Accounts was authorised for issue and who gave authorisation is disclosed in Note 6 to the Statement of Accounts, including confirmation that this is the date up to which events after the balance sheet date have been considered.

### 3. Accounting Standards issued but not yet effective

At the date of authorisation of the Group financial statements, the following Standards and Interpretations, which have not been applied in these Group financial statements, were in issue but not yet effective:

**IFRS 13 Fair Value Measurement** – this standard has been adopted by the 2015/16 Code with an effective date of 1 April 2015. It introduces a requirement for the concept of fair value measurement to be applied to all assets and liabilities which use fair value as a measurement basis. In respect of property, plant and equipment the only change is in the valuation of surplus property. Currently surplus property is valued at existing use value before being reclassified as surplus assets. In future surplus assets will be valued at fair value.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

### 4. Prior period restatements and reclassifications

#### Greater London Authority

Loans issued to third parties for capital purposes were incorrectly classified as Long Term Investments in 2013/14. The impact of the reclassification on Long Term Investments and Long Term Debtors is set out in the table below:

	As previously stated		Restatement		As restated		As previously stated		Restatement		As restated	
	31 March 2014	31 March 2014			31 March 2014	31 March 2014	1 April 2013	1 April 2013			1 April 2013	1 April 2013
	GLA	Group	GLA	Group	GLA	Group	GLA	Group	GLA	Group	GLA	Group
Long term investments	314,634	49,285	(314,634)	(14,634)	-	<b>34,651</b>	344,082	77,775	(344,082)	(44,082)	-	<b>33,693</b>
Long term debtors	2,529	2,529	314,634	14,634	<b>317,163</b>	<b>17,163</b>	1,833	14,477	344,082	44,082	<b>345,915</b>	<b>58,559</b>

### 5. Use of estimates and judgements

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed below:

## **Interests in other organisations**

### **Museum of London**

The Authority is the co-sponsor (along with the Corporation of London) for the Museum of London (MoL) and has the right to appoint half the board. The GLA provides funding to the MoL and this gives the GLA the right to agree high level objectives and approve the MoL's budgets but this does not translate in practice to joint control over the MoL's key activities. The GLA also has no rights to share in profits or surpluses nor is it responsible for funding any deficits. It has therefore been determined that the Authority does not jointly control the Museum of London and it has not been included as a joint venture in the Authority's group accounts. Transactions between the Museum of London and the Authority are disclosed in Note 48.

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

The GLA appoints two out of the eight of London Waste and Recycling Board (LWARB) members. The GLA provides grant funding to LWARB, £1.5m in 2014/15, however, in practice the GLA has no substantive rights over LWARB's key activities, it is therefore not included in the GLA's group accounts.

### **E20 Stadium Limited**

E20 Stadium Limited (E20) has been included as a joint venture in the London Legacy Development Corporation (LLDC)'s group accounts and these in turn have been consolidated into the GLA's group accounts. It is management's view that LLDC and Newham Legacy Investment Limited jointly control E20 as the members agreement that governs E20 give both organisations the ability to direct the activities that significantly affect E20's returns. Key decisions on transformation and operation of the Olympic Stadium require the joint consent of both organisations. LLDC's and NLI's return for their investment in E20 will essentially be a share of the profit in accordance with the profit sharing ratio defined by the members' agreement. As such, LLDC and NLI are fully exposed to the risks of the business performance of E20.

## **Related Party Transactions**

In reporting related party transactions the Authority has judged that transactions of £1m or more with central government departments, non-department public bodies and government agencies are significant to both parties; transactions of £100,000 or more with local authorities and functional bodies are significant to both parties; and applied a judgement that expenditure of £5,000 or more is appropriate for reporting of transactions with all other related parties.

## **Fair Value**

Valuers also make a range of judgements when determining the values of assets held at fair value.

The significant assumptions applied in estimating the fair values are:

- For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where

there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;

- The assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors (“the Red Book” (9<sup>th</sup> edition)). Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the Valuers will generally set out the reasons for this in their report;
- Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable; and

### Inventory

The Group holds land and buildings for sale and also for development and subsequent sale. Annual valuation reviews are undertaken to identify property held for sale or developments in progress where the balance sheet value is more than the lower of cost or net realisable value.

By its nature, this process involves a significant amount of estimation uncertainty, particularly given the complexity of some of the Group's properties, and the current market conditions. Valuations are performed by qualified independent external valuers. The key judgements in these reviews are estimating the realisable value which is determined by using the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals, less estimated selling costs, estimated remediation costs and estimated costs to complete.

Where the estimated net realisable value is less than its carrying value within the balance sheet, the Group has impaired the land property and development in progress value. In the period to 31 March 2015, this review resulted in a £2.7m impairment charge and a reversal of previous impairments totalling £5.7m. See note 36 for further details.

### Investment Property

IAS40 Investment properties (“IAS 40”), requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value with movements in the fair value being recorded in the income statement this could have a significant effect on the reported surplus or deficit of the Group. The carrying value of investment properties at Group level, at 31 March 2015, totalled £479.6m, see note 26 for further details.

### Property, plant and equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the valuation of property, plant and equipment, the classification of specialist/non-specialist assets and in determining residual values. The carrying value of property, plant and equipment at Group level, at 31 March 2015, totalled £25.6m, see note 25 for further details.

## Leases

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held or have been transferred by the Group. Given that finance lease obligations/receivables are recognised as liabilities/assets, and operating lease obligations/receivables are not, this can have a significant effect on the reported financial position of the Group. At 31 March 2015, the carrying values of finance lease receivables at Group level were significant, totalling £90m, see note 34 for further details.

## Determining whether an arrangement contains a lease

When determining whether an arrangement contains a lease, as required by IFRIC 4, judgement needs to be exercised in determining whether the arrangement conveys the right to use an asset. Given that this could result in additional finance leases being recognised on the Balance Sheet this can have a significant effect on the reported financial position of the Group.

## Fair value of Equity Mortgages

Equity Mortgages are held as non-current available for sale financial assets and are amounts receivable individually from the private owners of housing units when their properties are sold. Amounts receivable from the owners of housing units are secured by a second charge over their property.

Available for sale financial assets are valued with reference to published house price indices (February 2015 data used as March 2015 was unavailable when the financial statements were being prepared). For equity interests in housing units, the fair value at the balance sheet date is calculated using movements in the Office for National Statistics house price index for the London region, this being the most relevant available observable market data. However these only provide an estimate of the fair value of these assets because house price indices cannot accurately predict the value of individual units and disposal proceeds to date, although a good indicator of market performance, may not occur at the same level in the future, as disposals to date represent only a small portion of the portfolio.

At 31 March 2015 the asset recognised on the balance sheet was £58.7m. See note 30 for further details.

## Compulsory Purchase Order Provisions

Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be incurred by the Group. This can be very complex, especially when there is a wide range of possible outcomes. The carrying value of CPO provisions at 31 March 2015 totalled £27.8m, movements on the provision in-year are provided in note 40.

## Post-retirement benefits

Pensions liability – the estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analysis are provided in note 20. The carrying value of the pensions liability, at Group level, totalled £128.3m at 31 March 2015.



### Council tax and non-domestic rate accounting

The Authority's share of the 31 March 2015 council tax debtors £33.9m, creditors £46.7m, and share of the current year's collection fund surplus £33.6m is based on unaudited figures from the 32 London boroughs and the City Of London Corporation. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

The *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* sets out the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is based on the demand/precepts proportions for the next financial year.

In respect of business rates retention the GLA's share of rates income, related section 31 grants, debtors, creditors, bad debt provisions, appeals provisions and collection fund surpluses or deficits is set at 20 per cent of the total for each of the 33 London billing authorities. This is the prescribed percentage share set out in The Non-Domestic Rating (Rates Retention) Regulations 2013.

The amounts recorded are derived from the draft National Non Domestic Rates 3 outturn returns submitted to the GLA by each authority in May 2015 which will be materially consistent with the information reported in the collection fund statements within their draft statutory accounts. Due to the statutory submission deadline to the Secretary of State being 30 September it is not practical to incorporate amendments made compared to the draft figures in the final NNDR3 returns within the GLA's final audited accounts for every billing authority. Material amendments to these draft figures have however been incorporated where they have been reported to the GLA before its final accounts have been approved. Any variations arising from these final returns not received by the date the authority's accounts were approved will generally be incorporated in the cumulative balances, accruals, non domestic rating income figures and provisions in the following year's statutory accounts.

Under statutory regulations the aggregate sums reported by billing authorities provide the source data for these estimates and provisions and determine the income and potential levy and safety net payments to or from the Secretary of State that the GLA is required to provide for and recognise. The instalments payable to the GLA during the financial year and used for budgeting purposes are calculated based on the National Non Domestic Rates 1 estimates submitted by the 31 January prior to the start of the financial year. The carrying values at 31 March 2015 totalled NDR debtors £35.7m and NDR creditors £73.5m.

The most significant provision relates to the estimate for non domestic rating appeals relating both to potential refunds to ratepayers for the 2014/15 financial year and for backdated amounts for prior accounting periods. In estimating their provision each London billing authority has had regard to the settlement rates of historical appeals and the level of appeals unresolved at the financial year end. Billing authorities have also generally considered the case for incorporating an estimate for the potential impact of appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

The GLA has considered the possibility that billing authorities may have under or over provided for the impact of rating appeals. Over provisions may arise where the Valuation Office and Valuation Tribunal rejects a greater proportion of appeals than anticipated because it considers that the rating list is generally accurate or successful appeals are backdated to an earlier reference date. Under provisions

may occur if a higher proportion of the rating list is ultimately challenged successfully by ratepayers or there may be changes to national rating policies for certain business sector which have a greater material impact in some billing authorities.

In setting their baseline forecasts for business rates income the Office of Budget Responsibility and the Department for Communities and Local Government (CLG) assumed a 5% calibration adjustment factor for potential reductions to rates income due to factors such as rating appeals over the period of a rating list. The Government also applied a further adjustment factor of 3 per cent in calculating the business rates baselines for 2013/14 to allow for outlier authorities where the risk of appeals might be considered to be greatest. For those authorities accounting for the largest proportion of the GLA's income the provisions made exceed these percentage rates assumed by central government.

Of the total provision of £163m relating to the GLA's 20 per cent share more than 50 per cent relates to the estimates provided by the Corporation of London (£28m) and Westminster City Council (£69.4m) which account for nearly 40 per cent of the GLA's retained rates income. Both authorities have undertaken a comprehensive analysis of its rating list and potential appeals to determine its provision. The provision has increased by around £50m compared to the 2013-14 accounts of which just 64 per cent (£32m) relates to these two billing authorities.

The GLA considers that the appeals provisions made are reasonable having regard to the risks associated with business rates retention, the fact that it is supported by Valuation Office data on unresolved appeals at 31 March and that billing authorities have had regard to Accounting Standards and their knowledge of historic trends in relation to the variation in the rating list in preparing their estimates.

## **6. Authorisation of the Statement of Accounts**

The Statement of Accounts was authorised for issue on the date the Executive Director of Resources certified that the accounts give a true and fair view of the financial position of the Authority at the year end; and its income and expenditure, see the "Statement of Responsibilities for the Statement of Accounts". This is the date up to which events after the balance sheet date (Note 54) have been considered.

## 7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice, and to the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

### Group

2014/15

2014/15	USABLE RESERVES					Movement in Unusable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>						
Charges for depreciation and impairment of non-current assets	(1,044)	-	-	-	1,044	
Movements in the market value of Investment Properties	215,711	-	-	-	(215,711)	
Amortisation of intangible assets	(43)	-	-	-	43	
Community Infrastructure Levy applied	101,457	-	-	-	(101,457)	
Capital grants and contributions applied	923,205	-	-	-	(923,205)	
Revenue expenditure funded from capital under statute	(1,397,529)	-	-	-	1,397,529	
Release of CPO provision and creditor	8,521	-	-	-	(8,521)	
Impairment of the Joint Venture investment	(123,864)	-	-	-	123,864	
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</i>						
Voluntary provision for the financing of capital investments	9,959	-	-	-	(9,959)	
Capital expenditure charged against the General Fund balance	101,612	-	-	-	(101,612)	
<b>Adjustments primarily involving the BRS Account:</b>						
Transfer of net income and expenditure to the BRS account	(428,488)	428,488	-	-	-	
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	428,488	(428,488)	-	-	-	
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,100	-	-	(8,100)	-	
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	34,273	-	(34,273)	-	-	
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	485	-	(485)	
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(4,216)	-	-	-	4,216	
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(11,341)	-	-	-	11,341	
Employer's pensions contributions and direct payments to pensioners payable in the year	5,794	-	-	-	(5,794)	

## Group (continued)

### Adjustments primarily involving the Collection Fund Adjustment

#### Account:

Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	18,449	-	-	-	(18,449)
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Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(40,619)	-	-	-	40,619
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### Adjustments primarily involving the non-domestic rates appeals

#### provision spreading account:

Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	(15,021)
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### Adjustments primarily involving the Accumulated Absences Account:

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	90	-	-	-	(90)
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<b>Total Adjustments</b>	<b>(136,464)</b>	<b>-</b>	<b>(33,788)</b>	<b>(8,100)</b>	<b>178,352</b>
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2013/14

	USABLE RESERVES				
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Charges for depreciation and impairment of non-current assets	(1,582)	-	-	-	1,582
Movements in the market value of Investment Properties	(168,135)	-	-	-	168,135
Amortisation of intangible assets	(68)	-	-	-	68
Community Infrastructure Levy applied	46,185	-	-	-	(46,185)
Capital grants and contributions applied	817,247	-	-	-	(817,247)
Revenue expenditure funded from capital under statute	(1,555,012)	-	-	-	1,555,012
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	121	-	-	-	(121)
Release of CPO provision and creditor	13,525	-	-	-	(13,525)
Impairment of the Joint Venture investment	(23,873)	-	-	-	23,873
Impairment of long term investment - JESSICA	(31,325)	-	-	-	31,325
Movements in the fair value of loan used to finance Investment Property	9,197	-	-	-	(9,197)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</b>					
Voluntary provision for the financing of capital investments	9,779	-	-	-	(9,779)
Capital expenditure charged against the General Fund balance	113,769	-	-	-	(113,769)
<b>Adjustments primarily involving the BRS Account:</b>					
Transfer of net income and expenditure to the BRS account	(761,731)	761,731	-	-	761,731
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	761,731	(761,731)	-	-	(761,731)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,391	-	-	(1,391)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	17,516	(17,516)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,117	-	(4,117)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(25,983)	-	25,983
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	740	-	-	-	(740)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(7,104)	-	-	-	7,104
Employer's pensions contributions and direct payments to pensioners payable in the year	5,442	-	-	-	(5,442)

## Group (continued)

### Adjustments primarily involving the Collection Fund Adjustment

#### Account:

Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements

11,362	-	-	-	(11,362)
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Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements

(57,179)	-	-	-	57,179
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### Adjustments primarily involving the non-domestic rates appeals provision spreading account:

Amount of the non-domestic rates appeals provision that has been reversed and transferred to the non-domestic rates appeals provision account

(60,083)	-	-	-	60,083
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### Adjustments primarily involving the Accumulated Absences Account:

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

(164)	-	-	-	164
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<b>Total Adjustments</b>	<b>(875,767)</b>	<b>-</b>	<b>(21,866)</b>	<b>16,125</b>	<b>881,508</b>
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## Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice and to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

### Authority

2014/15

2014/15	USABLE RESERVES					Movement in Unusable Reserves £000
	General		Capital	Capital		
	Fund		Receipts	Grants		
	Balance	BRS	Reserve	Unapplied		
	£000	£000	£000	£000		
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(639)	-	-	-	639	
Amortisation of intangible assets	(15)	-	-	-	15	
Community Infrastructure Levy applied	101,457	-	-	-	(101,457)	
Capital grants and contributions applied	916,014	-	-	-	(916,014)	
Revenue expenditure funded from capital under statute	(1,389,459)	-	-	-	1,389,459	
Release of CPO provision and creditor	8,521	-	-	-	(8,521)	
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</b>						
Voluntary provision for the repayment of debt	9,959	-	-	-	(9,959)	
Capital expenditure charged against the General Fund balance	101,612	-	-	-	(101,612)	
<b>Adjustments primarily involving the BRS Account:</b>						
Transfer of net income and expenditure to the BRS account	(428,488)	428,488	-	-	-	
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	428,488	(428,488)	-	-	-	
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,100	-	-	(8,100)	-	
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of capital receipts and grant repayments recognised in the CIES	34,273		(34,273)		-	
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	485	-	(485)	

## Authority (continued)

<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(4,216)				<b>4,216</b>
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(9,613)	-	-	-	<b>9,613</b>
Employer's pensions contributions and direct payments to pensioners payable in the year	4,793	-	-	-	<b>(4,793)</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	18,449	-	-	-	<b>(18,449)</b>
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(40,619)	-	-	-	<b>40,619</b>
<b>Adjustments primarily involving the non-domestic rates appeals provision spreading account:</b>					
Release of backdated appeals from the non-domestic rates appeals provision account	15,021				<b>(15,021)</b>
<b>Adjustments primarily involving the Accumulated</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	41	-	-	-	<b>(41)</b>
<b>Total Adjustments</b>	<b>(226,321)</b>	<b>-</b>	<b>(33,788)</b>	<b>(8,100)</b>	<b>268,209</b>



2013/14

	USABLE RESERVES				Movement in Unusable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Charges for depreciation and impairment of non-current assets	(785)	-	-	-	785
Amortisation of intangible assets	(32)	-	-	-	32
Community Infrastructure Levy applied	46,185	-	-	-	(46,185)
Capital grants and contributions applied	626,893	-	-	-	(626,893)
Movement in the Donated Assets Account	-	-	-	-	-
Revenue expenditure funded from capital under statute	(1,546,780)	-	-	-	1,546,780
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(627)	-	-	-	627
Release of CPO provision and creditor	13,525	-	-	-	(13,525)
Impairment of long term investment - JESSICA	(31,325)	-	-	-	31,325
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</b>					
Voluntary provision for the repayment of debt	9,779	-	-	-	(9,779)
Capital expenditure charged against the General Fund balance	113,769	-	-	-	(113,769)
<b>Adjustments primarily involving the BRS Account:</b>					
Transfer of net income and expenditure to the BRS account	(761,731)	761,731	-	-	-
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	761,731	(761,731)	-	-	-
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,391	-	-	(1,391)	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	391	-	(391)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(24,072)	-	24,072
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	740	-	-	-	(740)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(5,814)	-	-	-	5,814
Employer's pensions contributions and direct payments to pensioners payable in the year	4,732	-	-	-	(4,732)

## Authority (continued)

### Adjustments primarily involving the Collection Fund

#### Adjustment Account:

Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements

11,362 - - - (11,362)

Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the

(57,179) - - - 57,179

### Adjustments primarily involving the non-domestic rates

#### appeals provision spreading account:

Amount of the non-domestic rates appeals provision that has been reversed and transferred to the non-domestic rates

appeals provision account (60,083) - - - 60,083

### Adjustments primarily involving the Accumulated

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

(110) - - - 110

**Total Adjustments (874,359) - (23,681) (1,391) 899,431**

## 8. Transfers to/from Earmarked Reserves – Authority

This note sets out the amounts set aside, by the Authority, from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance at 1 April 2014 £000	Transfers In £000	Transfers Out £000	Balance at 31 March 2015 £000
Assembly Development & Resettlement	1,288	227	(37)	1,478
City Hall Lease Smoothing	3,448	1,313	(1,671)	3,090
Compulsory Purchase Orders	2,170	-	(401)	1,769
Development	2,000	-	-	2,000
Development Corporations	10,000	31,924	-	41,924
Directorate (Programme reserve)	24,792	29,345	(22,833)	31,304
Election	6,235	4,638	(750)	10,123
Environment Drainage	1,059	-	(525)	534
Estates	4,000	199	(69)	4,130
Legal Fees	700	-	-	700
London and Partners	2,206	39	-	2,245
Major Events	3,500	10,000	-	13,500
Mayoral Resettlement	77	-	-	77
NDR Backdated Appeals Spreading	60,083	-	(15,021)	45,062
Olympics	1,256	347	(1,603)	0
Planning Smoothing	854	2	(23)	833
Pre-Application Planning	475	-	(310)	165
RCGF Interest	-	2,006	-	2,006
Resilience	40,350	53,667	(34,663)	59,354
Revenue Grants Unapplied	141,863	28,476	(115,841)	54,498
Self Insurance Fund	1,000	-	-	1,000
<b>Total Earmarked Reserves</b>	<b>307,356</b>	<b>162,183</b>	<b>(193,747)</b>	<b>275,792</b>

### The purpose of each reserve is detailed below:

The Assembly Development and Resettlement Reserve exists to ensure adequate funding is built up for future pay settlements, reviews and resettlement grants for the Assembly and Secretariat Directorate.

The City Hall Lease Smoothing Reserve is used to ensure that the fixed percentage increases in the City Hall operating lease are charged to the Comprehensive Income and Expenditure Account on a straight line basis over the lease term and to smooth the budgetary impact on the revenue account of the increase in lease payments.

The Compulsory Purchase Orders Reserve has been created to provide for estimated future costs related to the settlement of a number of significant programmes inherited by a statutory transfer scheme from the London Development Agency.

The Development Corporation Reserve has been created to ensure that adequate funding is built up for future costs relating to Mayoral Development Corporations.

The Development Reserve exists to fund pay settlements and reviews for all relevant staff and Members.

The Directorate Programme Reserve represents underspends on directorate and budgets carried forward to fund projects that were delayed and are due to start or be completed within the next financial year.

The Election Reserve exists to fund the Mayor and Assembly elections when they fall due every four years.

The Environment Drainage Reserve has been created to earmark the funding received from central government for the preparation of surface water management plans.

The Estates Reserve has been created to fund exceptional repairs and maintenance works across the GLA Estate as well as works undertaken at Parliament and Trafalgar Squares.

The Legal Fees Reserve exists to fund external legal advice or representation.

The London and Partners Reserve has been created to ensure that adequate funding is built up for future reviews of the organisation.

The Major Events Reserve represents sums set aside to build up resources for future events

The Mayoral Resettlement Reserve funds the resettlement grants paid to the former Mayor and Assembly Members following the Mayoral and Assembly elections.

The NDR Backdated Appeals Spreading Reserve has been created to offset an annual charge arising from the release of the deferred appeals provision costs on the NDR Appeals Provision Account. This has been created in line with the GLA's decision to take advantage of its ability to spread its share of the backdated appeals provisions reported by the relevant London billing authorities under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014.

The Planning Smoothing Reserve has been created to smooth the funding of the Examination in Public of the London Plan and other planning functions.

The Pre-Application Planning Reserve carries forward surplus pre-application planning income to fund the running costs of the Pre-Application Planning service in future years.

The RCGF Interest reserve has been created to earmark the interest earned on Recycled Capital Grant Funding.

The Resilience Reserve has been created to manage special risk to which the GLA is exposed as a result of the timing and the potential quantum of changes to the council tax base, retained business rates, collection fund shares and grant settlements.

The Revenue Grants Unapplied Reserve contains grants and contributions received that have no repayment conditions attached. Where expenditure has not yet been incurred this income is rolled forward and will be released when expenditure is incurred on the relevant project or initiative.

The Self Insurance Fund Reserve exists to provide cover for minor claims where it would not be appropriate to claim on the Authority's insurance policies due to the level of excess payable.

## 9. Other Operating Expenditure

Sections 102 and 103 of the Greater London Authority Act 1999 (as amended) require the Greater London Authority to pay over to the functional bodies, their share of government grants and precepts required to fund their budget requirements, as calculated under section 85(4) to (7) of the aforementioned Act. The table sets out the allocation of the council tax precepts to the functional bodies. The allocation of specific and general government grants to the functional bodies with the exception of revenue support grant (RSG), council tax freeze grant and retained business rates which the Mayor has responsibility for allocating is shown in the Fund Account. RSG and retained rates payments form part of the cost of services analysis in the CIES.

The gain/loss on disposal of non current assets is the amount recognised in the CIES on the sale of non-current assets in year.

	Authority 2014/15	Group 2014/15	Authority 2013/14	Group 2013/14
	£000	£000	£000	£000
Precept payable to the Functional Bodies	708,341	708,341	691,497	691,497
Gain/loss on disposal of non current assets	-	-	(113)	(113)
<b>Total</b>	<b>708,341</b>	<b>708,341</b>	<b>691,384</b>	<b>691,384</b>

## 10. Financing and Investment Income and Expenditure

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Interest payable and similar charges	124,790	124,512	116,517	115,734
Net interest on the net defined liability	2,884	3,204	2,109	2,229
Interest receivable and similar income	(18,735)	(11,537)	(19,528)	(11,271)
Other investment Income	-	(242)	-	(237)
Net (gain)/loss on disposal of available-for-sale financial assets reclassified from equity	-	(3,555)	-	(1,498)
Income and expenditure in relation to investment properties and changes in fair value	-	(4,832)	-	(8,104)
<b>Total</b>	<b>108,939</b>	<b>107,550</b>	<b>99,098</b>	<b>96,853</b>

## 11. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Precept receivable from Council Tax payers	(820,454)	(820,454)	(800,430)	(800,430)
Non-domestic rate income	(1,255,206)	(1,255,206)	(1,194,072)	(1,194,072)
Non-domestic rate expenditure	348,982	348,982	342,314	342,314
Business Rate Supplement - Crossrail	(219,680)	(219,680)	(221,358)	(221,358)
Community Infrastructure Levy - Crossrail	(101,457)	(101,457)	(46,185)	(46,185)
Revenue Support Grant (see Note 14)	(193,698)	(193,698)	(211,540)	(211,540)
Non-ringfenced revenue government grants (see Note 14)	(43,832)	(43,832)	(30,908)	(30,908)
Capital grants and contributions (see Note 14)	(958,388)	(965,579)	(628,284)	(633,648)
<b>Total</b>	<b>(3,243,733)</b>	<b>(3,250,924)</b>	<b>(2,790,463)</b>	<b>(2,795,827)</b>

## 12. Council Tax Precepts

The Comprehensive Income and Expenditure Statement contains the 2014/15 council tax precept issued by the Greater London Authority on the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of Council Tax. In the Movement in Reserves Statement the 2014/15 share of the net surplus or deficit on their collection funds in respect of council tax is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2013/14 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2014 used for budgeting purposes – is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2014/15 Precept Demand	2014/15 (Surplus) /Deficit	Share of 2013/14 Estimated (Surplus) / Deficit	2013/14 Precept Demand	2013/14 (Surplus) /Deficit	Share of 2012/13 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(523)	(103)	(50)	(514)	(58)	(45)
Barking & Dagenham	(12,116)	(748)	(318)	(12,107)	(295)	(136)
Barnet	(38,410)	(318)	-	(37,964)	168	-
Bexley	(22,596)	(400)	(318)	(22,209)	(446)	-
Brent	(23,682)	(2,189)	(712)	(23,389)	(715)	(526)
Bromley	(37,133)	(1,407)	(889)	(37,008)	(866)	(558)
Camden	(24,927)	(92)	44	(24,881)	(314)	(99)
Croydon	(33,008)	(775)	(864)	(32,608)	(1,350)	(1,221)
Ealing	(30,054)	(1,915)	(715)	(30,185)	(1,237)	(582)
Enfield	(26,521)	(787)	-	(26,530)	(925)	(303)
Greenwich	(20,354)	(1,773)	(525)	(20,151)	(1,389)	(537)
Hackney	(18,168)	(1,143)	(1,031)	(17,787)	(839)	(1,392)
Hammersmith & Fulham	(20,893)	(458)	(309)	(20,572)	(741)	-
Haringey	(20,060)	(2,179)	(1,869)	(19,250)	(738)	934
Harrow	(23,486)	(719)	(420)	(23,293)	(535)	(273)
Havering	(23,975)	(816)	(232)	(24,059)	(272)	123
Hillingdon	(26,685)	(116)	(327)	(26,496)	(2,248)	(248)
Hounslow	(22,686)	(820)	(493)	(22,613)	(664)	(356)
Islington	(20,793)	(1,012)	-	(20,858)	(593)	-
Kensington & Chelsea	(27,395)	(247)	(162)	(27,522)	(160)	(52)
Kingston Upon Thames	(17,441)	(366)	(84)	(17,506)	2	(7)
Lambeth	(27,559)	(2,484)	(1,088)	(26,671)	(1,996)	(911)
Lewisham	(22,108)	(558)	(659)	(21,876)	(865)	(1)
Merton	(20,358)	(1,318)	(1,266)	(20,295)	(1,044)	(739)
Newham	(18,789)	(1,338)	560	(17,974)	(706)	(328)
Redbridge	(23,548)	(2,244)	(106)	(23,519)	219	-
Richmond Upon Thames	(25,359)	(385)	(177)	(25,302)	(204)	(179)
Southwark	(25,217)	(1,022)	(436)	(24,671)	(737)	(303)
Sutton	(19,940)	(2,142)	(398)	(19,854)	867	(212)
Tower Hamlets	(22,419)	(736)	(142)	(21,674)	(121)	(569)
Waltham Forest	(19,570)	(991)	(618)	(18,764)	(1,128)	(501)
Wandsworth	(34,982)	(1,726)	(1,093)	(34,806)	(1,327)	(1,079)
City of Westminster	(36,108)	(264)	(445)	(35,814)	(451)	(246)
<b>Amounts receivable</b>	<b>(786,863)</b>	<b>(33,591)</b>	<b>(15,142)</b>	<b>(778,722)</b>	<b>(21,708)</b>	<b>(10,346)</b>

### 13. Non Domestic Rates income (NDR)

The Comprehensive Income and Expenditure Statement contains the Authority's share of 2014/15 non-domestic rates collected by the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of non-domestic rates. In the Movement in Reserves Statement the 2014/15 share of the actual net surplus or deficit in respect of non-domestic rates is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2013/14 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2014 used for budgeting purposes - is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2014/15 NDR Income	2014/15 (Surplus) / Deficit	Share of 2013/14 Estimated (Surplus) / Deficit	2013/14 NDR Income	2013/14 (Surplus) / Deficit
	£000	£000	£000	£000	£000
Corporation of London	(146,142)	(5,826)	(59)	(143,343)	10,342
Barking & Dagenham	(9,703)	(817)	1,215	(11,865)	2,339
Barnet	(22,197)	1,550	33	(22,405)	1,632
Bexley	(12,609)	271	555	(13,135)	833
Brent	(22,002)	188	140	(21,261)	1,027
Bromley	(16,310)	697	0	(16,844)	395
Camden	(98,055)	12,581	1,810	(98,280)	7,615
Croydon	(22,130)	553	(67)	(22,114)	1,397
Ealing	(24,790)	(5,527)	0	(25,532)	1,673
Enfield	(20,882)	1,539	213	(21,255)	637
Greenwich	(14,313)	75	(877)	(11,887)	(804)
Hackney	(17,490)	1,773	965	(18,604)	2,070
Hammersmith & Fulham	(31,894)	949	3,509	(32,840)	4,014
Haringey	(12,975)	3,149	(165)	(12,385)	98
Harrow	(9,662)	693	0	(9,817)	195
Havering	(13,808)	(169)	614	(13,828)	835
Hillingdon	(70,323)	1,108	0	(66,265)	264
Hounslow	(28,986)	1,762	1,185	(27,873)	1,206
Islington	(37,121)	(1,053)	333	(36,564)	1,029
Kensington & Chelsea	(53,558)	-	-	(52,365)	-
Kingston Upon Thames	(14,977)	390	1,372	(15,188)	1,753
Lambeth	(24,072)	1,883	134	(22,431)	(87)
Lewisham	(9,700)	(579)	(450)	(9,638)	83
Merton	(16,604)	998	248	(16,315)	419
Newham	(24,531)	2,610	1,318	(25,794)	2,010
Redbridge	(9,381)	(520)	175	(10,376)	156
Richmond Upon Thames	(16,670)	944	(221)	(15,740)	419
Southwark	(41,056)	(721)	(7)	(38,117)	7,259
Sutton	(10,339)	1,099	(20)	(10,157)	162
Tower Hamlets	(69,676)	(4,066)	(1,390)	(64,241)	68
Waltham Forest	(10,913)	743	61	(11,199)	254
Wandsworth	(20,354)	182	15	(19,765)	755
City of Westminster	(342,599)	41,004	6,205	(313,828)	7,131
<b>Amounts receivable</b>	<b>(1,295,824)</b>	<b>57,462</b>	<b>16,843</b>	<b>(1,251,251)</b>	<b>57,179</b>



## 14. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

<b>Credited to Taxation &amp; Non Specific Grant Income</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
<b>Revenue Support Grant</b>	193,698	211,540
<b>Non-ringfenced government grants (Revenue):</b>		
DCLG* - Council Tax Freeze	9,461	9,460
DCLG - S31 grant NDR reliefs	30,721	11,187
DCLG - RSG Capitalisation Provision Redistribution	-	3,657
DCLG - Council Tax Support Transition	-	1,988
DCLG - Community Right to Build	2,107	1,850
DCLG - Homelessness	1,009	1,500
DCLG - Other revenue grants	534	1,267
<b>Capital grants and contributions:</b>		
DCLG - Capital grants (Housing & Olympics legacy)	879,915	625,344
DCLG - Millenium Mills	4,326	-
DOH* - Care & Support Fund	8,000	1,743
ODA* - Olympic Retrofit	-	1,196
DCMS* - Broadband UK	5,370	-
DCMS* - Olympic Village	30,000	-
Recycled Capital Grant Fund	3,272	-
London Boroughs Section 106 contributions for NLE*	26,404	-
Other Contributions	1,102	-
<b>Total</b>	<b>1,195,918</b>	<b>870,732</b>

	<b>2014/15 £000</b>	<b>Restated 2013/14 £000</b>
<b>Credited to Services</b>		
DFEE* - London Skills Excellence Fund	6,939	4,324
DWP* - European Social Fund	1,705	1,513
Big Lottery Fund	1,334	820
European Investment Bank	3,375	201
Fuel Cells & Hydrogen Joint Undertaking	6,132	-
Home Office	9,345	203
NHS Commissioning Board	3,027	-
Transport For London	51	1,128
Other contributions	2,795	3,911
<b>Total</b>	<b>34,703</b>	<b>12,099</b>

The following grants have conditions which have not yet been met and are held as creditors in the balance sheet. They will be recognised as income in future years.

<b>Grants Receipts In Advance (Capital Grants)</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
DCLG - Growing Places Fund	97,455	101,241
DCLG - Grant Settlement	342,341	271,158
DCLG - Olympic Stadium	-	25,000
DCLG - Berkeley Private Rented Sector Initiative Receipts	-	16,000
DCLG-Home Buy Direct, Kickstart, First Time Buyers Initiative equity receipts grant	8,503	-
DCLG - Right to Buy receipts grant	7,610	-
DCLG-Millennium Mills Grant	7,674	-
London Borough of Southwark-S106 Elephant & Castle	3,618	-
Housing Action Trust dowry	3,219	3,219
DOH - Care & Support Fund	-	6,257
ODA - Grant Funding	-	-
	<b>470,420</b>	<b>422,875</b>

<b>Grants Receipts In Advance (Revenue Grants)</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
DFEE* - London Skills Excellence Fund	-	2,706
European Investment Bank	1,927	3,820
NHS Commissioning Board - London Health Commission Grant	-	1,415
Other	986	1,138
	<b>2,913</b>	<b>9,079</b>

\*DECC-Dept of Energy and Climate Change; DCLG-Dept for Communities and Local Government; DOH-Dept of Health; ODA-Olympic Delivery Authority; DWP-Dept of Works and Pensions; NHS-National Health Service; DFEE-Dept for Education and Employment; DCMS-Dept for Culture, Media and Sport; NLE-Northern Line Extension

## 15. Amounts Reported for Resource Allocation Decisions – Authority

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Services Reporting Code of Practice. However, decisions about resource allocation are taken by the Mayor on the basis of budget monitoring reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation and impairment is charged to services in the Comprehensive Income and Expenditure Statement);

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- Expenditure on some support services is budgeted for centrally and not charged to Directorates

The income and expenditure of the Authority's principal Directorates recorded in the budget monitoring reports for the year is as follows:

### Directorate Income and Expenditure 2014/15 – Authority

2014/15	Assembly & Secretariat	Mayor's Office	Corp Mngt	Comm & Intell	Dev, Ent & Env	Elections	Ext Affairs	Housing & Land	Resources	Grand Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(635)	(188)	(69)	(7,741)	(10,132)	-	(1,528)	(6,326)	(5,178)	(31,797)
Government grants	-	-	(34)	(16,284)	-	-	-	-	(1,705)	(18,023)
Interest and investment income	-	-	-	-	-	-	-	-	(17,545)	(17,545)
<b>Total Income</b>	<b>(635)</b>	<b>(188)</b>	<b>(103)</b>	<b>(24,025)</b>	<b>(10,132)</b>	<b>-</b>	<b>(1,528)</b>	<b>(6,326)</b>	<b>(24,428)</b>	<b>(67,365)</b>
Employee expenses	5,979	3,900	1,117	7,661	9,557	45	3,199	5,609	8,161	45,228
Other Service expenses	1,643	448	210	39,140	31,348	567	5,159	14,508	64,938	157,961
Voluntary revenue provision	-	-	-	-	-	-	-	-	9,959	9,959
Olympic Public Sector Funding Package	-	-	-	-	-	-	-	-	61,000	61,000
Interest Payable	-	-	-	-	-	-	-	-	6,921	6,921
Contributions to/(from) reserves and appropriations	-	-	-	-	-	-	-	-	(7,111)	(7,111)
<b>Total Expenditure</b>	<b>7,622</b>	<b>4,348</b>	<b>1,327</b>	<b>46,801</b>	<b>40,905</b>	<b>612</b>	<b>8,358</b>	<b>20,117</b>	<b>143,868</b>	<b>273,958</b>
<b>Net Expenditure</b>	<b>6,987</b>	<b>4,160</b>	<b>1,224</b>	<b>22,776</b>	<b>30,773</b>	<b>612</b>	<b>6,830</b>	<b>13,791</b>	<b>119,440</b>	<b>206,593</b>

## Directorate Income and Expenditure 2013/14 – Authority

2013/14

	Assembly & Secretariat	Mayor's Office	Corp Mngt Team	Comm & Dev, Intell	Ent & Env	Elections	Ext Affairs	Housing & Land	Resources	Grand Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(296)	(152)	(8)	(8,396)	(3,461)	-	(642)	(1,316)	(6,502)	(20,773)
Government grants	-	-	-	-	-	-	-	-	(10,257)	(10,257)
Interest and investment income	-	-	-	-	-	-	-	-	(17,875)	(17,875)
<b>Total Income</b>	<b>(296)</b>	<b>(152)</b>	<b>(8)</b>	<b>(8,396)</b>	<b>(3,461)</b>	<b>-</b>	<b>(642)</b>	<b>(1,316)</b>	<b>(34,634)</b>	<b>(48,905)</b>
Employee expenses	6,276	4,063	1,297	7,214	9,161	162	3,346	5,551	8,637	45,707
Other Service expenses	1,400	227	58	22,364	26,061	103	4,254	13,534	47,380	115,381
Voluntary revenue provision	-	-	-	-	-	-	-	-	9,780	9,780
Olympic Public Sector Funding Package	-	-	-	-	-	-	-	-	61,000	61,000
Interest Payable	-	-	-	-	-	-	-	-	7,764	7,764
Contributions to/(from) reserves and appropriations	-	-	-	-	-	-	-	-	(19,055)	(19,055)
<b>Total Expenditure</b>	<b>7,676</b>	<b>4,290</b>	<b>1,355</b>	<b>29,578</b>	<b>35,222</b>	<b>265</b>	<b>7,600</b>	<b>19,085</b>	<b>115,506</b>	<b>220,577</b>
<b>Net Expenditure</b>	<b>7,380</b>	<b>4,138</b>	<b>1,347</b>	<b>21,182</b>	<b>31,761</b>	<b>265</b>	<b>6,958</b>	<b>17,769</b>	<b>80,872</b>	<b>171,672</b>

## Reconciliation of the Authority's Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Account

	2014/15 £000	2013/14 £000
Net expenditure in the Directorate Analysis	206,593	171,672
Amounts in the CIES not reported to management accounts	2,466,418	2,652,423
Amounts included in management accounts but not included in the CIES	11,326	28,192
<b>Cost of Services in the CIES</b>	<b>2,684,337</b>	<b>2,852,287</b>

The amounts included in the cost of services within the CIES but not reported to management in the in-year revenue budget monitoring reports include charges for depreciation, pension service costs, capital grants receivable from central government and capital grants paid to TfL for Crossrail and to London Boroughs, largely to fund economic regeneration and environmental projects.

The amounts reported to management in the in-year revenue budget monitoring reports but not included within the cost of services in the CIES include transfers to/from earmarked reserves (included in the Movement in Reserves Statement) and some central government grants that are not reported within the cost of services in the CIES e.g. the Council Tax Freeze grant.

## Reconciliation to Subjective Analysis - Authority

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I&E Cost of Services	Cost of Services	Corporate Amounts	Surplus or deficit on the provision of services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(31,797)	(2,238)	3,650	(30,385)	-	(30,385)
Business Rates Supplement (BRS)				-	(219,680)	(219,680)
Interest and investment income	(17,545)		17,545	-	(18,735)	(18,735)
Income from council tax				-	(820,454)	(820,454)
Non-domestic rate income				-	(1,255,206)	(1,255,206)
Community infrastructure levy		(5,298)		(5,298)	(101,457)	(106,755)
Grants and Contributions	(18,023)			(18,023)	(1,195,918)	(1,213,941)
<b>Total Income</b>	<b>(67,365)</b>	<b>(7,536)</b>	<b>21,195</b>	<b>(53,706)</b>	<b>(3,611,450)</b>	<b>(3,665,156)</b>
Employee expenses	45,228	1,641		46,869	-	46,869
Other Service expenses	157,961	1,940,502	(100)	2,098,363	-	2,098,363
Crossrail related expenditure		531,157		531,157	-	531,157
Olympic Funding Agreement	61,000			61,000		61,000
Interest payable and similar charges	6,921		(6,921)	-	124,790	124,790
Voluntary revenue provision	9,959		(9,959)	-		-
Net interest on the net defined liability				-	2,884	2,884
Depreciation, amortisation and impairment		654		654		654
Gain or loss on disposal of non-current assets				-		-
Non-domestic rates - tariff payment to CLG				-	348,982	348,982
Precepts paid to Functional Bodies				-	708,341	708,341
Contributions to/(from) reserves	(7,111)		7,111	-		-
<b>Total Expenditure</b>	<b>273,958</b>	<b>2,473,954</b>	<b>(9,869)</b>	<b>2,738,043</b>	<b>1,184,997</b>	<b>3,923,040</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>206,593</b>	<b>2,466,418</b>	<b>11,326</b>	<b>2,684,337</b>	<b>(2,426,453)</b>	<b>257,884</b>

	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Surplus or deficit on the provision of services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(20,773)	2,269	77	(18,427)	-	(18,427)
Business Rates Supplement (BRS)	-	-	-	-	(221,358)	(221,358)
Interest and investment income	(17,875)	-	17,875	-	(19,528)	(19,528)
Income from council tax	-	-	-	-	(800,430)	(800,430)
Non-domestic rate income	-	-	-	-	(1,194,072)	(1,194,072)
Community infrastructure levy	-	(2,431)	-	(2,431)	(46,185)	(48,616)
Government grants	(10,257)	-	9,460	(797)	(870,732)	(871,529)
<b>Total Income</b>	<b>(48,905)</b>	<b>(162)</b>	<b>27,412</b>	<b>(21,655)</b>	<b>(3,152,305)</b>	<b>(3,173,960)</b>
Employee expenses	45,707	(1,149)	-	44,558	-	44,558
Other Service expenses	115,381	1,730,588	(731)	1,845,238	-	1,845,238
Crossrail related expenditure	-	922,328	-	922,328	-	922,328
Olympic Funding Agreement	61,000	-	-	61,000	-	61,000
Interest payable and similar charges	7,764	-	(7,764)	-	116,517	116,517
Voluntary revenue provision	9,780	-	(9,780)	-	-	-
Net interest on the net defined liability	-	-	-	-	2,109	2,109
Depreciation, amortisation and impairment	-	818	-	818	-	818
Gain or loss on disposal of non-current assets	-	-	-	-	(113)	(113)
Non-domestic rates - tariff payment to CLG	-	-	-	-	342,314	342,314
Precepts paid to Functional Bodies	-	-	-	-	691,497	691,497
Contributions to/(from) reserves	(19,055)	-	19,055	-	-	-
<b>Total Expenditure</b>	<b>220,577</b>	<b>2,652,585</b>	<b>780</b>	<b>2,873,942</b>	<b>1,152,324</b>	<b>4,026,266</b>
<b>Surplus or deficit on the provision of services</b>	<b>171,672</b>	<b>2,652,423</b>	<b>28,192</b>	<b>2,852,287</b>	<b>(1,999,981)</b>	<b>852,306</b>

## 16. Elections

The table below contains a summary of the expenditure and income incurred in year in respect of the future 2016 Elections (excludes support services recharges, IAS 19 pension costs and the holiday pay accrual).

	2014/15 £000	2013/14 £000
<b>Gross Income</b>	-	-
<b>Gross Expenditure</b>		
Staff	51	162
Premises	51	-
Reimbursement of London Borough costs	-	32
Supplies and Services	511	71
<b>Net Expenditure</b>	<b>613</b>	<b>265</b>
Net contribution to/ (from) Reserves	3,887	4,235
<b>Amount to be met by Grant and Taxpayer</b>	<b>4,500</b>	<b>4,500</b>

## 17. Operating Leases

### Authority and Group as Lessee

The Group has the following operating leases:

#### Greater London Authority

- Property lease- City Hall, The Queen's Walk, London SE1 2AA which is the Authority's main headquarters; and
- Property lease- London House, Leopold Plaza, Rue de Trône, Brussels which houses the London European Office

#### London Legacy Development Corporation

- Property lease- LLDC leases office accommodation under a 10 year lease with a break clause effective in May 2017.

The minimum lease payments due under non-cancellable leases in future years are:

	<b>Authority</b>	<b>Group</b>	<b>Authority</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	6,729	11,690	6,735	7,656
Later than one year and not later than five years	30,607	35,750	29,410	33,094
Later than five years	60,718	98,301	68,671	90,959
	<b>98,054</b>	<b>145,741</b>	<b>104,816</b>	<b>131,709</b>

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

	<b>Authority</b>	<b>Group</b>	<b>Authority</b>	<b>Group</b>
	<b>2014/15</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rent payable in year	6,735	7,836	6,737	7,658
	<b>6,735</b>	<b>7,836</b>	<b>6,737</b>	<b>7,658</b>

## Authority and Group as Lessor

Details of properties leased out as operating leases include:

### GLA Land and Property Limited

- Thames Wharf – Dock Road and Scarab Close – the site is currently occupied by a number of industrial type occupiers comprising waste management, aggregate storage and a concrete batching facility;
- Wick Lane, Poplar London – a 3 bedroomed semi-detached house;
- Royal Docks – Silvertown Dock, Albert Island, Thames Barrier Park – various properties currently occupied by a number of commercial and industrial type businesses;
- Beam Park – TfL are occupying 2 hectares of land to store salt;
- Ferry Lane, Dagenham – currently leased to a commercial enterprise and land is being used for open storage; and
- Marsh View, Ferry Lane, Rainham – currently leased to a commercial enterprise and land is being used for open storage.

The total minimum lease payments receivable under non-cancellable leases in future years are:

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	3,893	1,711
Later than one year and not later than five years	13,637	3,403
Later than five years	443,587	2,650
	<b>461,117</b>	<b>7,764</b>

The income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases amounted to:

	<b>Group</b>	<b>Group</b>
	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Rent receivable in year	2,654	3,542
	<b>2,654</b>	<b>3,542</b>



## 18. Mayor and Assembly Members' remuneration and expenses

The table below shows the total amount of remuneration and expenses payable to the Mayor and Assembly members during the year, by the Authority. The amount for travel cards is the cash value of travel cards issued during the year.

		Salary	Travel Card	Mobile Phone	Taxi Expenses	Other Domestic Travel	Foreign Travel	Other Expenses	Total
<b>Mayor</b>	Johnson, Boris	143,911	-	-	-	-	7,888	3,147	154,946
<b>Deputy Mayor</b>	Borwick, Victoria	97,587	2,288	-	-	-	-	-	99,875
<b>Current Assembly Members</b>									
Assembly Member	Arbour, Tony	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Arnold, Jennette	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Bacon, Gareth	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Biggs, John	54,270	2,136	259	-	-	-	-	56,665
Assembly Member	Boff, Andrew	54,270	-	-	-	-	-	-	54,270
Assembly Member	Cleverly, James	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Copley, Tom	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Dismore, Andrew	54,270	-	-	-	-	-	-	54,270
Assembly Member	Duvall, Len	54,270	2,288	347	20	-	-	-	56,925
Assembly Member	Evans, Roger	63,826	2,288	-	-	-	-	-	66,114
Assembly Member	Gavron, Nicky	54,270	-	-	-	-	-	-	54,270
Assembly Member	Johnson, Darren	55,544	1,800	-	-	-	-	-	57,344
Assembly Member	Jones, Jenny	54,270	-	-	25	19	-	-	54,314
Assembly Member	Knight, Stephen	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Malthouse, Kit (Note 1)	124,515	-	-	-	-	186	123	124,824
Assembly Member	McCartney, Joanne	54,270	2,136	-	-	-	-	-	56,406
Assembly Member	O'Connell, Stephen	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Pidgeon, Caroline	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Qureshi, Murad	54,270	2,288	-	13	-	-	-	56,571
Assembly Member	Sahota, Onkar	54,270	2,288	-	-	-	-	-	56,558
Assembly Member	Shah, Navin	54,270	-	-	-	-	-	-	54,270
Assembly Member	Shawcross, Valerie	54,270	1,800	-	-	-	-	-	56,070
Assembly Member	Tracey, Richard	54,270	-	-	-	-	-	-	54,270
Assembly Member	Twycross, Fiona	54,270	2,288	-	-	80	-	-	56,638
<b>Total 2014-15</b>									
		1,625,053	39,904	606	58	99	8,074	3,270	1,677,064
<b>Total 2013-14</b>									
		1,622,176	39,120	-	629	463	22,329	4,761	1,689,478

Note 1 The salary payment to Kit Malthouse includes payment for his post as Deputy Mayor for Business and Enterprise (up to 08/03/2015)

## 19. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

2014/15

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
		£	£	£	£
<b>GLA Staff</b>					
<b>Head of Paid Service &amp; Executive Director of Communities &amp; Intelligence &amp; Greater London Returning Officer</b>	J Jacobs	167,567	-	20,108	<b>187,675</b>
<b>Executive Director of Resources</b>	M Clarke	142,178	-	17,061	<b>159,239</b>
<b>Executive Director of Housing and Land</b>	D Lunts	162,992	-	19,589	<b>182,581</b>
<b>Executive Director of Secretariat</b>	M Roberts	129,772	-	15,528	<b>145,300</b>
<b>Executive Director of Development, Enterprise and Environment</b>	F Fletcher-Smith	133,625	-	17,061	<b>150,686</b>
<b>Monitoring Officer &amp; Head of Committee &amp; Member Services</b>	E Williams	106,263	-	12,752	<b>119,015</b>
<b>Mayoral Team</b>					
<b>Statutory Deputy Mayor</b>	V Borwick*	97,587	-	11,710	<b>109,297</b>
<b>Deputy Mayor for Housing, Land and Property</b>	R Blakeway	130,672	-	15,573	<b>146,245</b>
<b>Chief of Staff &amp; Deputy Mayor for Policy and Planning</b>	Sir E Lister	150,825	-	18,099	<b>168,924</b>
<b>Deputy Mayor for Business and Enterprise</b> – up to 8 March 2015	K Malthouse*	124,515	-	14,942	<b>139,457</b>
<b>Deputy Mayor for Education and Culture</b>	M Mirza	129,772	-	15,573	<b>145,345</b>
<b>Director of Communications and External Affairs</b>	W Walden	129,772	-	15,573	<b>145,345</b>
<b>Mayoral Advisor on Tottenham and Deputy Chair of the London Legacy Development Corporation</b>	N Coleman	145,797	-	17,496	<b>163,293</b>
<b>Cycling Commissioner</b>	A Gilligan	58,337	-	6,946	<b>65,283</b>
<b>Senior Advisor - Mentoring</b>	R Lewis	20,311	-	2,437	<b>22,748</b>
<b>Chief Economic Advisor</b>	Dr. G Lyons	129,179	-	15,501	<b>144,680</b>
<b>Senior Advisor for Environment &amp; Energy</b>	M Pencharz	95,440	-	11,577	<b>107,017</b>
<b>Senior Advisor for Team London, Volunteering, Charities and Sponsorship</b>	V Wadley	77,182	-	-	<b>77,182</b>
<b>Chair of London Food</b>	R Boycott	54,000	-	-	<b>54,000</b>
<b>Secondees</b>					
<b>Deputy Mayor for Transport</b>	I Deding	Secondee from Transport for London			

\* These Mayoral appointees are also Assembly Members

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
<b>GLA Staff</b>		£	£	£	£
<b>Head of Paid Service &amp; Executive Director of Communities &amp; Intelligence</b>	J Jacobs	166,650	-	24,664	<b>191,314</b>
<b>Executive Director of Resources</b>	M Clarke	135,514	-	20,056	<b>155,570</b>
<b>Executive Director of Housing and Land</b>	D Lunts	163,188	-	24,152	<b>187,340</b>
<b>Executive Director of Secretariat</b>	M Roberts	129,062	-	19,101	<b>148,163</b>
<b>Executive Director of Development, Enterprise and</b>	F Fletcher-	141,400	-	20,927	<b>162,327</b>
<b>Monitoring Officer &amp; Head of Committee &amp; Member Services</b>	E Williams	105,682	-	15,641	<b>121,323</b>
<b>Mayoral Team</b>					
<b>Statutory Deputy Mayor</b>	V Borwick*	97,053	-	14,364	<b>111,417</b>
<b>Deputy Mayor for Housing, Land and Property</b>	R Blakeway	129,508	-	19,101	<b>148,609</b>
<b>Chief of Staff &amp; Deputy Mayor Planning</b>	Sir E Lister	142,792	-	21,133	<b>163,925</b>
<b>Deputy Mayor for Business and Enterprise</b>	K Malthouse*	129,062	-	19,101	<b>148,163</b>
<b>Deputy Mayor for Education and Culture</b>	M Mirza	128,907	-	19,078	<b>147,985</b>
<b>Director of Communications and External Affairs</b>	W Walden	129,062	-	19,101	<b>148,163</b>
<b>Mayor's Advisor on Tottenham and Deputy Chair of the London Legacy Development Corporation</b>	N Coleman	134,375	-	19,887	<b>154,262</b>
<b>Mayor's Cycling Commissioner</b>	A Gilligan	58,016	-	8,520	<b>66,536</b>
<b>Mayor's Mentoring Advisor</b>	R Lewis	23,050	-	3,411	<b>26,461</b>
<b>Mayor's Chief Economic Advisor</b>	Dr. G Lyons	128,472	-	19,014	<b>147,486</b>
<b>Mayor's Senior Advisor for Environment &amp; Energy</b>	M Pencharz	88,149	-	13,266	<b>101,415</b>
<b>Mayor's Senior Advisor for Team London, Volunteering, Charities and Sponsorship</b>	V Wadley	43,924	-	0	<b>43,924</b>
<b>Chair of London Food</b>	R Boycott	49,333	-	0	<b>49,333</b>
<b>Secondees</b>					
<b>Deputy Mayor for Transport</b>	I Dedring	Secondee			

\* These Mayoral appointees are also Assembly Members

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2014/15	2013/14
	Number of Employees	Number of Employees
£		
50,000 - 54,999	45	45
55,000 - 59,999	43	50
60,000 - 64,999	11	10
65,000 - 69,999	12	9
70,000 - 74,999	15	17
75,000 - 79,999	8	14
80,000 - 84,999	17	8
85,000 - 89,999	4	4
90,000 - 94,999	1	-
95,000 - 99,999	3	3
100,000 - 104,999	-	4
105,000 - 109,999	5	4
110,000 - 114,999	4	5
115,000 - 119,999	1	-
120,000 - 124,999	-	2
	<b>169</b>	<b>175</b>

### Termination Benefits

The table below details the number and cost of compulsory and voluntary severances packages agreed during the year for staff.

The Authority terminated the contracts of a number of employees in 2014/15, incurring liabilities of £92,016 (£805,010 in 2013/14. This money was paid to 6 officers from the Mayor's Office, Secretariat and Communities & Intelligence directorates.

Exit package cost band (including special payments)	Number of compulsory		Number of other		Total number of exit		Total cost of exit	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014 £	2014/2015 £
£0 - £20,000	1	1	4	3	5	4	75,495	25,793
£20,001 - £40,000	2	1	5	1	7	2	218,187	66,223
£40,001 - £60,000	1	-	5	-	6	-	300,377	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	1	-	-	-	1	-	90,031	-
£100,001 - £150,000	-	-	1	-	1	-	120,920	-
<b>Total amount included in the CIES</b>	<b>5</b>	<b>2</b>	<b>15</b>	<b>4</b>	<b>20</b>	<b>6</b>	<b>805,010</b>	<b>92,016</b>

## 20. Pensions

As part of the terms and conditions of employment of its elected members, officers and other employees, the Group makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the group has a commitment to make the payments that needs to be disclosed at the time the employees earn their future entitlement.

### Local Government Pension Scheme

The LGPS, administered by the London Pensions Fund Authority, is a defined benefit statutory scheme – this is a funded defined benefit final salary scheme, meaning that the GLA and LLDC, employees and elected officers pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2013 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2014 to 31 March 2017. The contribution rates for this period are set out in the table below. Under Pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

	2014/15	2013/14	Contribution rate for period 1 April 2014 to 31 March 2017	Contribution rate for period 1 April 2011 to 31 March 2014
	£m	£m	%	%
GLA	4.8	4.2	12.0	14.8
LLDC	1.0	0.7	12.0	11.2

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2014/15 Authority £000	2014/15 Group £000	2013/14 Authority £000	2013/14 Group £000
<b>Cost of Retirement Benefits</b>				
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
Current service costs	6,475	7,745	7,026	8,185
Administration Fee	254	267	232	243
Past service costs	-	125	-	-
(Gain)/loss from settlements	-	-	(3,553)	(3,553)
	<b>6,729</b>	<b>8,137</b>	<b>3,705</b>	<b>4,875</b>
<b>Financing and Investment Income and Expenditure</b>				
Net Interest Expense	2,884	3,204	2,109	2,229
<b>Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>9,613</b>	<b>11,341</b>	<b>5,814</b>	<b>7,104</b>
<b>Other Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(3,634)	(3,829)	1,895	1,983
Actuarial (gains)/losses arising on changes in financial assumptions	52,271	56,545	20,491	22,021
Actuarial (gains)/losses arising on changes in demographic assumptions	0	0	1,460	1,409
Experience (gains)/losses on defined benefit obligation	0	0	(9,390)	(7,220)
Other actuarial (gains)/losses on assets	-	-	182	333
<b>Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>58,250</b>	<b>64,057</b>	<b>20,452</b>	<b>25,630</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	<b>(9,613)</b>	<b>(11,341)</b>	<b>(5,814)</b>	<b>(7,104)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>				
Employers' contributions payable to the Local Government Pension Scheme	<b>4,793</b>	<b>5,794</b>	<b>4,732</b>	<b>5,442</b>

## Pensions Asset and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the GLA's and LLDC's obligation in respect of their defined benefit plans is as follows:

	2014/15 Authority £000	2014/15 Group £000	2013/14 Authority £000	2013/14 Group £000
Present value of the defined benefit obligation	(302,615)	<b>(325,203)</b>	(234,322)	(250,243)
Fair Value of scheme assets (bid value)	184,080	<b>194,486</b>	169,244	177,789
<b>Net liability arising from defined benefit obligation</b>	<b>(118,535)</b>	<b>(130,717)</b>	<b>(65,078)</b>	<b>(72,454)</b>

## Reconciliation of fair value of the scheme (plan) assets:

	2014/15 Authority £000	2014/15 Group £000	2013/14 Authority £000	2013/14 Group £000
<b>Opening fair value of scheme assets</b>	<b>169,244</b>	<b>177,789</b>	<b>154,731</b>	<b>161,875</b>
Interest Income	7,867	8,289	7,501	7,867
<i>Remeasurement gain/(loss):</i>				
Return on plan assets, excluding the amount included in the net interest expense	3,634	3,829	(1,895)	(1,983)
Administration expenses	(254)	(267)	(232)	(243)
Other actuarial gains/(losses)	-	-	(182)	(333)
Contributions from employer	4,793	5,794	4,732	5,442
Contributions from employees into the scheme	2,767	3,371	2,213	2,668
Benefits paid	(3,971)	(4,319)	(3,207)	(3,087)
Settlement prices received/(paid)	-	-	5,583	5,583
<b>Closing fair value of scheme assets</b>	<b>184,080</b>	<b>194,486</b>	<b>169,244</b>	<b>177,789</b>

## Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2014/15 Authority £000	2014/15 Group £000	2013/14 Authority £000	2013/14 Group £000
<b>Opening balance at 1 April</b>	<b>(234,322)</b>	<b>(250,243)</b>	<b>(204,089)</b>	<b>(214,141)</b>
Current service cost	(6,475)	(7,745)	(7,026)	(8,185)
Interest cost	(10,751)	(11,493)	(9,610)	(10,096)
Contributions from scheme participants	(2,767)	(3,371)	(2,213)	(2,668)
<i>Remeasurement gains and (losses):</i>		-		
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-	(1,460)	(1,409)
Actuarial gains/(losses) arising from changes in financial assumptions	(52,271)	(56,545)	(20,491)	(22,021)
Experience gains/(loss) on defined benefit obligation	-	-	9,390	7,220
Past service costs, including curtailments	-	(125)	(268)	(268)
Liabilities (assumed)/extinguished on settlements	-	-	(1,762)	(1,762)
Estimated benefits paid net of transfers in	3,971	4,319	3,207	3,087
<b>Closing balance at 31 March</b>	<b>(302,615)</b>	<b>(325,203)</b>	<b>(234,322)</b>	<b>(250,243)</b>

## Local Government Pension Scheme assets comprised (Bid value):

### Authority

	2014/15 Authority Quoted Prices £000	2014/15 Authority Unquoted Prices £000	2014/15 Total £000	2013/14 Authority Quoted Prices £000	2013/14 Authority Unquoted Prices £000	2013/14 Total £000
<b>Equities</b>						
Seggregated:						
<i>Basic Materials</i>	2,087	-	<b>2,087</b>	2,978	-	<b>2,978</b>
<i>Communications</i>	3,924	-	<b>3,924</b>	5,028	-	<b>5,028</b>
<i>Consumer</i>	15,448	-	<b>15,448</b>	17,750	-	<b>17,750</b>
<i>Diversified</i>	-	-	<b>-</b>	244	-	<b>244</b>
<i>Energy</i>	855	-	<b>855</b>	2,391	-	<b>2,391</b>
<i>Financial</i>	5,210	-	<b>5,210</b>	6,349	-	<b>6,349</b>
<i>Industrial</i>	6,819	-	<b>6,819</b>	5,798	-	<b>5,798</b>
<i>Technology</i>	2,958	-	<b>2,958</b>	4,015	-	<b>4,015</b>
<i>Utilities</i>	-	-	<b>-</b>	287	-	<b>287</b>
Investment funds and unit trusts	7,469	21,173	<b>28,642</b>	2,005	33,857	<b>35,862</b>
Private Equity	-	13,922	<b>13,922</b>	-	11,498	<b>11,498</b>
<b>LDI</b>	-	13,817	<b>13,817</b>	-	10,431	<b>10,431</b>
<b>Target Return</b>						
Equities	1,882	-	<b>1,882</b>	1,994	-	<b>1,994</b>
Corporate Bonds	2,904	-	<b>2,904</b>	2,702	-	<b>2,702</b>
Government	1,676	-	<b>1,676</b>	830	-	<b>830</b>
Investment funds and unit trusts:						
<i>Equities</i>	1,535	1,266	<b>2,801</b>	2,093	155	<b>2,248</b>
<i>Bonds</i>	29,941	3,969	<b>33,910</b>	18,224	20,682	<b>38,906</b>
<i>Cash</i>	1,445	-	<b>1,445</b>	2,159	-	<b>2,159</b>
<i>Hedge funds</i>	-	8,596	<b>8,596</b>	263	852	<b>1,115</b>
<b>Infrastructure</b>	598	8,522	<b>9,120</b>	502	5,438	<b>5,940</b>
<b>Property Fund</b>	-	5,216	<b>5,216</b>	-	4,488	<b>4,488</b>
<b>Commodity Funds</b>	626	1,087	<b>1,713</b>	1,351	496	<b>1,847</b>
<b>Cash</b>						
Cash at bank	21,577	-	<b>21,577</b>	3,875	-	<b>3,875</b>
<b>Derivatives</b>						
Forwards	-	( 442)	<b>( 442)</b>	-	509	<b>509</b>
<b>Total</b>	<b>106,954</b>	<b>77,126</b>	<b>184,080</b>	<b>80,838</b>	<b>88,406</b>	<b>169,244</b>



## Group

	2014/15 Group Quoted Prices £000	2014/15 Group Unquoted Prices £000	2014/15 Total £000	2013/14 Group Quoted Prices £000	2013/14 Group Unquoted Prices £000	2013/14 Total £000
<b>Equities</b>						
Seggregated:						
<i>Basic Materials</i>	2,205	-	<b>2,205</b>	3,128	-	<b>3,128</b>
<i>Communications</i>	4,146	-	<b>4,146</b>	5,282	-	<b>5,282</b>
<i>Consumer</i>	16,321	-	<b>16,321</b>	18,646	-	<b>18,646</b>
<i>Diversified</i>	-	-	<b>-</b>	256	-	<b>256</b>
<i>Energy</i>	903	-	<b>903</b>	2,512	-	<b>2,512</b>
<i>Financial</i>	5,504	-	<b>5,504</b>	6,670	-	<b>6,670</b>
<i>Industrial</i>	7,204	-	<b>7,204</b>	6,091	-	<b>6,091</b>
<i>Technology</i>	3,126	-	<b>3,126</b>	4,218	-	<b>4,218</b>
<i>Utilities</i>	-	-	<b>-</b>	301	-	<b>301</b>
Investment funds and unit trusts	7,891	22,370	<b>30,261</b>	2,106	35,566	<b>37,673</b>
Private Equity	-	14,709	<b>14,709</b>	-	12,079	<b>12,079</b>
<b>LDI</b>	-	14,598	<b>14,598</b>	-	10,958	<b>10,958</b>
<b>Target Return</b>						
Equities	1,988	-	<b>1,988</b>	2,095	-	<b>2,095</b>
Corporate Bonds	3,068	-	<b>3,068</b>	2,838	-	<b>2,838</b>
Government	1,771	-	<b>1,771</b>	872	-	<b>872</b>
Investment funds and unit trusts:						
<i>Equities</i>	1,622	1,338	<b>2,960</b>	2,199	163	<b>2,362</b>
<i>Bonds</i>	31,634	4,193	<b>35,827</b>	19,144	21,726	<b>40,870</b>
<i>Cash</i>	1,527	-	<b>1,527</b>	2,268	-	<b>2,268</b>
<i>Hedge funds</i>	-	9,082	<b>9,082</b>	276	895	<b>1,171</b>
<b>Infrastructure</b>	632	9,004	<b>9,636</b>	527	5,713	<b>6,240</b>
<b>Property Fund</b>	-	5,511	<b>5,511</b>	-	4,715	<b>4,715</b>
<b>Commodity Funds</b>	661	1,148	<b>1,809</b>	1,419	521	<b>1,940</b>
<b>Cash</b>						
Cash at bank	22,797	-	<b>22,797</b>	4,071	-	<b>4,071</b>
<b>Derivatives</b>						
Forwards	-	( 467)	<b>( 467)</b>	-	535	<b>535</b>
<b>Total</b>	<b>113,000</b>	<b>81,486</b>	<b>194,486</b>	<b>84,919</b>	<b>92,870</b>	<b>177,789</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The London Pensions Fund Authority's Local Government Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, estimates of the London Pensions Fund Authority's fund being based on the latest full valuation of the scheme as at 31 March 2013.

The pension increase has been calculated using the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

### The principal assumptions used by the actuary in their calculations have been:

	2014/15 Authority £000	2014/15 Group £000	2013/14 Authority	2013/14 Group £000
Expected return on assets	3.5%	3.5%	4.6%	4.6%
Mortality Assumptions				
Longevity at 65 for current pensioners:	Years	Years	Years	Years
Men	22.4	22.4 - 22.9	22.3 - 22.5	22.3 - 22.8
Women	25.3	25.3 - 25.5	25.1 - 25.2	25.1 - 25.4
Longevity at 65 for future pensioners:				
Men	24.8	24.8 - 25.2	24.6 - 24.8	24.6 - 25.1
Women	27.5	27.5 - 27.7	27.3 - 27.4	27.3 - 27.6
Rate of inflation - RPI	3.4%	3.4%	3.7%	3.7%
Rate of inflation - CPI	2.6%	2.6%	2.9%	2.9%
Rate of increase in salaries	4.4%	4.4%	4.7%	4.7%
Rate of increase in pensions	2.6%	2.6%	2.9%	2.9%
Rate for discounting scheme liabilities	3.5%	3.5%	4.6%	4.6%

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2015 is estimated to be 7%, the actual return on fund assets over the year may be different.

## Sensitivity Analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- one year age rating adjustment to the mortality assumption.

	Increase in Assumption £000	Actual £000	Decrease in Assumption £000
<b>Longevity (increase or decrease in 1 year)</b>			
Greater London Authority	(293,216)	(302,615)	(312,014)
London Legacy Development Corporation	(21,905)	(22,588)	(23,271)
<b>GLA Group</b>	<b>(315,121)</b>	<b>(325,203)</b>	<b>(335,285)</b>
<b>Rate of increase in salaries (increase or decrease by 0.1%)</b>			
Greater London Authority	(303,537)	(302,615)	(301,700)
London Legacy Development Corporation	(22,718)	(22,588)	(22,459)
<b>GLA Group</b>	<b>(326,255)</b>	<b>(325,203)</b>	<b>(324,159)</b>
<b>Rate of increase in pensions (increase or decrease by 0.1%)</b>			
Greater London Authority	(308,990)	(302,615)	(296,398)
London Legacy Development Corporation	(23,069)	(22,588)	(22,121)
<b>GLA Group</b>	<b>(332,059)</b>	<b>(325,203)</b>	<b>(318,519)</b>
<b>Rate for discounting scheme liabilities (increase or decrease by 0.1%)</b>			
Greater London Authority	(295,551)	(302,615)	(309,855)
London Legacy Development Corporation	(21,998)	(22,588)	(23,195)
<b>GLA Group</b>	<b>(317,549)</b>	<b>(325,203)</b>	<b>(333,050)</b>

## Impact on the GLA's and LLDC's cash flows

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2016 is £5.5m.

## Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme, but the Authority is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2013. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

In 2014/15, London TravelWatch paid £0.1m (2013/14 - £0.1m) at one of four rates (16.7% to 24.3%) of pensionable pay to the Principal Civil Service Pension Scheme.

## Homes and Communities Agency Pension Scheme

LLDC have staff in the Homes and Communities Agency Pension Scheme, the scheme has been accounted for as if it were a defined contribution plan. The Homes and Communities Agency Pension Scheme is exempt from defined benefit accounting as the pension scheme exposes participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the pension scheme.

Contributions on behalf of the two employees who are members of the above scheme are accounted for in operating costs and amount to £0.03m (2013/14 - £0.03m).

The total contributions expected to be made to the Homes and Communities Agency Pension Scheme by the LLDC in the year to 31 March 2016 is £0.03m.

## 21. External Audit Costs

The Authority and Group have incurred the following costs in relation to the audit of the Statement of Accounts for services provided by external auditors.

	Authority 2014/15 £000	Group 2014/15 £000	Restated*	
			Authority 2013/14 £000	Group 2013/14 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	146	298	159	322
Fees payable to external auditors for the certification of grant claims and returns for the year	7	7	4	4
Fees payable in respect of other services provided by the external auditors during the year	-	-	-	-
Rebate received from the Audit Commission in relation to audit fees	-	-	(14)	(14)
	<b>153</b>	<b>305</b>	<b>149</b>	<b>312</b>

\*The GLA's 2013/14 figures have been restated to include grant audit fees (£4k) and fees for additional audit procedures relating to the change in NDR accounting arrangements (£8k). This is offset by Audit Commission rebate (£14k).

## 22. Agency Income and Expenditure

### European Regional Development Fund

The European Regional Development Fund (ERDF) is a fund allocated by the European Union which is focused on reducing economic disparities within and between member states by supporting economic regeneration and safeguarding jobs. The Department for Communities and Local Government (DCLG) is the Managing Authority and has the statutory responsibility for the ERDF programmes in England. In London, DCLG has devolved operational responsibilities to an Intermediate Body (the GLA) to carry out certain programme functions.

The 2007-13 London ERDF programme is worth £330m including match funding.

On 1 July 2011, via a statutory instrument, DCLG transferred the operational responsibilities for the European Regional Development Fund's London programme from the London Development Agency to the Greater London Authority.

The Greater London Authority acts as DCLG's agent in administering the ERDF. For 2014/15, £27.9m was payable to projects in accordance with the agreement and reclaimable from DCLG (£14.7m in 2013/14).

### European Social Fund

The 2007-13 London European Social Fund ("ESF") programme supports revenue projects that will provide over 50,000 skills qualifications and get 40,000 people into work. Funding is split between:

- the workless (Priority 1 – ‘extending employment opportunities’); and
- those in the workforce (Priority 2 – ‘creating a skilled and adaptable workforce’).

The ‘Managing Authority’ for ESF in England is the Department of Work and Pensions (DWP). On 1 July 2011 the DWP transferred operational responsibility for overseeing the delivery of the programme in London from the London Development Agency to the Greater London Authority.

The 2007-13 ESF programme for London is worth £420m. It is delivered by five co-financing organisations (“CFOs”); which provide 50% of the match-funding (so the total programme size is approximately £840m). The Greater London Authority’s European Programmes Management Unit has strategic oversight and responsibility for performance management of the five CFOs.

The income and expenditure included in the GLA’s Comprehensive Income and Expenditure Account for the management of the ERDF and ESF programmes is set out in the table below.

	2014/15 £000	2013/14 £000
Expenditure incurred in managing ERDF and ESF programmes	1,169	1,060
Technical Assistance payable by ERDF & DWP	(512)	(738)
Management fee payable by the DWP for ESF	(90)	(90)
Interest on Cash Balances	(289)	-
Other income	(1)	(7)
<b>Net deficit funded from General GLA grant</b>	<b>277</b>	<b>225</b>

## 23. JESSICA Holding Fund London

The Joint European Support for Sustainable Investment in City Area (“JESSICA”) is a policy initiative of the European Commission, supported by the European Investment Bank (“EIB”), and designed to help the authorities in the Member States of the European Union to exploit financial engineering mechanisms to support investment in sustainable urban development in the context of the cohesion policy. Under this programme, Managing Authorities (DCLG for England) are allowed to use some of their Structural Funds, principally those supported by the ERDF to invest in Urban Development Funds to accelerate investment in urban areas.

For the London region, DCLG’s ERDF investment has been matched funded by the London Waste and Recycling Board (“LWARB”) and the London Development Agency (“LDA”). In October 2009, the LDA, LWARB and the EIB signed a funding agreement for the purpose of establishing the JESSICA Holding Fund, also known as the London Green Fund. LDA, in the capacity of DCLG’s agent for ERDF, invested £50m of ERDF funds that was match funded by £18m of LWARB’s and £32m of LDA’s own funds. On 1 July 2011, when the operational responsibilities for the ERDF transferred to the GLA, the responsibility for DCLG’s £50m ERDF contribution transferred also.

In year the ERDF contributed an additional £10m to the JESSICA fund, this brings the ERDF’s total contribution to £60m as at 31 March 2015. The EIB’s audited final accounts for the financial year

ended 31 December 2014 value the £60m ERDF contribution at £54.8m (31 December 2013 - £47.7m) and the Authority's contribution at £30.5m (31 December 2013 - £30.8m), the reduction in the Authority's investment is due to fees and commission expenses exceeding the interest earned by the fund.

Any future inflows from the JESSICA fund will be recognised by the Authority when receipt is probable.

## **24. Mayor's Community Infrastructure Levy ("CIL")**

On 29 February 2012, the Mayor agreed his CIL charging schedule, accepting the recommendation of Keith Holland, the independent examiner. The levy will apply to developments consented on or after 1 April 2012, and will be collected by London boroughs once development commences.

The setting of a London-wide Community Infrastructure Levy is a power given to the Mayor under the Planning Act 2008 designed to raise money for the infrastructure needed to develop an area. The Levy will be charged on most developments in London at the following rates:

Zone 1 boroughs - £50 per square metre

Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £35 per square metre

Barnet, Brent, Bromley, Ealing, Greenwich, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets

Zone 3 boroughs - £20 per square metre

Barking and Dagenham, Bexley, Croydon, Enfield, Havering, Newham, Sutton, Waltham Forest

The first £300m of Mayoral CIL revenues will be used to fund Crossrail. Transport for London - as the delivery body for Crossrail - is receiving CIL revenues directly from London boroughs and the Corporation of London (the collecting authorities). They are permitted to charge collection costs equivalent to 4% of revenues. However as it is the Mayor's CIL the revenues are those of the GLA and are recognised in the core GLA's accounts as an income item with receipts paid over to TfL even though they are applied by TfL on Crossrail via the Crossrail Sponsor Funding Account.

In 2014/15, £101.5m income (2013/14 - £46.2m), after the deduction of £5.3m administration fees (2013/14 - £2.4m), was receivable from the levy imposed on new developments in London that were granted planning permission on or after 1 April 2013.

## 25. Property, Plant and Equipment

### Group

	2014/15			2013/14		
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>						
<b>Balances at 1 April</b>	<b>17,450</b>	<b>14,647</b>	<b>32,097</b>	<b>15,647</b>	<b>17,798</b>	<b>33,445</b>
Additions	-	1,055	1,055	10	1,152	1,162
Revaluation increases/(decreases) recognised in the revaluation reserve	4,309	-	4,309	1,860	-	1,860
Derecognition- other	(10)	(274)	(284)	(67)	(4,303)	(4,370)
Other movements in cost or valuation	-	(1,174)	(1,174)	-	-	-
<b>At 31 March</b>	<b>21,749</b>	<b>14,254</b>	<b>36,003</b>	<b>17,450</b>	<b>14,647</b>	<b>32,097</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>Balances at 1 April</b>	<b>(23)</b>	<b>(10,011)</b>	<b>(10,034)</b>	<b>(71)</b>	<b>(12,724)</b>	<b>(12,795)</b>
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(1,418)	(1,028)	(2,446)	(1,173)	(1,590)	(2,763)
Depreciation written out to the Revaluation Reserve	1,419	-	1,419	1,154	-	1,154
Derecognition- other	8	247	255	67	4,303	4,370
Other movements in depreciation and impairment	-	391	391	-	-	-
<b>At 31 March</b>	<b>(14)</b>	<b>(10,401)</b>	<b>(10,415)</b>	<b>(23)</b>	<b>(10,011)</b>	<b>(10,034)</b>
<b>Net Book Value</b>						
<b>At 1 April</b>	<b>17,427</b>	<b>4,636</b>	<b>22,063</b>	<b>15,576</b>	<b>5,074</b>	<b>20,650</b>
<b>At 31 March</b>	<b>21,735</b>	<b>3,853</b>	<b>25,588</b>	<b>17,427</b>	<b>4,636</b>	<b>22,063</b>

### Authority

	2014/15			2013/14		
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>						
<b>At 1 April</b>	<b>1,250</b>	<b>10,462</b>	<b>11,712</b>	<b>1,250</b>	<b>14,358</b>	<b>15,608</b>
Additions	-	485	485	-	391	391
Revaluation increases/(decreases) recognised in the revaluation reserve	250	-	250	-	-	-
Derecognition- other	-	-	-	-	(4,287)	(4,287)
<b>At 31 March</b>	<b>1,500</b>	<b>10,947</b>	<b>12,447</b>	<b>1,250</b>	<b>10,462</b>	<b>11,712</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April</b>	<b>(15)</b>	<b>(8,677)</b>	<b>(8,692)</b>	<b>-</b>	<b>(12,193)</b>	<b>(12,193)</b>
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(15)	(624)	(639)	(15)	(771)	(786)
Depreciation written out to the Revaluation Reserve	30	-	30	-	-	-
Derecognition - other	-	-	-	-	4,287	4,287
<b>At 31 March</b>	<b>-</b>	<b>(9,301)</b>	<b>(9,301)</b>	<b>(15)</b>	<b>(8,677)</b>	<b>(8,692)</b>
<b>Net Book Value</b>						
<b>At 1 April</b>	<b>1,235</b>	<b>1,785</b>	<b>3,020</b>	<b>1,250</b>	<b>2,165</b>	<b>3,415</b>
<b>At 31 March</b>	<b>1,500</b>	<b>1,646</b>	<b>3,146</b>	<b>1,235</b>	<b>1,785</b>	<b>3,020</b>

## Revaluations

Valuations were undertaken by external valuers, GL Hearn Ltd. and Jones Lang Lasalle at 31 March 2015.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors (the "Red Book" (9<sup>th</sup> Edition)), by valuers who conform to the requirements thereof. The valuations were undertaken by currently registered RICS Valuers.

## 26. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	<b>Group 2014/15 £000</b>	<b>Group 2013/14 £000</b>
<b>Balance acquired at 1 April</b>	<b>206,956</b>	<b>177,041</b>
<i>Additions:</i>		
Subsequent expenditure	39,800	196,843
Disposals	-	(1,178)
Net gains/(losses) from fair value adjustments	232,049	(165,750)
<i>Transfers:</i>		
To/from Property, Plant and Equipment	783	-
<b>Balance at 31 March</b>	<b>479,588</b>	<b>206,956</b>

## Revaluations

Valuations were undertaken by external valuers, GL Hearn Ltd. and Jones Lang Lasalle at 31 March 2015.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards January 2014 (the "Red Book" (9<sup>th</sup> Edition)), by valuers who conform to the requirements thereof. The valuations were undertaken by currently registered RICS Valuers.

There has been a significant increase in value of the Queen Elizabeth Olympic Park and reflects the increase in residential land values and development agreements being signed.

## 27. Intangible Assets

The GLA Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets comprise purchased software licences.



	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
<b>Balance at the start of the year:</b>				
Gross carrying amounts	407	897	407	872
Accumulated depreciation	(392)	(833)	(361)	(765)
<b>Net carrying amount at the start of the year</b>	<b>15</b>	<b>64</b>	<b>46</b>	<b>107</b>
Purchases	-	50	-	25
Amortisation for the period	(15)	(44)	(31)	(68)
<b>Net carrying amount at end of year</b>	<b>-</b>	<b>70</b>	<b>15</b>	<b>64</b>
<b>Comprising:</b>				
Gross carrying amounts	407	947	407	897
Accumulated amortisation	(407)	(877)	(392)	(833)
	<b>-</b>	<b>70</b>	<b>15</b>	<b>64</b>

## 28. Heritage Assets

On 1 April 2012 two sculptures were transferred to the GLA and GLA Land and Property Ltd. from the Homes and Communities Agency (HCA). There is no historical cost data available on these assets and due to their bespoke and unique nature their value cannot be easily obtained using comparisons in the open market.

The Authority further considers that the cost of obtaining an open market valuation outweighs any benefit to the users of the accounts. The asset known as "A Slice of Reality" has been licensed back to the artist who is responsible for its maintenance and general repair.

The "Quantum Cloud" was last surveyed in December 2012 and some routine maintenance work was undertaken. The cost of these works was not capitalised in the Balance Sheet. No major restoration costs were incurred during 2014/15.

## 29. Long term investments

	Group 31 March 2015 £000	Restated* Group 31 March 2014 £000
Loans to joint venture	31,418	30,636
Infrastructure loan	5,301	4,006
Mortgages	9	9
<b>Total</b>	<b>36,728</b>	<b>34,651</b>

\*The Authority's loans to third parties for capital purposes have been reclassified as Long Term Debtors. See Note 4.

## 30. Equity Mortgages

Equity Mortgages relate mainly to amounts receivable individually from the private owners of housing units when their properties are sold. Amounts receivable from the owners of housing units are secured by a second charge over their property.

Equity mortgages are financial instruments and are classified as non-current available for sale financial assets.

	Group 31 March 2015 £000	Group 31 March 2014 £000
Equity mortgages	58,670	60,287
	<b>58,670</b>	<b>60,287</b>

	Group 2014/15 £000	Group 2013/14 £000
<b>At 1 April</b>	<b>60,287</b>	<b>54,117</b>
Additions	460	321
Disposals	(4,255)	(2,030)
Fair value adjustment	1,884	7,005
Impairment reversals	294	874
<b>At 31 March</b>	<b>58,670</b>	<b>60,287</b>

Equity Mortgages are all valued with reference to published house price indices (published in the February preceding the year end); these are Level 2 fair value measurements.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

## 31. Investments in Subsidiaries

### Greater London Authority Holdings Limited

The Authority holds one £1 share in Greater London Authority Holdings Limited (GLAH). GLAH is registered in England and Wales and is a wholly-owned subsidiary of the Authority.

GLAH is a holding company and as such does not undertake any business activity. GLAH holds one £1 share in GLA Land and Property Limited (GLAP). GLAP is registered in England and Wales and is wholly-owned by GLAH.

The investment in GLAH is held at cost as it is an unquoted equity investment and the fair value cannot be reliably measured.

The GLAH group has been consolidated as a subsidiary in the Authority's group accounts.

## 32. Equity-accounted investees

Share of the (surplus) or deficit on the provision of services of associates and joint ventures

	31 March 2015 £000	31 March 2014 £000
E20 Stadium LLP - share of total comprehensive loss	123,864	23,873
RoDMA - loss on disposal of shares	-	61
	<b>123,864</b>	<b>23,934</b>

### E20 Stadium LLP

LLDC has an interest in a joint venture, E20 Stadium LLP, with the London Borough of Newham (LBN) through LBN's subsidiary Newham Legacy Investments Limited (NLI). E20 Stadium LLP is the only joint arrangement in which LLDC currently participates. This partnership is designed to give the local area ownership of the Olympic Stadium and is the legal entity that now holds a 102 year leasehold interest in the Stadium Island site and is responsible for the transformation works required for the Rugby World Cup in 2015 and the subsequent use by West Ham United Football Club and UK Athletics.

The following table summarises the financial information of E20 Stadium LLP as included in its own financial statements:

	<b>31 March 2015 £000</b>	<b>Restated 31 March 2014 £000</b>
Non current assets	24,386	9,111
Current assets	11,526	7,812
Non current liabilities	-	-
Current liabilities	(34,299)	(17,745)
<b>Net Assets</b>	<b>1,613</b>	<b>(822)</b>
<b>Group's share of E20 net assets</b>	<b>(14,711)</b>	<b>(1,056)</b>
<b>Carrying amount of interest in joint venture</b>	<b>(14,711)</b>	<b>(1,056)</b>
Revenue	-	(1,000)
Operating expense	2,628	1,437
Impairment	122,114	24,534
Interest expense	-	-
Income tax expense	-	-
<b>Total comprehensive loss</b>	<b>124,742</b>	<b>24,971</b>

The total comprehensive loss of the partnership is £124.7m of which £122.1m is related to the fair value adjustment for property, plant and equipment under construction.

The fair value of property, plant and equipment under construction was determined by external, independent property valuers, GL Hearn Ltd, who have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value of the Olympic Stadium after the transformation work was determined by considering what market value a hypothetical purchaser would be willing to pay. This assessment considered the level of income that the Olympic Stadium can generate in excess of operating expenditure, as well as market data of the performance of other European stadium developments. As at 31 March 2015, the Stadium fair value is expected to be £40m (2013/14 - £60m) once the transformation work has been completed in the summer of 2016.

In accordance with the Members' agreement between the Legacy Corporation and NLI, any impairment loss should be offset against the LLDC's capital contribution in the first place before any impact on the contribution made by NLI.

The movements for the year can be detailed as follows:

	<b>31 March 2015 £000</b>	<b>31 March 2014 £000</b>
Opening balance at 1 April	-	-
Investment	110,209	22,817
Impairment	(110,209)	(22,817)
<b>Total investment in joint ventures</b>	<b>-</b>	<b>-</b>

### Capital commitments

E20 Stadium LLP has entered into three major contracts to undertake the transformation of the Stadium. As at 31 March 2015, the remaining commitments on these contracts amount to £76.6m (2013/14 - £160.5m). The LLDC is legally committed to finance these contracts up to a value of £54.9m (2013/14 - £121.8m). The LLDC is committed to spend an additional £2m on the transformation of the stadium on engagements contracted in its own name and recharged to the joint venture.

The GLA continue to be committed to meeting the funding requirements of the LLDC and the E20 Stadium Company LLP. For further details regarding this commitment, please refer to the GLA's consent to the Corporation's Ten Year Business Plan (<http://www.london.gov.uk/mayor-assembly/mayor/mayoral-decisions/MD1358>).

## 33. Long term debtors

The long term debtors, with the exception of prepayments are financial instruments and are classified as Loans and Receivables. Long-term debtors comprise:

	<b>Authority 31 March 2015 £000</b>	<b>Group 31 March 2015 £000</b>	<b>Restated Authority 31 March 2014 £000</b>	<b>Restated Group 31 March 2014 £000</b>
Loans to third parties for capital purposes	493,353	22,727	315,870	15,870
Capital debtor	740	740	740	740
Grant debtor	-	-	189	189
Rent deposits	317	317	317	317
Other debtors	307	604	-	-
Prepayments	900	900	47	47
	<b>495,617</b>	<b>25,288</b>	<b>317,163</b>	<b>17,163</b>

Loans for capital purposes as at 31 March 2014 that were classified as Long term Investments, have been reclassified to Long Term Debtors. See note 4 for further details.

## 34. Finance leases

### Group as Lessor - Finance lease receivables

Details of the Group's finance leases as lessor include:

- The London International Exhibition Centre has been granted a 200 year lease ending in 2199 for the ExCel Exhibition Centre land;
- A 95 year lease ending in 2075 with Workspace II Limited for a warehouse, office and secure yard at Quicksilver Place, Wood Green;
- A 99 year lease ending in 2082 with The Drum Group Limited for a plot of land at Charles Street, London E16;
- A 101 year lease ending in 2110 with London City Airport to allow the installation of airport landing lights at Albert Island, London E16; and
- A 125 year lease with Siemens ending in 2136 for the exhibition centre located at the Landmark Site in London E16. The lease permits the exhibition centre to be initially used to showcase and/or promote sustainable technologies and products and/or a conference centre.

Gross investment in the leases at balance sheet date is made up of the following amounts:

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<i>Finance lease debtor (net present value of minimum lease payments):</i>		
Current	14,909	5,313
Non-current	75,127	25,469
Unearned finance income	14,085	5,404
<b>Gross investment in the leases</b>	<b>104,121</b>	<b>36,186</b>

The gross investment in the leases will be received over the following periods:

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>		
Not later than one year	15,480	5,498
Later than one year and not later than five years	81,857	23,843
Later than five years	6,784	6,845
	<b>104,121</b>	<b>36,186</b>

	<b>Group 31 March 2015 £000</b>	<b>Group 31 March 2014 £000</b>
<b>Finance lease debtor</b>		
Not later than one year	14,909	5,313
Later than one year and not later than five years	72,722	23,061
Later than five years	2,405	2,408
	<b>90,036</b>	<b>30,782</b>

## Group as Lessee - Finance lease liabilities

Details of the Group's finance leases as lessee include:

### GLA Land and Property Limited

Held as Property, Plant and Equipment:

- The Crystal Palace 125 year leases with the London Borough of Bromley that expire in approximately 120 years' time. The leases cover the National Sports Centre, Capel Manor Farm, a lodge and residential properties.

Held as Inventory:

- The long leasehold interest in the Olympia Industrial Estate from the London Borough of Haringey which has a term of 125 years expiring in 2105;
- A long term lease of 99 years with Network Rail, expiring in 2069, for the land and railway arches at Stephenson Street (ex Parcelforce Site) in West Ham providing part of the access to the larger freehold adjoining property belonging to the Group;
- Two long leases (57 and 60 years long) the Group took out with the London Borough of Newham at Thames Wharf as part of the larger property, the leases expire in 2051 and 2026 respectively;
- 20 Newburn Street, Kennington, London - this property is leased from London Housing Quadrant on a 125 year lease ending in 2129. It has subsequently been leased out on peppercorn rental to Riverside Community Development Trust; and
- CEME - this property is leased from Ford Motor Company on a 125 year lease ending in 2126.

Net book value of finance leases:

	<b>Group 31 March 2015 £000</b>	<b>Group 31 March 2014 £000</b>
Other Land and Buildings	20,235	16,190
Development Properties	4,585	2,450
Rolling Stock	0	0
	<b>24,820</b>	<b>18,640</b>

The minimum lease payments are made up of the following amounts:

	Group 31 March 2015 £000	Group 31 March 2014 £000
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	1	1
Non-current	327	328
Finance costs payable in future years	893	907
<b>Minimum lease payments</b>	<b>1,221</b>	<b>1,236</b>

The minimum lease payments will be payable over the following periods:

	Group 31 March 2015 £000	Group 31 March 2014 £000
Not later than one year	15	15
Later than one year and not later than five years	61	46
Later than five years	1,145	1,175
	<b>1,221</b>	<b>1,236</b>

The finance lease liabilities will be payable over the following periods:

	Group 31 March 2015 £000	Group 31 March 2014 £000
Not later than one year	1	1
Later than one year and not later than five years	5	4
Later than five years	322	324
	<b>328</b>	<b>329</b>

### 35. Capital Expenditure and Financing - Authority

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement ("CFR"), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.



	2014/15 £000	2013/14 £000
<b>Opening Capital Financing Requirement at 1 April</b>	<b>3,195,281</b>	<b>2,456,777</b>
<b>Capital Investment in year</b>		
Property, Plant and Equipment	485	391
Loans to external organisations for capital purposes	182,940	1,877
REFCUS*-grant payments to external organisations for capital purposes	707,803	625,594
REFCUS- Payment to TfL for Crossrail	530,000	875,000
REFCUS-Payment to TfL for Crossrail (funded by Community Infrastructure Levy)	101,457	46,185
REFCUS- Payment to TfL for the Northern Line extension	50,200	-
Release of CPO* provision and creditor	(8,521)	(13,525)
<b>Sources of Finance</b>		
Government grants and other contributions	(889,610)	(626,893)
Section 106 contributions for the Northern Line extension	(26,404)	-
Community Infrastructure Levy income for Crossrail	(101,457)	(46,185)
Capital receipts	(485)	(391)
<b>Sums set aside from revenue</b>		
Voluntary revenue contributions	(9,959)	(9,780)
Direct revenue contributions	(100)	(500)
Revenue financing of capital(funded by Business Rates Supplement-Crossrail)	(101,512)	(113,269)
<b>Closing Capital Financing Requirement at 31 March</b>	<b>3,630,118</b>	<b>3,195,281</b>

#### Explanation of movements in year

<b>Opening Capital Finance Requirement</b>	<b>3,195,281</b>	<b>2,456,777</b>
Voluntary revenue provision for the repayment of debt	(9,959)	(9,780)
Release of the CPO provision and creditor	(8,521)	(13,525)
Increase / (decrease) in underlying need to borrow	453,317	761,809
<b>Closing Capital Financing Requirement at 31 March</b>	<b>3,630,118</b>	<b>3,195,281</b>

\*REFCUS-Revenue Expenditure Funded from Capital under Statute; CPO-Compulsory Purchase Order

## 36. Inventories

Inventories comprise land and buildings held for sale by GLA Land and Property Limited.

	Group 31 March 2015 £000	Group 31 March 2014 £000
<b>Balance at 1 April</b>	<b>255,399</b>	<b>262,229</b>
Purchases	6,304	12,117
Recognised as an expense in the year	(43,188)	(20,212)
Written off balances	-	0
Write down to net realisable value	(2,721)	(2,819)
Reversals of write-offs in previous years	5,755	4,084
<b>Balance at 31 March</b>	<b>221,549</b>	<b>255,399</b>

### 37. Debtors

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2015	2015	2014	2014
	£000	£000	£000	£000
Central government bodies	7,295	7,355	5,534	8,985
Local Authorities & Functional Bodies	187,501	187,956	166,692	166,701
NHS bodies	3	3	-	-
Public corporations and trading funds	3	3	-	-
Subsidiary/Parent	14,246	-	9,664	23
Other entities and individuals	127,796	157,343	105,060	136,657
<b>Total</b>	<b>336,844</b>	<b>352,660</b>	<b>286,950</b>	<b>312,366</b>

### 38. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2015	2015	2014	2014
	£000	£000	£000	£000
Bank current accounts	116,645	122,853	259,473	265,438
Other deposits	229,797	245,398	170,520	172,124
<b>Total</b>	<b>346,442</b>	<b>368,251</b>	<b>429,993</b>	<b>437,562</b>

### 39. Creditors

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2015	2015	2014	2014
	£000	£000	£000	£000
Central government bodies	(16,230)	(31,141)	(3,775)	(5,763)
Local Authorities & Functional Bodies	(213,664)	(216,451)	(229,903)	(230,427)
NHS bodies	(44)	(44)	(22)	(22)
Public corporations and trading funds	(411)	(411)	-	-
Other entities and individuals	(168,245)	(193,861)	(153,069)	(202,087)
Subsidiary/Parent	-	-	(23)	(23)
Receipts in advance - Revenue	(792)	(792)	(7,050)	(7,050)
Receipts in advance - Capital	(467,201)	(467,201)	(419,656)	(419,656)
<b>Total</b>	<b>(866,587)</b>	<b>(909,901)</b>	<b>(813,498)</b>	<b>(865,028)</b>

### 40. Provisions

During the year, the following movements occurred on the Authority and Group's current and non-current provisions:

## Group

	Other Provisions	NDR* Appeals	CPO *	Total
	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>	<b>(5,090)</b>	<b>(113,629)</b>	<b>(56,800)</b>	<b>(175,519)</b>
Additional provisions made	(4,902)	(49,792)	(5,561)	<b>(60,255)</b>
Amounts used	400	-	18,249	<b>18,649</b>
Unused amounts reversed	-	-	16,359	<b>16,359</b>
<b>Balance at 31 March 2015</b>	<b>(9,592)</b>	<b>(163,421)</b>	<b>(27,753)</b>	<b>(200,766)</b>

\*NDR - Non-domestic rates, CPO – Compulsory Purchase Orders

## Authority

	Other Provisions	NDR* Appeals	CPO *	Total
	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>	<b>(40)</b>	<b>(113,629)</b>	<b>(36,941)</b>	<b>(150,610)</b>
Additional provisions made	(4,281)	(49,792)	-	<b>(54,073)</b>
Amounts used	-	-	8,639	<b>8,639</b>
Unused amounts reversed	-	-	8,520	<b>8,520</b>
<b>Balance at 31 March 2015</b>	<b>(4,321)</b>	<b>(163,421)</b>	<b>(19,782)</b>	<b>(187,524)</b>

\*NDR - Non-domestic rates, CPO – Compulsory Purchase Orders

## Greater London Authority

### Other provisions

Other provisions of £4.3m include an estimate of the Authority's liability in respect of a number of areas including the provision for third party claims for costs arising from curtailed procurements, legal fees, possible grant repayments and other potential liabilities.

### Non-domestic rates appeals provision

The NDR appeals provision is the GLA's share of billing authorities estimates of the provision required for potential refunds relating to retrospective alterations to the rating list which may be made after 1 April 2015 for periods prior to 31 March 2015. The in-year movement on this provision has not been analysed over the headings in the above table as not all London Boroughs provided this analysis in the NNDR 3 returns. All movements have therefore been shown as a net figure within "Additional provisions made."

As permitted under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014, the GLA opted to spread the cost of its share of any backdated appeals reported in 2013-14 in respect of periods prior to 1 April 2013 over 5 years in order to minimise its potential levy

payments to Central Government through the creation of an appeals spreading reserve. This spreading adjustment had the effect of increasing the GLA's retained rates income by £60m in 2013/14 for the purposes of calculating its requirement to pay a levy on growth to CLG or receive a safety net payment resulting from a material deficit – offset by a reserve created on the balance sheet which is reversed in equal amounts over the next four financial years. In line with this policy specified in the regulations £15.0 m of this has been reversed in 2014/15. This has had the effect of reducing the GLA's retained rates income by £15.0 in 2014-15 but this has had no practical impact on the GLA's revenues as it is not liable to make a levy payment as no net growth has been incurred against its baseline and its deficit is insufficient for it to qualify for a safety net payment.

#### Compulsory purchase orders (CPO)

CPO provisions are held by both the GLA and GLA Land and Property Ltd, they are the forecast of liabilities for which a binding commitment has been made as at 31 March less all sums paid prior to this date. Commitments have been made for the CPOs by virtue of having exercised the compulsory purchase powers by either vesting the land or service of a notice to treat and taking entry. The provision amount has been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case by case basis.

Due to the nature of the liability and the need to negotiate settlement amounts, there is considerable uncertainty on when the CPO cases will be settled and payments made. At present it is expected that payments will be made over the period 2015/16 to 2016/17.

#### Group

##### Compulsory purchase orders (CPO)

The CPO provision is the forecast of liabilities for which a binding commitment has been made as at 31 March. The provision amount has been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case by case basis. Due to the nature of the liability and the need to negotiate settlement amounts, there is considerable uncertainty on when the CPO cases will be settled and the amount of the final agreed payment. At present it is expected that payments will be made over the period 2015/16 to 2016/17.

##### Other provisions

**Rainham Village Road** – the provision fully funded the costs of £0.4m which were incurred in year in relation to the company's obligation to construct a new road for access to the site at Rainham Village.

**Thames Wharf drainage works** – a provision of £0.75m is included in the closing balance for costs in relation to Thames Wharf development property. The drainage works were not undertaken in 2014/15 and are now expected to be undertaken in 2015/16, in phases. The costs are indicative and the Company is working with consultants to firm up the costs.

**Commercial waste disposal** – the Company has an obligation for the safe disposal of approximately 24,000 tonnes of commercial waste at the Hunts' Waste transfer station. The

disposal costs are currently estimated at £3m and are likely to be incurred in the 2015/16 financial year but this is dependent on the rate at which the sorting of material on site prior to disposal progresses.

**Millfield transfer Station** – the Company, along with the London Borough of Hackney, has an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a landfill site relocation for the 2012 Olympics. The works are expected to be completed in 2015/16 and are expected to cost £0.3m.

**Fly-tipping costs** – the Company has an obligation to dispose of approximately 3,600 tonnes of waste, arising from fly-tipping, at the London Sustainable Industrial Park (LSIP) at Dagenham Dock and at other sites. The waste material will require sorting on site before disposal to a licensed landfill. The disposal costs for LSIP are currently estimated at £0.5m and £0.2m has been provided for in respect of Stephenson Street, Dock Road and Beam Park sites. The costs are likely to be incurred in the 2015/16 financial year but this is dependent on the rate at which the sorting of material on site prior to disposal progresses.

**Business rates Stephenson Street** – a provision of £0.3m has been made for business rates in respect of the Stephenson Street buildings. Demolition works on the site commenced in October 2013 and have been completed but the Company has not yet received a business rates charge for the site for the January to October 2013 period. The Company expects to pay these costs in 2015/16.

**Drainage costs** – a provision has been made in respect of costs arising from a blocked sewer pipe on a site, discussions are underway to agree the final liability and it is likely that payments will be made in 2015/16.

#### **41. Usable Reserves**

Movements in the Authority's and Group's usable reserves are detailed in the Movement in Reserves Statement and Note 7.

## 42. Unusable Reserves

	Authority 31 March 2015 £000	Group 31 March 2015 £000	Authority 31 March 2014 £000	Group 31 March 2014 £000
Revaluation Reserve	(433)	(17,619)	(153)	(12,603)
Capital Adjustment Account	3,429,832	3,180,596	3,177,766	3,023,391
Pensions Reserve	118,535	130,717	65,078	72,454
Accumulated Absences Account	604	676	646	767
Collection Fund Adjustment Account-Council tax	(48,503)	(48,503)	(30,054)	(30,054)
Collection Fund Adjustment Account-Non Domestic rates	97,798	97,798	57,179	57,179
Non-Domestic Rates Appeals Provision Spreading Account	45,062	45,062	60,083	60,083
Deferred Capital Receipts Reserve	(302,627)	(2,627)	(302,627)	(2,627)
Available for Sale Financial Instruments Reserve	-	(27,895)	-	(26,205)
Financial Instruments Adjustment Account	4,216	4,216	-	-
Merger Reserves	69,185	(374,161)	69,185	(374,161)
<b>Total Unusable Reserves</b>	<b>3,413,669</b>	<b>2,988,260</b>	<b>3,097,103</b>	<b>2,768,224</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
<b>Balance at 1 April</b>	<b>(153)</b>	<b>(12,603)</b>	<b>(313)</b>	<b>(9,958)</b>
Upward revaluation of assets	(280)	(5,728)	-	(3,014)
Deferred tax on revaluation gains	-	712	-	209
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services</b>	<b>(280)</b>	<b>(5,016)</b>	<b>-</b>	<b>(2,805)</b>
Accumulated gains on assets sold or scrapped	-	-	160	160
<b>Amount written off to the Capital Adjustment Account</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>160</b>
<b>Balance at 31 March</b>	<b>(433)</b>	<b>(17,619)</b>	<b>(153)</b>	<b>(12,603)</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of these assets under statutory provisions. The Account is debited with depreciation and amortisation. The Account is credited with the amounts set aside by the Authority and Group as finance for the costs of acquisition, construction and enhancement.

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
<b>Balance at 1 April</b>	<b>3,177,766</b>	<b>3,023,391</b>	<b>2,408,920</b>	<b>2,273,101</b>
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Charges for depreciation and impairment of non-current assets	639	1,043	786	1,582
Impairment of financial instruments funded from capital - JESSICA	-	-	31,325	31,325
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	-	(91,848)	-	-
Amortisation of intangible assets	15	44	32	68
Revenue expenditure funded from capital under statute	1,389,460	1,393,204	1,546,780	1,555,012
Release of CPO provision and creditor	(8,521)	(8,521)	(13,525)	(13,525)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	627	1,791
	<b>1,381,593</b>	<b>1,293,922</b>	<b>1,566,025</b>	<b>1,576,253</b>
Adjusting amounts written out of the Revaluation Reserve	-	-	(160)	(160)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>1,381,593</b>	<b>1,293,922</b>	<b>1,565,865</b>	<b>1,576,093</b>
<i>Capital financing applied in the year:</i>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(485)	(485)	(391)	(4,117)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,017,470)	(1,024,660)	(673,079)	(863,432)
Application of grants to financing from the Capital Grants Unapplied Account	-	-	-	(17,516)
Voluntary provision for the financing of capital investment charged against the General Fund	(9,959)	(9,959)	(9,780)	(9,780)
Capital expenditure charged against the General Fund	(101,613)	(101,613)	(113,769)	(113,769)
	<b>(1,129,527)</b>	<b>(1,136,717)</b>	<b>(797,019)</b>	<b>(1,008,614)</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-	-	-	192,008
Movement in the fair value of loan charged to the Comprehensive Income and Expenditure Statement	-	-	-	(9,197)
<b>Balance at 31 March</b>	<b>3,429,832</b>	<b>3,180,596</b>	<b>3,177,766</b>	<b>3,023,391</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Group does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
<b>Balance at 1 April</b>	<b>(302,627)</b>	<b>(2,627)</b>	<b>(325,959)</b>	<b>(3,358)</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(740)	(740)
Transfer to the Capital Receipts Reserve upon receipt of cash	-	-	24,072	1,471
<b>Balance at 31 March</b>	<b>(302,627)</b>	<b>(2,627)</b>	<b>(302,627)</b>	<b>(2,627)</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions, for defined benefit pension schemes. The Authority and Group account for post employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority and Group make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows the shortfall in the benefits earned by past and current employees and the resources the Authority and Group have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
<b>Balance at 1 April</b>	<b>65,078</b>	<b>72,454</b>	<b>49,358</b>	<b>52,266</b>
Actuarial (gains) / losses on pension assets and liabilities	48,637	52,716	14,638	18,526
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement - restated	9,613	11,341	5,814	7,104
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,793)	(5,794)	(4,732)	(5,442)
<b>Balance at 31 March</b>	<b>118,535</b>	<b>130,717</b>	<b>65,078</b>	<b>72,454</b>



### Collection Fund Adjustment Account – Council Tax

The Collection Fund Adjustment Account (Council Tax) manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Fund.

	Authority 2014/15 £000	Authority 2013/14 £000
<b>Balance at 1 April</b>	<b>(30,054)</b>	<b>(18,692)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(18,449)	(11,362)
<b>Balance at 31 March</b>	<b>(48,503)</b>	<b>(30,054)</b>

### Collection Fund Adjustment Account – Non-Domestic Rates

The Collection Fund Adjustment Account (Non-Domestic Rates) manages the differences arising from the recognition of non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Fund.

	Authority 2014/15 £000	Authority 2013/14 £000
<b>Balance at 1 April</b>	<b>57,179</b>	<b>-</b>
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	40,619	57,179
<b>Balance at 31 March</b>	<b>97,798</b>	<b>57,179</b>

### Non-Domestic Rates Appeals Provision Spreading Account

The Non-Domestic Rates Appeals Provision Spreading Account holds the costs of the back dated appeals reported by the applicable London billing authorities that were reversed from the General Fund in 2013/14 and which will be released (charged) in equal proportions to the CIES over the subsequent four years (2014/15 to 2017/18). The amount which is eligible to be spread was calculated in accordance with The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014. The amounts charged will be offset by a commensurate amount released from the NDR Backdated appeals spreading reserve and will therefore have no net impact on the General Fund balance over the five years.

The effect of this adjustment is purely to increase the GLA's retained rates income for the purposes of calculating levy and safety net payments in 2013/14 by £60.1m and reduce this by £15.0m 2014/15. The remaining £45m balance will be released in equal amounts over the next three financial years until the account is reduced to zero.

This adjustment has the potential to reduce the total levy payment due to the Secretary of State under the rates retention scheme each year from 2014/15 to 2017/18 as the GLA is only able to retain 73% of any net real terms growth in rates income as calculated under the applicable regulations.

Alternatively it has the potential to increase any safety net payment due to the GLA in the event that it experiences a large deficit in retained rates income which is more than 7.5 per cent of its baseline funding within the system. However no levy payment is calculated as being payable to and no safety net is estimated as payable by the Secretary of State so this has no impact on the actual revenues due to the GLA in respect of 2014/15.

	2014/15 £000	2013/14 £000
<b>Balance at 1 April</b>	<b>60,083</b>	<b>-</b>
Amounts transferred from the General Fund in year	-	60,083
Amounts released to the General Fund in year	(15,021)	-
<b>Balance at 31 March</b>	<b>45,062</b>	<b>60,083</b>

#### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
<b>Balance at 1 April</b>	<b>646</b>	<b>767</b>	<b>535</b>	<b>602</b>
Settlement or cancellation of accrual made at the end of the preceding year	(645)	(766)	(535)	(602)
Amounts accrued at the end of the current year	603	675	646	767
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(42)	(91)	111	165
<b>Balance at 31 March</b>	<b>604</b>	<b>676</b>	<b>646</b>	<b>767</b>

#### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage the write down of soft loans to fair value. The initial write down is debited to the Comprehensive Income and Expenditure Statement on recognition of the loan but

reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the write down is reversed by crediting the effective interest rate on the loan to the General Fund Balance over the life of the loan.

	<b>Authority 2014/15 £000</b>
<b>Balance at 1 April</b>	<b>-</b>
Write down of soft loans to fair value charged to the Comprehensive Income and Expenditure Statement	4,548
Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement	(332)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	4,216
<b>Balance at 31 March</b>	<b>4,216</b>

### Merger Reserve

The merger reserve arose as a result of the transfer of the net assets of London Development Agency, Homes and Communities Agency London and London Thames Gateway Development Corporation to the Authority on 1 April 2012.

	<b>Authority 2014/15 £000</b>	<b>Group 2014/15 £000</b>	<b>Authority 2013/14 £000</b>	<b>Group 2013/14 £000</b>
Balance at 1 April	69,185	(374,161)	69,185	(371,531)
Movement in year	-	-	-	(2,630)
<b>Balance at 31 March</b>	<b>69,185</b>	<b>(374,161)</b>	<b>69,185</b>	<b>(374,161)</b>

#### 43. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Depreciation of property, plant and equipment , amortisation of intangibles	654	2,490	817	2,828
Impairment of loan investments	-	-	31,327	31,327
Carrying amount of non-current assets sold or derecognised	-	-	-	1,163
Carrying amount of non-current assets held for sale sold or derecognised	-	-	627	627
Change in fair value of investment property	-	(232,049)	-	165,750
Reversal of net charges for post employment benefits	9,613	11,341	5,814	7,104
Cash payments for employer's contributions to pension funds and direct payments to pensioners	(4,793)	(5,794)	(4,732)	(5,442)
Reversal of accrued surplus/(deficit) on Collection Fund -Council Tax	(33,591)	(33,591)	(21,708)	(21,708)
Reversal of accrued surplus/(deficit) on Collection Fund -NDR	63,252	63,252	57,179	57,179
Collection Fund (surplus)/(deficit) received/paid as per regulation -Council Tax	15,142	15,142	10,346	10,346
Collection Fund surplus/(deficit) received/paid as per regulation-NDR	(16,843)	(16,843)	-	-
Reversal of write down to fair value of soft loans and reversal of the effective interest rate on soft loans	4,216	4,216	-	-
Increase/ (decrease) in creditors	82,440	83,074	172,013	137,801
(Increase)/decrease in debtors	(33,772)	(32,243)	(19,130)	(29,873)
Increase/(decrease) in impairment provision for bad debts	-	(28)	200	189
(Increase)/ decrease in stock	-	33,849	-	6,830
(Increase)/ decrease in provisions	(12,276)	(23,943)	(15,914)	(13,683)
Tax expense	-	3,244	-	522
(Increase)/decrease in interest receivable	71	(694)	555	(166)
Increase/(decrease) in finance lease receivables	-	(51,657)	-	(1,439)
Increase/(decrease) in interest payable	4,139	(186)	(3,130)	(3,159)
Other non cash movements	-	(581)	-	(1,111)
Increase/ (decrease) in deferred tax liability	-	52,821	-	-
Reversal of share of loss or profit on joint venture	-	123,865	-	23,873
	<b>78,252</b>	<b>(4,315)</b>	<b>214,264</b>	<b>368,958</b>

#### 44. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services investing and financing activities

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	(34,274)	(34,273)	(740)	(2,651)
(Gain)/loss on available for sale assets	-	(3,555)	-	(751)
(Gain)/loss on sale of investment property	-	-	-	(485)
Loss on disposal of joint venture	-	-	-	61
Reversal of capital grants recognised in the income and expenditure statement	(8,100)	(15,291)	(1,391)	(191,744)
	<b>(42,374)</b>	<b>(53,119)</b>	<b>(2,131)</b>	<b>(195,570)</b>

## The cash flows for operating activities include the following items

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Interest paid	(120,493)	(120,509)	(118,500)	(118,167)
Interest received	18,475	8,674	20,160	10,352
Taxation paid	-	(510)	-	-

### 45. Cash Flow Statement – Investing Activities

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Purchase of property, plant and equipment, investment property and intangible assets	(9,123)	(46,810)	(23,767)	<b>(221,396)</b>
Purchase of short-term and long-term investments	(1,276,194)	(1,277,264)	(823,970)	<b>(823,970)</b>
Purchase of available for sale financial assets	-	-	-	<b>(321)</b>
Other movements on investing activities	-	(11)	-	-
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	34,273	34,273	24,072	<b>26,483</b>
Capital grants received	8,100	8,100	-	<b>190,353</b>
Proceeds from short-term and long-term investments	1,044,440	1,044,440	764,017	<b>765,859</b>
Proceeds from the sale of available for sale financial assets	-	7,810	-	<b>3,091</b>
Other receipts from investing activities	-	2,808	-	-
Investments in joint venture	-	(110,209)	-	<b>(22,817)</b>
<b>Net cash flows from investing activities</b>	<b>(198,504)</b>	<b>(336,863)</b>	<b>(59,648)</b>	<b>(82,718)</b>

### 46. Cash Flow Statement – Financing Activities

	Authority 2014/15 £000	Group 2014/15 £000	Authority 2013/14 £000	Group 2013/14 £000
Cash receipts of short and long-term borrowing	413,625	574,990	891,500	<b>950,643</b>
Other receipts from financing activities	-	-	13,588	<b>13,927</b>
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	-	-	-	-
Repayments of short and long-term borrowing	(60,182)	(60,182)	(196,445)	<b>(196,445)</b>
Other payments for financing activities	(16,484)	(17,057)	-	-
<b>Net cash flows from financing activities</b>	<b>336,959</b>	<b>497,751</b>	<b>708,643</b>	<b>768,125</b>

### 47. Related Parties

IAS 24 (Related Party transactions) requires the Authority to disclose any material transactions with related parties, that is, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to limit another party's ability to bargain freely with the Authority.

Transactions which have been disclosed elsewhere in these financial statements will not be included within this note. Transactions with central government departments are disclosed as related parties as the UK Government exerts significant influence through legislation and grant funding.

### Transactions with public sector bodies

During the year amounts payable to related parties totalled:

	£000
Functional Bodies	5,627
Local Government	454,288
Public Corporations	411
National Health Service	205

Expenditure includes grant payments for the decent homes backlog programme, the employment and skills programme, the outer London fund schemes, the Kidbrooke regeneration project and shared services for legal, finance, procurement, IT and other services.

For amounts owed by the Authority to related parties, see Creditors, note 39.

During the year amounts receivable from related parties totalled:

	£000
Central Government	11,763
Functional Bodies	3,853
Local Government	4,085
Public Corporations	250
Hospital	72

Income includes the shared services recharges, funding for the London's European Office, congestion charge reimbursements, funding for GLA Economics, media monitoring fees and secondment costs.

Grants receivable by the Group from central government are disclosed in the Comprehensive Income and Expenditure Account and the Grant Income, note 14.

For amounts owed to the Authority by related parties, see Debtors note 37.

### Transactions with subsidiaries

#### Greater London Authority Holdings Limited

GLAH is a wholly-owned subsidiary of the Greater London Authority. The Authority holds a £1 share in GLAH. GLAH, in turn, is the parent Group of GLAP, GLAP is a wholly-owned subsidiary of GLAH. The Authority has prepared group accounts which consolidate the group accounts of Greater London Authority Holdings Limited.

- In 2014/15 the GLA charged GLAP £3.6m for staff, accommodation and other overhead costs.

- At 31 March 2015 there was £300m outstanding on the loan the GLA made to the GLAP. In 2014/15 GLAP paid £10m interest to the GLA.
- At 31 March 2015, GLA Land and Property Limited had £25m invested with the GLA and received £0.05m of interest in relation to loan investments placed during the year.

### London TravelWatch

London TravelWatch (LTW) is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog, reviewing London's transport services, conducting research into London's Transport and acting as an appeals body for passenger complaints. LTW reports to, and is funded by, the London Assembly. The Board of LTW comprises a Chair and 12 members, all of whom are appointed by the London Assembly. They are supported by around 26 staff. Its legal status is set out in the Greater London Authority Act 1999 as amended by the Railways Act 2005. The London Assembly has the power to issue guidance and direction to London TravelWatch subject to explaining why any such action is proposed. The London Assembly also approves LTW's budget and requires that its accounts and business plan be submitted to the GLA.

On the grounds of materiality, London TravelWatch is no longer consolidated as a subsidiary of the Authority in the consolidated financial statements. At 31 March 2015 LTW's net assets totalled £0.1m (£0.1m - 31 March 2014).

- In 2014/15 the Authority provided LTW with funding of £1.1m (£1.1m – 2013/14).

### London Legacy Development Corporation

LLDC is a mayoral development corporation, created using powers given to the Mayor of London in the Localism Act 2011, and its purpose is to manage the ongoing regeneration and development of the Olympic Park and surrounding areas of east London. The LLDC was created on 9 March 2012 and, on 1 April 2012 the property, assets, liabilities and staff of the Olympic Park Legacy Corporation transferred to the LLDC.

The LLDC has been accounted for as a subsidiary of the Authority in the 2014/15 consolidated financial statements.

- In 2014/15 the Authority paid LLDC revenue grant totalling £42.5m and issued loans to LLDC for capital purposes totalling £170.6m.

### Other Parties

The Mayoral Advisor on Tottenham & Deputy Chair of LLDC, was a board member of the Olympic Delivery Authority.

- In 2014/15 the Authority paid the ODA £61m.

The Deputy Mayor for Housing, Land and Property, is a board member of The Royal Docks Management Authority Limited (RODMA).

- During 2014/15, GLA Land and Property Limited paid RoDMA £0.5m for service charges and insurance.

The Ex Deputy Mayor for Business & Enterprise is the Chair of the Advisory Board for Med City.

- In 2014/15 the Authority made grant payments of £0.2m to Med City.

The Mayoral Advisor on Mentoring is a Director of Eastside Young Leaders Academy.

- In 2014/15 the Authority made grant payments of £0.16m to East Side Young Leaders Academy.

## **48. Interests in Other Organisations**

### **Museum of London**

From 1 April 2008, the Authority assumed the role of co-sponsor (along with the Corporation of London) of the Museum of London and has the right to appoint half of the Museum's Board.

- In 2014/15, the GLA provided £8.4m funding (£8.6m – 2013/14) to the Museum of London.

### **London & Partners**

London & Partners was incorporated on 14 January 2011 as a Group limited by guarantee. It commenced operations on 1 April 2011. London & Partners is a commercially-driven organisation, championing London as the best big city on earth. It will generate economic benefits for the capital and maintain London's leading position by attracting and generating spend from visitors and overseas students; attracting, accelerating and expanding foreign direct investment in London; and leveraging private sector investment and expertise.

The Mayor is the founding member of London & Partners. Under the articles of association the Mayor retains the power to appoint the chair and one other non-executive director to the board.

During the financial year 2014/15, the GLA paid a grant of £11.8m (£11.3m – 2013/14) to London & Partners.

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

The London Waste and Recycling Board was established by the Greater London Authority Act 2007 to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment in London. Richard Tracey, Assembly Member is the Mayor's appointed representative as Chair of LWARB. The other Mayoral appointee is Matthew Pencharz, Mayoral Advisor, Environment and Political Affairs.

In 2014/15 the Authority paid LWARB grants totaling £1.5m (£1.5m -2013/14).



### **Funding London (formerly SME Wholesale Finance Limited)**

In 2004, the London Development Agency set up SME Wholesale Finance (SMEWFL), now known as Funding London to help early-stage ventures, Funding London is a company limited by guarantee, LDA provided a guarantee of £1 and this obligation transferred to the Authority on 31 March 2012.

In 2014/15, the Authority made loans totalling £2.1m to Funding London. The purpose of the loans is to encourage the growth of small to medium sized enterprises by enabling greater investment in these businesses.

### **Royal Docks Management Authority Limited**

During 2014/15, GLA Land and Property Limited paid RoDMA £0.5m for service charges and insurance.

## **49. Big Lottery Grant**

In 2007, the Authority was awarded funding of £9.46m from the Big Lottery Fund for the Well London Programme. Working with local authorities, partner organisations and local stakeholders, Well London uses a community development approach to improve the health and well-being, including the mental well-being, physical activity levels and healthy eating behaviours of individuals and communities living in disadvantaged neighbourhoods.

The initial programme ran from 2007 to 2012. In February 2012, the Authority was awarded additional funding of £0.486m to extend the programme for another year and in April 2013, £1.8m to extend for a further two years until March 2015.

In 2014/15 the Authority received £1.4m from the Big Lottery Fund, of which £0.1m has been carried forward to fund expenditure in 2015/16; related expenditure totalled £1.2m.

## **50. Financial Instruments**

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity in another. The figures on the balance sheet are adjusted to exclude balances that are not financial instruments, this includes, inter alia, statutory debtors and creditors, prepayments and receipts in advance.

### **Group Categories of Financial Instruments**

The following categories of financial instruments are carried in the Balance Sheet:

Long-Term	Authority		Group	
	31 March 2015	31 March 2015	31 March 2014	31 March 2014
	£000	£000	£000	£000
<b>Investments-Long term</b>				
Loans and receivables at amortised costs	-	36,728	314,634	49,285
Available-for-sale financial assets	-	58,670	-	60,287
<b>Total investments</b>	-	<b>95,398</b>	<b>314,634</b>	<b>109,572</b>
<b>Debtors-Long Term</b>				
Loans and receivables at amortised costs	494,716	24,387	2,482	2,482
Finance lease receivables	-	75,127	-	25,469
<b>Total Debtors</b>	<b>494,716</b>	<b>99,514</b>	<b>2,482</b>	<b>27,951</b>
<b>Borrowings-Long term</b>				
Financial liabilities at amortised costs	(3,394,250)	(3,394,250)	(3,254,428)	(3,254,428)
<b>Total borrowings</b>	<b>(3,394,250)</b>	<b>(3,394,250)</b>	<b>(3,254,428)</b>	<b>(3,254,428)</b>
<b>Creditors and Other Long Term Liabilities -Long term</b>				
Financial liabilities at amortised costs	(70)	(3,412)	(70)	(3,858)
Finance lease liabilities	-	(327)	-	(328)
<b>Total creditors</b>	<b>(70)</b>	<b>(3,739)</b>	<b>(70)</b>	<b>(4,186)</b>

Current	Authority		Group	
	31 March 2015	31 March 2015	31 March 2014	31 March 2014
	£000	£000	£000	£000
<b>Investments</b>				
Loans and receivables at amortised costs	462,883	462,883	521,395	521,395
Available-for-sale financial assets	171,514	171,514	63,018	63,018
<b>Total investments</b>	<b>634,397</b>	<b>634,397</b>	<b>584,413</b>	<b>584,413</b>
<b>Debtors</b>				
Loans and receivables at amortised costs	32,575	47,460	46,497	67,464
Finance lease receivables	-	14,909	-	5,313
<b>Total Debtors</b>	<b>32,575</b>	<b>62,369</b>	<b>46,497</b>	<b>72,777</b>
<b>Cash and cash equivalents</b>	<b>346,442</b>	<b>368,251</b>	<b>429,993</b>	<b>437,562</b>
Bank overdraft	-	-	-	-
Financial liabilities at amortised costs	(256,313)	(231,264)	(38,552)	(22,765)
<b>Total borrowings</b>	<b>(256,313)</b>	<b>(231,264)</b>	<b>(38,552)</b>	<b>(22,765)</b>
<b>Creditors</b>				
Financial liabilities at amortised costs	(245,355)	(272,173)	(240,404)	(263,031)
Finance lease liabilities	-	(1)	-	(1)
<b>Total creditors</b>	<b>(245,355)</b>	<b>(272,174)</b>	<b>(240,404)</b>	<b>(263,032)</b>

## Material soft loans made by the Authority

The Authority has made several soft loans in 2014/15, of these, the loan of £8.7m to Pocket Living LLP and £2.1m to Funding London (formerly SME Wholesale Finance Limited) are material soft loans.

The Pocket Living loan agreement allows for a maximum allocation of £21.7m for the construction of up to 384 homes. The Funding London loan will be used to encourage the growth of small to medium sized enterprises by enabling greater investment in these businesses.

	<b>Authority 31 March 2015</b>	<b>Authority 31 March 2014</b>
<b>Balance at start of year:</b>		
<b>Opening balance at 1 April</b>	<b>1,799</b>	<b>-</b>
Nominal value of new loans granted in year	10,874	1,799
Fair value adjustment on initial recognition	(4,548)	0
Increase in discounted amount	332	0
<b>Closing balance at 31 March</b>	<b>6,658</b>	<b>1,799</b>
Nominal value at 31 March	12,673	1,799

#### Valuation Assumptions

The interest rate used to discount the soft loans is the Authority's cost of borrowing when the loan was advanced plus a margin to reflect the credit risk.

The interest rate at which the fair value of the soft loan made to Pocket Living was calculated using the 9 and 10 year PWLB rates (3.38% in July 2013 when the original loan agreement was signed and 3.57% in July 2014 when further advances were made). An allowance of 2% was then added to reflect the credit risk.

The interest rate at which the fair value of the soft loan to Funding London has been made is arrived at by taking the 5.5 year PWLB rate of 2.44% at 4 December 2014 (when the loan agreement was signed). An allowance of 2% was then added to reflect the credit risk.

## Group Income, Expense, Gains and Losses

	2014/15			
	£000			
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
Interest expense	124,634	-	-	124,634
Finance lease interest	15	-	-	15
Impairment losses/(reversals)	-	444	(294)	150
Fee expense	157	-	-	157
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>124,806</b>	<b>444</b>	<b>(294)</b>	<b>124,956</b>
Interest income	-	(9,041)	(354)	(9,395)
Finance lease interest	-	(1,810)	-	(1,810)
Unwind of discount on loan	-	(574)	-	(574)
Gains on derecognition	-	-	(3,555)	(3,555)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(11,425)</b>	<b>(3,909)</b>	<b>(15,334)</b>
Net change in fair value of available-for-sale financial assets	-	-	(4,960)	(4,960)
Net change in fair value of available-for-sale financial assets reclassified to (surplus) or deficit	-	-	3,076	3,076
<b>(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(1,884)</b>	<b>(1,884)</b>
<b>Net (gain)/loss for the year</b>	<b>124,806</b>	<b>(10,981)</b>	<b>(6,087)</b>	<b>107,738</b>

	2013/14			
	£000			
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
Interest expense	125,437	-	-	125,437
Finance lease interest	14	-	-	14
Impairment losses/(reversals)	-	550	(874)	(324)
Fee expense	915	-	-	915
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>126,366</b>	<b>550</b>	<b>(874)</b>	<b>126,042</b>
Interest income	-	(20,380)	(216)	(20,596)
Interest income accrued on impaired financial assets	-	-	-	-
Finance lease interest	-	(906)	-	(906)
Unwind of discount on loan	-	(237)	-	(237)
Gains on derecognition	-	-	(750)	(750)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(21,523)</b>	<b>(966)</b>	<b>(22,489)</b>
Net change in fair value of available-for-sale financial assets	-	-	(9,636)	(9,636)
Net change in fair value of available-for-sale financial assets reclassified to (surplus) or deficit	-	-	2,631	2,631
<b>(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(7,005)</b>	<b>(7,005)</b>
<b>Net (gain)/loss for the year</b>	<b>126,366</b>	<b>(20,973)</b>	<b>(8,845)</b>	<b>96,548</b>

## Authority Income, Expense, Gains and Losses

	2014/15			
	Liabilities measured at amortised costs £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
Interest expense	124,633	-	-	124,633
Fee expense	157	-	-	157
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>124,790</b>	<b>-</b>	<b>-</b>	<b>124,790</b>
Interest income	-	(18,049)	(354)	(18,403)
Unwind of discount on loan	-	(332)	-	(332)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(18,381)</b>	<b>(354)</b>	<b>(18,735)</b>
<b>Net (gain)/loss for the year</b>	<b>124,790</b>	<b>(18,381)</b>	<b>(354)</b>	<b>106,055</b>

	2013/14			
	Financial Liabilities measured at amortised £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
Interest expense	115,370	-	-	115,370
Impairment losses	203	-	-	203
Fee expense	915	-	-	915
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>116,488</b>	<b>-</b>	<b>-</b>	<b>116,488</b>
Interest income		(19,312)	(216)	(19,528)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(19,312)</b>	<b>(216)</b>	<b>(19,528)</b>
<b>Net (gain)/loss for the year</b>	<b>116,488</b>	<b>(19,312)</b>	<b>(216)</b>	<b>96,960</b>

### Group Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the net present value ("NPV") of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Published market data for comparable instruments at 31 March 2015 are used to obtain discount rates for long term borrowings;
- In July 2011, the GLA entered into a £600m long term loan agreement with Community Finance No. 1 Plc, a special purpose vehicle which financed the loan through a public bond issue, marketed by the GLA. Market data relating to the relevant bonds are used to determine the fair value of this loan;
- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value; and
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

	Authority 31 March 2015 Carrying value £000	Authority 31 March 2015 Fair Value £000	Group 31 March 2015 Carrying value £000	Group 31 March 2015 Fair Value £000
Borrowing - non-current and current	(3,650,563)	(4,393,873)	(3,625,514)	(4,368,824)
Investments - non-current and current	462,883	462,883	499,611	499,611
Available for sale financial assets - non-current and current	171,514	171,514	230,184	230,184

	Restated Authority 31 March 2014		Restated Group 31 March 2014	
	Carrying value £000	Fair Value £000	Carrying value £000	Fair Value £000
Borrowing - non-current and current	(3,292,980)	(3,583,824)	(3,277,193)	(3,568,037)
Investments - non-current and current	521,395	521,395	556,046	556,046
Available for sale financial assets - non-current and current	63,018	63,018	123,305	123,305

The fair value of loans is higher than the carrying value because the Authority and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2015) arising from a commitment to pay interest to lenders above current market rates.

Investments consist of money market instruments maturing within 12 months, a variable rate agreement with semi-annual rate reset and a long-term loan to a subsidiary. The available for sale financial assets consist of corporate bonds maturing within 12 months and long-term equity mortgages.

The short-term and variable-rate instruments are valued at carrying amount but the fair value of the long-term loan shows a notional future loss (based on economic conditions at 31 March 2015) attributable to the right to receive interest below current market rates. The long-term equity mortgages are carried at fair value.

## 51. Nature and Extent of Risks arising from Financial Instruments

The Authority and Group's activities expose them to a variety of financial risks including:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority/Group;
- liquidity risk - the possibility that the Authority/Group may not have the funds available to meet its commitments to make payments; and
- market risk - the possibility that financial loss might arise as a result of changes in interest rates.

Maintaining affordability of borrowings, preserving invested principal and maintaining prudent levels of liquidity are the principal treasury management objectives for the Group, with secondary objectives of maximising investment yield and minimising borrowing costs. Treasury management is integral to the Authority/Group bodies' wider risk management strategies under policies approved by the each body's governing body in their treasury management strategy. These strategies set out the principles for overall risk management, as well as covering specific areas such as the authorised limit for external debt and the investment of surplus cash.

The treasury management function, for the Authority, Greater London Holdings Limited, GLA Land and Property Limited and the London Legacy Development Corporation, is delivered by the GLA Group Treasury Team.

Each entity within the GLA Group, save Greater London Holdings Limited, separately manages the risks arising from the financial instruments that they hold. The following notes detail the nature and extent of risk facing each significant Group entity.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2014/15 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the Authority's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits, for principal invested with each counterparty, are reviewed regularly with reference to relative risk and the Authority's cash flow requirements. All the Authority's investments are sterling denominated.

At 31 March 2015, 43% of the Authority's money market investments and cash were placed with other public bodies or institutions substantially owned by the United Kingdom's government, the remaining 57% were placed with institutions with at least an A- credit rating. The long-term loans to GLA Land and Property Limited and the London Legacy Development Corporation are not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default. The Authority does not therefore expect any losses from any institutions in relation to investments placed.

### **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period is set out in Note 50, in the Categories of Financial Instruments table.

### **Liquidity Risk - Group**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group bodies manage liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements. As long as the affordable borrowing limit set by the Mayor is not exceeded, the GLA and LLDC are able to borrow from the Public Works Loan Board, raise debt on the capital markets through both the GLA's established Bond and Commercial Paper programmes, borrow from Commercial Banks or utilise overdraft facilities and, subject to meeting the relevant criteria, borrow at competitive interest rates from the European Investment Bank.



The GLA may also lend to its subsidiaries. There is therefore no significant risk that any Group body will be unable to raise finance to meet its planned capital commitments.

The maturity analysis of financial liabilities is as follows:

<b>Borrowing</b>	<b>Authority</b>	<b>Group</b>	<b>Authority</b>	<b>Group</b>
	<b>31 March 2015</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	(256,313)	(231,264)	(38,552)	(22,765)
Between one and two years	(38,750)	(38,750)	(13,178)	(13,178)
Between two and five years	(309,000)	(309,000)	(108,750)	(108,750)
Between five and ten years	(851,500)	(851,500)	(797,500)	(797,500)
More than ten years	(2,195,000)	(2,195,000)	(2,335,000)	(2,335,000)
<b>Total</b>	<b>(3,650,563)</b>	<b>(3,625,514)</b>	<b>(3,292,980)</b>	<b>(3,277,193)</b>

<b>Creditors</b>	<b>Authority</b>	<b>Group</b>	<b>Authority</b>	<b>Group</b>
	<b>31 March 2015</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	(245,355)	(272,173)	(240,404)	(263,031)
Between one and two years	(70)	(2,469)	(70)	(2,638)
Between two and five years	-	(943)	-	(1,220)
<b>Total</b>	<b>(245,425)</b>	<b>(275,585)</b>	<b>(240,474)</b>	<b>(266,889)</b>

## Market Risk

The Authority sets Prudential Indicators specifying maximum exposures to variable rate investments, reflecting the fact that the use of fixed rate instruments is the Authority's primary means of managing exposure to interest rate movements. Where interest rates appear to be in absolute terms low, as at the current time, the Authority's Treasury function places great emphasis on matching the maturity profile of borrowings to prudent forecasts of future income to reduce the likelihood of needing to refinance borrowings at potentially unfavourable future rates. The Authority also may also arrange borrowings or investments in advance at prior agreed rates as a means of managing short-term interest rate exposures.

## 52. Contingent liabilities and assets

### Compulsory Purchase Orders

The Authority and GLAH have contingent liabilities where there are a number of claims which are subject to commercial negotiations. See note 40 for additional information on these liabilities.

### Property related liabilities

GLAP inherited a register of potential assets and liabilities and has reviewed this as part of the closure of accounts process. This register holds information on the nature of potential obligating event, nature of uncertainty and likelihood of occurrence.

The contingent liabilities relate to a number of potential claims, rights of use, restrictive covenants or dependencies on planning permission in relation to land assets hence their possible outcome - the following balance summarises all those where the likelihood of occurrence is considered possible.

	<b>31 Mar 2015 £000</b>	<b>31 Mar 2014 £000</b>
Contingent Liabilities	(7,652)	(3,219)

Contingent assets, which are considered only possible (not probable), have not been disclosed or recognised in the financial statements.

### **S106 Agreements**

Planning obligations are created under Section 106 of the Town and Country Planning Act 1990. They are legally binding obligations that are attached to a piece of land and are registered as local land charges against that piece of land. Planning obligations enable a council to secure contributions to services, infrastructure and amenities in order to support and facilitate a proposed development.

The Group has inherited a number of S106 agreements, many of which have now expired or obligations have previously been met by the LDA or the Developer. Of those remaining the obligation is either unquantifiable, to be met by the developer or non-financial in nature and have not been provided for as at 31 March 2015.

### **HMRC Partial Recovery Rate**

LLDC is currently in discussion with HMRC to confirm its rate of VAT recovery on residual costs, which currently stands at 47%. This rate has been in use since 1 April 2012. HMRC is considering whether the current recovery rate is appropriate.

However, the Corporation has insufficient information regarding the potential outcome on which to make a reasonable estimate of any potential liability. Any future change in the VAT recovery rate may have a material impact on the financial statements; for example, a decrease of 5% of the recoverability rate would result in an additional expense of £2.8m in the Comprehensive Income and Expenditure Statement.

### **ArcelorMittal Orbit Loan**

A loan of £10.6m (principal £9.2m plus unpaid interest), taken out to part fund the construction of the ArcelorMittal Orbit is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated. Discounted projected cash flow was used for calculation of the carrying amount. The projected cash flows are based on visitor numbers significantly lower than originally expected and result in the carrying value of the loan being set at nil.

### **Virgin Media Non Domestic Rating Appeal**

Virgin Media has applied to the Valuation Office Agency for their rateable value assessments across England and Wales to be merged into one and incorporated on the local rating list of a single billing authority, as permitted under Regulation 6 of the Non Domestic Rating Miscellaneous Provisions Regulations 1999 SI 1860. The proposal seeks to backdate any consolidation to 1 April 2010.

Six London boroughs – Bromley, Croydon, Haringey, Lewisham, Waltham Forest and Westminster – have or did have assessments included on their local rating list relating to this company for the financial period affected. The request has not yet been determined by the Valuation Office Agency and it is not anticipated that any refunds if applicable would be payable until the 2016-17 financial year at the earliest. If the appeal is successful and any change is backdated, it is estimated that the financial cost to the GLA in relation to non-domestic rates income would be up to £5.5 million for the period 1 April 2010 to 31 March 2015 with an ongoing annual financial impact of up to £1.2m per annum thereafter. In addition it is forecast that up to £0.35m could be repayable in respect of Crossrail BRS income with an ongoing impact of up to £0.06m per annum.

### **Contingent rent**

Lease receivables from a lease with Excel Exhibition Centre have been treated as a contingent asset. The lease has a remaining life of 185 years before it is due to expire and the annual lease receivable is based on the corresponding annual turnover of the centre the value of the lease is uncertain. The net present value of the estimated cash flows is considered to be between £7m and £20m and £0.5m was receivable in 2014/15.

### **53. Guarantees**

The Authority has committed to provide guarantees to the Port of London Authority (“PLA”), the London Borough of Lambeth and Westminster City Council in relation to the Garden Bridge. These guarantees would be called on in the event of the Garden Bridge Trust (“the Trust”) being unable to meet obligations under the PLA’s river works licence and the planning obligations of the London Boroughs regarding the ongoing maintenance of the bridge. The Garden Bridge is a new footbridge that will connect Temple and the South Bank.

### **54. Post balance sheet event**

There are no significant activities occurring after 31 March, to disclose.

## 55. Taxation-Group

### Tax recognised in the Group Surplus or Deficit

	Group 2014/15 £000	Group 2013/14 £000
Corporation tax on profits for the year	1,706	91
Prior year adjustment	(531)	(410)
	<b>1,175</b>	<b>(319)</b>
Deferred tax	55,255	959
<b>Total</b>	<b>56,430</b>	<b>640</b>
Income charged to corporation tax	79,803	38,147
Expenses that can be offset against chargeable income	(45,365)	(48,390)
Losses brought forward	(26,315)	-
Losses carried forward	-	10,648
<b>Profits chargeable to corporation tax</b>	<b>8,123</b>	<b>405</b>
<b>Corporation tax</b>	<b>1,706</b>	<b>91</b>

### Movement in deferred tax assets and liabilities

	Group 2014/15 £000	Prior Year Adjustment	Group 2014/15 £000	Group 2014/15 £000
<b>Deferred tax assets</b>				
Investment properties	22,876	-	(4,265)	18,611
Capital losses carried forward	-	-	2,000	2,000
<b>Total deferred tax assets</b>	<b>22,876</b>	<b>-</b>	<b>(2,265)</b>	<b>20,611</b>
<b>Deferred tax liabilities</b>				
Development stock	(3,213)	-	(695)	(3,908)
Trading losses	3,213	-	695	3,908
<b>Net deferred tax on trading items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment properties	(23,895)	-	(53,059)	(76,954)
Property plant and equipment	(2,383)	-	(639)	(3,022)
Intangible assets	(10)	-	(4)	(14)
Other investments	(29)	(184)	(194)	(223)
<b>Total deferred tax liabilities</b>	<b>(26,317)</b>	<b>(184)</b>	<b>(53,896)</b>	<b>(80,213)</b>
<b>Net deferred tax liabilities recognised in the surplus on provision of services after tax</b>	<b>(3,441)</b>	<b>(184)</b>	<b>(56,161)</b>	<b>(59,602)</b>

	Brought Forward		Movement in year	Carry Forward
	Group 2013/14 £000	Prior Year Adjustment	Group 2013/14 £000	Group 2013/14 £000
<b>Deferred tax assets</b>				
Investment properties	20,212	-	2,664	22,876
Capital losses carried forward	-	-	-	-
<b>Total deferred tax assets</b>	<b>20,212</b>	<b>-</b>	<b>2,664</b>	<b>22,876</b>
<b>Deferred tax liabilities</b>				
Development stock	(3,499)	-	286	(3,213)
Trading losses	3,499	-	(286)	3,213
<b>Net deferred tax on trading items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment properties	(20,230)	(6)	(3,665)	(23,889)
Property plant and equipment	(2,241)	6	(142)	(2,389)
Intangible assets	(14)	-	4	(10)
Other investments	-	-	(29)	(29)
<b>Total deferred tax liabilities</b>	<b>(22,485)</b>	<b>-</b>	<b>(3,832)</b>	<b>(26,317)</b>
<b>Net deferred tax liabilities recognised in the surplus on provision of services after tax</b>	<b>(2,273)</b>	<b>-</b>	<b>(1,168)</b>	<b>(3,441)</b>

## Fund Account

The Fund Account is a memorandum account to show transactions under sections 102 and 103 of the Greater London Authority Act 1999 which requires all government grants for the Greater London Authority and its Functional Bodies to be paid to the Greater London Authority, which then passes them on to the Functional Bodies. This excludes funding paid through revenue support grant and retained business rates as well as specific grants paid for the purposes of the GLA such as the 2014/15 council tax freeze grant which are directly controlled and allocated by the Mayor and form part of the CIES.

	2014/15 £000	2013/14 £000
<b>Income</b>		
<b>Fire Grants</b>		
Fire specific revenue grants	(7,749)	(10,339)
Fire capital grant	(4,921)	(18,771)
<b>Subtotal Fire Grants</b>	<b>(12,670)</b>	<b>(29,110)</b>
<b>Policing Grants</b>		
Home Office police general grants (1)	(1,883,984)	(1,633,198)
Local Council Tax Support grant for policing	(119,676)	(119,292)
Home Office revenue specific grants (2)	(347,489)	(353,367)
Home Office capital grants	(32,421)	(28,086)
<b>Subtotal Policing Grants</b>	<b>(2,383,569)</b>	<b>(2,133,943)</b>
<b>Transport (TfL) grants (3)</b>		
GLA Transport grant - general	(842,015)	(1,093,520)
GLA Transport grant - investment	(909,440)	(894,960)
TfL capital grants (Crossrail rolling stock and Metronet)	-	(301,000)
Garden Bridge Grant	(30,000)	-
Other DfT specific grants	(33,809)	-
<b>Subtotal Transport Grants</b>	<b>(1,815,264)</b>	<b>(2,289,480)</b>
<b>Total Income</b>	<b>(4,211,503)</b>	<b>(4,452,533)</b>
<b>Expenditure</b>		
London Fire & Emergency Planning Authority	12,670	29,110
Mayor's Office for Policing and Crime	2,383,569	2,133,943
Transport for London	1,815,264	2,289,480
<b>Total Expenditure</b>	<b>4,211,503</b>	<b>4,452,533</b>

Note

- (1) This comprises Home Office general and principal police formula grant as approved by Parliament in the 2014/15 Police Grant report. Local council tax support for policing shown below is also approved via the Police Grant report.
- (2) This includes counter-terrorism, dedicated security post and Royal Parks funding as well as other specific grants for policing paid via GLA by the Home Office. Some specific grants may be paid directly to MOPAC (e.g. community safety funding) and are therefore only recorded in its accounts.
- (3) Some transport revenue specific grants are paid direct to TfL and therefore only appear in its accounts. Funding paid to TfL via retained business rates is reported in the GLA's CIES

## Business Rates Supplement Revenue Account

The Business Rate Supplement Revenue Account reflects the statutory obligation for levying authorities to maintain a separate BRS Revenue Account. The account details the income raised from the levy imposed on non-domestic ratepayers to raise money to fund the Crossrail construction project and expenditure incurred in relation to this project.

	2014/15 £000	2013/14 £000
<b>Balance as at 1 April</b>	-	-
<b>INCOME</b>		
Amounts transferable by billing authorities as calculated under the BRS regulations gross of billing authority administrative expenses	(219,680)	(221,358)
Interest receivable (in respect of the Crossrail BRS and related balances)	(858)	(1,576)
<b>Total Income</b>	<b>(220,538)</b>	<b>(222,934)</b>
<b>EXPENDITURE</b>		
<b>Administrative expenses incurred by billing authorities in respect of the collection and enforcement of a BRS:</b>		
Further administrative expenses (ongoing collection allowance)	675	794
Other billing authority collection costs	200	147
	<b>875</b>	<b>941</b>
<b>Expenditure incurred by the GLA in respect of the Crossrail Project:</b>		
Transport payments to Transport for London in respect of the Crossrail project	530,000	875,000
Interest payable on Crossrail related borrowing	117,756	107,606
Other expenses including brokerage fees	395	1,112
<b>Total Expenditure</b>	<b>649,026</b>	<b>984,659</b>
Transfers to/(from) the General Fund - Deficit on BRS account	(428,488)	(761,725)
<b>Balance as at 31 March</b>	<b>-</b>	<b>-</b>

## 56. Crossrail Business Rates Supplement

The power to levy a Business Rate Supplements (BRS) was introduced in the Business Rate Supplements Act 2009 and related regulations and statutory guidance. The Act confers powers on relevant local authorities 'to impose a levy on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development'. In London the only local authority empowered to levy a BRS is the Greater London Authority.

### How the Crossrail BRS Is Calculated and Collected

The BRS is applied at a rate of 2p (or 2 per cent of the rateable value) on non-domestic rating assessments on the local rating list in London with a rateable value above £55,000 and is collected on behalf of the GLA by the 33 London billing authorities (the 32 London boroughs and the Common Council of the City of London) the same bills as general business rates (NNDR). Reliefs for the BRS

(e.g. for charitable organisations) operate on the same basis and the same percentage rate as for National Non Domestic Rates.

On the basis of the final returns received in respect of 2013/14 billing authorities determined that they had collected BRS gross revenue of £219.7m of which the GLA was due to receive £218.8m after allowing for borough collection allowances and other costs of £0.9m.

During 2014/15 £530m was payable to Transport for London in respect of the Crossrail BRS in line with the conditions set out in the final prospectus of which the entire sum was paid in year. This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account – and reported as transport expenditure in the Consolidated income statement.

The GLA also incurred interest payable on its borrowing of £117.8m and £0.9m of interest was receivable on the balances held in respect of the BRS. A further £0.4 m was charged to the BRS revenue account in respect of other costs incurred by the GLA in respect of the management and administration of the BRS including brokerage fees.



## **Glossary**

This glossary helps to define some of the terms and phrases found in these accounts.

### **Accounting Period**

The length of time covered by the accounts, in the case of these accounts the year from 1 April 2014 to 31 March 2015.

### **Accrual**

A sum included in the accounts to cover income or expenditure attributable to the accounting period for goods or services, but for which payment has not been received/made, by the end of that accounting period.

### **Actuarial Gains and Losses**

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

### **Balances**

These represent the accumulated surplus of revenue income over expenditure.

### **Capital Expenditure**

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services for more than one year.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the main professional body for accountants working in the public service.

### **Collection Fund**

A fund administered by each London Borough Council and the City of London Corporation as billing authorities. Council Tax and Non Domestic Rates are paid into this fund and the net requirements of the Authority and its Functional Bodies as well as the Borough/Corporation are met from the fund. Any surplus or deficit is shared between the various authorities for council tax and additionally central government in respect of retained business rates. The Crossrail Business Rate Supplement is also paid into the collection fund and transferred to the GLA as the responsible levying body from it.

### **Council tax Requirement**

The consolidated amount the Authority estimates will be received through the council tax precept. This is the budget requirement net of all government specific and general grants. The GLA, Assembly and each functional body has a component council tax requirement which is approved in the Mayor's annual budget.

### **Creditors**

The amounts owed by the Authority at the Balance Sheet date in respect of goods and services received before the end of the accounting period but not paid for.

### **Debtors**

Amounts owed to the Authority but unpaid at the Balance Sheet date.

## Depreciation

The measure of the cost or revalued amount of the benefit of the fixed asset that has been consumed during the period.

## Fees and Charges

The income raised by charging for goods, services or the use of facilities.

## Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term “financial instrument” covers both financial assets and financial liabilities and includes trade receivables and trade payables, investments and borrowings.

## Fixed Asset

A tangible item that yields benefit to the Authority for a period of more than one year.

## Functional Body

A term used to describe those bodies, other than the Greater London Authority, for which the Mayor of London sets the budget and appoints members to run those bodies. The four functional bodies are:

- **London Legacy Development Corporation** responsible for development of the Queen Elizabeth Olympic Park;
- **London Fire & Emergency Planning Authority (“LFEPA”)** responsible for providing an efficient and effective fire brigade and emergency planning service for London;
- **Mayor’s Office for Policing and Crime (“MOPAC”)** is headed by the Mayor or, by his nomination, the appointed statutory Deputy Mayor for Policing and Crime. This means that the Mayor is directly accountable for policing performance in London, except the City of London which has its own police force provided by the Corporation of London; and
- **Transport for London (“TfL”)** responsible for London's buses, London Underground, Docklands Light Railway, Croydon Tramlink, Dial-a-Ride services, London River Services, Woolwich Free Ferry, taxis, private hire cars and maintenance and traffic management of most of the major roads in Greater London.

## General GLA Grant

Central Government provides financial support towards the general expenditure of the Greater London Authority. From 2013/14 onwards this funding has been subsumed into Revenue Support Grant and is therefore not payable as a separate grant. The Secretary of State retains the discretion to pay GLA General Grant under section 100 of the GLA Act 1999 as amended in the Local Government Finance Act 2012 in any year but did not exercise this power in 2014/15.

## IAS 19 Employee Benefits

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing

employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

### **Non-Domestic Rates [also known as Business Rates or Uniform Business Rate (UBR)]**

A property tax based on notional rental (rateable) values levied on non-domestic hereditaments. The tax is set by central government and collected by Local Authorities. Under the business rates retention system this income is allocated in London to Central Government, Local Authorities and the GLA in the ratio of 50:30:20. The central government share is used to finance other funding to local government, fire and police forces payable outside the rates retention system – including revenue support grant and principal police formula grant paid for the purposes of MOPAC.

### **Precept**

The amount the Mayor requires the London Boroughs and Corporation of London to pay from their Collection Funds in respect of council tax in order to meet the costs of services of the GLA and its functional bodies

### **Prepayment**

Where expenditure has been invoiced and charged against the current year's budget, but relates to goods and services to be received in the following financial year. This expenditure has to be treated as a prepayment.

### **Provisions**

Amounts set aside to meet costs which are likely or certain to be incurred, but are uncertain in value or timing.

### **Reserves**

The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems. Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

### **Revenue Expenditure**

The day to day spending on employment costs, other operating costs (accommodation, supplies and services etc.) net of income for fees and charges etc.

### **Revenue Support Grant**

Central Government financial support towards the general expenditure of local authorities paid on an unringfenced basis and without conditions.

### **Specific Government Grants**

Central Government financial support towards particular services which is "ring fenced" or paid for the purposes of a particular functional body i.e. can only be spent on a specific service area or items.

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