GREATER**LONDON**AUTHORITY

Statement of Accounts 2012/13

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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. These roles remain no less important now than they were then. Take for example the role the GLA played in delivering the 2012 Olympic and Paralympic Games.

Yet, since April 2012, the GLA has also been a major commissioner of activity in its own right.
The Mayor of London argued for and secured new powers for the GLA to tackle London's housing challenges and promote economic development, from the Homes and Communities Agency (HCA) London and the London Development Agency (LDA) respectively. At the same time, the GLA inherited significant land holdings, including from the London Thames Gateway Development Corporation (LTGDC). Our 625 hectares is more than twice the size of the City of London Corporation. Underlining and illustrating this increase in responsibilities is a commensurate increase in the GLA's budget.

Working with others has always been vital to the GLA's success; not just with the GLA's four functional bodies – Transport for London (TfL), the Mayor's Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority (LFEPA) and the new London Legacy Development Corporation (LLDC) as well as the London Development Agency which was abolished on 1 April 2012 – but as a convenor of and contributor to a wider network of partnerships. London's 33 local authorities and businesses have been key players in these partnerships. That is especially true today in the case of the London Enterprise Panel established in April 2012. The Panel advises the Mayor on jobs and growth in the capital – the Mayor's top priority – and in particular: on strategic investment; on promoting enterprise, innovation and skills; and on enhancing London's competitiveness. The reforms to local government funding introduced from April 2013 will also see just under £1.3 bn of retained business rates income being devolved to the GLA – representing a 20% share of the sums collected in business rates by the 32 boroughs and the Corporation of London. These changes will enhance the need for collaboration between the two tiers of local government to promote economic growth in the capital.

Globally and locally, extraordinary change is taking place. The shape and locus of the global economic order is shifting dramatically and at an increasing pace. New sectors and networks are emerging. In step with these changes, competition between big cities – conglomerations of talent and innovation – is becoming fiercer. Meanwhile, London's economy will continue to evolve and the city's population will grow strongly. It is projected there will be one million more people living in London by 2021. That will take London's population to an estimated 9.1 million.

2. The London Settlement

Accompanying the GLA's significant new strategic housing, regeneration and economic development responsibilities from April 2012, there is the London Settlement. This is a funding settlement for the GLA and LLDC covering the rest of the Government's spending review period up to 2014/15. It covers both the intended grant from the Government and the financial treatment of assets and liabilities, including the Queen Elizabeth Olympic Park, HCA, LDA and LTGDC assets and the Olympic land debt from the LDA, transferred to the GLA as part of the reforms.

The London Settlement includes the Government's agreement to:

- bring the GLA into the new business rate retention scheme from 2013/14 onwards to enable part of the GLA's resource funding to be financed from a share of London's business rates rather than through revenue grant;

- provide a capital grant of £2.6 billion to the GLA up to 2014/15 to fund the housing and regeneration programmes inherited from the HCA, the closure of the LDA and the development of the Queen Elizabeth Olympic Park by the LLDC;

- transfer to the GLA all the HCA's land and property assets so that they can be combined with the LDA's portfolio of regeneration assets; and

- transfer the Queen Elizabeth Olympic Park assets from the Olympic Park Legacy Company (OPLC - the joint Mayor/Government company previously responsible for Olympic Legacy) into full Mayoral ownership (through the LLDC) with a legal agreement enshrining a new receipt sharing arrangement.

In return, working with the funding resources made available, the GLA agreed to:

- manage London's housing programmes working with London Boroughs and Registered Providers to deliver 36,700 affordable homes (towards target of 55,000, including 2011/12) and at least 45,000 decent homes;

- sponsor the LLDC effectively to transform the Queen Elizabeth Olympic Park and surrounding area into a new sustainable quarter of east London while keeping public costs to a minimum and maximising proceeds from the assets for the benefit of taxpayers and to enable the Lottery to be repaid for its £675m additional contribution to the Olympics Public Sector Funding Package;

- support London's economic growth through the London Enterprise Panel, Royal Docks Enterprise Zone and working with government to realise ambitions for a Tech hub in east London;

- manage the land assets transferred from the HCA and LDA effectively through a new integrated unit within the GLA; and

- reduce and restructure its net non-Crossrail debt inherited from the LDA over the spending review period, contributing to national deficit reduction plans.

Subsequently, the London Settlement was extended to provide additional resources to cover the transfer of the residual assets of the London Thames Gateway Development Corporation to the GLA, as part of the closure of Government-sponsored Urban Development Corporations.

3. Introduction to the Greater London Authority Annual Accounts

The annual statement of accounts has been prepared in accordance with the 2012/13 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.

These accounts contain 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. The Accountancy Code of Practice requires that the GLA's accounts are set out with the core financial statements grouped together, followed by detailed notes, the supplementary statements and the Group Accounts.

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 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 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 Authority 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 fund the Crossrail construction project.

4. Changes in Accounting Policies

The way the accounts are presented is governed by the accounting policies that the GLA has to follow. The accounting practice governing public sector accounts has undergone major changes over the last few years in order to bring public sector accounting in line with that of the private sector.

Consolidation assessment

In 2010/11 and 2011/12 the GLA consolidated the functional bodies TfL, MOPAC, LFEPA and the LDA within its accounts. In light of developments a new assessment has been undertaken as to whether this was correct under IAS27 (*Consolidated Financial Statements and Accounting for Controlled Entities)* and if not, whether the GLA should make a prior period adjustment in preparing its 2012/13 financial statements. This assessment also considered IPSAS6 *(Consolidated and Separate Financial Statements)* which provides public sector interpretations of IAS27.

In each case the assessment showed that the GLA did not have significant exposure to the benefits of each of these functional bodies and as such they should not be consolidated even if the GLA exercised control. Furthermore the level of influence that the GLA has over the financial and operating policies of the functional bodies is constrained when assessed against the indicators of power, in that it does not have an ultimate say in:

- setting funding, budgets, borrowing and approving capital expenditure;
- ability to move funds around the group; and
- setting operational service levels and how they are achieved.

Accordingly, for 2012/13, the GLA has made a prior period adjustment to deconsolidate these entities from the GLA's financial statements.

Using the same IAS27 criteria and IPSAS6 public sector context guidance, the GLA has assessed that it should consolidate the LLDC and Greater London Authority Holdings Limited (GLAH), within its 2012/13 financial statements. In the case of LLDC, the GLA is the dominant power and governs the financial and operating policies of LLDC through its control of the LLDC Board and has direct benefits including rights to the first £223m of capital receipts to be generated from LLDC activities. The GLA owns 100% of the share capital in GLAH, and through this structure it controls the benefits arising from the property trading activities of GLA Land and Property Limited (GLAP). GLAP is a wholly-owned subsidiary of GLAH and this company has been created to undertake the vast majority of the GLA's land, property and commercial activities.

Group Accounts

As a result of the above assessments, this Statement of Accounts includes Group Accounts comprising of:

- the GLA, including 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;

- GLAH and its GLAP subsidiary;

- the LLDC; and

- Royal Docks Management Authority Limited (RoDMA), the Authority holds 96.7 % of the ordinary shares and 41.6% of the voting rights in RoDMA. RoDMA's main business is the management of the water areas and the associated infrastructure of the Royal Docks in central London. RoDMA has been consolidated as an associate of the Authority in the Group Accounts.

5. Financial Summary 2012/13

Revenue

Including activities carried out by GLAP, the GLA had revenue expenditure of £209m:

Directorate	**2012/13**	**2011/12**
	£m	**£m**
Communities & Intelligence	37.5	19.2
Development & Environment	12.4	16.3
External Affairs	8.0	7.8
Housing & Land	18.1	-
London 2012	63.3	58.2
Resources	42.3	22.4
Corporate Management Team	1.2	(0.4)
London Elects	14.2	3.7
Mayor's Office	4.1	3.4
Assembly & Secretariat	7.7	7.8
Net Cost of GLA Services (including GLAP)	**208.8**	**138.4**

The expenditure was budgeted to be funded by the following resources:

Source	2012/13	2011/12
	£m	£m
Revenue Reserves (including grant paid in advance)	8.1	(40.0)
GLA General Grant	49.9	63.4
Council Tax Freeze Grant	27.7	23.4
Council Tax Precept	123.1	91.6
Total Funding	**208.8**	**138.4**

The net revenue outturn for 2012/13 was an underspend of £11.9m against its revenue budget after taking account of £26.3m carried forward to continue approved spending programmes in 2013/14 and transfers to reserves of £22.1m. The underspend includes £3m that was earmarked as a provision for the tax liability on the GLA's Land and Property transactions, £2.7m represents an underspend on the contingency budget and £3.3m relates to debt refinancing savings; leaving other net underspends of £2.9m (1.7%).

The LLDC's revenue outturn for the year was an underspend of £1.3m against its revenue budget of £24.0m.

Capital

Including activities carried out by GLAP, the GLA had a capital budget of £1.7 billion against which £1.5 billion was spent, equating to 88% delivery. Of this expenditure, £0.8 billion relates to Crossrail – of which £700m was financed by borrowing and £119m through a direct contribution using Business Rate Supplement revenues. The majority of the remaining expenditure of £0.7 billion is related to the GLA's housing and land programmes, including achieving housing targets during 2012/13.

Capital Spending Plan	2012/13	2011/12
	£m	£m
Crossrail	819	868
Affordable Housing Programmes	440	-
Decent Homes Programme	182	-
First Buy (including Mayor's Housing Covenant)	23	-
Outer London Fund	7	5
Homelessness Change Programme	7	-
Compulsory Purchase Order payments	6	-
Kidbrooke Regeneration Scheme	6	-
Projects and Programmes below £5m	31	6
Capital Expenditure (including GLAP)	**1,521**	**879**

The financing of capital expenditure was by the following methods:

Capital Funding Sources	2012/13	2011/12
	£m	£m
Borrowing (Crossrail)	700	700
Business Rate Supplement	119	168
Grants	621	11

Receipts	25	-
Short-term Provisions	6	-
Total Capital Expenditure	**1,471**	**879**

LLDC's capital expenditure for the year was £119.4m against a budget of £143.6m, reflecting delays in carrying out works as a result of the adverse weather conditions experienced between January to March, and because there was no need to draw upon its capital contingency budget which is available to cover costs in 2013/14.

Borrowing

As shown in the above capital financing table, the GLA borrowed £700m for Crossrail. The GLA is required to borrow and pass onto TfL £3.5 billion towards the cost of Crossrail between 2010/11 and 2014/15. The financing and repayment of this borrowing is funded through the 2p Crossrail Business Rate Supplement, 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. £1.3 billion remains to be borrowed for Crossrail in 2014/15 and 2015/16.

In addition to the Crossrail borrowing, the GLA borrowed £300m concluding the restructure of the non-Crossrail debt inherited from the LDA. The LDA's Olympic debt portfolio posed a significant refinancing risk to the GLA in later years and has been replaced with a more suitable portfolio at lower interest rates.

Performance

Further information on the full range of activities carried out by the GLA, GLAP and the LLDC in 2012/13 can be found within:

- The Mayor's Annual Report for 2012/13
http://www.london.gov.uk/mayor-assembly/mayor/publications/the-mayors-annual-report
- The GLA's Outturn Report for 2012/13
http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=234&MId=5130&Ver=4
- The London Legacy Development Corporation's website
http://www.londonlegacy.co.uk/

6. The GLA's Group Balance Sheet

Reserves

The net worth (total reserves) of the GLA is a £1,838.5m (deficit). This is split between usable reserves (£344.5m) and unusable reserves (£2,183.0m-deficit). Included within the usable reserves section is the Revenue Grants Unapplied Reserve which includes grants that have been received in advance of the expenditure being incurred (£223.1m). The high level of this reserve reflects the receipt of grant in March 2012 from the London Settlement which brought forward amounts due in 2012/13 and 2013/14, thereby providing substantial balance sheet resilience to manage the GLA's new functions.

This leaves a balance of other usable reserves of £121.4m. The major reserves within this figure include the Directorate Programme Reserve (£26.3m), which represents amounts carried forward to continue approved GLA spending programmes in 2013/14, and the Precept Resilience Reserve (£26.4m). The enhanced Precept Resilience Reserve provides increased capacity to manage any adverse impact on the GLA's finances which might arise with the introduction of a new business rate retention scheme and council tax benefit reform from 2013/14. These changes introduce a new level of uncertainty due to the significant volatility which could occur in business rates income (e.g. due to appeals) and because of the greater challenges which some London borough councils might face in recovering relatively small sums from working age households who will see reductions in their council tax benefit support from 1 April 2013.

The LLDC had total usable reserves of £29.6m, made up of its general fund reserve of £10.9m and capital grants unapplied of £18.7m.

Assets transferred from the Olympic Delivery Authority

Following the end of the licence to occupy the Queen Elizabeth Olympic Park granted to the Olympic Delivery Authority (ODA), the Olympic venues on the LLDC's land have been introduced into the LLDC Balance Sheet under merger accounting principles at the ODA's assessment of the fair values at which they were held on the dates on which the asset transfers took place (between September 2012 and January 2013). The ODA's valuation approach took the incurred cost in constructing each asset, adjusted to reach a modern equivalent asset value which was then further adjusted to reflect the value of a depreciated asset.

The assets are being developed by the LLDC for their rental potential and they have therefore been reclassified as investment property. A number of different valuation methodologies have been applied but the investment method, where rental incomes are capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The effect of the valuation has been to write down, by £1.28bn, the asset base of the LLDC to £142m, reflecting the fundamental change in the valuation basis of the assets from a cost-based to an income-based approach.

Pensions

Included within the unusable reserves section is the negative pensions reserve totalling £49.4m for the Authority. This matches the pension liability in the balance sheet as measured under International Accounting Standard 19 (IAS 19). The purpose of IAS19 is to facilitate comparison of the pension obligations of employers. The IAS19 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 £49.4m as at 31 March 2013, when valued according to IAS 19 and is largely in line with the balance as at 31 March 2012. 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 14.8% for the three years to 31 March 2014. 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 IAS19 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 11.2%.

Provisions

The Group balance sheet also includes a provision for the settlement of the Compulsory Purchase Orders (CPO) portfolio which transferred to from the LDA. An additional provision of £22m is estimated to be required to meet potential liabilities for which inadequate provision is considered to have been made in the LDA's closing accounts at 31 March 2012.

7. Post Balance Sheet Events

On 29 May 2013 a Master Development Agreement (MDA) was completed with ABP (London) Investment Ltd for the sale of 14 hectares of land at Royal Albert Dock to transform it into a new business district aimed initially at Chinese and Asian businesses. This was followed a few days later by a MDA completed with The Silvertown Partnership for the sale of 20 hectares of land to transform Silvertown Quays in the Royal Docks into a new innovation quarter and destination for global brands. These two major developments, which are both situated in the Royal Docks Enterprise Zone, have an estimated gross development value of £2.5 billion and are expected to create £12.5 billion of economic benefit for the UK economy over the next 25 years. Subject to gaining planning permission, the first phases of both developments are expected to open in 2017.

8. Other issues

All of the GLA's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing. On 25 June 2013 Standard & Poor's confirmed that it has maintained the GLA's credit rating at AA+ with a stable outlook.

In June 2012, the Government committed to providing a UK Guarantee of up to £1 billion to allow the Mayor to borrow at a preferential rate to fund the extension of the Northern line. The proposal includes plans to create two new stations at Nine Elms and Battersea Power Station.

The London Settlement runs to the end of 2014/15 and on 26 June 2013 the Chancellor of the Exchequer published the Spending Round 2013, which sets out the government departmental spending plans for 2015/16. However, the GLA's share of national funding for housing and regeneration activities over that year is not yet known.

The Mayor established the London Finance Commission in July 2012 to investigate funding arrangements in the capital. The Commission was chaired by London School of Economics academic Professor Tony Travers, and its report was published on 15 May 2013. The report concludes that current funding mechanisms are inadequate to cope with London's predicted population growth of one million over the next decade. It sets out recommendations to better provide investment in the infrastructure needed to prepare the city for this growth. The London Finance Commission report can be found at:

www.london.gov.uk/london-finance-commission

There are no other exceptional items to draw to the attention of readers of the accounts. There are no other significant provisions or contingencies and there were no material write-offs in 2012/13.

9. 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 2012/13* (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 2013 and its income and expenditure for the year ended 31 March 2013.

Martin Clarke CPFA
Executive Director of Resources

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Date: 30 September 2013

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: 30 September 2013

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 2013 under the Audit Commission Act 1998. 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 53. 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 2012/13.

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 13, 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 2012/13, 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 2012/13 to identify material inconsistencies with the audited financial statements. 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 2013 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 2013 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 2012/13.

Opinion on other matters

In our opinion, the other information given in Greater London Authority Statement of Accounts 2012/13 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;
- 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.

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 audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, 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 the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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 November 2012, we are satisfied that, in all significant respects, the 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 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Karl Havers
for and on behalf of Ernst & Young LLP, Appointed Auditor
London
30th September 2013

INDEPENDENT AUDITOR'S REPORT TO THE GREATER LONDON AUTHORITY

Issue of audit opinion on the Authority financial statements

In our audit report for the year ended 31 March 2013 issued on 30 September 2013 we reported that, 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 2013 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 2013 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 2012/13.

Issue of value for money conclusion

In our audit report for the year ended 31 March 2013 issued on 30 September 2013 we reported that, in our opinion, in all significant respects, the 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 2013.

Certificate

In our report dated 30 September 2013, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

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

8th October 2013

Group Movement in Reserves Statement

2012/13	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Reserves Usable	Authority's Share of Subsidiaries' and Joint Venture's Reserves Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2012		**(9,595)**	**(307,883)**	**-**	**(317,478)**	**1,530,877**	**1,213,399**	**(20)**	**-**	**1,213,379**
Balance of acquired functions		(11,273)	-	-	**(11,273)**	**(2,422)**	**(13,695)**	**(12,844)**	**(1,448,546)**	**(1,475,085)**
Restated balance as at 1 April 2012		**(20,868)**	**(307,883)**	**-**	**(328,751)**	**1,528,455**	**1,199,704**	**(12,864)**	**(1,448,546)**	**(261,706)**
Movement in reserves during 2012/13										
Group (surplus) or deficit		650,499	-	-	**650,499**	**-**	**650,499**	1,188,986	-	**1,839,485**
Corporation Tax on Other Comprehensive Income		-	-	-	**-**	**-**	**-**	-	83	**83**
Other Comprehensive Expenditure and Income		-	-	-	**-**	**(11,216)**	**(11,216)**	-	2,728	**(8,488)**
Total Comprehensive Expenditure and Income		**650,499**	**-**	**-**	**650,499**	**(11,216)**	**639,283**	**1,188,986**	**2,811**	**1,831,080**
Other Adjustments		-	-	-	**-**	**-**	**-**	-	(796)	**(796)**
Adjustments between accounting basis and funding basis under regulations	7	(665,693)	-	(103)	**(665,796)**	**665,796**	**-**	(1,166,727)	1,166,727	**-**
Net (Increase)/ Decrease before Transfers to		**(15,194)**	**-**	**(103)**	**(15,297)**	**654,580**	**639,283**	**22,259**	**1,168,742**	**1,830,284**
Transfers to/(from) Earmarked Reserves	8	(17,757)	17,757	-	**-**	**-**	**-**	-	-	**-**
(Increase)/Decrease in 2012/13		(32,951)	17,757	(103)	**(15,297)**	**654,580**	**639,283**	22,259	1,168,742	**1,830,284**
Balance at 31 March 2013 carried forward		**(53,819)**	**(290,126)**	**(103)**	**(344,048)**	**2,183,035**	**1,838,987**	**9,395**	**(279,804)**	**1,568,578**

Restated 2011/12	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Subsidiaries' and Joint Venture's Reserves Usable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2011		**(4,126)**	**(48,531)**	**(27)**	**(4,526)**	**(57,210)**	**809,633**	**752,423**	**(212)**	**752,211**
Movement in reserves during 2011/12										
Group (surplus) or deficit		432,733	-	-	-	**432,733**	-	**432,733**	(64)	**432,669**
Other Comprehensive Expenditure and Income		-	-	-	-	-	**28,243**	**28,243**	256	**28,499**
Total Comprehensive Expenditure and Income		432,733	-	-	-	**432,733**	**28,243**	**460,976**	192	**461,168**
Adjustments between accounting basis and funding basis under regulations	7	(697,554)	-	27	4,526	**(693,001)**	693,001	**-**	-	**-**
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(264,821)	-	27	4,526	**(260,268)**	**721,244**	**460,976**	192	**461,168**
Transfers to/(from) Earmarked Reserves	8	259,352	(259,352)	-	-	**-**	-	**-**		**-**
(Increase)/Decrease in 2011/12		(5,469)	(259,352)	27	4,526	**(260,268)**	**721,244**	**460,976**	192	**461,168**
Balance at 31 March 2012 carried forward		**(9,595)**	**(307,883)**	-	-	**(317,478)**	**1,530,877**	**1,213,399**	**(20)**	**1,213,379**

Authority Movement in Reserves Statement

2012/13

	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2012		**(9,595)**	**(307,883)**	**-**	**(317,478)**	**1,530,877**	**1,213,399**
Balance of acquired functions at 1 April 2012		(11,273)	-	-	**(11,273)**	(2,422)	**(13,695)**
		(20,868)	**(307,883)**	**-**	**(328,751)**	**1,528,455**	**1,199,704**
Movement in reserves during 2012/13							
(Surplus) or Deficit on the provision of services		650,499	-	-	**650,499**	**-**	**650,499**
Corporation Tax		-	-	-	**-**	**-**	**-**
Other Comprehensive Expenditure and Income		-	-	-	**-**	(11,216)	**(11,216)**
Total Comprehensive Expenditure and Income		650,499	-	-	**650,499**	**(11,216)**	**639,283**
Other Adjustments		-	-	-	**-**	**-**	**-**
Adjustments between accounting basis and funding basis under regulations	7	(665,693)	-	(103)	**(665,796)**	**665,796**	**-**
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(15,194)	-	(103)	**(15,297)**	**654,580**	**639,283**
Transfers to/(from) Earmarked Reserves	8	(17,757)	17,757	-	**-**		**-**
(Increase)/Decrease in 2012/13		(32,951)	17,757	(103)	**(15,297)**	**654,580**	**639,283**
Balance at 31 March 2013 carried forward		**(53,819)**	**(290,126)**	**(103)**	**(344,048)**	**2,183,035**	**1,838,987**

2011/12

	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**
Balance at 31 March 2011		**(4,126)**	**(48,531)**	**(27)**	**(4,526)**	**(57,210)**	**809,633**	**752,423**
Movement in reserves during 2011/12								
(Surplus) or deficit on the provision of services		432,733	-	-	-	**432,733**	**-**	**432,733**
Other Comprehensive Expenditure and Income		-	-	-	-	**-**	**28,243**	**28,243**
Total Comprehensive Expenditure and Income		**432,733**	**-**	**-**	**-**	**432,733**	**28,243**	**460,976**
Adjustments between accounting basis and funding basis under regulations	7	(697,554)	-	27	4,526	**(693,001)**	**693,001**	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves		**(264,821)**	**-**	**27**	**4,526**	**(260,268)**	**721,244**	**460,976**
Net Transfers to/(from) Earmarked Reserves	8	259,352	(259,352)	-		**-**	**-**	**-**
Increase/Decrease in 2011/12		**(5,469)**	**(259,352)**	**27**	**4,526**	**(260,268)**	**721,244**	**460,976**
Balance at 31 March 2012 carried forward		**(9,595)**	**(307,883)**	**-**	**-**	**(317,478)**	**1,530,877**	**1,213,399**

Group Comprehensive Income and Expenditure Statement

2011/12 Restated Gross Exp* £000	2011/12 Restated Gross Income £000	Group 2011/12 Restated Net Exp* £000	Continuing operations	Note	2012/13 Gross Exp* £000	2012/13 Gross Income £000	Group 2012/13 Net Exp* £000
4,872	(112)	**4,760**	Central services to the public		15,115	(165)	**14,950**
118,288	(25,042)	**93,246**	Cultural & Related Services		100,271	(9,252)	**91,019**
30,627	(14,779)	**15,848**	Environmental & Regulatory Services		8,310	(3,430)	**4,880**
85,739	(9,713)	**76,026**	Planning and Development Services		90,709	(4,389)	**86,320**
620	(183)	**437**	Education and children's services		4,408	(397)	**4,011**
879,466	(904)	**878,562**	Highways and transport services		825,586	(3,959)	**821,627**
8,804	(838)	**7,966**	Housing and Land services		102,495	(58,387)	**44,108**
-	-	**-**	Olympic legacy		-	(1,000)	**(1,000)**
26,607	(2,653)	**23,954**	Corporate and democratic core		18,853	(156)	**18,697**
29,891	(55,009)	**(25,118)**	Services acquired in year		664,776	(5,649)	**659,127**
528	-	**528**	Non distributed costs		(9,658)	-	**(9,658)**
1,185,442	**(109,233)**	**1,076,209**	**Cost Of Services**		**1,820,865**	**(86,784)**	**1,734,081**
		851,162	Other Operating Expenditure	9			821,439
		56,529	Financing and Investment Income and Expenditure	10			67,646
			Movement in the fair value of LLDC's investment properties	26			1,280,898
		(1,550,996)	Taxation and Non-Specific Grant Income	11			(2,066,214)
		432,904	**(Surplus) or Deficit on Provision of Services**				**1,837,850**
		(1,265)	Share of the (surplus) or deficit on the provision of services of associates and joint ventures				-
		-	Tax expenses of subsidiaries				1,635
		1,029	Tax expenses of associates and joint ventures				-
		432,668	**Group (Surplus) or Deficit**				**1,839,485**
		-	(Surplus) or deficit on revaluation of non-current assets				(1,954)
		-	(Surplus) or deficit on revaluation of available-for-sale financial assets				(2,472)
		-	Net change in available-for-sale assets reclassified to the (surplus) or deficit				7,408
		28,243	Actuarial gains/losses on pension assets/ liabilities				(11,470)
		-	Tax on other comprehensive income				83
		256	Share of other comprehensive expenditure and income of associates and joint ventures				-
		28,499	**Other Comprehensive Income and Expenditure**				**(8,405)**
		461,167	**Total Comprehensive Income and Expenditure**				**1,831,080**

*Expenditure

Authority Comprehensive Income and Expenditure Statement

2011/12 Gross Exp* £000	2011/12 Gross Income £000	2011/12 Net Exp* £000	Gross expenditure, gross income and net expenditure of continuing operations	Note	2012/13 Gross Exp* £000	2012/13 Gross Income £000	2012/13 Net Exp* £000
4,872	(112)	4,760	Central services to the public		15,115	(232)	14,883
118,288	(25,042)	93,246	Cultural & Related Services		101,285	(9,699)	91,586
30,627	(14,778)	15,849	Environmental & Regulatory Services		8,310	(3,467)	4,843
85,739	(9,713)	76,026	Planning and Development Services		64,108	(3,899)	60,209
620	(183)	437	Education and children's services		4,408	(416)	3,992
879,353	(891)	878,462	Highways and transport services		825,698	(3,973)	821,725
8,804	(838)	7,966	Housing services		11,200	-	11,200
0	-	-	Olympic legacy		150,105	(1,000)	149,105
26,535	(2,653)	23,882	Corporate and democratic core		18,787	(349)	18,438
29,891	(55,010)	(25,119)	Services acquired in year		664,776	(5,649)	659,127
528	-	528	Non distributed costs		(9,658)	-	(9,658)
1,185,257	**(109,220)**	**1,076,037**	**Cost Of Services**		**1,854,134**	**(28,684)**	**1,825,450**
		851,162	Other Operating Expenditure	9			821,439
		56,529	Financing and Investment Income and Expenditure	10			59,129
		(1,550,996)	Taxation and Non-Specific Grant Income	11			(2,055,519)
		432,732	**(Surplus) or Deficit on Provision of Services**				**650,499**
		-	(Surplus) or deficit on revaluation of non-current assets				(153)
		28,243	Actuarial (gains)/losses on pension assets/ liabilities				(11,063)
		28,243	**Other Comprehensive Income and Expenditure**				(11,216)
		460,975	**Total Comprehensive Income and Expenditure**				**639,283**

*Expenditure

Balance Sheet

	Note	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000	Authority Post merger 1 April 2012 £000	Group Post merger 1 April 2012 £000	Group 1 April 2011 Restated £000
Property, Plant & Equipment	25	3,415	20,650	1,689	1,758	1,689	16,330	1,720
Investment Property	26	-	177,041	-	-	-	1,347,477	-
Intangible Assets	32	46	107	130	130	130	356	285
Long Term Investments	28	344,082	77,775	10	10	344,490	78,952	10
Available for sale financial assets	29		54,117	-	-	-	49,107	-
Investments in Associates and Joint Ventures		2	63	-	-	-	61	20
Long Term Debtors	30	1,833	14,477	307	307	1,940	1,940	-
Finance lease receivables	16		6,814	-	-	-	7,732	-
Long Term Assets		**349,378**	**351,044**	**2,136**	**2,205**	**348,249**	**1,501,955**	**2,035**
Short Term Investments	48	526,525	528,367	327,198	327,198	59,839	77,805	15,111
Assets held for sale	34	627	627	-	-	4,682	4,682	-
Finance lease receivables	16	-	7,255	-	-	-	8,516	-
Inventories	35	-	262,229	51	51	51	309,105	58
Short Term Debtors	36	130,872	122,825	98,380	98,430	135,974	125,084	82,970
Cash and Cash Equivalents	37	421,170	447,418	140,555	140,605	143,396	177,665	251,147
Current Assets		**1,079,194**	**1,368,721**	**566,184**	**566,284**	**343,942**	**702,857**	**349,286**
Bank Overdraft	37	-	(336)	-	-	-	-	-
Short Term Borrowing	49	(101,055)	(26,125)	(115,666)	(115,666)	(115,666)	(115,666)	(40,725)
Short Term Creditors	38	(351,249)	(394,896)	(105,440)	(105,589)	(111,393)	(132,304)	(242,584)
Grant receipts in advance	38	(183,427)	(183,427)	(102,502)	(102,502)	(102,502)	(102,502)	
Finance lease liabilities	16	-	(1)	-	-	-	-	-
Provisions	39	(43,511)	(44,661)	(6,242)	(6,242)	(89,534)	(90,684)	-
Deferred tax liability		-	-	-	-	-	-	-
Current Liabilities		**(679,242)**	**(649,446)**	**(329,850)**	**(329,999)**	**(419,095)**	**(441,156)**	**(283,309)**
Long Term Creditors		(146)	(14,491)	-	-	(144)	(24,076)	(38)
Provisions	39	(32,331)	(53,859)	-	-	-	-	-
Long Term Borrowing	49	(2,500,000)	(2,509,197)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(800,000)
Finance lease liabilities	16	-	(329)	-	-	-	(330)	-
Pensions Liability	20	(49,358)	(52,266)	(49,334)	(49,334)	(66,902)	(70,292)	(20,185)
Grant receipts in Advance		(6,483)	(6,483)	(2,535)	(2,535)	(5,754)	(5,754)	-
Deferred tax liability		-	(2,273)	-	-	-	(1,498)	-
Long Term Liabilities		**(2,588,318)**	**(2,638,898)**	**(1,451,869)**	**(1,451,869)**	**(1,472,800)**	**(1,501,950)**	**(820,223)**
Net Assets		**(1,838,988)**	**(1,568,579)**	**(1,213,399)**	**(1,213,379)**	**(1,199,704)**	**261,706**	**(752,211)**
Usable reserves		(344,048)	(334,653)	(317,478)	(317,498)	(328,751)	(341,615)	(57,422)
Unusable Reserves	41	2,183,035	1,903,231	1,530,877	1,530,877	1,528,455	79,909	809,633
Total Reserves		**1,838,987**	**1,568,578**	**1,213,399**	**1,213,379**	**1,199,704**	**(261,706)**	**752,211**

Cash Flow Statement

	Note	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Net surplus or (deficit) on the provision of services		(650,499)	(1,839,485)	(432,732)	(432,904)
Adjustments to net surplus or deficit on the provision of services for non-cash movements and investing and financing activities	42	320,399	1,647,913	(150,746)	(150,613)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	42	(3,188)	(148,028)	-	-
Net cash flows from Operating Activities		**(333,288)**	**(339,600)**	**(583,478)**	**(583,517)**
Investing Activities	44	(469,105)	(410,268)	(211,163)	(211,163)
Financing Activities	45	1,080,167	1,019,285	684,138	684,138
Net increase or decrease in cash and cash equivalents		**277,774**	**269,417**	**(110,503)**	**(110,542)**
Cash and cash equivalents at 31 March		140,555	140,605	251,058	251,147
Cash and cash equivalents acquired at 1 April		2,841	37,060	-	-
Cash and cash equivalents at the end of the reporting period		**421,170**	**447,082**	**140,555**	**140,605**

Notes to the Core Financial Statements

1. 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 2012/13 financial year and its position at 31 March 2013. 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 2012/13 ("the Code ") and the Service Reporting Code of Practice 2012/13, 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 International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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, its subsidiaries and associate prepared as at the year end date. Where significant, adjustments are made to the financial statements of subsidiaries and associates 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 in accordance with IAS27. Intercompany transactions and balances between GLA Group entities are eliminated.

Associates

An associate is an entity over which the Authority exercises or has the potential to exercise significant influence. The Royal Docks Managing Authority Limited (RDMA) has been accounted for as an associate. It has been consolidated using the equity method, as permitted under IAS31.

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 (unless stated otherwise) by adjusting opening balance and comparative amounts for the prior period as if the new policy had always been applied. See note 3 and note 6 in the notes to the accounts.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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 pace, 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. 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

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 business rate supplement (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 53.

Community Infrastructure Levy (CIL)

The Authority has elected to charge a Community Infrastructure Levy (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.

ix. Accounting for the costs of the Carbon Reduction Commitment Scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. 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 2012/13 (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 is 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
- amortisation of intangible assets attributable to the service.

The Group 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 line in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 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 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 Pensions 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 4.7%. The chosen discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA rated corporate bond 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 seven components:

  - 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 arising from current year decisions 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

  - interest cost – the expected increase in the present value of liabilities during the year as they move on year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

  - expected return on assets- the annual investment return on the fund assets attributable to the Authority, based on the average of the expected long-term return- credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

  - gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

  - 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; and

  - contributions paid to the London Pensions Fund Authority – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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 any amounts payable to the fund 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 Principal Civil Service Pension Scheme (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. Staff at London TravelWatch and one member of staff at the GLA are members of the scheme.

xiv. Financial Instruments

Financial assets within the scope of IAS39 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 derecognised 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 derecognised, 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 derecognised 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 three months 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 at the lower of cost and net realisable value. 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 is inventory when the significant risks and rewards of ownership have been transferred to the Company.

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

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.

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.

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

Software costs	Straight line	3 to 5 years

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 derecognised 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
- 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;
- Investment properties – fair value based on market value
- 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)

- 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;
- 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 asset 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 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 previous losses recognised in the Surplus or Deficit on the 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 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).

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 27.

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

Non-current assets (and disposal groups comprising a group of assets and potentially some liabilities that an entity intends to dispose of in a single transaction) are classified as held for sale if their carrying amount will be recovered principally through sale rather than continuing use, they are available for immediate sale and sale is highly probable.

On initial classification as held for sale, non-current assets or disposal groups are measured at the lower of their previous carrying amount and fair value less costs to sell. No amortisation or depreciation is charged on non-current assets (including those in disposal groups) classified as held for sale.

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.

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 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 surplus on the billing authorities' Collection Fund for the previous year or less its share of the 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. 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 Revenue Expenditure Funded from Capital under Statute (REFCUS) in line with section 4.6 of the Code of Recommended Practice for Local Authority Accounting.

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.

xxxii. 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 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, such amounts shall fund the Crossrail element of the minimum revenue provision and in cash terms used or set aside for 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.

xxxiii. 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 5 to the Statement of Accounts, including confirmation that this is the date up to which events after the balance sheet date have been considered.

xxxiv.Acquired Operations

Under the Localism Act 2011, the Secretary of State transferred to the Greater London Authority and to the Authority's subsidiary, GLA Land and Property Ltd., the property, rights and liabilities of the London Development Agency and the Homes and Communities Agency's London. The transfers took place on 31 March 2012 and on 1 April 2012 respectively. The allocation of the property, rights and liabilities between the GLA and GLA Land and Property Ltd. is set out in the Greater London Authority and London Development Agency Transfer Scheme 2012 and the Greater London Authority and the Homes and Communities Agency Transfer Scheme 2012, and was broadly based on the principle that the management and exploitation of land on a commercial basis with a view to the realisation of a profit in connection with the Greater London Authority's housing, regeneration and economic development functions transferred to the limited company.

Under section 165B of the Local Government, Planning and Land Act 1980 the Secretary of State ordered the transfer of specified property, rights and liabilities of the London Thames Gateway Development Corporation transferred to the Greater London Authority, on 16 April 2012. The London Thames Gateway Development Corporation (Transfer of Property, Rights and Liabilities) (Greater London Authority) Order 2012 (SI 2012 No 872) details the property, rights and liabilities that transferred. The Authority then transferred on the land and other property and property related rights and liabilities to GLA Land and Property Limited, in order to comply with The Greater London Authority (Specified Activities) Order 2013.

For accounting purposes all transfers have been accounted for as occurring on 1 April 2012. Assets, liabilities and reserves have been transferred at the carrying amount as at 1 April 2012 and the imbalance arising on the net assets transferred has been taken to a Merger Reserve (unusable reserve).

The transfers have been reflected in the accounts by adjusting the opening Balance Sheet for 2012/13. Transfers have not been reflected in the Comprehensive Income and Expenditure Statement, but have been separately disclosed in the Movement in Reserves Statement. The notes to the accounts have separately identified transfers of assets and liabilities (and any consequential changes to reserves).

As a continuing authority, the newly acquired functions have been disclosed separately in the current year. A new sub-total has been inserted to disclose the restated opening Balance Sheet figures in the notes showing the movements in assets, liabilities and reserves.

2. 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:

- **IAS1 Presentation of Financial Statements** (other comprehensive income, June 2011) - Amendments to IAS1 Presentation of Items of Other Comprehensive Income - This amendment changes the disclosure of items presented in other comprehensive income grouping them into items which recycle to the surplus or deficit on the provision of services and items which will not. Apart from the change in disclosure, this amendment will have little impact on the Group Accounts. Mandatory application is for accounting periods beginning on or after 1 July 2012.

- **IFRS 7 Financial Instruments: Disclosures** (offsetting financial assets and liabilities, December 2011). These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS32.

- **IAS12 Income Taxes** (deferred tax: recovery of underlying assets, December 2010)
  The amendment to IAS12 introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. The amendment also introduces the requirement that deferred tax on non-

depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The application of the above mentioned standards in future years is not anticipated to have a material effect on the Group's financial statements.

- **IAS19 Employee Benefits** (June 2011) - The International Accounting Standards Board published a revised IAS19 standard in June 2011 which is to become effective for accounting periods beginning on or after 1 January 2013.

  The key impacts of IAS19 (revised) 'Employee Benefits' are:

  - the removal of the expected return on assets, which will be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate;

  - some labelling changes to the CIES charge e.g. "Service cost" will include what was previously described as the "Current service cost" plus the "Past service cost" plus any "Curtailments" plus any "Settlements".

IAS19 (revised) will be adopted in the 2013/14 financial statements and will require retrospective adoption and therefore prior periods will be restated. Had the amendments been adopted in 2012/13 the impact on the financial statements would have been an increase of £1.7m - Authority / £1.8m – Group, in the charge against the Surplus or Deficit on the Provision of Services. As administration costs will be reported in the CIES rather than being deducted from the actual and expected return on assets, the charge to the CIES would have increased by £0.2m with a commensurate decrease in the return on assets, for both the Authority and the Group.

3. Correction of prior period errors

Group Accounts

During the course of 2012/13, Management undertook an internal assessment on whether it was correct to consolidate the London Development Agency, Mayor's Office for Policing and Crime, Transport for London and the London Fire and Emergency Planning Authority in the Authority's 2010/11 and 2011/12 financial statements. The relationship between the GLA and these bodies was individually assessed under IAS27 (Consolidated Financial Statements and Accounting for Controlled Entities) and IPSAS6 (Consolidated and Separate Financial Statements) which provides public sector interpretations of IAS27. The conclusion arrived at is that the Authority incorrectly consolidated these organisations in 2010/11 and 2011/2012 and a prior period adjustment has been made to deconsolidate these entities from the GLA's financial statements.

The main considerations that drove this conclusion are that the GLA does not have significant exposure to the benefits of each entity, the financial consequences and risks of budgetary failure or unforeseen events in each of the entities does not lie with the GLA but with central government and the Authority's level of influence over the financial and operating policies of the functional bodies is limited, when assessed against the indicators of power set out in IPSAS6.

The corrections required the restatement of the group figures in the 2011/12 Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow and related notes. The Balance Sheet as at 1 April 2011 has also been restated. This has resulted in a reduction in the previously reported Group's net worth of £5,882m on 31 March 2011 to a net worth of £1,505m at 31 March 2013.

4. 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 and has the right to appoint half the board. It has 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 46.

Related Party Transactions

In reporting related party transactions the Authority has judged that transactions of £100,000 or more with central government departments, non-department public bodies, government agencies and local authorities 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.

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 classification of specialist/non-specialist assets and in determining residual values.

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 adopted an investment approach where they applied a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice they construct their valuations adopting hardcore 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

"the Red Book". 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

- Owner-occupied properties are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

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. Sales prices are estimated on a site-by-site basis based upon local market conditions and take into account the current prices being achieved on comparable sites.

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 2013, this review resulted in £18 m impairment charge. See note 33 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 by the Group. Given that finance lease obligations are recognised as liabilities, and operating lease obligations are not, this can have a significant effect on the reported financial position of the Group.

Fair value of available for sale financial assets

Available for sale financial assets 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.

Available for sale financial assets are valued with reference to published house price indices (published in April following each year end). 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 2013 the asset recognised on the balance sheet was £54.1m.

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.

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. More details are given in note 39.

Investment Property

IAS 40 *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 in accordance with IAS 40. 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.

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.

Council tax accounting

The Authority's share of council tax debtors, creditors and share of the collection fund surplus or deficit is based on unaudited figures from the 32 London boroughs and the City Of London Corporation. Any post audit amendments are incorporated into the following year's accounts.

The *Code of Practice on Local Authority Accounting in the United Kingdom 2012/13* sets outs the methodology for determining the Authority's attributable share of council tax debtors and creditors. It is based on the demand/precepts proportions for the next financial year.

5. 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 have been considered.

6. Acquired functions as at 1 April 2012

As explained in accounting policy xxxiv Acquired Operations, at the start of the 2012/13 financial year, the Authority acquired the housing and regeneration functions from the Homes and Communities Agency and the now abolished London Development Agency and London Thames Gateway Development Corporation.

The tables below provide details of the assets, liabilities and reserves acquired at the start of the financial year and the gross expenditure and income incurred in year in respect of the acquired functions.

	GLA Balance 31.3.2012 £000	1.4.2012 Transfer from LDA £000	1.4.2012 Transfer from HCA £000	Consolidation Eliminations with LDA £000	1.4.2012 Transfer from LTGDC £000	1.4.2012 Loan to GLA Land & Property	1.4.2012 Transfer to GLA Land & Property Ltd £000	Post merger GLA 1.4.2012 Balance £000	1.4.2012 balances acquired £000
Property, Plant & Equipme	**1,689**	**-**	**-**	**-**	**-**	**-**	**-**	**1,689**	-
Intangible Assets	**130**	-	-	-	-	-	-	**130**	-
Long Term Investment	**10**	44,480	-	-	-	300,000	-	**344,490**	344,480
Long Term Debtors	**307**	1,633	-	-	-	-	-	**1,940**	1,633
Long Term Assets	**2,136**	**46,113**	**-**	**-**	**-**	**300,000**	**-**	**348,249**	346,113
Short Term Investments	**327,198**	-	-	(267,359)	-	-	-	**59,839**	(267,359)
Assets held for sale	**-**	-	-	-	33,683	-	(29,001)	**4,682**	4,682
Inventories	**51**	-	-	-	-	-	-	**51**	-
Short Term Debtors	**98,380**	14,910	5	(68)	272	-	22,475	**135,974**	37,594
Cash and Cash Equivalents	**140,555**	2,841	-	-	2	-	(2)	**143,396**	2,841
Current Assets	**566,184**	**17,751**	**5**	**(267,427)**	**33,957**	**-**	**(6,528)**	**343,942**	(222,242)
Short Term Borrowing	**(115,666)**	(267,355)	-	267,355	-	-	-	**(115,666)**	-
Short Term Creditors	**(207,942)**	(5,553)	(43)	72	(2,664)	-	2,235	**(213,895)**	(5,953)
Provisions	**(6,242)**	(81,906)	-	-	(1,786)	-	400	**(89,534)**	(83,292)
Current Liabilities	**(329,850)**	**(354,814)**	**(43)**	**267,427**	**(4,450)**	**-**	**2,635**	**(419,095)**	(89,245)
Long Term Borrowing	**(1,400,000)**	-	-	-	-	-	-	**(1,400,000)**	-
Long Term Creditors	**-**	(144)	-	-	-	-	-	**(144)**	(144)
Provisions	**-**				-	-		**-**	-
Receipts in advance	**(2,535)**	-	(3,219)	-	-	-	-	**(5,754)**	(3,219)
Pension Liabilities	**(49,334)**	(17,568)	-	-	-	-	-	**(66,902)**	(17,568)
Long term liabilities	**(1,451,869)**	**(17,712)**	**(3,219)**	**-**	**-**	**-**	**-**	**(1,472,800)**	(20,931)
Net assets	**(1,213,399)**	**(308,662)**	**(3,257)**	**-**	**29,507**	**300,000**	**(3,893)**	**(1,199,704)**	13,695
Unusable Reserves	**1,530,877**	324,861	-	-	(33,683)	(300,000)	6,400	**1,528,455**	(2,422)
Usable Reserves	**(317,478)**	(16,199)	3,257	-	4,176	-	(2,507)	**(328,751)**	(11,273)
	1,213,399	**308,662**	**3,257**	**-**	**(29,507)**	**(300,000)**	**3,893**	**1,199,704**	(13,695)

Income and expenditure - acquired services

	2012/13			2011/12		
	Gross Exp £000	Gross Inc £000	Net Exp £000	Gross Exp £000	Gross Inc £000	Net Exp £000
Cultural and Related Services	-	-	**-**	5,663	(9,788)	**(4,125)**
Environmental and Regulatory	-	-	**-**	658	(805)	**(147)**
Housing and Regeneration	661,477	(4,752)	**656,725**	-	-	**-**
Education	3,299	(897)	**2,402**	435	(1,268)	**(833)**
Planning and Development	-	-	**-**	21,921	(42,440)	**(20,519)**
Corporate and Democratic Core	-	-	**-**	1,214	(709)	**505**
	664,776	**(5,649)**	**659,127**	**29,891**	**(55,010)**	**(25,119)**

The 2011/12 figures refer to a number of projects and staff that were transferred over to the GLA form the LDA, ahead of the statutory transfer date. The functions transferred relate to projects that support the Authority's economic development priorities for London, London Ambassadors, academies, climate change and the management of the European programmes.

7. Group 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.

2012/13

	USABLE RESERVES				
	General Fund Balance £000	**BRS £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	2,866	-	-	-	**(2,866)**
Movements in the fair value of Investment Properties	1,280,898	-	-	-	**(1,280,898)**
Amortisation of intangible assets	303	-	-	-	**(303)**
Community Infrastructure Levy applied	(6,030)				**6,030**
Capital grants and contributions applied	(914,331)	-	-	-	**914,331**
Revenue expenditure funded from capital under statute	1,622,215	-	-	-	**(1,622,215)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	2,855	-	-	-	**(2,855)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:					
Voluntary provision for the repayment of debt	(4,106)	-	-	-	**4,106**
Capital expenditure charged against the General Fund balance	(147,255)	-	-	-	**147,255**
Adjustments primarily involving the BRS Account:			-	-	**-**
Transfer of net income and expenditure to the BRS account	671,746	(671,746)	-	-	**(671,746)**
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	(671,746)	671,746	-	-	**671,746**
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(17,516)	-	-	17,516	**-**
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	(3,188)	-	3,188	-	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(3,085)	-	**3,085**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	1,815	-	**(1,815)**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(286)	-	-	-	**286**
Employer's pensions contributions and direct payments to pensioners payable in the year	(5,473)	-	-	-	**5,473**
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	1,874	-	-	-	**(1,874)**
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	263	-	-	-	**(263)**
Total Adjustments	**1,813,089**	**-**	**1,918**	**17,516**	**(1,832,523)**

Restated 2011/12

	USABLE RESERVES				
	General Fund Balance £000	Business Rates Supplement Account £000	Capital Receipts £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(1,042)	-	-	- 0	1,042
Amortisation of intangible assets	(130)	-	-	- 0	130
Revenue expenditure funded from capital under statute	(912,568)	-	-	- 0	912,568
Capital grants and contributions applied	34,387	-	-	- 0	(34,387)
Transfer of net income and expenditure to the BRS account	(698,595)	698,595			-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account					
Statutory provision for the financing of capital investments	-	-	-	-	-
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS Account	698,595	(698,595)			
Capital expenditure charged against the General Fund balance	176,165	-	-	-	(176,165)
Reversal of prior year revenue financing of capital expenditure	(25)	-	-	-	25
Adjustments primarily involving the Capital Grants Unapplied Account:					
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	4,526	(4,526)
Adjustments primarily involving the Capital Receipts Reserve:					
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	27		(27)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(5,164)	-	-	-	5,164
Employer's pensions contributions and direct payments to pensioners payable in the year	4,258	-	-	-	(4,258)
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	6,509	-	-	-	(6,509)
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	56	-	-	-	(56)
Total Adjustments	**(697,554)**	**-**	**27**	**4,526 0**	**693,001**

Authority 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 to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2012/13

	USABLE RESERVES			
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(2,713)	-	-	**2,713**
Amortisation of intangible assets	(84)	-	-	**84**
Community Infrastructure Levy applied	6,030		-	**(6,030)**
Capital grants and contributions applied	795,166	-	-	**(795,166)**
Revenue expenditure funded from capital under statute	(1,620,197)	-	-	**1,620,197**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(2,855)	-	-	**2,855**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account				
Voluntary provision for the repayment of debt	4,106	-	-	**(4,106)**
Capital expenditure charged against the General Fund balance	147,255	-	-	**(147,255)**
Adjustments primarily involving the BRS Account:				**-**
Transfer of net income and expenditure to the BRS account	(671,746)	671,746	-	**-**
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	671,746	(671,746)	-	**-**
Adjustments primarily involving the Capital Receipts Reserve:				**-**
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	3,188	-	(3,188)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,085	**(3,085)**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	1,695	-	-	**(1,695)**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,786	-	-	**(4,786)**
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	(1,874)	-	-	**1,874**
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	(196)	-	-	**196**
Total Adjustments	**(665,693)**	**-**	**(103)**	**665,796**

2011/12

	USABLE RESERVES				
	General Fund Balance £000	**Business Rates Supplement Account £000**	**Capital Receipts £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(1,042)	0	0	0	1,042
Amortisation of intangible assets	(130)	0	0	0	130
Revenue expenditure funded from capital under statute	(912,568)	0	0	0	912,568
Capital grants and contributions applied	34,387	0	0	0	(34,387)
Transfer of net income and expenditure to the BRS account	(698,595)	698,595			0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account					
Statutory provision for the financing of capital investments	0	0	0	0	0
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS Account	698,595	(698,595)			
Capital expenditure charged against the General Fund balance	176,165	0	0	0	(176,165)
Reversal of prior year revenue financing of capital expenditure	(25)	0	0	0	25
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	4,526	(4,526)
Adjustments primarily involving the Capital Receipts Reserve:					
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	27	0	(27)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(5,164)	0	0	0	5,164
Employer's pensions contributions and direct payments to pensioners payable in the year	4,258	0	0	0	(4,258)
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	6,509	0	0	0	(6,509)
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	56	0	0	0	(56)
Total Adjustments	**(697,554)**	**0**	**27**	**4,526**	**693,001**

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 provided financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012/13.

	Balance at 1 April 2012 £000	Transfers In 2012/13 £000	Transfers Out 2012/13 £000	Balance at 31 March 2013 £000
Assembly Development & Resettlement Reserve	**(1,072)**	(238)	244	**(1,066)**
City Hall Lease Smoothing Reserve	**(2,196)**	(2,981)	1,067	**(4,110)**
Directorate Programme Reserves	**(31,175)**	(27,481)	32,406	**(26,250)**
Census and SASPAC	**(653)**	(267)	97	**(823)**
Development Reserve	**(77)**	(1,923)	0	**(2,000)**
Environment Drainage Reserve	**(1,450)**	(491)	0	**(1,941)**
Election Reserve	**(16,576)**	(5,000)	19,576	**(2,000)**
Estates Reserve	**0**	(3,000)	0	**(3,000)**
Home Retrofit Reserve	**(3,300)**	0	1,404	**(1,896)**
Legal Fees Reserve	**(701)**	0	1	**(700)**
London and Partners Reserve	**0**	(2,206)	0	**(2,206)**
Long Term Absence Reserve	**(133)**	0	133	**0**
Mayoral Resettlement Reserve	**(77)**	0	0	**(77)**
Olympics Reserve	**(374)**	(976)	189	**(1,161)**
Olympic Legacy	**(723)**	(2,146)	9	**(2,860)**
Planning Smoothing Reserve	**(251)**	(845)	96	**(1,000)**
Pre-Application Planning Reserve	**(512)**	(45)	167	**(390)**
Precept Resilience Reserve	**(10,716)**	(15,700)	0	**(26,416)**
Revenue Grants Unapplied Reserve	**(237,101)**	(43,752)	69,623	**(211,230)**
Squares Works Reserve	**(656)**	(160)	816	**0**
Self Insurance Fund Reserve	**(140)**	(860)	0	**(1,000)**
Total Earmarked Reserves	**(307,883)**	**(108,071)**	**125,828**	**(290,126)**

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

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

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

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

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

The Home Retrofit Reserve will be used to fund the Mayor's commitment to continue the home retrofit programme in future years.

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

The Olympics Reserve represents funds to be paid over to the Olympic Delivery Authority for the 2012 Olympic and Paralympic Games.

The Olympic Legacy Reserve exists to fund legacy related costs to be incurred in the medium term following the London 2012 Olympic Games.

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 Precept Resilience Reserve has been created to manage special risk the GLA is exposed to as a result of the timing and the potential quantum of changes to the council tax base, 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 project or initiative for which the grant was paid.

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 precepts to the functional bodies. The allocation of government grants to the functional bodies is shown in the Fund Account.

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 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Prepcept payable to the Functional Bodies	821,772	821,772	851,162	851,162
(Gain)/loss on disposal of non current assets	(333)	(333)	-	-
Total	**821,439**	**821,439**	**851,162**	**851,162**

10. Financing and Investment Income and Expenditure

	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Interest payable and similar charges	87,702	90,340	60,290	60,290
Pensions interest costs and expected return on pensions assets	756	819	104	104
Interest receivable and similar income	(29,329)	(20,903)	(3,865)	(3,865)
Other investment Income	-	(232)	-	-
Net (gain)/loss on disposal of available-for-sale financial assets recallsified from equity	-	(7,938)	-	-
Income and expenditure in relation to investment properties and changes in fair value	-	5,560	-	-
Total	**59,129**	**67,646**	**56,529**	**56,529**

11. Taxation and Non Specific Grant Income

	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Precept receivable from Council Tax payers	(942,973)	(942,973)	(949,319)	(949,319)
Non-ringfenced government grants	(85,281)	(85,281)	(601,677)	(601,677)
Other non-ringfenced grant	(226,069)	(226,069)	-	-
Capital grants and contributions	(801,196)	(811,891)	-	-
Total	**(2,055,519)**	**(2,066,214)**	**(1,550,996)**	**(1,550,996)**

12. 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, in 2012/13 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 2012/13 – Authority

2012/13	Assembly & Secretariat	Mayor's Office	Corp Mngt Team	Comm & Intell	Dev & Env	Elections	Ext Affairs	Housing & Land	London 2012	Resources	Grand Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(205)	(355)	(28)	(5,222)	(7,876)	(202)	(2,950)	(5,019)	(2,359)	(6,865)	**(31,081)**
Government grants	-	-	-	-	-	-	-	-	-	(27,847)	**(27,847)**
Interest and investment income	-	-	-	-	-	-	-	-	-	(26,332)	**(26,332)**
Total Income	**(205)**	**(355)**	**(28)**	**(5,222)**	**(7,876)**	**(202)**	**(2,950)**	**(5,019)**	**(2,359)**	**(61,044)**	**(85,260)**
Employee expenses	6,450	4,007	1,137	8,531	7,500	399	3,362	6,556	2,157	8,119	**48,218**
Other Service expenses	1,410	475	94	34,191	12,772	13,965	7,680	9,716	7,268	46,546	**134,117**
Voluntary revenue provision	-	-	-		-	-	-	-	-	4,106	**4,106**
Olympic Public Sector Funding Package	-	-	-	-	-	-	-	-	56,265	-	**56,265**
Interest Payable	-	-	-	-	-	-	-	-	-	5,794	**5,794**
Contributions to/(from) reserves and appropriations	-	-	-	-	-	-	-	-	-	(17,847)	**(17,847)**
Total Expenditure	**7,860**	**4,482**	**1,231**	**42,722**	**20,272**	**14,364**	**11,042**	**16,272**	**65,690**	**46,718**	**230,653**
Net Expenditure	**7,655**	**4,127**	**1,203**	**37,500**	**12,396**	**14,162**	**8,092**	**11,253**	**63,331**	**(14,326)**	**145,393**

Directorate Income and Expenditure 2011/12 - Authority

2011/12	Ass & Sec	Head of Paid Service	Comm & Intell	Dev & Env	External Affairs	London 2012	Mayor's Office	Resources	Grand Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(156)	(954)	(31,136)	(19,686)	(4,678)	(9,386)	-	(19,355)	**(85,351)**
Government grants	-	-	-	-	-	-	-	(70,103)	**(70,103)**
Business Rate Supplement	-	-	-	-	-	-	-		**-**
Interest and investment income	-	-	-	-	-	-	-	(2,293)	**(2,293)**
Total Income	**(156)**	**(954)**	**(31,136)**	**(19,686)**	**(4,678)**	**(9,386)**	**-**	**(91,751)**	**(157,747)**
Employee expenses	6,165	1,002	8,351	7,391	4,295	2,498	3,404	8,995	**42,101**
Other Service expenses	1,661	3,308	42,024	28,586	8,195	25,799	34	81,492	**191,099**
Crossrail	-	-	-	-	-	-	-	-	**-**
Olympic Public Sector Funding Package	-	-	-	-	-	39,144	-	-	**39,144**
Interest Payable	-	-	-	-	-	-	-	309	**309**
Contributions to/(from) reserves and appropriations	-	-	-	-	-	-	-	33,730	**33,730**
Total Expenditure	**7,826**	**4,310**	**50,375**	**35,977**	**12,490**	**67,441**	**3,438**	**124,526**	**306,383**
Net Expenditure	**7,670**	**3,356**	**19,239**	**16,291**	**7,812**	**58,055**	**3,438**	**32,775**	**148,636**

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

	2012/13 £000	2011/12 £000
Net expenditure in the Directorate Analysis	145,393	148,636
Amounts in the CIES not reported to management accounts	1,619,173	892,135
Amounts included in management accounts but not included in the CIES	60,477	35,266
Cost of Services in the CIES	**1,825,043**	**1,076,037**

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.

2012/13

	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	(31,081)	1,850	682	**(28,549)**		**(28,549)**
Business Rates Supplement (BRS)	-	-	-	**-**	(226,069)	**(226,069)**
Interest and investment income	(26,332)		26,332	**-**	(29,330)	**(29,330)**
Income from council tax	-	-	-	**-**	(942,973)	**(942,973)**
Community infrastructure levy	-	-	-	**-**	(6,030)	**(6,030)**
Government grants	(27,847)		27,713	**(134)**	(880,448)	**(880,582)**
Total Income	**(85,260)**	**1,850**	**54,727**	**(28,683)**	**(2,084,850)**	**(2,113,533)**
Employee expenses	48,218	(7,041)		**41,177**	-	**41,177**
Other Service expenses	134,117	801,555	(682)	**934,990**	(1,514)	**933,476**
Crossrail related expenditure	-	820,419		**820,419**	-	**820,419**
Olympic Funding Agreement	56,265			**56,265**	-	**56,265**
Interest payable and similar charges	5,794		(7,309)	**(1,515)**	89,218	**87,703**
Voluntary revenue provision	4,106		(4,106)	**-**	-	**-**
Pensions interest cost and expected return on assets	-	-	-	**-**	756	**756**
Depreciation, amortisation and impairment	-	2,797	-	**2,797**	-	**2,797**
Gain or loss on disposal of non-current assets					(333)	**(333)**
Precepts	-	-	-	**-**	821,772	**821,772**
Contributions to/(from) reserves	(17,847)		17,847	**-**		**-**
Total Expenditure	**230,653**	**1,617,730**	**5,750**	**1,854,133**	**909,899**	**2,764,032**
Surplus or deficit on the provision of services	**145,393**	**1,619,580**	**60,477**	**1,825,450**	**(1,174,951)**	**650,499**

2011/12

	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	(85,351)	3,653	-	**(81,698)**	-	**(81,698)**
Business Rates Supplement (BRS)	-	-	-	**-**	(233,680)	**(233,680)**
Interest and investment income	(2,293)	-	2,293	**-**	(3,865)	**(3,865)**
Income from council tax	-	-	-	**-**	(949,319)	**(949,319)**
Government grants	(70,103)	(28,230)	70,103	**(28,230)**	(367,997)	**(396,227)**
Total Income	(157,747)	(24,577)	72,396	**(109,928)**	(1,554,861)	(1,664,789)
Employee expenses	42,101	746		**42,847**	-	**42,847**
Other Service expenses	191,099	915,966	(3,091)	**1,103,974**	-	**1,103,974**
Crossrail related expenditure				**-**	-	**-**
Olympic Funding Agreement	39,144	-	-	**39,144**	-	**39,144**
Interest payable and similar charges	309	-	(309)	**-**	60,290	**60,290**
Pensions interest cost and expected return on assets	-	-	-	**-**	104	**104**
Support service recharges	-	-	-	**-**	-	**-**
Precepts	-	-	-	**-**	851,162	**851,162**
Contributions to/(from) reserves	33,730	-	(33,730)	**-**	-	**-**
Total Expenditure	**306,383**	**916,712**	**(37,130)**	**1,185,965**	**911,556**	**2,097,521**
Surplus or deficit on the provision of services	**148,636**	**892,135**	**35,266**	**1,076,037**	**(643,305)**	**432,732**

13. Precepts

The Comprehensive Income and Expenditure Statement contains the 2012/13 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 2012/13 collection funds net surplus/deficit. In the Movement in Reserves Statement the 2012/13 share of the collection funds' net surplus/deficit is reversed and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2011/12 net surplus/deficit 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:

	2012/13 Precept Demand	2012/13 Surplus/Deficit	Share of 2011/12 estimated (Surplus) / Deficit	2011/12 Precept Demand	2011/12 Surplus/Deficit	Share of 2010/11 estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(477)	(46)	(39)	(495)	(43)	(47)
Barking & Dagenham	(16,283)	(119)	(360)	(16,335)	(410)	(62)
Barnet	(43,916)	(286)	0	(43,269)	(2,439)	0
Bexley	(25,950)	54	0	(26,075)	47	(172)
Brent	(30,181)	(575)	(226)	(30,131)	(170)	294
Bromley	(41,119)	(889)	(643)	(41,308)	(558)	0
Camden	(29,859)	(417)	12	(29,929)	146	(905)
Croydon	(39,612)	(806)	(853)	(39,633)	(1,527)	(731)
Ealing	(36,710)	(795)	(132)	(36,822)	(271)	(1,025)
Enfield	(33,868)	(179)	0	(34,147)	(35)	0
Greenwich	(24,850)	(685)	(537)	(24,662)	(733)	(434)
Hackney	(23,725)	(3)	(2,233)	(23,575)	(3,626)	(1,344)
Hammersmith & Fulham	(24,564)	(444)	0	(24,723)	66	0
Haringey	(26,678)	108	768	(26,820)	1,383	(18)
Harrow	(27,034)	(223)	(349)	(27,000)	(300)	(516)
Havering	(27,647)	(276)	(262)	(27,791)	311	217
Hillingdon	(30,744)	1,329	(49)	(30,709)	(26)	400
Hounslow	(26,900)	(306)	(187)	(26,904)	(337)	(108)
Islington	(27,538)	(1)	0	(27,254)	2	0
Kensington & Chelsea	(30,580)	21	14	(30,835)	(14)	60
Kingston Upon Thames	(19,375)	(38)	(74)	(19,473)	0	(301)
Lambeth	(33,286)	(426)	(897)	(32,983)	(2,224)	(715)
Lewisham	(27,427)	(482)	(302)	(27,415)	(388)	(5)
Merton	(22,948)	(647)	(1,089)	(23,077)	(684)	(521)
Newham	(23,627)	776	0	(23,435)	(12)	0
Redbridge	(27,964)	223	0	(28,152)	0	0
Richmond Upon Thames	(27,602)	(137)	(120)	(27,664)	(297)	(60)
Southwark	(30,682)	(434)	42	(30,670)	17	22
Sutton	(22,740)	(237)	(214)	(22,909)	(224)	(214)
Tower Hamlets	(27,859)	(219)	300	(27,548)	179	(892)
Waltham Forest	(23,700)	(535)	(582)	(23,507)	(555)	(212)
Wandsworth	(39,370)	(1,021)	(1,896)	(39,317)	(1,644)	(1,214)
City of Westminster	(40,306)	(136)	183	(40,254)	(132)	514
Amounts receivable	**(935,121)**	**(7,851)**	**(9,725)**	**(934,821)**	**(14,498)**	**(7,989)**

14. Grant Income

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

Credited to Taxation & Non Specific Grant Income	2012/13 £000	2011/12 Restated £000
Business Rate Supplement Crossrail	226,069	233,680
Council Tax Freeze Grant	27,713	23,372
Greater London Authority - General Grant	55,275	63,419
Greater London Authority - Additional Resouces Grant	2,294	271,735
Other Grants		
Growing Places Fund	-	9,471
DECC* - Fuel Poverty	1,273	-
DCLG* - Grant Settlement	793,026	-
Other Contributions		
Central Government	-	3,121
Other Bodies	-	697
Functional Bodies	-	51,641
Institute for sustainability grant	867	-
Community Infrastructure Levy	6,030	-
Total	**1,112,546**	**657,136**

Credited to Services	2012/13 £'000	2011/12 £'000
Community Safety Grant	-	10,577
Team London	-	1,740
DCLG Additional Resouces Grant - Capital	-	28,230
Department for Culture, Media and Sport	1,029	-
The London Waste and Recycling Board	1,211	-
Transport For London	1,307	-
London Strategic Health Authority	2,000	-
Department for Culture, Media and Sport (DCMS)	2,654	-
Technology Strategy Board	3,000	-
Other Contributions	6,299	961
Total	**17,500**	**41,508**

Grants Receipts In Advance (Capital Grants)	2012/13 £'000	2011/12 £'000
Olympic Delivery Authority - Grant Funding	1,196	415
DCLG - Growing Places Fund	101,291	101,291
DECC - Fuel Poverty	-	-
DCLG - Grant Settlement	80,482	-
Housing Action Trust	3,219	-
	186,188	**101,706**

Grants Receipts In Advance (Revenue Grants)	2012/13 £'000	2011/12 £'000
European Investment Bank	2,748	2,018
Other	975	1,313
	3,722	**3,331**

* DCLG - The Department for Communities and Local Government
* DECC - Department of Energy and Climate Change

15. Elections

The table below contains a summary of the expenditure and income incurred in 2012/13 in respect of the 2012 Elections (excludes support services recharges, IAS19 pension costs and the holiday pay accrual). £10m of the 2012/13 expenditure relates to reimbursements to London Boroughs for expenditure incurred in respect of the May 2012 elections.

	2012/13 £000	2011/12 £000
Gross Income	**(202)**	**(4)**
Gross Expenditure		
Staff	388	503
Premises	442	46
Reimbursement of London Borough costs	9680	-
Supplies and Services	3855	3,162
Net Expenditure	**14,163**	**3,707**
Contribution to/ (from) Reserves	(9,163)	1,293
Amount to be met by Grant and Taxpayer	**5,000**	**5,000**

16. Finance leases

Group as Lessee - Finance lease liabilities

Net book value of finance leases in Property, plant and equipment

	Group 31 March 2013 £000
Other Land and Buildings	14,321
Development Properties	2,925
Rolling Stock	0
	17,246

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

	Group 31 March 2013 £000
Finance lease liabilities (net present value of minimum lease payments):	
Current	1
Non-current	329
Finance costs payable in future years	921
Minimum lease payments	**1,251**

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

	Group 31 March 2013 £000
Not later than on year	15
Later than one year and not later than five years	46
Later than five years	1,190
	1,251

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

	Group 31 March 2013 £000
Not later than on year	1
Later than one year and not later than five years	5
Later than five years	324
	330

Group as Lessor - Finance lease receivables

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

	Group 31 March 2013 £000
Finance lease debtor (net present value of minimum lease payments):	
Current	7,255
Non-current	6,814
Unearned finance income	5,594
Unguaranteed residual value of property	-
Gross investment in the lease	**19,662**

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

Minimum lease payments	Group 31 March 2013 £000
Not later than one year	7,444
Later than one year and not later than five years	5,127
Later than five years	7,090
	19,662

Finance lease debtor	Group 31 March 2013 £000
Not later than on year	7,255
Later than one year and not later than five years	4,315
Later than five years	2,499
	14,069

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;
- 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.

17. Operating leases

Authority and Group as Lessee

The Authority has the following operating leases:

- Property lease- City Hall, The Queen's Walk, London SE1 2AA which is the Authority's main headquarters

- Property lease- London House, Leopold Plaza, Rue de Trône, Brussels which houses the London European Office.

- Office Equipment leases- multi functional devices for photocopying, printing and scanning

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

	Authority	Group	Authority	Group
	31 March 2013	31 March 2013	31 March 2012	31 March 2012 Restated
	£000	£000	£000	£000
Not later than on year	6,740	7,081	6,617	6,617
Later than one year and not later than five years	28,156	30,880	27,051	27,051
Later than five years	76,699	80,105	84,498	84,498
	111,595	**118,066**	**118,166**	**118,166**

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

	Authority	Group	Authority	Group
	2012/13	2012/13	2011/12	2011/12 Restated
	£000	£000	£000	£000
Rent payble in year	6,620	6,961	5,805	5,805
	6,620	**6,961**	**5,805**	**5,805**

Authority and Group as Lessor

The future minimum sublease expected to be received by the Authority and Group in future years is:

	Authority	Group	Authority	Group
	31 March 2013	31 March 2013	31 March 2012	31 March 2012 Restated
	£000	£000	£000	£000
Not later than on year	-	858	5	5
Later than one year and not later than five years	-	812	20	20
Later than five years	-	650	9	9
	-	**2,320**	**34**	**34**

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

	Authority 2012/13 £000	Group 2011/13 £000	Authority 2011/12 £000	Group 2011/12 £000
Rent receivable in year	3	986	5	5
	3	**986**	**5**	**5**

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	Resettle-ment Grant	Travel Card	Taxi Expense Claims	Other Domestic Travel	Foreign Travel	Other Expenses	Total
Mayor	Johnson, Boris	143,911	-	-	107	-	8,675	2,663	**155,357**
Deputy Mayor	Borwick, Victoria	91,964	-	2,136	54	34	752	60	**95,000**
Current Assembly Members									
Assembly Member	Arbour, Tony	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Arnold, Jennette	64,103	-	2,136	-	28	526	142	**66,935**
Assembly Member	Bacon, Gareth	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Biggs, John	53,439	-	1,992	-	-	-	-	**55,431**
Assembly Member	Boff, Andrew	53,439	-	-	-	-	-	-	**53,439**
Assembly Member	Cleverly, James	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Copley, Tom	48,267	-	1,368	-	-	-	-	**49,635**
Assembly Member	Dismore, Andrew	48,267	-	1,672	-	326	-	11	**50,277**
Assembly Member	Duvall, Len	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Evans, Roger	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Gavron, Nicky	53,439	-	-	-	-	-	-	**53,439**
Assembly Member	Johnson, Darren	53,439	-	1,672	-	-	-	-	**55,111**
Assembly Member	Jones, Jenny	53,439	-	-	145	-	-	-	**53,584**
Assembly Member	Knight, Stephen	48,267	-	2,136	-	-	-	-	**50,403**
Assembly Member	Malthouse, Kit	120,390	-	-	-	-	242	370	**121,002**
Assembly Member	McCartney, Joanne	53,439	-	1,672	-	-	-	-	**55,111**
Assembly Member	O'Connell, Stephen	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Pidgeon, Caroline	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Qureshi, Murad	53,439	-	2,136	-	-	-	-	**55,575**
Assembly Member	Sahota, Onkar	48,267	-	2,136	-	-	-	-	**50,403**
Assembly Member	Shah, Navin	53,439	-	-	-	-	-	-	**53,439**
Assembly Member	Shawcross, Valerie	53,439	-	1,672	-	-	-	-	**55,111**
Assembly Member	Tracey, Richard	53,439	-	-	-	5	-	-	**53,444**
Assembly Member	Twycross, Fiona	48,267	-	2,136	-	-	-	-	**50,403**
Former Assembly Members									
Deputy Mayor	Barnes, Richard	9,299	73,030	-	135	420	8	57	**82,949**
Assembly Member	Barnbrook, Richard	5,172	26,720	-	-	-	-	-	**31,891**
Assembly Member	Coleman, Brian	5,172	30,567	-	-	-	-	-	**35,738**
Assembly Member	Doocey, Dee	5,172	29,386	-	-	-	-	-	**34,557**
Assembly Member	Tuffrey, Mike	5,172	28,857	-	-	-	-	-	**34,029**
Total 2012 - 13		**1,600,154**	**188,559**	**37,816**	**441**	**814**	**10,203**	**3,303**	**1,841,289**
Total 2011 - 12		**1,533,203**	**-**	**36,848**	**1,160**	**417**	**2,898**	**979**	**1,575,505**

Note 1 The salary payment to Kit Malthouse includes payment for his post as Deputy Mayor for Business and Enterprise

19. Officers' Remuneration

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

2012/13

Post	Name of Post Holder	Salary (Including fees and allowances)	Compens-ation for loss of office	Employer Pension Contribut-ions	Total Remuneration including pension contributions
GLA Staff		£	£	£	£
Head of Paid Service & Executive Director of Communities & Intelligence	J Jacobs	165,000	-	24,420	**189,420**
Executive Director of Resources	M Clarke	134,172	-	19,857	**154,029**
Executive Director of Housing and Land	D Lunts	161,199	-	23,858	**185,057**
Executive Director of Secretariat	M Roberts	127,784	-	18,912	**146,696**
Executive Director of Developmen, Enterprise and Environment	F Fletcher-Smith	139,774	-	20,720	**160,494**
Executive Director of London 2012 - to 31 Jan 2013	N Coleman	106,487	-	15,760	**122,247**
Monitoring Officer & Head of Committee & Member Services	E Williams	104,635	-	15,486	**120,121**
Mayoral Team					
Statutory Deputy Mayor - from 06 May 2012	V Borwick*	91,964	-	13,611	**105,575**
Deputy Mayor for Housing, Land and Property	R Blakeway	126,461	-	18,650	**145,111**
Chief of Staff & Deputy Mayor Planning	Sir E Lister	138,330	-	20,407	**158,737**
Deputy Mayor for Business and Enterprise	K Malthouse*	120,390	-	17,818	**138,208**
Deputy Mayor for Education and Culture	M Mirza	127,784	-	18,912	**146,696**
Director of Communications and External Affairs	W Walden	95,495	-	14,133	**109,628**
Mayor's Advisor on Olympic and Paralympic Legacy - from 01 Ferbruary 2013	N Coleman	21,297	-	3,152	**24,449**
Mayor's Cycling Commissioner - from 28 January 2013	A Gilligan	7,099	-	998	**8,097**
Mayor's Mentoring Advisor - from 07 January 2013	R Lewis	4,677	-	692	**5,369**
Mayor's Chief Economic Advisor - from 02 January 2013	Dr. G Lyons	31,458	-	4,656	**36,114**
Political Advisor to the Mayor	M Pencharz	67,466	-	10,139	**77,605**
Mayor's Senior Advisor for Team London, Volunteering, Charities and Sponsorship - Unpaid Position from 10 Sept 2012	V Wadley	0	-	0	-
Mayoral Advisor - Budgets and Performance - Left 06 May 2012	N Griffin	10,268	34,000	1,505	**45,773**
Mayoral Advisor - Social Action and Volunteering - Left 06 May 2012	L Noel	7,161	24,000	1,060	**32,221**
Statutory Deputy Mayor - Left 05 May 2012	R Barnes	9,299	73,030	1,376	**83,705**
Director of External Affairs - Left 06 May 2012	G Harri	12,397	53,200	1,881	**67,478**
Director of Marketing & 2012 Communications - Left 30 September 2012	D Ritterband	95,838	25,028	9,456	**130,322**
Mayor's Director of Environment & Digital London - Left 06 May 2012	K Ranger	10,941	45,800	1,619	**58,360**
Mayoral Advisor on Health and Families - Left 06 May 2012	P Chesters	12,710	53,200	1,881	**67,791**
Mayoral Advisor, Regeneration, Growth and Enterprise - Left 30 May 2012	Sir P Rogers	11,679		1,729	**13,408**
Secondees					
Deputy Mayor for Transport	I Dedring	Secondee from Transport for London			

* These Mayoral appointees are also Assembly Members

2011/12

Post	Name of Post Holder	Salary (Including fees and allowances)	Employer Pension Contributions	Total Remuneration including pension contributions
GLA Staff		£	£	£
Executive Director of Communities and Intelligence & Head of Paid Service	J Jacobs	165,000	24,420	**189,420**
Executive Director of Resources	M Clarke	134,172	19,857	**154,029**
Director of London 2012	N Coleman	127,293	18,839	**146,132**
Executive Director of Secretariat	M Roberts	127,784	18,912	**146,696**
Executive Director of Development and Environment	F Fletcher-Smith	119,714	19,454	**139,168**
Secondees				
Interim Executive Director of Housing and Regeneration - From 16 May 2011	D Lunts	Secondee from Homes and Communities Agency		
Interim Executive Director of Development and Environment - to 01 July 2012	L.Garner	Secondee from London Borough of Hammersmith and Fulham		
Mayoral Team				
Statutory Deputy Mayor	R Barnes*	96,092	14,222	**110,314**
Deputy Mayor for Policing	K Malthouse*	53,439	7,909	**61,348**
Chief of Staff & Deputy Mayor Planning - From 25 May 2011	E Lister	108,891	16,116	**125,007**
Director of External Affairs	G Harri	127,347	18,912	**146,259**
Director of Marketing & 2012 Communications	D Ritterband	127,784	11,032	**138,816**
Mayor's Director of Environment & Digital London	K Ranger	109,717	16,185	**125,902**
Mayoral Advisor on Housing	R Blakeway	103,822	15,366	**119,188**
Mayoral Advisor on Health and Families	P Chesters	127,784	18,912	**146,696**
Mayoral Advisor - Budgets and Performance	N Griffin	102,227	15,130	**117,357**
Mayoral Advisor, Culture and Youth	M Mirza	117,654	17,413	**135,067**
Mayoral Advisor - Social Action and Volunteering	L Noel	72,000	10,656	**82,656**
Political Advisor to the Mayor	M Pencharz	54,876	8,140	**63,016**
Mayoral Advisor, Regeneration, Growth and Enterprise - From 23 May	Sir P Rogers	109,578	16,218	**125,796**
Deputy Mayor and Chief of Staff - to 11 April 2011	Sir S Milton	3,905	578	**4,483**
Mayoral Advisor - Economic Development - Left 20 May 2011	A Browne	42,366	2,593	**44,959**
Secondees				
Deputy Mayor for Transport	I Dedring	Secondee from Transport for London		

* 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 £	2012/13 Number of Employees	2011/12 Number of Employees
50,000 - 54,999	58	40
55,000 - 59,999	47	31
60,000 - 64,999	18	11
65,000 - 69,999	16	16
70,000 - 74,999	11	6
75,000 - 79,999	11	14
80,000 - 84,999	8	6
85,000 - 89,999	8	2
90,000 - 94,999	3	-
95,000 - 99,999	3	1
100,000 - 104,999	1	2
105,000 - 109,999	3	3
110,000 - 114,999	2	3
115,000 - 119,999	1	-
120,000 - 124,999	-	-
125,000 - 129,999	-	-
130,000 - 134,999	-	1
135,000 - 139,999	-	-
140,000 - 144,999	-	-
145,000 - 149,999	-	-
150,000 - 154,999	-	-
155,000 - 159,999	1	-
160,000 - 164,999	-	-
165,000 - 169,999	-	-
170,000 - 174,999	1	-
	192	**136**

Termination Benefits

The table below details the number and cost of compulsory and voluntary severances packages agreed during the year for all staff. This note includes severance payments made to Senior Staff reported in table above but does not include the resettlement grant payments to Assembly members.

The Authority terminated the contracts of a number of employees in 2012/13, incurring liabilities of £1.7m (£0.3m in 2011/12). This money was paid to 65 officers, principally from Assembly & Secretariat , Private Office and London 2012 directorates.

Authority

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12 £	2012/13 £
£0 - £20,000	6	20	2	12	8	32	87,716	293,820
£20,001 - £40,000	1	6	1	13	2	19	54,734	555,237
£40,001 - £60,000	1	1	3	10	4	11	201,556	556,009
£60,001 - £80,000	-	-	-	1	-	1	-	78,773
£80,001 - £100,000	-	1	-	-	-	1	-	89,074
£100,001 - £150,000	-	-	-	1	-	1	-	111,041
TOTAL	**8**	**28**	**6**	**37**	**14**	**65**	**344,006**	**1,683,953**
Amount charged to CIES not included in bandings							70,000	412,000
Total amount included in the CIES							**414,006**	**2,095,953**

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 Local Government Pension Scheme (LGPS), administered by the London Pensions Fund Authority, is a defined benefit statutory scheme, where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

The employer contributions payable to the London Pension Fund Authority were as follows:

The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the last review being 31 March 2010. Under Pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The 31 March 2010 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2011 to 31 March 2014.

	2012/13	2011/12	Contribution rate for period 1 April 2011 to 31 March 2014
	£m	£m	%
GLA	4.6	4.1	14.8
LLDC	1.5	n/a	11.2

Transactions Relating to Retirement 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:

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013, for GLA and LLDC, is a loss of £39.9m.

Cost of Retirement Benefits	2012/13 Authority £000	2012/13 Group £000	2011/12 Authority £000
Comprehensive Income and Expenditure Statement			
Cost of Services			
Current service costs	7,207	8,306	4,532
Curtailments and settlements	(9,658)	(9,411)	528
Financing and Investment Income and Expenditure			
Interest cost	8,674	9,032	5,689
Expected return on assets in the scheme	(7,918)	(8,213)	(5,585)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(1,695)**	**(286)**	**5,164**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement			
Actuarial (gains) /losses	(11,063)	(11,470)	28,243
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(12,758)**	**(11,756)**	**33,407**
Movement in Reserves Statement			
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	1,695	286	(5,164)
Actual amount charged against the General Fund Balance for pensions in the year			
Employer's contributions payable to the Local Government Pension Scheme	4,786	6,269	4,258

Assets and Liabilities in Relation to Post-employment Benefits

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

	2012/13 Authority £000	2012/13 Group £000	2011/12 Authority £000
Opening balance at 1 April	**(135,524)**	**(142,498)**	**(100,298)**
Balance acquired on 1 April 2012	**(62,951)**	**(62,951)**	**-**
Current service cost	(7,207)	(8,306)	(4,532)
Interest cost	(8,674)	(9,032)	(5,689)
Contributions by scheme participants	(2,272)	(2,704)	(2,069)
Actuarial gains / (losses)	(85)	(89)	(23,480)
Estimated Benefits paid net of transfers in	3,746	3,080	3,196
Past service costs	-	-	-
Curtailments	10,110	10,110	(70)
Liabilities assumed in a business combination	(2,473)	(2,992)	(2,582)
Liabilities extinguished on settlements	1,241	1,241	-
Closing balance at 31 March	**(204,089)**	**(214,141)**	**(135,524)**

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

	2012/13 Authority £000	2012/13 Group £000	2011/12 Authority £000
Opening balance at 1 April	**86,190**	**89,775**	**80,113**
Balance acquired on 1 April 2012	**45,383**	**45,383**	**-**
Expected rate of return	7,918	8,213	5,585
Actuarial gains / (losses)	11,148	11,559	(4,763)
Employer contributions	4,786	6,269	4,258
Contributions by scheme participants	2,272	2,704	2,069
Estimated benefits paid net of transfers in	(3,746)	(3,080)	(3,196)
Receipt/ (Payment) of bulk transfer value	780	1,052	2,124
Closing balance at 31 March	**154,731**	**161,875**	**86,190**

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2012 for the year 31 March 2013). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate. Therefore there is no disclosure of expected return assumption for the year to 31 March 2014.

The actual return on scheme assets in the year for the Group was a gain of £19.8m (gain of £0.8m in 2011/12).

Scheme History

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Present Value of Liabilities					
Greater London Authority	(204,089)	(135,524)	(100,298)	(110,728)	(68,076)
London Legacy Development Corporation	(10,052)	n/a	n/a	n/a	n/a
GLA Group	*(214,141)*	*(135,524)*	*(100,298)*	*(110,728)*	*(68,076)*
Fair value of assets					
Greater London Authority	154,731	86,190	80,113	76,386	53,009
London Legacy Development Corporation	7,144	n/a	n/a	n/a	n/a
GLA Group	*161,875*	*86,190*	*80,113*	*76,386*	*53,009*
Total Surplus/ (deficit) in the scheme	**(52,266)**	**(49,334)**	**(20,185)**	**(34,342)**	**(15,067)**

The liabilities show the underlying commitments that the Group has in the long run to pay post employment (retirement) benefits. The net deficit of £52.3m at 31 March 2013 has a significant impact on the Group's net worth, as recorded in the Balance Sheet.

History of experience gains and losses

The experience adjustments arising on the scheme liabilities, expressed as a percentage of the liabilities and as a percentage of the scheme assets, at the balance sheet date are as follows:

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Local Government Pension Scheme					
Experience Adjustment on Scheme Assets					
Greater London Authority (Excluding Acquired Assets)	7.1%	(5.5%)	(7.5%)	16.8%	(33.2%)
Greater London Authority scheme assets acquired on 1 April 2012	7.4%	n/a	n/a	n/a	n/a
London Legacy Development Corporation	5.8%	n/a	n/a	n/a	n/a
Experience Adjustment on Scheme Liabilities					
Greater London Authority (excluding acquired functions)	0.0%	0.0%	0.2%	16.0%	0.0%
Greater London Authority scheme liabilities acquired on 1 April 2012	0.0%	n/a	n/a	n/a	n/a
London Legacy Development Corporation	0.0%	n/a	n/a	n/a	n/a

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2014 is £5.4m.

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 2010.

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:

Long term expected rate of return on assets in the scheme

For the year 2012/13, the expected return on assets was 5.9% per annum (5.9% in 2011/12), this rate has been used to determine the charge to the Comprehensive Income and Expenditure Statement for the year ended 31 March 2013.

	2012/13 Authority	2012/13 Group	2011/12 Authority
Mortality Assumptions:			
Longevity at 65 for current pensioners:	Years	Years	Years
Men	21.9	21.9 - 22.8	21.8
Women	24.1	23.8 - 24.1	24 .0
Longevity at 65 for future pensioners:			
Men	23.9	23.9 - 24.7	23.8
Women	26.0	25.7 - 26.0	25.9
Rate of inflation - RPI	3.4%	3.4%	3.3%
Rate of inflation - CPI	2.6%	2.6%	2.5%
Rate of increase in salaries	4.3%	4.3%	4.2%
Rate of increase in pensions	2.6%	2.6%	2.5%
Rate for discounting scheme liabilities	4.7%	4.7%	4.6%

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.

	£000	£000	£000
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present Value of Total Obligation			
Greater London Authority	198,067	204,089	210,325
London Legacy Development Corporation	9,723	10,052	10,393
GLA Group	**207,790**	**214,141**	**220,718**
Projected Service Cost			
Greater London Authority	6,900	7,214	7,539
London Legacy Development Corporation	1,050	1,101	1,153
GLA Group	**7,950**	**8,315**	**8,692**
Adjustment to mortality age rating assumption	**+1 Year**	**None**	**-1 Year**
Present Value of Total Obligation			
Greater London Authority	197,614	204,089	210,563
London Legacy Development Corporation	9,747	10,052	10,357
GLA Group	**207,361**	**214,141**	**220,920**
Projected Service Cost			
Greater London Authority	6,917	7,214	7,511
London Legacy Development Corporation	1,055	1,101	1,147
GLA Group	**7,972**	**8,315**	**8,658**

The fair value of the Authority's assets is comprised of the following categories:

	31 March 2013 Authority £000	31 March 2013 Group £000	31 March 2012 Authority £000
Equities	112,953	118,168	62,918
Target Return Portfolios	15,473	16,187	10,343
Alternative Assets	23,210	24,282	12,067
Cash	3,095	3,238	862
Total	**154,731**	**161,875**	**86,190**

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (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 2010. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

During 2012/13 the Authority had one member of staff in the scheme. The Authority paid an employer's contribution of £19,193 (2011/12 - £19,193) into the Principal Civil Service Pension Scheme, representing 24.3% of pensionable pay. The contribution rate is determined by the Principal Civil Service Pension Scheme.

In 2012/13, London TravelWatch paid £110,784 (2011/12 - £128,683) 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 three employees who are members of the above scheme are accounted for in operating costs and amount to £67,000.

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 2012/13 £000	Group 2012/13 £000	Authority 2011/12 Restated £000	Group 2011/12 Restated £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	140	293	131	142
	140	**293**	**131**	**142**

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.

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 the period 1 April 2102 to 31 March 2013 £12.4m was payable to projects in accordance with the agreement and reclaimable from DCLG.

European Social Fund

The 2007-13 London 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');
- 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 £425m at current exchange rates. It is delivered by five co-financing organisations (CFOs); which provide 50% of the match-funding (so the total programme size is approximately £850m). The Greater London Authority's European Programmes Management Team 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.

	2012/13 £000	2011/12* £000
Expenditure incurred in managing ERDF and ESF programmes	1,096	724
Management fee payable by the DCLG for ERDF	-	(306)
Technical Assistance payable by the ERDF	(300)	(290)
Management fee payable by the DWP for ESF	(90)	(90)
Net deficit funded from General GLA grant	**706**	**38**

*2011/12 is for the period 1 July 2011 to 31 March 2012

23. Third Party Funds

JESSICA Holding Fund London

JESSICA (The Joint European Support for Sustainable Investment in City Area) 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 European Regional Development Fund (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 European Investment Bank (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 ERDF funds that was match funded by £18m 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.

The EIB's audited final accounts for the financial year ended 31 December 2012 value the £50m ERDF contribution at £48.5m (2011/12 - £49.1m). The reduction in the value of the investment is due to the fees and commission expenses exceeding the interest earned in the period.

24. Mayor's Community Infrastructure Levy

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 notionally those of the GLA they are reflected in the core GLA's accounts as an income item with receipts transferred to TfL even though they are applied by TfL on Crossrail via the Crossrail Sponsor Funding Account.

In 2012/13, £6.0m income, after the deduction of £0.3m administration fees, was raised from the levy imposed on London Boroughs on new developments in London that were granted planning permission on or after 1 April 2012.

25. Property, Plant and Equipment

Group

	2012/13			2011/12		
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or Valuation						
Balances at 31 March	**67**	**13,187**	**13,254**	**67**	**12,055**	**12,122**
Balances acquired on 1 April	**13,520**	**1,189**	**14,709**	**-**	**-**	**-**
Restated balance as at 1 April	**13,587**	**14,376**	**27,963**	**67**	**12,055**	**12,122**
Additions	2,179	2,878	**5,057**	-	1,132	**1,132**
Revaluation increases/(decreases) recognised in the revaluation reserve	963	-	**963**	-	-	**-**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(1,082)	-	**(1,082)**	-	-	**-**
Derecognition- disposals	-	(18)	**(18)**	-	-	**-**
Assets reclassified (to) /from Held for Sale	-	562	**562**	-	-	**-**
At 31 March	**15,647**	**17,798**	**33,445**	**67**	**13,187**	**13,254**
Accumulated Depreciation and Impairment						
At 1 April 2012	**(59)**	**(11,437)**	**(11,496)**	**(38)**	**(10,364)**	**(10,401)**
Balances acquired on 1 April	**-**	**(138)**	**(138)**	**-**	**-**	**-**
Restated balance as at 1 April	**(59)**	**(11,575)**	**(11,634)**	**(38)**	**(10,364)**	**(10,401)**
Depreciation charge	(1,011)	(174)	**(1,185)**	(21)	(1,073)	**(1,095)**
Depreciation written out to the Revaluation Reserve	999	-	**999**	-	-	**-**
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	-	(978)	**(978)**	-	-	**-**
Derecognition- disposals	-	3	**3**	-	-	**-**
At 31 March	**(71)**	**(12,724)**	**(12,795)**	**(59)**	**(11,437)**	**(11,496)**
Net Book Value						
At 31 March	**8**	**1,750**	**1,758**			
At 1 April 2012	**13,520**	**1,750**	**16,329**	**29**	**1,691**	**1,721**
At 31 March	**15,576**	**5,074**	**20,650**	**8**	**1,750**	**1,758**

Authority

2012/13 2011/12
Vehicles, Plant Total Property Vehicles, Plant Total Property

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
	2012/13			2011/12	
Cost or Valuation					
At 1 April	-	12,907	**12,907**	11,775	**11,775**
Additions	2,179	907	**3,086**	1,132	**1,132**
Revaluation increases/(decreases) recognised in the revaluation reserve	153	-	**153**	-	**-**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(1,082)	-	**(1,082)**	-	**-**
Derecognition- disposals	-	(18)	**(18)**	-	**-**
Assets reclassified (to) /from Held for Sale	-	562	**562**	-	**-**
At 31 March	**1,250**	**14,358**	**15,608**	**12,907**	**12,907**
Accumulated Depreciation and Impairment					
At 1 April	-	(11,218)	**(11,218)**	(10,176)	**(10,176)**
Depreciation written out to the Revaluation Reserve	8	-	**8**	(1,042)	**(1,042)**
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	(8)	(978)	**(986)**	-	**-**
Derecognition- disposals	-	3	**3**	-	**-**
At 31 March	**-**	**(12,193)**	**(12,193)**	**(11,218)**	**(11,218)**
Net Book Value					
At 1 April	**-**	**1,689**	**1,689**	**1,599**	**1,599**
At 31 March	**1,250**	**2,165**	**3,415**	**1,689**	**1,689**

Revaluations

Valuations were undertaken by external valuers, Jones Lang Lasalle (GLA and LLDC) and GVA Grimley (GLA) at 31 March 2013.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards (March 2012) published by the Royal Institution of Chartered Surveyors (the "Red Book"), 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:

	Group 2012/13 £000
Balance acquired at 1 April	**1,347,477**
Additions:	
Purchases	115,120
Subsequent expenditure	-
Disposals	(1,844)
Net gains/(losses) from fair value adjustments	(1,283,712)
Balance at 31 March	**177,041**

The significant write down in value of Investment Property of £1.28bn relates largely to the assets that transferred from the Olympic Delivery Authority (ODA). The Olympic venues on the LLDC's land have been introduced into the LLDC Balance Sheet under merger accounting principles at the ODA's assessment of the fair values at which they were held on the dates on which the asset transfers took place (between September 2012 and January 2013). The ODA's valuation approach took the incurred cost in constructing each asset, adjusted to reach a modern equivalent asset value which was then further adjusted to reflect the value of a depreciated asset.

The assets are being developed by the LLDC for their rental potential and they have therefore been reclassified as investment property. A number of different valuation methodologies have been applied but the investment method, where rental incomes are capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The effect of the valuation has been to write down, by £1.28bn, the asset base of the LLDC to £142m, reflecting the fundamental change in the valuation basis of the assets from a cost-based to an income-based approach.

27. Heritage Assets

The Group inherited two sculptures during the transfer of assets 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 an open market valuation would not be a cost 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 2012/13.

28. Long term Investments

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Loans to joint venture	-	29,872	-	-
Infrastructure loan	-	3,812	-	-
Mortages	-	9	-	-
Loan to subsidary	300,000	-	-	-
Inmarsat	12,757	12,757	-	-
Other long term investments	-	-	10	10
JESSICA	31,325	31,325	-	-
Total	**344,082**	**77,775**	**10**	**10**

Loans to Joint Venture

On 1 April 2012, the Homes and Communities Agency transferred interest and non-interest bearing loans with Barking Riverside Limited to GLA Land and Property Limited.

Infrastructure loan

On 1 April 2012, the Homes and Communities Agency transferred infrastructure loans to GLA Land and Property Limited, these loans were made to property developers to kick start stalled developments.

Loan to Subsidiary

On 1 April 2012, the Authority made an interest bearing loan of £300m to GLA Land and Property Limited.

Inmarsat

On 1 April 2012, LDA's loan to Inmarsat PLC transferred to the Authority. The loan part funded the cost of building a communications satellite.

JESSICA Holding Fund

JESSICA (The Joint European Support for Sustainable Investment in City Area) 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.

On 1 April 2012, the London Development Agency's £32m investment in the JESSICA Holding Fund transferred to the Authority. The fund is managed by the EIB and is held at cost less provision for impairment. At 31 March 2013, the cost of the investment had reduced to £31.3m. The reduction in the value of the investment is due to the fees and commission expenses, in excess of interest earned, being paid from the funds held.

29. Available for sale financial assets

Available for sale financial assets 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.

	Group 2012/13 £000
At 1 April 2012	**49,107**
Additions	11,700
Disposals	(2,094)
Fair value adjustment	(4,936)
Impairment	340
At 31 March 2013	**54,117**

Available for sale assets are all valued with reference to published house price indices (published in April following each 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).

30. Long term debtors

Long term debtors consists of:

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 £000
Trade receivables	-	12,644	-	-
Fresh Wharf Estate Ltd	1,435	1,435	-	-
Prepayments	81	81	-	-
Rent deposits	317	317	307	307
	1,833	**14,477**	**307**	**307**

Fresh Wharf Estates Limited

Fresh Wharf Estate is a 17 acre former brownfield industrial site in Barking, Essex. The balance in the table above represents funds advanced to Fresh Wharf Estates Ltd by the former London Development Agency, for use on their capital expenditure.

Rent deposits

Rent deposits consists of a rent deposit repayable to the Authority in December 2020 and funds provided as guarantee for the lease of the London European office building in Brussels.

31. Investments in Subsidiaries and associates

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 a recent unquoted equity investment the fair value of which cannot be reliably measured.

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

Royal Docks Management Authority Limited (RoDMA)

The Authority holds 96.7 % of the ordinary shares and 46.1% of the voting rights in RoDMA. RoDMA's main business is the management of the water areas and the associated infrastructure of the Royal Docks in central London.

The investment in RoDMA of £1.7k is held at cost as it is an unquoted equity investment the fair value of which cannot be reliably measured.

RoDMA has been consolidated as an associate in the Authority's Group Accounts.

32. 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 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Balance at the start of the year:				
Gross carrying amounts	407	817	432	432
Accumulated depreciation	(277)	(461)	(147)	(147)
Net carrying amount at the start of the year	**130**	**356**	**285**	**285**
Additions:				
Purchases	-	55	-	-
Amortisation for the period	(84)	(304)	(130)	(130)
Other movements	-	-	(25)	(25)
Net carrying amount at end of year	**46**	**107**	**130**	**130**
Comprising:				
Gross carrying amounts	407	872	407	407
Accumulated amortisation	(361)	(765)	(277)	(277)
	46	**107**	**130**	**130**

33. 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.

	2012/13 £000	2011/12 £000
Opening Capital Financing Requirement	1,503,589	804,994
Balances of acquired functions	241,467	-
Restated at 1 April 2012	**1,745,056**	**804,994**
Capital Investment in year		
Propery, Plant and Equipment	3,085	1,132
Investment Properties	-	-
Intangible Assets	-	-
Revenue Expenditure Funded from Capital under Statute	795,166	40,924
Revenue Expenditure Funded from Capital under Statute - Payments to TFL for Crossrail	825,030	871,644
Sources of Finance		
Capital receipts	(3,085)	(27)
Income from Community Infrastructure Levy	(6,030)	-
Government Grants and other contributions	(795,166)	(38,912)
Sums set aside from revenue:		
Direct revenue contributions	-	(3,117)
Voluntary Revenue Provision	(4,106)	-
Business Rate Supplement - Crossrail	(147,254)	(173,049)
Closing Capital Financing Requirement	**2,412,695**	**1,503,589**
Explanation of movements in year		
Opening Capital Finance Requirement	**1,503,589**	**804,994**
Increase / (decrease) in underlying need to borrow (unsupported by governmen	909,106	698,595
Closing Capital Financing Requirement	**2,412,695**	**1,503,589**

In year, the GLA has made a voluntary revenue provision equal to the surplus of long-term interest receivable over interest payable as a prudent means of reducing the historical debt requirement inherited from the LDA on 1 April 2013. Further revenue contributions will be made through the Minimum Revenue Provision mechanism, based on closing capital balances.

34. Assets held for sale

	Authority 2012/13 £000
Balance outstanding at start of year	-
Balances of acquired functions	4,682
Restated balance at 1 April 2013	4,682
Revaluation losses	(652)
Assets declassified as held for sale:	
- Property, Plant & Equipment	(562)
Assets sold	(2,840)
Balance outstanding at year-end	**628**

35. Inventories

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Balance at 1 April	51	309,105	58	57
Purchases	-	6,911	17	17
Recognised as an expense in the year	-	(35,325)	(24)	(23)
Written off balances	(51)	(51)	-	-
Write down to net realisable value	-	(18,411)	-	-
Reversals of write-offs in previous years	-	-	-	-
Balance at 31 March	**-**	**262,229**	**51**	**51**

36. Debtors

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Central government bodies	6,890	8,769	3,036	3,036
Other local authorities	39,445	40,507	48,144	48,144
NHS bodies	-	-	77	77
Public corporations and trading funds	-	-	1	1
Subsidiary/Parent	31,483	-	-	-
Other entities and individuals	53,054	73,549	47,122	47,172
Total	**130,872**	**122,825**	**98,380**	**98,430**

37. Cash and Cash Equivalents

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

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Cash held by the Authority	-	-	-	-
Bank current accounts	421,170	447,418	140,555	140,605
Bank overdraft	-	(336)	-	-
Fixed-term deposits	-	-	-	-
Total	**421,170**	**447,082**	**140,555**	**140,605**

38. Creditors

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Central government bodies	(2,349)	(3,649)	(2,801)	(2,801)
Other local authorities	(127,274)	(127,838)	(43,001)	(43,001)
NHS bodies	(202)	(202)	(2)	(2)
Public corporations and trading funds	(1)	(1)	(4,657)	(4,657)
Other entities and individuals	(220,210)	(263,206)	(54,979)	(55,128)
Subsdiary/Parent	(1,213)	-		
Grants received in advance	(183,427)	(183,427)	(102,502)	(102,502)
Total	**(534,676)**	**(578,323)**	**(207,942)**	**(208,091)**

39. Provisions

During 2012/13 the following movements occurred on the Authority and Group's current and non-current provisions:

Group

	Outstanding Legal Cases £000	CPO Provisions £000	Other Provisions £000	Total £000
Balance at 31 March 2012	**-**	**-**	**(6,242)**	**(6,242)**
Balance of acquired functions	**(364)**	**(79,442)**	**(4,636)**	**(84,442)**
Restated balance at 1 April 2012	**(364)**	**(79,442)**	**(10,878)**	**(90,684)**
Additional provisions made	(140)	(21,528)	(456)	**(22,124)**
Amounts used	0	6,028	5,796	**11,824**
Unused amounts reversed	364	-	2,100	**2,464**
Balance at 31 March 2013	**(140)**	**(94,942)**	**(3,438)**	**(98,520)**

Authority

	Outstanding Legal Cases £000	CPO Provisions £000	Other Provisions £000	Total £000
Balance at 1 April 2012	-	-	(6,242)	**(6,242)**
Balances of acquired functions	(364)	(79,442)	(3,486)	**(83,292)**
Additional provisions made	(140)	-	(456)	**(596)**
Amounts used	-	6,027	5,797	**11,824**
Unused amounts reversed	364	-	2,100	**2,464**
Balance at 31 March 2013	**(140)**	**(73,415)**	**(2,287)**	**(75,842)**

Greater London Authority

Outstanding legal cases

Provision has been made to meet costs and legal fees of unresolved legal cases.

Compulsory purchase orders (CPO)

The CPO provision is the forecast of liabilities for which a binding commitment has been made as at 31 March 2013 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 2014/15 to 2016/17.

Other provisions

Olympics Public Sector Funding Package

In anticipation of the bid to host the 2012 Olympic and Paralympic Games in London the Government and the Mayor of London entered into and published in June 2003 a Memorandum of Understanding ("the 2003 MOU"). A revised MOU was signed in June 2007. Both the 2003 MOU and the revised MOU state that the Mayor will provide a maximum of £625m from the Olympic precept. The amount to be raised through the council tax precept for the 2012 Games will be no more than £20 a year for a Band D council tax household and will be spread over the period 2006/07 to 2016/17.

The Mayor's initial £625m from the Council Tax precept will be provided until 31 March 2017 and will be mainly paid direct to the Olympic Delivery Authority (ODA), during the life of the ODA, for capital expenditure purposes within Greater London. Thereafter, it will be paid to an appropriate residuary body. This does not preclude payments being made to other bodies and being used for legacy purposes, if appropriate.

In 2011/12 the Authority raised £60.3m from the Olympic precept. This funded £33.0m paid to the ODA and £21.2m Olympic projects managed by the Authority. A further £6.1m was budgeted to be spent on Olympic projects, but this will be incurred in future years. As the Authority has a constructive obligation to pay this funding to the ODA or other bodies in future years a provision has therefore been raised for this amount. In 2012/13, £5.8m was released from the provision to fund payments to the Olympic Delivery Authority.

City Hall Cladding

Discussions regarding remedial works on City Hall cladding between the Authority, the landlord and the insurers are nearing conclusions and it is likely that the Authority will be required to fund uninsured losses. A provision has been made for £0.097m and it is likely that this will be paid within the next twelve months.

Conversion costs

The closing balance provision includes £0.7m which relates to the contractual obligation to convert the Inward Investment Centre accommodation back from non-residential to residential usage at a future date. Negotiations are currently underway and if successfully concluded, may result in the release of this provision in 2013/14; otherwise the provision will be retained to undertake the conversion works. The Inward Investment Centre is classified as a non-current asset, Property Plant and Equipment.

Project costs

Project-related expenditure costs, of £1.2m, refer to the estimated amounts being claimed under contract that could be due to third parties. The amounts are disputed and negotiations are on going.

Greater London Authority Holdings Limited

Compulsory purchase orders (CPO)

The CPO provision is the forecast of liabilities for which a binding commitment has been made as at 31 March 2013. 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 2014/15 to 2016/17.

Other provisions

Rainham Village Road - a provision of £0.4m is included in the closing balance and relates to an obligation in the sale contract to construct a new road for access to the site at Rainham Village in the London Borough of Havering. It is expected that payment will be made in 2013/14 as GLAP has entered into a conditional agreement with a third party for the construction of the road by March 2014.

Thames Wharf drainage works - a provision of £0.75m has been made for costs in relation to Thames Wharf development property within the London Borough of Newham. The drainage works will be undertaken in 2013/14, in phases. The costs are indicative and the Company is working with consultants to firm up the costs.

40. Usable Reserves

Movements in the Authority’s and Group's usable reserves are detailed in the Movement in Reserves Statement and Notes 7 and 8.

41. Unusable Reserves

	Authority	Group	Authority	Group
	31 March 2013	31 March 2013	31 March 2012	31 March 2012 Restated
	£000	£000	£000	£000
Revaluation Reserve	(313)	(9,958)	-	-
Capital Adjustment Account	2,408,921	2,273,102	1,501,770	1,501,770
Pensions Reserve	49,358	52,266	49,334	49,334
Accumulated Absences Account	535	602	339	339
Collection Fund Adjustment Account	(18,692)	(18,692)	(20,566)	(20,566)
Deferred Capital Receipts Reserve	(325,959)	(3,358)	-	-
Available for Sale Financial Instruments Reserve	-	(19,200)	-	-
Merger Reserves	69,185	(371,531)	-	-
Total Unusable Reserves	**2,183,035**	**1,903,231**	**1,530,877**	**1,530,877**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the GLA 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 2012/13 £000	Group 2012/13 £000
Balance at 31 March	**-**	**-**
Balance of acquired functions	(168)	(8,095)
Restated balance at 1 April 2012	**(168)**	**(8,095)**
Upward revaluation of assets	(153)	(1,954)
Deferred tax on revaluation gains	-	83
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	**(153)**	**(1,871)**
Difference between fair value depreciation and historical cost depreciation	-	-
Accumulated gains on assets sold or scrapped	8	8
Amount written off to the Capital Adjustment Account	**8**	**8**
Balance at 31 March	**(313)**	**(9,958)**

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 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000
Balance at 31 March	**1,501,770**	**1,501,770**	**803,110**
Balance of acquired functions	236,952	(1,064,805)	-
Restated balance at 1 April 2012	**1,738,722**	**436,965**	-
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		-	-
Charges for depreciation and impairment of non-current assets	2,713	1,283,764	1,042
Revaluation losses on Property, Plant and Equipment	-	-	-
Amortisation of intangible assets	84	303	130
Revenue expenditure funded from capital under statute	1,620,196	1,622,215	912,568
Other Adjustments	-	1,815	
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	2,855	2,855	
	1,625,848	**2,910,952**	**913,740**
Adjusting amounts written out of the Revaluation Reserve	(8)	(8)	-
Net written out amount of the cost of non-current assets consumed in the year	**1,625,840**	**2,910,944**	**913,740**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital expenditure	(3,085)	(3,085)	(27)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(801,196)	(920,361)	(34,386)
Application of grants to financing from the Capital Grants Unapplied Account	-	-	(4,526)
Voluntary provision for the financing of capital investment charged against the General Fund	(4,106)	(4,106)	-
Capital expenditure charged against the General Fund	(147,255)	(147,255)	(176,166)
Reversal of prior year financing	-	-	25
	(955,642)	**(1,074,807)**	**(215,080)**
Balance at 31 March	**2,408,920**	**2,273,102**	**1,501,770**

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 2012/13 £000	Group 2012/13 £000
Balance at 31 March	**-**	**-**
Balance of acquired functions	(325,959)	(3,358)
Restated balance at 1 April 2012	**(325,959)**	**(3,358)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
Transfer Finance Lease Impairments and receipts	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	-	-
Balance at 31 March	**(325,959)**	**(3,358)**

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 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Balance at 31 March	**49,334**	**49,334**	**20,185**	**20,185**
Balance of acquired functions	17,568	**20,958**		
Restated balance at 1 April 2012	**66,902**	**70,292**		
Actuarial (gains) / losses on pension assets and liabilities	(11,063)	(11,470)	28,243	28,243
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	(1,695)	(286)	5,164	5,164
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,786)	(6,270)	(4,258)	(4,258)
Balance at 31 March	**49,358**	**52,266**	**49,334**	**49,334**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account 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 2012/13	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 £000
Balance at 1 April	**(20,566)**	**(20,566)**	**(14,057)**	**14,057**
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	1,874	1,874	(6,509)	6,509
Balance at 31 March	**(18,692)**	**(18,692)**	**(20,566)**	**20,566**

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 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Balance at 1 April	**339**	**339**	**395**	**395**
Settlement or cancellation of accrual made at the end of the preceding year	(339)	(339)	(395)	(395)
Amounts accrued at the end of the current year	535	602	339	339
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	196	263	(56)	(56)
Balance at 31 March	**535**	**602**	**339**	**339**

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.

	Authority 2012/13 £000	Group 2012/13 £000
Balance at 31 March 2012	-	-
Balance of acquired functions	**69,185**	**(373,029)**
Adjustment to opening balance for deferred tax	-	1,498
Balance at 1 April 2012	**69,185**	**(371,531)**
		-
Balance at 31 March 2013	**69,185**	**(371,531)**

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

	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Depreciation of property, plant and equipment , amortisation of intangibles and revaluation losses	2,804	4,200	1,172	1,226
Impairment of loan investments	-	1,535		-
Reversal of net book value of disposals	2,855	2,855		-
Change in fair value of investment property	-	1,283,712		-
Reversal of pension service costs and interest	(1,695)	(1,380)	5,164	5,164
Cash payments for employer's contributions to pension funds and direct payments to pensioners	(4,786)	(4,786)	(4,258)	(4,258)
Reversal of accrued surplus/(deficit) on Collection Fund	(7,851)	(7,851)	(14,498)	(14,498)
Collection Fund (surplus)/deficit received/paid in accordance with regulation	9,725	9,725	7,989	7,989
Reversal of capital grants recognised in the income and expenditure statement	-	-		-
Other non cash items charged to the net surplus of deficit on the provision of services	-	-		-
Increase/ (decrease) in creditors	333,493	345,808	(147,397)	(147,323)
(Increase)/decrease in debtors	(1,563)	(42,531)	(9,666)	(9,661)
(Increase)/ decrease in stock	51	46,876	7	7
(Increase)/ decrease in provisions	(7,576)	13,952	6,242	6,242
Other movements	1,282	677	25	25
Tax expense		18		
(Increase)/decrease in interest receivable	(4,321)	(5,058)	(561)	(561)
Increase/(decrease) in finance lease receivables		2,180		
Increase/(decrease) in interest payable	(2,019)	(2,019)	5,035	5,035
	320,399	**1,647,913**	**(150,746)**	**(150,613)**

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

	Authority 2012/13 £000	Group 2012/13 £000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,188)	(3,188)
(Gain)/loss on available for sale assets	-	(7,939)
(Gain)/loss on sale of investment property	-	(220)
Capital grants recognised in the income and expenditure statement	-	(136,681)
	(3,188)	**(148,028)**

The cash flows for operating activities include the following items:

	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Interest Received	25,288	16,860	3,304	3,304
Interest paid	(87,612)	(87,626)	(53,571)	(53,571)

44. Cash Flow Statement – Investing Activities

	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Purchase of property, plant and equipment, investment property and intangible assets	(9,260)	(106,365)	(1,210)	(1,210)
Purchase of short-term and long-term investments	(463,231)	(463,231)	(311,659)	(311,659)
Other payments for investing activities	-	(11,163)		-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-	2,065	-	-
Capital grants received	-	136,681	-	-
Proceeds from short-term and long-term investments	-	16,327	-	-
Proceeds from the sale of available for sale financial assets		10,032		
Other receipts from investing activities	3,386	5,386	101,706	101,706
Net cash flows from investing activities	**(469,105)**	**(410,268)**	**(211,163)**	**(211,163)**

45. Cash Flow Statement – Financing Activities

	Authority 2012/13 £000	Group 2012/13 £000	Authority 2011/12 £000	Group 2011/12 Restated £000
Cash receipts of short and long-term borrowing	1,074,748	999,818	682,566	682,566
Other receipts from financing activities	5,419	19,467	1,572	1,572
Net cash flows from financing activities	**1,080,167**	**1,019,285**	**684,138**	**684,138**

46. Related Parties

Transactions with related parties

IAS 24 (Related Party transactions) requires the Authority to disclose any material transactions with related parties, defined as 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 this statement will not be included within this note.

During the year, amounts payable to Central Government, Functional Bodies, other Local Authorities and the National Health Service amounted to:

	Expense £'000	***Creditor £'000***
Central Government*	4,023	1,676
Functional Bodies	6,349	1,971
Local Government	245,842	108,315
Hospital	667	202

*Transaction with central government departments are disclosed as related parties as the UK Government exerts significant influence through legislation and grant funding.

Expenditure includes funding relating to contribution to boroughs hosting the 2012 Games, funding for city operations and Olympic related activities, Look & Feel programme for the 2012 Games, Growing Places Fund, Mayor's Street Tree Initiative, Decent Homes Backlog Funding, London Health Improvement Board (LHIB) Cancer Project, shared services for legal, finance, procurement and audit, SAP Support and secondment costs. Expenditure and year-end balances with related parties that have been disclosed elsewhere in the financial statements are not included in this note.

During the year amounts receivable from Central Government, Functional Bodies, other Local Authorities and the National Health Service amounted to:

	Income £'000	***Debtor £'000***
Central Government*	7,871	4,044
Functional Bodies	394	129

* Transaction with central government departments are disclosed as related parties as the UK Government exerts significant influence through legislation and grant funding. Grants and year end balances from central government have been excluded and disclosed separately in the Grant Income note. Income and year end balances from other related parties that have been disclosed elsewhere in the financial statements are not included in this note.

Income includes the recovery of CPO compensation costs, Liberty Festival grant funding, funding for the Commission for Sustainable London, Congestion Charging, GLA Economics funding, and contributions to London Census Consortium.

Other Parties

The Advisor for, Olympic and Paralympic Legacy is a member of the Board of the Olympic Delivery Authority (ODA)

The Senior Advisor - Mentoring is an Executive Director of Eastside Young Leaders' Academy. During 2012/13 the Authority contributed £ 49,196.00 to the Eastside Young Leaders' Academy for the Supplementary Programme for schools

- As at 31 March 2013, the Authority owed £ 20,087 to the Eastside Young Leaders' Academy.

The Cultural Manager is a board member of the Mayor's Thames Festival Trust. During 2012/13 the Authority contributed £230,000 in grants to the trust. The GLA officer does not participate in any discussions or decisions-making by the board in relation to GLA funding or any such involvement as a GLA employee.

- As at 31 March 2012, the Authority does not owe any funds to the Thames Festival Trust.

Interests in Other Organisations

Greater London Authority Holdings Limited

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 company of GLA Land and Property Limited (GLAP), GLAP is a wholly-owned subsidiary of GLAH. The Authority has prepared group accounts which consolidates the group accounts of Greater London Authority Holdings Limited.

In the period the Authority charged GLA Land and Property Limited £4.5m for staff, accommodation and other overhead costs.

On 1 April 2012, as part of the transfers of functions the Authority transferred £22.6m former LTGDC assets to GLA Land and Property Limited; at 31 March 2013 £22.6m was owed to the Authority. At that date the Authority also made a loan of £300m to the GLA Land and Property Limited, in 2012/13 £9.9m interest was paid to the Authority.

At 31 March 2013, GLA Land and Property Limited had £34.7m invested with the Authority.

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 2012/13 the GLA provided £7.6m revenue funding and £1.3m capital funding to the Museum of London.

London & Partners

London & Partners was incorporated on 14 January 2011 as a company 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 2012/13, the GLA paid a grant of £13.2m to London & Partners.

The Mayor's Academies Limited

The Mayor's Academies Limited (MAL) was incorporated on 22 March 2010 as a company limited by guarantee with no share capital. The company was established to advance for the public benefit, the development and application of skills relevant to employment in the Greater London area and to that end, sponsor, support and promote, with core education providers and other partners, education facilities in Greater London, particularly academies.

The Mayor (as Patron) acting on behalf of the GLA, is currently the sole member of the company, may appoint new directors to the Board, and is entitled to remove any director. The Mayor's Academies Limited is a dormant company.

London Waste and Recycling Board (LWARB)

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 2012/13 the Authority paid LWARB grants totaling £3.5m.

SME Wholesale Finance Limited

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

Royal Docks Management Authority Limited (RoDMA)

The Royal Docks Management Authority Limited (RoDMA), established in 1990, holds a 225 year lease of the water areas and associated marine infrastructure of the Royal Docks and is responsible for their control and management. Following the abolition of the London Development Agency (LDA) the GLA acquired LDA's shareholding. The GLA hold 96.7% of the RoDMA shares and 41.6% of the voting rights. The Department for Environment and Rural Affairs holds a special share which gives it control over key decisions. The Authority has significant influence but does not control RoDMA. RoDMA has been treated as an associate in the Authority's group accounts.

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.

London TravelWatch has been accounted for as a subsidiary of the Authority in the consolidated financial statements.

In 2012/13 the Authority provided LTW with funding of £1.2m.

London Legacy Development Corporation

The 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 2012/13 consolidated financial statements.

In 2012/13 the Authority paid LLDC grant totalling £151.1m. At 31 March 2013, LLDC had £40.2m invested with the Authority.

47. Big Lottery Grant

In 2007 the Authority was awarded funding of £9.46m from the Big Lottery Fund for the Well London Programme. Working in partnership at the very local level in twenty of London's most deprived neighbourhoods, Well London is increasing physical activity and healthy eating, supporting culture and creativity, improving open spaces, and promoting positive mental well-being through a combination of integrated, community-led projects and strategic influence.

The programme ran from October 2007 to September 2012, and involved working in partnership with the following six organisations – Central YMCA, Groundwork London, London Sustainability Exchange, University of East London, Arts Council England (London) and South London and Maudsley NHS Trust.

In February 2012 the Authority was awarded additional funding of £0.486m to extend the programme. In 2012/13 the Authority received £0.339m from the Big Lottery Fund, of which £0.016m has been treated as receipts in advance; related expenditure totalled £0.324m

48. Financial Instruments

Group - Categories of Financial Instruments

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

Long-Term	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Investments-Long term				
Loans and receivables at amortised costs	312,757	46,450	10	10
Available-for-sale financial assets	31,325	85,442	-	-
Unquoted equity investments at costs	2	2	-	-
Total investments	**344,084**	**131,894**	**10**	**10**
Debtors-Long Term				
Loans and receivables at amortised costs	1,752	14,396	307	307
Finance lease receivables	-	6,814	-	-
Total Debtors	**1,752**	**21,210**	**307**	**307**
Borrowings-Long term				
Financial liabilities at amortised costs	(2,500,000)	(2,509,197)	(1,400,000)	(1,400,000)
Total borrowings	**(2,500,000)**	**(2,509,197)**	**(1,400,000)**	**(1,400,000)**
Other Long Term Liabilities				
Finance lease liabilities	-	(329)	-	-
Total other long term liabilities	**-**	**(329)**	**-**	**-**
Creditors-Long term				
Financial liabilities at amortised costs	(144)	(378)	-	-
Total creditors	**(144)**	**(378)**	**-**	**-**

Current	Authority	Group	Authority	Group
	31 March 2013 £000	31 March 2013 £000	31 March 2012 £000	31 March 2012 £000
Investments				
Loans and receivables at amortised costs	526,525	528,367	327,198	327,198
Total investments	**526,525**	**528,367**	**327,198**	**327,198**
Debtors				
Loans and receivables at amortised costs	50,119	40,485	4,373	4,373
Finance lease receivables	-	7,255	-	-
Total Debtors	**50,119**	**47,740**	**4,373**	**4,373**
Cash and cash equivalents	**421,170**	**447,418**	**140,555**	**140,605**
Borrowings				
Financial liabilities at amortised costs	(101,055)	(26,461)	(115,666)	(115,666)
Total borrowings	**(101,055)**	**(26,461)**	**(115,666)**	**(115,666)**
Creditors				
Financial liabilities at amortised costs	(296,645)	(336,547)	(40,778)	(40,778)
Finance lease liabilities	-	(1)	-	-
Total creditors	**(296,645)**	**(336,548)**	**(40,778)**	**(40,778)**

Group Income, Expense, Gains and Losses

	2012/13 £000			
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
Interest expense	85,428	-	-	**85,428**
Losses on initial recognition	-	1,193	-	**1,193**
Impairment losses	-	2,061	(340)	**1,721**
Fee expense	700	-	1,289	**1,989**
Total expense in (Surplus) or Deficit on the Provision of Services	**86,128**	**3,254**	**949**	**90,331**
Interest income	-	(20,469)	(615)	**(21,084)**
Unwind of discount on loan	-	(232)	-	**(232)**
Gains on derecognition	-	-	(7,938)	**(7,938)**
Services	-	**(20,701)**	**(8,553)**	**(29,254)**
Net change in fair value of available-for-sale financial assets			(2,472)	**(2,472)**
Net change in fair value of available-for-sale financial assets reclassified to (surplus) or deficit	-	-	7,408	**7,408**
(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**4,936**	**4,936**
Net (gain)/loss for the year	**86,128**	**(17,447)**	**(2,668)**	**66,013**

	2011/12 Restated £000		
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Total
Interest expense	58,598	-	**58,598**
Fee expense	1,662	-	**1,662**
Total expense in (Surplus) or Deficit on the Provision of Services	**60,260**	**-**	**60,260**
Interest income	-	(3,866)	**(3,866)**
Total income in (Surplus) or Deficit on the Provision of Services	**-**	**(3,866)**	**(3,866)**
Net (gain)/loss for the year	**60,260**	**(3,866)**	**56,394**

Authority Income, Expense, Gains and Losses

	2012/13 £000			
	Financial Liabilities measured at amortised	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
Interest expense	85,593	-	-	**85,593**
Impairment losses	-	110	-	**110**
Fee expense	700	-	1,289	**1,989**
Total expense in Surplus or Deficit on the Provision of Services	**86,293**	**110**	**1,289**	**87,692**
Interest income	-	(28,714)	(615)	**(29,329)**
Total income in Surplus or Deficit on the Provision of Services	**-**	**(28,714)**	**(615)**	**(29,329)**
Net gain/(loss) for the year	**86,293**	**(28,604)**	**674**	**58,363**

	2011/12 £000		
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Total
Interest expense	58,598	-	58,598
Fee expense	1,662	-	1,662
Services	**60,260**	**-**	**60,260**
Interest income	-	(3,866)	(3,866)
Total income in Surplus or Deficit on the Provision of Services	**-**	**(3,866)**	**(3,866)**
Net gain/(loss) for the year	**60,260**	**(3,866)**	**56,394**

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 2013 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 2013 Carrying value £000	**Authority 31 March 2013 Fair Value £000**	**Group 31 March 2013 Carrying value £000**	**Group 31 March 2013 Fair Value £000**
Long and Short Term Borrowing	(2,601,055)	(3,075,704)	(2,535,658)	(3,010,307)
Long and Short Term Investments	870,609	900,676	660,261	660,261

	Authority 31 March 2012 Carrying value £000	**Authority 31 March 2012 Fair Value £000**	**Group 31 March 2012 Carrying value £000**	**Group 31 March 2012 Fair Value £000**
Long and Short Term Borrowing	(1,515,666)	(1,778,723)	(1,515,666)	(1,778,723)
Long and Short Term Investments	327,208	327,684	327,208	60,326

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 2013) 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. A balance of £31.3m relates to balances held under the EU's JESSICA scheme, for which there is no reliable means of determining fair value. This, 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 gain (based on economic conditions at 31 March 2013) attributable to the right to receive interest above current market rates.

49. 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 2012/13 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 2013, all 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 long-term loan to the subsidiary is 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 48, 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:

	Authority 31 March 2013 £000	Group 31 March 2013 £000	Authority 31 March 2012 £000	Group 31 March 2012 Restated £000
Less than one year	(101,055)	(26,461)	(115,666)	(115,666)
Between one and five years	(35,000)	(35,000)	-	-
More than five years	(2,465,000)	(2,474,197)	(1,400,000)	(1,400,000)
Total	**(2,601,055)**	**(2,535,658)**	**(1,515,666)**	**(1,515,666)**

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.

At the balance sheet date all the majority of Authority's investments and borrowings were fixed rate contracts, with investments of £12.8m at variable rate. Therefore should interest rates rise or fall by 1%, there would an increase of £128k or decrease of £48k to interest receivable respectively. The amounts are not equal because rates are currently below 1%.

50. Events after the Balance Sheet date

On 29 May 2013 a Master Development Agreement (MDA) was completed with ABP China (Holding) for the sale of 14 hectares of GLA Land and Property Limited land at Royal Albert Dock to transform it into a new business district aimed initially at Chinese and Asian businesses. This was followed a few days later 2013 by a MDA completed with The Silvertown Partnership for the sale of 20 hectares of GLA Land and Property Limited land to transform Silvertown Quays in the Royal Docks into a new innovation quarter and destination for global brands. These two major developments, which are both situated in the Royal Docks Enterprise Zone, have an estimated gross development value of £2.5 billion and are expected to create £12.5 billion of economic benefit for the UK economy over the next 25 years. Subject to gaining planning permission, the first phases of both developments are expected to open in 2017.

51. Contingent liabilities and assets

GLA Group

As at the 31 March 2013 the Authority and GLAH had the following contingent liabilities:

Compulsory Purchase Orders

The Authority and GLAH has contingent liabilities where there are a number of claims which are subject to commercial negotiations. See note 39 for additional information on these liabilities.

Greater London Authority Holdings Limited ("the Company")

The Company 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.

	31 March 2013 £000
Contingent Liabilities	(751)

All of the contingent assets are considered a remote likelihood of occurrence or only possible (not probable) and have therefore 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 Company has also 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 2013.

52. Contingent rent

Lease receivables from a lease with Excel Exhibition Centre have been treated as a contingent asset. As the lease has a remaining life of 187 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 £0.7m was receivable in 2012/13.

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.

	2012/13 £000	2011/12 £000
Income		
Development Grants	-	(217,103)
Fire Grants	(23,613)	(21,938)
Police Grants	(1,529,424)	(1,637,880)
Transport Grant	(3,187,000)	(3,272,231)
	(4,740,037)	(5,149,152)
General GLA Grant	(55,275)	(63,419)
Revenue Support Grant	(21,177)	(271,418)
Distribution from Non Domestic Rate Pool	(1,092,453)	(878,084)
Total Income	**(5,908,942)**	**(6,362,073)**
Expenditure		
Greater London Authority	55,275	63,419
London Development Agency	0	217,103
London Fire & Emergency Planning Authority	282,698	273,596
Mayor's Office for Policing and Crime	2,383,969	2,535,724
Transport for London	3,187,000	3,272,231
Total Expenditure	**5,908,942**	**6,362,073**

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.

	2012/13 £000	2011/12 £000
Balance as at 1 April	-	-
INCOME		
Amounts transferable by billing authorities as calculated under the BRS regulations gross of billing authority administrative expenses	(226,069)	(233,680)
Interest receivable (in respect of the Crossrail BRS and related balances)	(2,998)	(1,572)
Total Income	**(229,067)**	**(235,252)**
EXPENDITURE		
Administrative expenses Incurred by billing authorities in respect of the collection and enforcement of a BRS:		
Further administrative expenses (ongoing collection allowance)	908	1,012
Other expenditure (including interest on refunds to ratepayers)	315	1,019
	1,223	**2,031**
Expenditure Incurred by the GLA in respect of the Crossrail Project:		
Transport Payments to Transport for London in respect of the Crossrail project	819,000	871,644
Interest payable	79,798	58,344
Other expenses	791	1,828
Transfers to/(from) the General Fund (Deficit on BRS account)	(671,746)	(698,595)
Total Expenditure	**229,067**	**235,252**
Balance as at 31 March	**-**	**-**

53. Crossrail Business Rate 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 2012/13 billing authorities determined having regard to the BRS regulations that they had collected BRS gross revenue of £226.14m of which the GLA was due to receive £224.8m after allowing for borough collection costs and other adjustments of just over £1.2 m.

During 2012/13 £819m 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 £79.8m and £3m of interest was receivable on the balances held in respect of the BRS.

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 2012 to 31 March 2013.

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.

Appropriations

The transfer of resources between various revenue reserves.

Balances

These represent the accumulated surplus of revenue income over expenditure.

Budget Requirement

The amount the Authority estimates as its planned spending, after deducting funding from reserves and any income expected to be collected (excluding Precepts and Government Grants). This requirement is then offset by Government Grant, the balance being the amount levied as a precept.

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. The Council Tax is 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.

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 (LLDC)** 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)** was established under the Police Reform and Social Responsibility Act (2011),` which reformed the accountability of police services and replaced the Metropolitan Police Authority with an elected individual. The 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.
- **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 financial support towards the general expenditure of the Greater London Authority.

IAS19 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.

National Non Domestic Rates (NNDR) [also known as Business Rates or Uniform Business Rate (UBR)]

Rates from Non-domestic properties collected locally are pooled nationally and redistributed from this pool to local authorities using needs-based distribution formulae determined by Parliament.

Precept

The amount the Authority and its Functional Bodies requires the London Boroughs and Corporation to pay from their Collection Funds to meet the costs of services in respect of council tax.

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.

Formula/Revenue Support Grant

Central Government financial support towards the general expenditure of local authorities.

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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