GREATER**LONDON**AUTHORITY

London Development Agency

Closing Financial Statements

To 31 March 2012

MAYOR OF LONDON

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EXPLANATORY FOREWORD TO THE FINANCIAL STATEMENTS

Context
The Financial Statements (the Accounts) of the London Development Agency (the Agency) sets out the income and expenditure of the Agency for the year to 31 March 2012 and the overall assets and liabilities of the Agency as at that date. The form and content of the Accounts are determined by legislation contained in the Accounts and Audit (England) Regulations 2011, issued by the Department for Communities and Local Government, and the Code of Practice (the Code), issued by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Explanatory Foreword provides a guide to the Accounts and explains the significant financial transactions which have influenced the financial position of the Agency as at 31 March 2012.

Closure of the London Development Agency
The Agency closed on 31 March 2012 and the Greater London Authority (GLA) has completed the Agency's final accounts.

The Localism Act 2011 received Royal Assent on 15 November 2011. The Act provided for the closure of the Agency, devolved London's housing and regeneration functions to the Mayor and allowed for the Secretary of State to transfer the property, rights and liabilities of the Agency to another body (primarily the GLA).

The Agency remains a going concern for the purposes of the 2011/12 Accounts, as its functions, assets and liabilities have transferred to the Greater London Authority (GLA) or its subsidiary company.

Group Accounts
The Accounts show the Agency's Group accounts as well as their individual accounts. The Group accounts include the financial transactions of all companies over which the Agency had control. In addition to the Agency's individual accounts the Group accounts include the subsidiary accounts of SME Wholesale Finance Ltd.

The commentary in the Explanatory Foreword focuses on the Agency's individual accounts and only refers to the Group accounts when there is a significant change which is not explained by the changes in the Agency's accounts.

Changes in Financial Policy
The Agency reviewed its policies and accounting treatments prior to closure, which were agreed with the GLA.

As part of the policy review, the Agency adopted the annuity life methodology for the calculation of the Minimum Revenue Provision, requiring the Agency to set aside a proportion of the outstanding debt at the end of the financial year, based on the expected remaining life of the asset funded by the debt and the average rate of interest payable on the debt.

A number of other accountancy policies and treatments have also been amended but these have had no material impact on the Accounts.

The Statement of Accounts
The Statement of Accounts contains 5 key elements:

1. **Comprehensive Income and Expenditure Statement.** This sets out the income received and the expenditure incurred by the Agency during the financial year.

2. **Balance Sheet.** This shows the Assets and Liabilities of the Agency as at 31 March 2012.

3. **Movement in Reserves Statement.** This summarises the differences between the outturn on the Comprehensive Income and Expenditure Statement and the General Fund Balance.

4. **Cash Flow Statement.** This sets out the movement in cash and cash equivalents for the Agency over the period of the accounts.

5. **Notes to the Financial Statements.** The notes provide a more detailed analysis of the figures in the above main statements.

Annual Income and Expenditure 2011/12
In 2011/12 the Agency's expenditure fell into two categories.

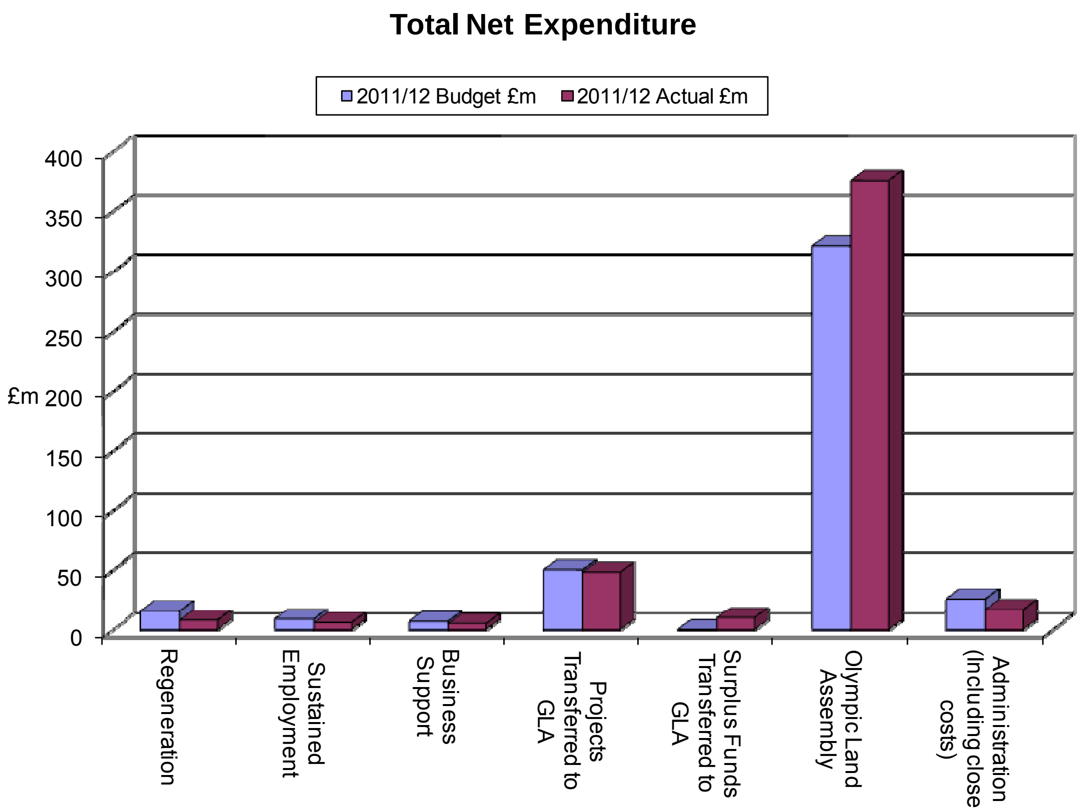
- **Revenue expenditure** which is the day to day costs of delivering services, and
- **Capital expenditure** which is the cost of investing in the Agency's assets.

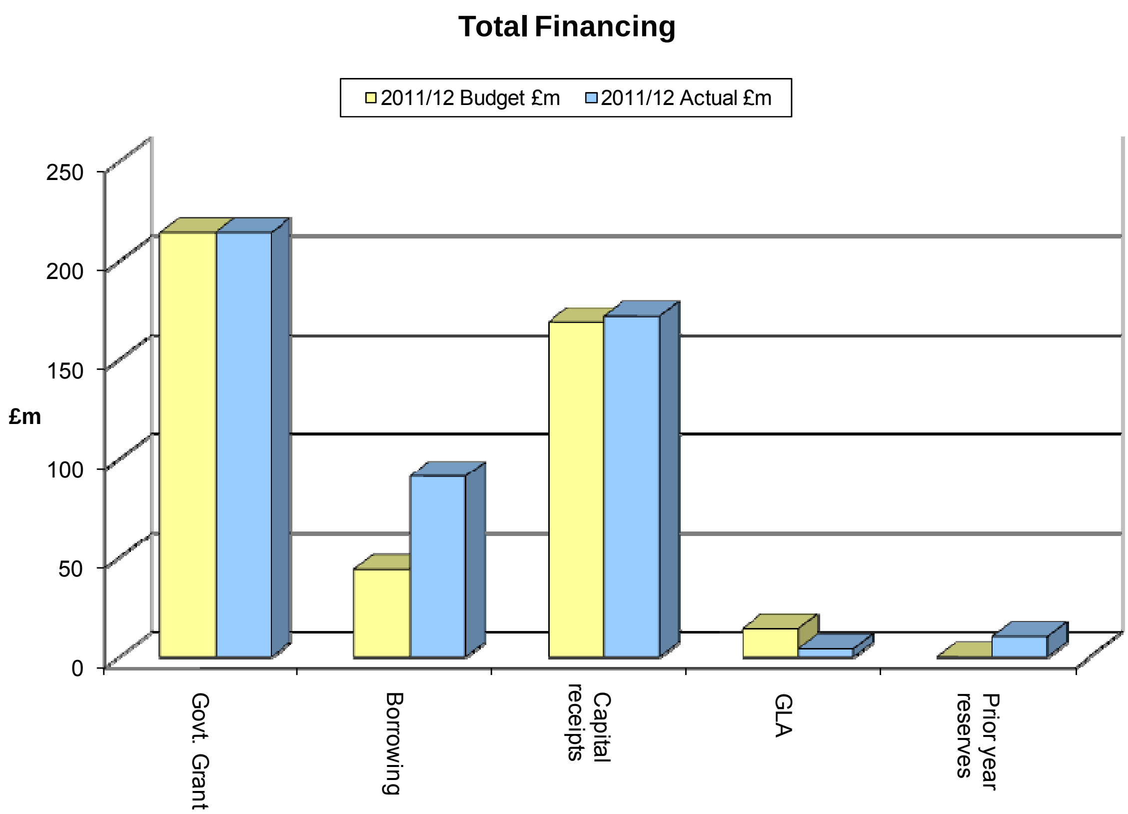
The Agency set its original budget for 2011/12 in March 2011 which included a number of projects to be funded by the GLA. Furthermore as part of the orderly closure and transfer of functions, a number of projects were transferred across to the GLA for delivery in year.

The Agency's spend was monitored and reported each month. As at 31 March 2012, the actual out turn was a net surplus of £21m as set out in table 1 below:

Table 1 – 2011/12 Total Capital and Revenue Actuals Compared to Budget and General Fund Balance

	2011/12 Budget £m	2011/12 Actual £m
Regeneration	16	8
Sustained Employment	9	6
Business Support	7	5
Projects Transferred to GLA	50	48
Surplus Funds Transferred to GLA	0	10
Olympic Land Assembly	321	376
Administration (including closure costs)	26	17
Total Net Expenditure	**429**	**470**
Financed By:		
Government Grant	214	214
Borrowing	44	91
Capital receipts	169	172
GLA	14	4
Prior year reserves	0	10
Total Financing	**441**	**491**
Surplus/(Deficit)	**12**	**21**
Surplus analysis:		
Capital surplus		3
Revenue surplus transferred to General Fund		18
General Fund Balance b/fwd 1 April 2011		**10**
In year movements:		
Revenue Surplus transferred (above)		18
Corporation Tax (grant)		3
Corporation Tax (provision release)		6
Surplus Funds transferred to GLA		(10)
MRP set aside		(11)
General Fund Balance c/fwd 31 March 2012		**16**





From the actual £21m surplus as set out in table 1 above £18m of revenue was transferred to the Agency's General Fund Reserve on 31 March 2012, the remaining £3m representing a capital surplus. After allowing for a portion of the reserve to be set aside as a Minimum Revenue Provision

(MRP) to repay future debt liabilities as at 31 March 2012, the General Fund stood at £16m, as set out in the table above.

Statutory accounting requires the Comprehensive Income and Expenditure Statement in the Interim Accounts to include a number of accounting entries that are subsequently reversed out. These figures and adjustments are summarised in the above analysis, but are effected through the Movement in Reserves Statement which reconciles to the overall £16m General Fund position as at 31 March 2012.

The GLA assisted the Agency in repaying early its external borrowings with the Public Works Loan Board (PWLB), in full, prior to abolition. As a consequence the GLA provided short term borrowing of just over £267m that remained in the Agency's Balance Sheet, and thereafter transferred to the GLA, upon closure. The cost of the repayment of the Agency's debt was a good value for money decision for the GLA group which eliminated exposure to re-financing risk in 2017/18 when the original loans would have matured.

Balance Sheet as at 31 March 2012

The Balance Sheet as at 31 March 2012 compared to the previous year's Balance Sheet shows the movements in the Agency's assets and liabilities over the year. As at 31 March 2012, the Agency's liabilities exceeded its assets by some £171m. This is a positive variation of £21m since 31 March 2011 as summarised at Table 2:

Table 2 – Balance Sheet

	31 March 2012 £m	31 March 2011 £m	Variance £m
Long Term Assets	**196**	260	(64)
Current Assets	**32**	307	(275)
Current Liabilities	**(366)**	(377)	11
Long Term Liabilities	**(33)**	(383)	350
Total Net Assets/(Liabilities)	**(171)**	(192)	21
Financed By:			
Useable Reserves	**16**	59	(43)
Un-usable Reserves	**(187)**	(251)	64
Total Financing	**(171)**	(192)	21

Long Term Assets

The value of Long Term Assets was £196m at 31 March 2012, a reduction of £64m as set out in table 3 below:

Table 3 - Change in Long Term Assets to 31 March 2012

	31 March 2012 £m	31 March 2011 £m	Variance £m
Property, Plant and Equipment	**144**	172	(28)
Long Term Investments	**32**	0	32
Long Term Debtors	**20**	88	(68)
Total Long Term Assets	**196**	260	(64)

The reduction in property, plant and equipment reflects the fall in market value and revised remediation costs of the property portfolio following a re-valuation, and, disposals of development properties and all material vehicles, plant, furniture and equipment due to closure.

Long Term Investments now include the Agency's £32m contribution to the London Green Fund, which was previously classified as a Long Term Debtor.

Long Term Debtors also reduced by a further £32m debtor following the transfer of the ERDF London Green Fund match funding to the GLA in year.

Current Assets

Current Assets consisted of debtors and cash held. These assets decreased by £275m in the 12 months to 31 March 2012 to £32m as set out in table 4:

Table 4 - Change in Current Assets to 31 March 2012

	31 March 2012 £m	31 March 2011 £m	Variance £m
Debtors	29	143	(114)
Cash and Cash Equivalents	3	164	(161)
Total Current Assets	**32**	**307**	**(275)**

The fall in the value of debtors is largely due to the receipt of the outstanding £101m capital receipt from the sale of the Olympic Land assets to the Olympic Park Legacy Committee in 2010/11.

The £161m reduction in cash reflects the repayment of Olympic debt described earlier.

Current Liabilities

Current Liabilities reduced by £11m to £366m as at 31 March 2012. This was due to a reduction of creditors prior to closure being offset by an increase in short term loans and provisions.

Long Term Liabilities

Long Term Liabilities have reduced by £350m during the year to £33m. This is due to the early repayment of £360m of Olympic debt and a long term deferred income liability with ERDF being transferred to the GLA being offset by a new provision for the payment to the HCA of capital receipts to be received and an increase in pension and other post retirement liabilities.

The Agency's on-going pensions liability passed to the GLA in April 2012 on the basis it is 125% funded.

Movement in Reserves Statement

The value of the Agency's useable reserves was £16m as at 31 March 2012, a decrease of £43m in the year since the last financial year end. However, overall reserves increased by £21m as set out in table 5:

Table 5 – Movement in Reserves to 31 March 2012

	31 March 2012 £m	31 March 2011 £m	Variance £m
Useable Reserves	**16**	59	(43)
Un-useable Reserves	**(187)**	(251)	64
Total Reserves	**(171)**	(192)	21

Useable reserves are accumulated surpluses set aside from the current and previous year's operations to invest in the delivery of future services. Useable Reserves consist of £16m in General Fund and will be used to help support the GLA's future budget strategy. The reduction in useable reserves reflects the application of capital receipts in year against capital spend, including the planned repayment of borrowing.

The Agency's useable reserves include the General Fund Balance which is the accumulated profits from the Comprehensive Income and Expenditure Statement adjusted for any statutory regulatory adjustments.

Un-useable reserves are not available for use. They represent the unrealised gains or losses in respect of fixed assets arising from transactions such as the re-valuation exercise carried out on the Agency's property portfolio. They also include the statutory accounting adjustments between the Financial Statements and the Agency's funding requirements i.e. the costs that are properly charged to the taxpayer.

Cashflow

The cash flow shows that the Agency had net cash out flow of £162m in the year to 31 March 2012 largely due to the repayment of long term borrowing in year. This compares to a cash inflow position of £131m in 2010/11.

Future Spending Plans

All remaining assets, liabilities and on-going financial obligations transferred to the GLA on 1 April 2012.

Martin Clarke CPFA
Executive Director of Resources, GLA

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Agency's Responsibilities

The Agency 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 Agency that officer is the Executive Director of Resources, at the GLA;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Executive Director of Resources' Responsibilities

The Executive Director of Resources is responsible for the preparation of the Statement of Accounts for the Agency in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing the 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;
- complied with the local authority Code.

The Executive Director of Resources has also:

- kept proper accounting records which were up to date;
- 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 London Development Agency, which include the required Group Accounts, give a true and fair view of the closing financial position of the London Development Agency as at 31 March 2012 and its income and expenditure for the year ended 31 March 2012.

Martin Clarke CPFA
Executive Director of Resources, GLA

Date: 28 August 2012

INDEPENDENT AUDITOR'S REPORT TO THE GREATER LONDON AUTHORITY

Opinion on the financial statements

I have audited the financial statements of the London Development Agency for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Agency and Group Movement in Reserves Statement, the Agency and Group Comprehensive Income and Expenditure Statement, the Agency and Group Balance Sheet, the Agency and Group Cash Flow Statement, and the related notes. 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 2011/12.

This report is made solely to the Greater London Authority 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.

Respective responsibilities of the Executive Director of Resources of the Greater London Authority and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Executive Director of Resources of the Greater London Authority 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, and for being satisfied that they give a true and fair view. My 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 me 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 Agency 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 of the Greater London Authority; and the overall presentation of the financial statements. I read all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of the London Development Agency's affairs as at 31 March 2012 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 2012 and of its expenditure and income for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my 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;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Agency to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects.

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

Respective responsibilities of the Agency and the auditor

The Agency 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.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Agency 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 me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Agency has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Agency's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Agency 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 me to consider under the Code of Audit Practice in satisfying myself whether the Agency put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Agency had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, the London Development Agency put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

I certify that I have completed the audit of the accounts of the London Development Agency in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Karen McConnell

District Auditor
Audit Practice
Audit Commission
1st Floor, Millbank Tower
Millbank
London SW1P 4HQ

Date:

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility.

1.1 The London Development Agency (LDA), which closed on the 31st March 2012, was responsible for ensuring that its business was conducted in accordance with the law and proper standards, and that the public money it was allocated was safeguarded, properly accounted for and used economically, efficiently and effectively.

1.2 The LDA also had a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions were exercised, having regard to a combination of economy, efficiency and effectiveness.

1.3 In discharging this overall responsibility, the LDA was responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.4 This was achieved through the adoption of a sound governance framework, including Standing Orders and supporting policies, which were consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

1.5 Copies of the LDA's key governance documents, following closure of the Agency on the 31st March 2012, can be viewed via the GLA's website or directly through the national archives at http://webarchive.nationalarchives.gov.uk/*/http://www.lda.gov.uk/

1.6 This Annual Governance Statement explains how the LDA has complied with the CIPFA/SOLACE Framework and meets the requirements of regulation 4(2) of the Accounts and Audit Regulations (England) 2011. The role of the Agency's Group Director Finance accorded with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government.'*

2. The purpose of the Governance Framework

2.1 The LDA's governance framework was encompassed in its Standing Orders as well as supporting policies and procedures. The framework delivered the systems and processes as well as the culture and values by which the LDA was directed and controlled by its Board and Senior Officers. The framework also influenced the content of the LDA's Investment Strategy and the related business planning process, which governed its activities. As a result, the LDA was able to monitor the achievement of its strategic objectives and to consider whether those objectives had led to the delivery of appropriate, cost-effective services to its stakeholders across London.

2.2 A significant part of the governance framework was the system of internal control, which was designed to manage risk to a reasonable level. The system of internal control was an ongoing process designed to identify and prioritise the risks to the achievement of the LDA's purposes, to assess the likelihood of those risks being realised and their potential impact, and to manage them efficiently, effectively and economically. Some risks cannot be eliminated, but the LDA's approach provided a reasonable assurance of effective management.

2.3 The governance framework, described in this statement, was introduced during the year ended 31 March 2010 and was therefore a firm part of the organisations activity and closure. It fitted within the matrix of control that was based upon three levels of assurance

- **Getting it right first time**
- **Assurance mechanisms to achieve objectives**
- **Independent Internal audits of systems and processes.**

3. Context

3.1 Shortly after the LDA's final Board was appointed in August 2008, it concluded that the Agency's system of corporate governance and financial management and control required improvement. As a result, the Board instituted major changes, delivering significant change in both process and culture. Details of these changes are well documented in previous Annual Governance Statements and more particularly that of 2009/10. Where appropriate they are also referenced within this document.

3.2 The year 2011/12 may be characterised as a period of clear organisational focus for the LDA on both the continuous delivery of an effective and efficient closure and transition plan whilst, at the same time, providing a focussed and value for money 'business as usual' service to their stakeholders.

3.3 As with the year before, this dual ambition tested the governance arrangements of the LDA. Overall they were proved to be both robust and flexible enough to respond to this major challenge. Control and risk management enhancements introduced in 2010/11, detailed in last year's Governance Statement, helped ensure that closure risks were properly met and at the same time controls around business as usual were maintained. This enabled the Board to clearly focus on its strategic priorities.

4. Strategic Priorities

Closure

4.1 The efficient and effective closure of the LDA remained driven by its Board's commitment to:

- Sustain performance, minimising the impact on delivery partners and stakeholders;
- Facilitate orderly transition of functions, projects, assets/liabilities including relevant knowledge, information and systems;
- Enable any residual activity to be managed effectively and efficiently;
- Provide clarity to Board, staff and stakeholders about progress;
- Deliver the best possible outcome for London, consistent with obtaining value for the public purse;
- Maintain the reputation of the LDA, including the Board and LDA staff.

4.2 The following themes were introduced last year (2010/11) and drove the closure process:

- Project Delivery and Assurance
- Due Diligence
- Functional Lead Liaison
- Stakeholder Liaison
- Transferring Assets and Liabilities

4.3 A senior officer was appointed to lead on each theme within the governance process, complementing the leadership provided by the relevant Directors to deliver business as usual. Day-to-day responsibility for implementation of the strategy and progress on the priorities rested with the relevant officers, but was monitored overall by the Joint Closure Project Board.

4.4 In 2011/12 the closure project management role was further strengthened through the recruitment of a temporary resource to drive the strategic monitoring and clearly focus the organisation on its key closure milestones.

Investment

4.5 The LDA Board retained a clear set of investment principles which underpinned and guided any investment decisions against remaining projects initiated in 2011/12. These principles ensured among other things that emphasis was placed on alignment with retained strategic objectives, enabling sustainable change and overall economic return and partnership working. The governance arrangement of the two largest flagship projects was further strengthened in year.

5. The Governance Framework

5.1 This was based on:

- A clear organisational structure, an investment plan, accountability structures and a closure strategy:
- Current standing orders, financial regulations, risk management and administrative procedures including delegated and monitored authority levels:
- Strong financial governance and management including the embedded transformation programme in the Agency's finance function:
- Rigorous appraisal of any new or changed projects prior to approval, project delivery monitoring and project evaluation:
- Strong business planning processes including appropriate evaluation and performance metrics around the business closure process:
- Proper management supervision, including regular management information around both business as usual, continuing projects, the transfer of projects, closing projects and the closure process:
- Close monitoring of performance by the Chief Executive, the Board and its Audit Risk and Performance Committee including key performance metrics; and
- Effective stakeholder and successor body engagement and feedback mechanisms.

6. Standing Orders and Decision Making

6.1 The Standing Orders, which also included the detailed Financial Regulations and Procurement Code, set out the responsibilities of the LDA's Board including setting the LDA's strategic direction and priorities, agreeing the LDA's annual budget, and Investment Strategy, approving the LDA's governance framework and approving all investments over £5 million.

6.2 The Standing Orders also set out the responsibilities of the LDA's Board Committees. In summary:

- At the start of 2011/12, The Investment Committee was responsible for the strategic development of programmes and projects and approved all projects in excess of £1 million (as above, those over £5 million also required Board approval) ensuring that the LDA's investment principles as set by their Board were applied. From the 1st July 2011, its powers were reserved solely to the LDA's Board.

- The Audit, Risk and Performance Committee continued to monitor the Agency's performance, the management of risk, delivery of its governance framework and also considered evaluation reports for all projects and delivery of the organisation's closure plans.

- The Human Resources and Remuneration Committee approved and reviewed human resources strategies and policies and considered the performance of the Group Management Team including the Chief

Executive. Following announcement of the closure of the Agency the work of this committee was elevated in November 2010 to the Board.

7. Transparency

7.1 The LDA's Board and executive team continued to emphasise the importance of transparency and accountability, particularly in the closure and transition process as demonstrated through the following:

- public sessions of the LDA Board and its Committees;
- a transparent process of engagement with the Mayor of London on his priorities for the LDA;
- the publication on the Agency's website of all grants and contracts awarded
- clear closure and transition milestones and risk assessments
- production of Directors Stewardship Statements

7.2 Similarly, the Agency published declarations of interest, its register of gifts and hospitalities and the basic pay and expenses of its Board and senior management staff on its website.

7.3 In addition, the LDA's relationship with the Mayor of London, Mayoral advisers and other members of the GLA group were clarified through the introduction of a governance framework that improves transparency in group-wide engagement. An officer of the GLA sat on the Closure Project Board, and a joint closure/transition Risk Register was maintained.

7.4 Overall corporate governance was streamlined from 2009/10, to more easily ensure compliance and consistency with legislation, guidance, and best practice. The following 12 policies (reduced from 190) are in place, having been approved by the LDA Board:

- Access to Information Policy;
- Information and Data Management Policy;
- Audit, Risk and Fraud Policy;
- Property Policy;
- Equalities Policy;
- Health and Safety Policy;
- Business Continuity Management Policy;
- Facilities Management Policy;
- Finance Policy;
- Acceptable Use of ICT Policy;
- Relationships and Communications Policy;
- Human Resources Policy

7.5 There were clear corporate service standards and public enquiries, complaints and whistle blowing procedures in place. Compliance with established policies, procedures, regulations and applicable law was reinforced through training and induction programmes, internal audit coverage and review by senior management on a regular basis.

8. Risk Management

8.1 The Audit, Risk & Fraud Policy was reviewed annually and incorporated the Agency's Risk Management strategy and included processes for identifying, assessing, managing and monitoring financial, reputational/operational risks and closure risks.

8.2 The continuous approach to risk management was maintained in 2011/12 including improved risk mapping ensuring the closure of as many risks as possible by the 31st March 2012

8.3 Risk registers at project, programme, directorate and corporate level were reviewed regularly by senior managers and the Group Management Team. The Audit, Risk and Performance Committee approved the Audit, Fraud and Risk Policy having responsibility for overseeing risk management processes. Quarterly risk update reports were considered by the Committee including closure risks.

8.4 In addition, the Head of Audit, Risk and Compliance met on a monthly cycle with LDA Directors to challenge the currency of risk registers and the strength of mitigations for key risks and to consider any new emerging risks.

8.5 The management of information risk was a priority for the Agency during closure. Risk mitigation was based around related IT and information management policies and procedures, IT security access and monitoring controls, staff leavers check lists and controls.

9. External Scrutiny

9.1 The LDA was subject to scrutiny by both central and local government. At the start of 2011/12 the LDA's sponsoring government department was the Department of Business, Innovation and Skills (BIS).

9.2 In January 2012 this relationship was changed to the Department for Communities and Local Government (DCLG). Monitoring delivery of the Agency's grant conditions and any approvals required under these grant conditions were finally referred to DCLG together with reporting requirements such as the 'section 10' grant letter which set out the Agency's delegated authority and the circumstances in which it required the approval of the Secretary of State and/or the Treasury. The LDA also worked with other government departments.

9.3 In addition, under the Greater London Authority Act 1999, the LDA was one of four functional bodies of the GLA, which included both the Mayor and the London Assembly. The Mayor may have given directions and guidance in relation to the exercise of the LDA's functions and may have delegated to it any function of the GLA exercisable by him, whilst the Assembly held the Mayor and the LDA to account for the proper stewardship of public money through a variety of means, including the submission of Members' questions for Mayor's Question Time, attendance at Functional Body Question Time sessions, and regular reviews by various committees.

9.4 The Agency also held an Annual Public Meeting which was attended by its Chief Executive and Chair.

9.5 External Audit Scrutiny was undertaken by the Audit Commission the Agency's appointed external auditors.

10. Internal Control Improvements for 2011/12

10.1 In 2011/12 the Agency again improved in its governance and delivery arrangements to reflect its amended business needs and more particularly risks that could arise from the closure of a significant business such as the Agency.

10.2 These changes included:

- Clearer management by the Audit Risk and Performance Committee around the planned managing down of closure and transition risks and closer working with the GLA over shared risks:
- Merging of the Corporate Risk Register into the Closure Risk Register to provide a single focus on corporate risks:
- Delegation limits reviewed and reduced:
- Staff advised of their responsibilities and obligations in respect of processing or claiming payments and staff mandatory training in anti fraud and responsible financial management:

10.3 Additional and continuing scrutiny was also clearly targeted on:

- ensuring that all transferring projects both in year and at the 31st March 2012 were subject to a comprehensive and documented handover process including a quality review;
- effectively managing the departure of remaining members of staff on or before the 31st March 2012; and supporting them throughout this process.

11. Effectiveness Monitoring

11.1 The Agency received reviews of the effectiveness of its governance framework including the system of internal control. Reviews of effectiveness were informed by the work of the executive managers within the Agency who had responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and opinion, and also by comments made by the external auditors and other review agencies and inspectorates.

11.2 The Audit Risk and Performance Committee held delegated authority from the LDA Board for ensuring that an annual review of the effectiveness of the internal control environment was undertaken and that the findings from that review were dealt with in a prompt manner. This review process was undertaken on a continuous basis throughout the year and culminated in the Audit Risk and Performance Committee's annual report to the Board.

11.3 This review process consisted of a number of elements. Independent assurance was primarily provided by a risk based internal audit programme agreed by the Audit Risk and Performance Committee and was delivered during the year, predominantly by RSM Tenon, the Agency's co-sourced internal audit provider for 2011/12.

11.4 Some front loading of the annual programme was achieved in order to provide the time for implemented recommendations to become effective in enhancing closure controls.

11.5 Internal audit reports, including management responses to recommendations, were generated, summarised, and submitted for consideration by the Audit Risk and Performance Committee. A comprehensive action tracker system was used to monitor delivery of the control improvements.

11.6 The Audit Risk and Performance Committee also received and considered regular performance monitoring reports on the delivery of the internal audit plan, showing outcomes and improvements achieved.

11.7 As part of the review of effectiveness of the governance framework, each LDA Group Director provided a certified Stewardship Statement in relation to their responsibilities for supporting the effectiveness of the internal control and governance environment. Due to the Agency's closure, Stewardship Statements were taken on a quarterly basis and on an interim basis where LDA Directors left mid quarter.

11.8 The Audit Risk and Performance Committee had six scheduled meetings in 2011/12 and received a range of specific assurance reviews and updates including:

- The robustness of the Closure process
- Due Diligence Review
- Management and Performance of Projects
- Stakeholder Liaison
- Financial Statements
- European Programmes
- Delivery of performance audits on grantees.

11.9 The recommendations and action plans from the above together with the actions arising from other assurance work, such as the Audit Commission's annual audit letter 2010/11, were also consolidated into the comprehensive action tracker system. Through this, delivery of the recommended improvements was monitored at each ARP Committee meeting.

11.10 By way of example, financial control issues arose during 2010/11 around the Agency's Estate Management Contract and the estate valuation. The resulting action plan was delivered together with close monitoring through management meetings and internal audit follow up work, to gain appropriate assurance.

12. Conclusion

12.1 The LDA Board and executive team remained fully committed to effective governance and financial control in line with its control framework. It ensured that the framework was properly and fully applied through the Agency's closure phase and that sound management and financial control continued to be placed as a high priority for staff at all levels through to the 31st March 2012. Where items that related to best practice have been reported by their internal auditors that relate to transitioned services, these have been passed on to the GLA for consideration.

Boris Johnson
Mayor of London

Date: 28 August 2012

Jeff Jacobs
Head of Paid Service, GLA

Date: 28 August 2012

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 closing accounts of the London Development Agency set out on pages 21 to 83.

Boris Johnson
Mayor of London

Date: 28 August 2012

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Agency, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Agency's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged or credited to the General Fund Balance under the Local Authority accounting regime for the setting of taxation that the Agency's accounts are governed by.

Group								Agency					
General Fund Balance £'000	Capital Grants Unapplied Reserve £000 £'000	Capital Receipts Reserve £'000	**Total Usable Reserves £'000**	Unusable Reserves £'000	**Total Group Reserves £'000**		**Note**	General Fund Balance £'000	Capital Grants Unapplied Reserve £000 £'000	Capital Receipts Reserve £'000	**Total Usable Reserves £'000**	Unusable Reserves £'000	**Total Agency Reserves £'000**
(5,244)	4,506	34,116	**33,378**	(83,549)	**(50,171)**	***Balance at 31 March 2010**	2	4,292	-	34,116	**38,408**	(106,447)	**(68,039)**
						Movement in reserves during 2010/11							
(99,498)	-	-	**(99,498)**	-	**(99,498)**	*Surplus or (deficit) on the provision of services	2	(99,305)	-	-	**(99,305)**	-	**(99,305)**
-	-	-	**-**	(22,908)	**(22,908)**	*Other Comprehensive Income and Expenditure	2	-	-	-	**-**	(22,908)	**(22,908)**
(99,498)	-	-	**(99,498)**	(22,908)	**(122,406)**	**Total Comprehensive Income and Expenditure**		(99,305)	-	-	**(99,305)**	(22,908)	**(122,213)**
(31)	1,016	-	**985**	(1,918)	**(933)**	*Other Adjustments	2	(1)	-	-	**(1)**	121	**120**
-	-	-	**-**	(2,193)	**(2,193)**	*Transfer Finance Lease Impairments and receipts	2	-	-	-	**-**	(2,193)	**(2,193)**
104,124	-	15,515	**119,639**	(119,639)	**-**	*Adjustments between accounting basis & funding basis under regulations	2, 6	104,779	-	15,515	**120,294**	(120,294)	**-**
4,595	1,016	15,515	**21,126**	(146,658)	**(125,532)**	**Net Increase/Decrease before Transfers to Earmarked Reserves**		5,473	-	15,515	**20,988**	(145,274)	**(124,286)**
-	-	-	**-**	-	**-**	Transfers to/from Earmarked Reserves		-	-	-	**-**	-	**-**
4,595	1,016	15,515	**21,126**	(146,658)	**(125,532)**	**Increase/Decrease in 2010/11**		5,473	-	15,515	**20,988**	(145,274)	**(124,286)**
(650)	5,522	49,631	**54,504**	(230,207)	**(175,703)**	**Balance at 31 March 2011 carried forward**		9,765	-	49,631	**59,396**	(251,721)	**(192,325)**
343	(264)	-	**79**	-	**79**	Post final accounts subsidiary adjustments		-	-	-	**-**	-	**-**
-	-	-	-	(32,000)	**(32,000)**	Adjustment of reserve relating to transfer of operations to the Greater London Authority	31					(32,000)	**(32,000)**
(307)	5,258	49,631	54,583	(262,207)	(207,624)	**Re-stated balance at 31 March 2011**		9,765	-	49,631	59,396	(283,721)	(224,325)
						Movement in reserves during 2011/12							
83,113	-	-	**83,113**	-	**83,113**	Surplus or (deficit) on provision of services		85,863	-	-	**85,863**	-	**85,863**
-	-	-	**-**	(38,098)	**(38,098)**	Other Comprehensive Income and Expenditure		-	-	-	**-**	(38,098)	**(38,098)**
5,839	-	-	**5,839**	-	**5,839**	Corporation Tax	39	5,839	-	-	**5,839**	-	**5,839**
88,952	-	-	**88,952**	(38,098)	**50,854**	**Total Comprehensive Income and Expenditure**		91,702	-	-	**91,702**	(38,098)	**53,604**
(84)	-	(1)	**(85)**	26	**(59)**	Other Adjustments		(84)	-		**(84)**	27	**(57)**
(85,184)	(5,258)	(49,630)	**(140,072)**	140,072	**-**	Adjustments between accounting basis & funding basis under regulations	6	(85,184)	-	(49,630)	**(134,814)**	134,814	**-**
3,684	(5,258)	(49,631)	**(51,205)**	102,000	**50,795**	**Net Increase/Decrease before Transfers to Earmarked Reserves**		6,434	-	(49,630)	**(43,196)**	96,743	**53,547**
-	-	-	**-**	-	**-**	Transfers to/from Earmarked Reserves		-	-	-	**-**	-	**-**
3,684	(5,258)	(49,631)	**(51,205)**	102,000	**50,795**	**Increase/Decrease in 2011/12**		6,434	-	(49,630)	**(43,196)**	96,743	**53,547**
3,377	-	-	**3,378**	(160,207)	**(156,829)**	**Balance at 31 March 2012 carried forward**		16,199	-	1	**16,200**	(186,978)	**(170,778)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the costs to be funded under the Local Authority accounting regime for the setting of taxation.

Group 2010/11 (Restated)*			Agency 2010/11 (Restated)*					**Group 2011/12**			**Agency 2011/12**		
Gross Expenditure £'000	Gross Income	Nett Expenditure	Gross Expenditure £'000	Gross Income	Nett Expenditure		**Note**	**Gross Expenditure £'000**	**Gross Income**	**Nett Expenditure**	**Gross Expenditure £'000**	**Gross Income**	**Nett Expenditure**
						Continuing Operations							
15,560	(134)	15,426	15,560	(134)	15,426 *	Cultural & Related Services	2, 22	**238**	**-**	**238**	**238**	**-**	**238**
15,761	-	15,761	15,761	-	15,761 *	Environmental & Regulatory Services	2, 22	**(1)**	**-**	**(1)**	**(1)**	**-**	**(1)**
283,679	(35,977)	247,702	283,189	(35,972)	247,217 *	Planning services	2, 22	**89,952**	**(58,767)**	**31,185**	**88,233**	**(58,856)**	**29,377**
807	-	807	793	-	793 *	Corporate and democratic core	2, 22	**516**		**516**	**516**		**516**
(6,956)	-	(6,956)	(6,956)	-	(6,956)	Pension scheme past service costs actuarial gain		**-**	**-**	**-**	**-**	**-**	**-**
308,851	(36,111)	272,740	308,347	(36,106)	272,241	**Net Cost of Services for Continuing Operations**		**90,705**	**(58,767)**	**31,938**	**88,986**	**(58,856)**	**30,130**
238,871	(165,188)	73,683	238,871	(165,188)	73,683	Other Operating Expenditure/(Income)	7	**8,661**	**(29,412)**	**(20,750)**	**7,505**	**(29,412)**	**(21,906)**
16,843	(78)	16,765	16,837	233	17,070	Financing and investment income and expenditure	8	**67,733**	**(2,513)**	**65,220**	**67,733**	**(2,299)**	**65,434**
23,238	(452)	22,786	23,239	(452)	22,787 *	Transferred Operations to the Greater London Authority	2, 23	**48,275**	**(12)**	**48,263**	**48,275**	**(12)**	**48,263**
-	(286,476)	(286,476)	-	(286,476)	(286,476)	Taxation and non-specific grant income	9	**-**	**(207,784)**	**(207,784)**	**-**	**(207,784)**	**(207,784)**
587,803	(488,305)	99,498	587,294	(487,989)	99,305	**(Surplus) or Deficit on Provision of Services**		**215,374**	**(298,488)**	**(83,113)**	**212,499**	**(298,363)**	**(85,863)**
		22,905			22,905 *	(Surplus) or deficit on revaluation of non-current assets	2			**24,430**			**24,430**
		3			3	Actuarial gains/losses on pension assets / liabilities	35			**13,668**			**13,668**
		22,908			22,908	**Other Comprehensive Income and Expenditure**				**38,098**			**38,098**
		122,406			122,213	**Total Comprehensive Income and Expenditure before Taxation**				**(45,015)**			**(47,765)**
		-			-	Corporation Taxation	39			**(5,839)**			**(5,839)**
		122,406			122,213	**Total Comprehensive Income and Expenditure after taxation**				**(50,854)**			**(53,604)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Martin Clarke CPFA
Executive Director of Resources, GLA
Date: 28 August 2012

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Agency. The net assets of the Agency (assets less liabilities) are matched by the reserves held by the Agency. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Agency 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 Agency 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".

Group 2010/11 (Restated)* £'000	Agency 2010/11 (Restated)* £'000			Note	**Group 2011/12 £'000**	**Agency 2011/12 £'000**
172,096	172,096		Property, Plant & Equipment	10	**144,293**	**144,293**
8,185	2		Long Term Investments	31	**38,347**	**32,002**
88,267	88,267	*	Long Term Debtors	2, 31	**20,156**	**20,156**
268,548	**260,365**		**Long Term Assets**		**202,796**	**196,451**
146,460	142,519	*	Debtors	2, 12	**31,703**	**29,082**
171,868	164,637		Cash and Cash Equivalents	13	**10,823**	**2,841**
318,328	**307,156**		**Current assets**		**42,526**	**31,923**
(240,000)	(240,000)		Short Term Borrowing	32	**(267,355)**	**(267,355)**
(52,480)	(52,348)		Short Term Creditors	15	**(9,378)**	**(9,269)**
(87,581)	(84,978)	*	Short Term Provision for Liabilities	2, 16	**(92,743)**	**(89,855)**
(380,061)	**(377,326)**		**Current Liabilities**		**(369,476)**	**(366,479)**
(6,274)	(6,275)		Long Term Creditors		**(710)**	**(708)**
-	-	*	Provisions for Liabilities and Charges	2, 16	**(14,398)**	**(14,398)**
(360,000)	(360,000)		Long Term Borrowing	32	**-**	**-**
(11,149)	(11,149)		Long Term Deferred Income		**-**	**-**
(5,096)	(5,096)		Pension and Other Post-Retirement Liabilities	35	**(17,568)**	**(17,568)**
(382,519)	**(382,520)**		**Long Term Liabilities**		**(32,676)**	**(32,674)**
(175,704)	**(192,325)**		**Total Net (Liabilities)/Assets**		**(156,830)**	**(170,779)**
49,631	49,631		Capital Receipts Reserve	17	**-**	**-**
(650)	9,765		General Fund	17	**3,377**	**16,199**
5,522	-		Capital Grants Unapplied	17	**-**	**-**
54,503	**59,396**		**Usable Reserves**		**3,377**	**16,199**
76,904	76,904		Revaluation Reserve	18	**48,286**	**48,286**
(411,918)	(433,432)		Capital Adjustment Account	18	**(210,181)**	**(236,952)**
(5,096)	(5,096)		Pension Reserve	18	**(17,568)**	**(17,568)**
110,024	110,024	*	Deferred Capital Receipts Reserve	2, 18	**19,256**	**19,256**
(121)	(121)		Accumulated Absences Account	18	**-**	**-**
(230,207)	**(251,721)**		**Unusable Reserves**		**(160,207)**	**(186,978)**
(175,704)	**(192,325)**		**Total Reserves**		**(156,830)**	**(170,779)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Martin Clarke CPFA
Executive Director of Resources, GLA
Date: 28 August 2012

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Agency during the reporting period. The statement shows how the Agency generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Agency were funded by grant income or from the recipients of services provided by the Agency. 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 understanding cash flows by providers of capital (i.e. borrowing) to the Agency.

Group 2010/11 (Restated)* £'000	Agency 2010/11 (Restated)* £'000		Note	**Group 2011/12 £'000**	**Agency 2011/12 £'000**
99,498	99,305	*Net (surplus) or deficit on the provision of services	2	**(83,113)**	**(85,863)**
(162,858)	(163,117)	*Adjustments to net surplus or deficit on the provision of services for non-cash movements [1]	2	**(94,021)**	**(90,520)**
60,931	59,915	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities [2]		**134,028**	**134,028**
(2,429)	(3,897)	**Net cash flows from Operating Activities**		**(43,106)**	**(42,355)**
83,432	83,432	Investing Activities	20	**(128,494)**	**(128,494)**
(207,862)	(210,948)	Financing Activities	21	**332,645**	**332,645**
(126,859)	(131,413)	**Net (increase) or decrease in cash and cash equivalents**		**161,045**	**161,796**
45,009	33,224	Cash and cash equivalents at the beginning of the reporting period	13	**171,868**	**164,637**
171,868	164,637	**Cash and cash equivalents at the end of the reporting period**	**13**	**10,823**	**2,841**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

[1] Adjustments to net surplus or deficit on the provision of services for non-cash movements

Group 2010/11 (Restated)* £'000	Agency 2010/11 (Restated)* £'000		**Group 2011/12 £'000**	**Agency 2011/12 £'000**
(715)	(714)	Depreciation	**(1,730)**	**(1,730)**
(31,864)	(31,864)	*Impairment and downward Valuations	**5,949**	**5,949**
508	102	(Increase)/Decrease in impairment provision for bad debts	**(263)**	**(338)**
16,879	14,914	(Increase)/Decrease in Creditors	**71,903**	**72,166**
-	-	(Increase)/Decrease in Provisions	**(39,879)**	**(39,879)**
80,076	82,187	Increase/(Decrease) in Debtors	**(108,060)**	**(104,978)**
10,090	10,090	Movement in pension liability	**(1,196)**	**(1,196)**
(237,807)	(237,807)	Carrying amount of non-current assets sold	**(20,592)**	**(20,592)**
(25)	(25)	Other non-cash items charges to the net surplus or deficit on the provision of services	**(153)**	**78**
(162,858)	(163,117)	**Total Adjustment**	**(94,021)**	**(90,520)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

[2] Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

Group 2010/11 £'000	Agency 2010/11 £'000		**Group 2011/12 £'000**	**Agency 2011/12 £'000**
1,016	-	Other receipts from financing activities		
59,915	59,915	Proceeds from the sale of property, plant and equipment	**134,028**	**134,028**
60,931	59,915	**Total Adjustment**	**134,028**	**134,028**

OPENING BALANCE SHEET FOR COMPARATIVE PERIOD

	Note	Group 2009/10 (Restated)* £'000	Agency 2009/10 (Restated)* £'000
Property, Plant & Equipment	10	384,684	384,683
Long Term Investments	31	9,239	2
Long Term Debtors	2, 31	76,124	76,124
Long Term Assets		**470,047**	**460,809**
Debtors	2, 12	69,752	64,107
Cash and Cash Equivalents	13	45,009	33,224
Current assets		**114,761**	**97,331**
Short Term Borrowing	32	13,102	9,000
Short Term Creditors	15	88,778	88,435
Short Term Provision for Liabilities	16	111,518	107,163
Current Liabilities		**213,398**	**204,598**
Long Term Creditors		15,270	15,270
Provisions for Liabilities and Charges	2, 16	-	-
Long Term Borrowing	32	380,000	380,000
Long Term Deferred Income		11,128	11,128
Pension and Other Post-Retirement Liabilities	35	15,183	15,183
Long Term Liabilities		**421,581**	**421,581**
Total Net (Liabilities)/Assets		**(50,171)**	**(68,039)**
Capital Receipts Reserve	17	34,116	34,116
General Fund	17	(5,244)	4,292
Capital Grants Unapplied		4,506	-
Usable Reserves		**33,378**	**38,408**
Revaluation Reserve	18	117,089	117,089
Capital Adjustment Account	18	(196,284)	(219,182)
Pension Reserve	18	(15,183)	(15,183)
Deferred Capital Receipts Reserve	18	11,077	11,077
Accumulated Absences Account	18	(248)	(248)
Unusable Reserves		**(83,549)**	**(106,447)**
Total Reserves		**(50,171)**	**(68,039)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Agency's transactions for the 2011/12 financial year and its position at 31 March 2012. The Agency is required to prepare an annual Statement of Accounts under the Accounts and Audit (England) Regulations 2011, which those Regulations require 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 2011/12 (the Code) and the Service Reporting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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. Amounts are rounded to one decimal point throughout the narratives and to no decimal points within tables.

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 financial statements consolidate the individual financial statements of the Agency its subsidiaries and associates.

2. Changes in Accounting Policies

Prior to the Agency's closure and as a considerable amount of its work has been transferred to the Greater London Authority (GLA), the Agency's accounting policies have been realigned with the GLA's and therefore, as a consequence the following policies and methods of computation have changed:

- Depreciation on the buildings elements of development properties have been expensed to the Comprehensive Income and Expenditure Statement. This has been commenced because during the valuation process the remaining useful lives of the buildings have been assessed to enable depreciation calculations to be carried out. The effect of the change on the accounts is not considered material.
- Provisions for liabilities and charges are discounted to present value where the effect of the time value of money is material using the Agency's weighted average cost of debt as the discount rate. During the period covered by the accounts the effect of the time value of money was not material and therefore the provisions for liabilities and charges have not been discounted to present value.
- The Minimum Revenue Provision (MRP) computation policy agreed by the Board as part of the budget setting process for 2010/11 was to make an MRP using the asset life method. This method was chosen (and applied to the 2010/11 Statement of Accounts) as the borrowing undertaken was for the acquisition and remediation of land. This year given the Agency's unique capital financing arrangements, the Agency's Capital Financing Requirement (CFR) can be wholly attributed to Olympic Park land purchases for the purposes of determining the asset's remaining period of benefit. The original Olympic Legacy Masterplanning Framework shows completion of financial benefits by 2032/33. This fits in with the budgetary horizon of the GLA in its negotiations with central government surrounding settlements. 22 years has therefore been used as the remaining amortisation period in the calculation for the accounts. As the GLA also uses an annuity methodology based on the opening CFR, the remaining period of benefit and the opening average rate of interest on external borrowing, these elements have also been adopted by the Agency with the exception that the Agency has used the closing CFR. In the Statutory Guidance the annuity method states:

  "Adjustments to the calculation to take account of repayment by other methods during the repayment period (e.g. by the application of capital receipts) should be made as necessary."

We have therefore used the closing CFR because it takes into account the current year to date's capital receipts and grant amounting to £272m i.e. adjustments to the calculation to take account of repayment by other methods. This is considered a prudent approach and in line with the guidance as we are only adjusting for repayments in the current year that have occurred.

All other accounting policies and methods of computation in the interim financial statements as compared with the most recent annual financial statements are the same.

3. Going Concern

The financial statements have been prepared on a going concern basis. The Agency closed on 31 March 2012 and the remaining functions, assets and liabilities were transferred to the GLA or its subsidiary company as a combination of public sector bodies. The Code states clearly that an intention by government to transfer services from one authority to another (for example, as part of local government reorganisation) does not negate the presumption that the authority is a going concern.

4. Uses 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 accounting policies. The Statement of Accounts contains estimated figures that are based on assumptions made by the Agency about the future which may be uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The areas involving the use of estimation techniques and assumptions that are significant to the financial statements are disclosed below:

a) Provisions

The Agency's provisions for liabilities and charges include provisions for compulsory purchase order costs, employment tribunals and pension costs. All provisions have been based on professional estimates of the Agency's lawyers, surveyors and pensions experts.

b) Non-current asset valuations

The Agency's properties have been valued as at 31 March 2012 by professional valuers, Jones Lang Lasalle, utilising estimates and in some cases broad assumptions, however, the complexities, uncertainties and changing nature of, particularly, the development properties together with the volatility of the commercial property market mean that there is significant risk of material fluctuations in asset values. Increases in the at cost values of development properties due to revaluations are reflected in the movements on the revaluation reserve in the Balance Sheet.

The professional valuers have used an assortment of estimation techniques and assumptions ranging from the use of net present value calculations using estimates of future cash flows to estimations of the market value per acreage of particular areas of Agency land in the current property market. Land remediation costs are particularly volatile to estimating techniques due to the difficulty in assessing the level of contamination for changing development options. When determining the useful economic life of property the valuers have also exercised judgement in estimating the length of time that the assets will be operational.

c) Leases

The Agency enters into lease agreements both as lessee and lessor. In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining who possesses substantially all the risks and rewards of ownership of the leased asset, the Agency or the counterparty. Given that finance lease obligations are recognised as assets and liabilities depending on whether the Agency is lessor or lessee, and operating lease obligations are not, this can have a significant effect on the reported financial position of the Agency.

d) Property accounting treatments

Due to the nature and complexities of the Agency's activities in the development of land and buildings for the prosperity of London, judgement has to be exercised in applying the accounting treatments under the Code for specific projects the Agency is carrying out. Consensus has been achieved through the Agency's process of governance and through consultation with the Greater London Authority as the Agency moves towards closure.

e) Post-retirement benefits

The pension costs and defined benefit plan obligations of the Agency's defined benefit plans are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities.

5. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Agency 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 Agency.

- Revenue from the provision of services is recognised when the Agency can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Agency.

- Supplies are recorded as expenditure when they are received rather than when payments are made.

- 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 is 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.

- Where revenue and expenditure have been recognised but 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 reduced and a charge made to revenue for the income that might not be collected.

6. Discontinued and Transferred Operations

The Code states clearly that a discontinued operation is an activity that must cease completely; that is, responsibilities transferred from one part of the public sector to another are not discontinued operations. The Agency did have, however, transferred operations during 2011/12 to the GLA prior to closure on 31 March 2012 as part of the orderly transition to closure. The remaining functions transferred to the GLA upon the Agency's closure on 31 March 2012. The Agency has reported the income and expenditure of transferred operations, prior to closure, to the GLA, during 2011/12, on the face of the Comprehensive Income and Expenditure Statement and as a note to the Statement of Accounts.

7. 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 three months 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 Agency's cash management.

8. 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 Agency's financial performance.

9. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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 transactions, other events and conditions on the Agency's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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.

10. Charges to Revenue for Non-Current Assets

Expenditure is charged to services and support services 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.

The Agency 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 Agency in accordance with statutory guidance. Depreciation, revaluation and impairment losses 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.

11. Employee Benefits

a) Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Agency. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is usually charged to 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. As the Agency has closed, and therefore no holiday entitlement can be carried forward, the Agency has not accrued an amount for the cost of holiday entitlement in the accounts.

b) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Agency to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Amounts payable are charged on an accruals basis to the staff costs line in the Comprehensive Income and Expenditure Statement when the Agency 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 Agency to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

c) Post Employment Benefits
Employees of the Agency are members of three separate pension schemes:

- The Local Government Pensions Scheme (LGPS)
- Homes & Communities Agency Pension Scheme (HCAPS)
- Principal Civil Service Pension Scheme (PCSPS)

All schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Agency. The PCSPS is a non-contributory unfunded scheme.

Prior to closure the Agency identified and accounted for its full share of all retired members' future pension liabilities for the HCAPS & PCSPS. It did not identify its share of all non retired members' future pension liabilities and these elements of the schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

The Staff Costs line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to HCAPS and the PCSPS.

d) The Local Government Pension Scheme
The Local Government Scheme is administered by the London Pensions Fund Authority (LPFA) and is accounted for as a defined benefits scheme:

- the Agency's change in net pensions liability is usually actuarially valued annually and the Agency has elected to actuarially value the Agency's share of the Local Government Pension Scheme at 31 March 2012.
- The liabilities of the LPFA pension scheme attributable to the Agency 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.6% (based on the yield on iBoxx AA rated over 15 year corporate bond index as at 31 March 2012 which has been chosen to meet the requirements of IAS19).
- The assets of LPFA pension fund attributable to the Agency are included in the Balance Sheet at their fair value:
  - o quoted securities - current bid price
  - o unquoted securities - professional estimate
  - o unitised securities - current bid price
  - o property - market value.

- The change in the net pension's liability is analysed into seven components:
  - o 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 as part of Staff Costs
  - o past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – also debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Staff Costs
  - o interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - o expected return on assets - the annual investment return on the fund assets attributable to the Agency, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - o gains or losses on settlements and curtailments - the result of actions to relieve the Agency 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 Staff Cost

- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- contributions paid to the LPFA pension fund - 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 by the Agency to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

e) Discretionary Benefits

The Agency also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any 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.

12. 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 Account is adjusted to reflect such events
- 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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

13. Financial Instruments

a) Financial Liabilities

All borrowings are recognised on the Balance Sheet when the Agency becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally borrowed.

Transactions costs for loan debts and investments are applied to adjust the financial instrument’s initial carrying amount with the result that they are amortised to surplus or deficit on the provision of services over the life of the financial instrument. Where immaterial, transaction costs are charged immediately to Surplus or Deficit on the Provision of Services.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Short duration payables with no stated interest rate are measured at original invoice amount (i.e. contract amount). If payment is on deferred terms (i.e. beyond normal credit terms), the consideration payable is recognised initially at the cash price equivalent (that is the discounted amount). The difference between this amount and the total payments made is recognised as interest expense in Surplus or Deficit on the Provision of Services.

b) Financial Assets
Financial assets are classified as loans and receivables.

Loans and receivables are assets that have fixed or determinable payments but are not quoted in an active market. Loans are recognised on the Balance Sheet when the Agency becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Agency has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When soft loans are made (where the interest charged is below market rate), a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial assets held under finance leases are classified as loans and receivables financial instruments measured at amortised cost.

Short duration receivables with no stated interest rate are measured at original invoice amount (i.e. contract amount). If payment is on deferred terms (i.e. beyond normal credit terms), the consideration receivable is recognised initially at the cash price equivalent (that is the discounted amount). The difference between this amount and the total payments received is recognised as interest revenue in Surplus or Deficit on the Provision of Services.

14. Foreign Currency Translation
Where the Agency has entered into a transaction denominated in a foreign currency, the

transaction is converted into 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.

15. Government Grants and Contributions

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

- the Agency will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the 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 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.

16. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Agency 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 asset to the Agency.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Agency will be able to generate future economic benefits or deliver service potential by being able to sell or use 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 (research expenditure cannot be capitalised).

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

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Agency can be determined by reference to an active market. If no intangible asset held by the Agency meets this criterion they are carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) 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 line(s) 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.

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 in Reserves Statement and posted to the Capital

Adjustment Account and the Capital Receipts Reserve.

17. Interests in Companies and Other Entities
The Agency has material interests in companies that have the nature of subsidiaries and associates and require it to annually prepare group accounts. In the Agency's own single-entity accounts, the interests in companies are recorded as financial assets at cost, less any provision for losses.

18. Jointly Controlled Operations and Jointly Controlled Assets
Jointly controlled operations are activities undertaken by the Agency in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Agency recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Agency and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Agency accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

19. Leases
Leases are classified 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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

a) The Agency as Lessee

Finance Leases
Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Agency are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Agency at the end of the lease period).

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting 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 (e.g. there is a rent-free period at the commencement of the lease).

b) The Agency as Lessor

Finance Leases
Where the Agency grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the

Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Agency's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property- applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Any written-off value of disposals is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Agency grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

20. 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.

a) Recognition

Expenditure, of £1,000 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 Agency 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.

b) Measurement

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

Fixed assets are subsequently valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. The following bases are applied:

- Development properties and assets held for sale - market value as a proxy for fair value determined that the amount that would be paid for the asset in its existing use (existing use value - EUV).

- Other Land and Buildings (specialised properties) - where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Vehicles, plant and equipment are included at depreciated cost used as a proxy for fair value.

Subsequent revaluations of property fixed assets have been carried out annually over the last two financial years due to the volatility of the property markets in respect of development land and buildings. The policy is to continue with regular revaluations of property fixed assets on production of the Agency's interim and final accounts immediately prior to closure. A full revaluation of property assets by external valuers was completed for the interim accounts and will be updated as at 31 March 2012. Any consequential revaluation gains/losses are included in the accounts.

Gains arising on initial valuation of fixed assets are credited to the Revaluation Reserve. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. The carrying value of the assets as at 31 March 2007 is deemed to be the depreciated historical cost. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged as an expense.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other operating expenditure in the Comprehensive Income and Expenditure Statement.

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)
- 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 expenditure 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 expenditure line(s) in the Comprehensive Income and Expenditure Statement.

c) 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 the loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant expenditure 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.

d) Depreciation

Depreciation is provided for on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

Freehold buildings	50 years
Computer equipment	3 years
Furniture, fixtures and fittings	5 years
Office accommodation enhancements	15 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

e) Disposals

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the Agency's underlying need to borrow (the capital financing requirement)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

As the cost of fixed assets is fully provided for under separate arrangements for capital financing, the written-off value of disposals are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

21. Provisions, Contingent Liabilities and Contingent Assets

a) Provisions

Provisions are made where an event has taken place that gives the Agency 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. For instance, the Agency may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate expenditure line in the Comprehensive Income and Expenditure Statement in the year that the Agency 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, and are discounted to present value where the effect of the time value of money is material using the Agency's weighted average cost of debt as the discount rate.

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 Agency settles the obligation.

b) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Agency 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 Agency. 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.

c) Contingent Assets
A contingent asset arises where an event has taken place that gives the Agency 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 Agency.

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.

22. Reserves
The Agency sets aside specific amounts 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 according to specific accounting practices governed by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Agency.

The capital accounting regime requires the maintenance of two special reserve accounts in the balance sheet:

- The Revaluation Reserve represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater than the depreciated historical cost.
- The Capital Adjustment Account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. The Capital Adjustment Account also contains the re-classified balance from the old fixed asset restatement account and the capital financing account.

The difference between the historical cost depreciation charge and the current value depreciation, charged to the Comprehensive Income and Expenditure Statement, is met from the Revaluation Reserve by way of an appropriation to the Capital Adjustment Account. These two reserve account balances do not form part of the resources available to the Agency.

The Agency does not have any financial instruments which are available for sale or required to be adjusted for gains or losses as recognised under the Code.

Consequently, the Agency does not have an Available-for-Sale Financial Instruments Reserve or a Financial Instruments Adjustment Account.

23. Revenue Expenditure Funded from Capital under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure in the Comprehensive Income and Expenditure Statement in the year. Where the Agency has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged.

24. Value Added Taxation
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.

25. Corporation and Chargeable Gains Taxation
The Agency is subject to both corporation and chargeable gains taxation and complies with the Income and Corporation Taxes Act 1988 and Taxation of Chargeable Gains Act 1992 as it has been incorporated under the Regional Development Agency Act 1998, which does not exempt RDA's from taxation.

26. Minimum Revenue Provision
The Agency is required to determine a policy to make prudent provision for the repayment of debt. In accordance with this policy, the Agency

has applied a Minimum Revenue Provision (MRP), after the disposal of the Olympic Park Site in 2010/11. The MRP is a requirement to set aside some of the Agency's revenue as a provision for debt repayment. More precisely, 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 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 MRP has been applied from 2010/11 onwards.

Last year the MRP under statutory guidance was based on the asset life method because the borrowing undertaken by the Agency was for the acquisition and remediation of land. This year the method of calculation has been realigned with the GLA's MRP calculation by using an annuity methodology based on the closing CFR, the remaining period of benefit and the opening average rate of interest on external borrowing.

The repayment of debt will be funded from capital resources, in accordance with the terms set out in the Agency's Section 10 Grant Letter under the Regional Development Agency Act 1998.

27. Group Accounts

The Group accounts have been prepared in compliance with the Code's requirements for group accounting.

The Agency's Group accounts presented consolidate the individual accounts of the Agency and its subsidiary. A subsidiary is an entity over which the Agency exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of the Agency's subsidiary has been consolidated on a line-by-line basis in accordance with International Accounting Standard 27 - Consolidated and Separate Financial Statements.

The Agency's material interest in associates is recognised using the equity method.

2. Prior Period Adjustments

The deficit on revaluation of non-current assets (£31.864m) has been reclassified to within the Net Cost of Services for Continuing Operations as part of Planning services. The £31.864m, previously shown within Other Comprehensive Income and Expenditure on the face of the Comprehensive Income and Expenditure Statement, has been replaced with the unrealised loss on the revaluation of non-current assets movement of £22.905m from the Revaluation Reserve. This change also has an impact on restating the comparator in the Cash Flow Statement and note 6, Adjustments between Accounting Basis and Funding Basis under Regulations.

Future lease receivables estimated at £17m for the Excel Exhibition Centre have been derecognised from the Balance Sheet and are now disclosed as a contingent asset. This adjustment relates to future lease receivables originally recognised in the 2008/09 Balance Sheet produced under IFRS in last year's accounts and therefore affects the opening balance of unusable reserves at 31 March 2010 in the Movement in Reserves Statement and the long and short term debtors and deferred capital receipts reserve figures in the Balance Sheet as at 31 March 2011 and prior year comparators. Loans and receivables in note 11 Financial Instruments have also been affected together with note 30 Leases.

Long term provisions for liabilities and charges in the Balance Sheets have been reclassified as short term (with the exception of the long term element of the St Andrews provision of £14,398k - see note 16) (this also affects creditors in the first table in note 11 Financial Instruments).

These treatments follow the Code's guidance notes which were misinterpreted last year in the Agency's year of conversion to IFRS. The adjustments have no impact on the overall General Fund Balance and are reflected in the Movement in Reserves Statement.

There has also been a £4.1m prior period adjustment transferring a lease payable disposal from the deferred capital receipts reserve to the capital adjustment account to correct a posting error. This adjustment also has no impact on the overall General Fund Balance.

A number of other items have been reclassified or revised within the prior year comparators (and the prior year opening Balance Sheet). These adjustments do not constitute prior period adjustments because they do not emanate from a change in accounting policy or a correction of a material error in the main financial statements. The above triviality adjustments include:

- The “Adjustments between Balance Sheet “ line in the Movement in Reserves Statement has been split into “transfer finance lease impairments and receipts” and “other adjustments”.
- “Adjustments between group accounts and agency accounts (group accounts only)” has changed due to the presentation of the Movement in Reserves Statement no longer isolating the subsidiary numbers in a columnar format.
- The Best Value Accounting Code of Practice 2010/11 analysis of the Comprehensive Income and Expenditure Statement has been restated to separate out Transferred Operations to the Greater London Authority within the (Surplus) or Deficit on Provision of Services. This has also affected the prior period comparator in note 22 Amounts Reported for Resource Allocation Decisions.
- Debtors and creditors have been restated within note 11 Financial Instruments.
- The opening capital financing requirement in note 29 has been increased by just over £8m as this was understated last year due to an omission of a long term debtor in the balance.
- The balance outstanding at the start of the year and the payments during the year in the second table in note 33 were understated due to the omission of an annual contractual increase in line with the Consumer Price Index.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Agency has had to make certain judgements about complex transactions or those involving uncertainty about future events. Due to these complexities and uncertainties professional judgement has been used to interpret the accounting policies and their application to the Agency’s financial circumstances. The critical judgements made in the Statement of Accounts are:

a) Going concern is the basis upon which the Agency’s Statement of Accounts has been prepared. This assumes that the remaining functions of the Agency will continue in operational existence for the foreseeable future by transferring to the GLA. The Code makes clear that combinations of public sector bodies are not to be taken as negating the presumption of going concern. Even though the Agency has closed, the continuing functions for the public benefit at the GLA means that the Agency does not need to consider the restriction on its own ability to function from the going concern perspective.

b) Development properties have been classified as Property, Plant and Equipment (P, P and E) under the Code and not Investment Properties as the Agency considers its development properties not to be held solely to earn rentals or for capital appreciation or both. Nor have they been classified as inventories as a potential alternative to classifying them as P, P and E. Inventories are usually classified as current assets and due to the long term nature of the Agency’s development cycle it was decided that for the final year of the Agency’s accounts they would remain classified as P,P and E. However an alternative view would be to treat them as inventories, as development assets were held primarily for the purpose of the Agency’s trading, even though their normal operating cycle was more than 12 months.

c) Long term investments – the London Green Fund (JESSICA) (£32m as at 31 December 2011) has been reclassified as a long term investment but there could be alternative views on its treatment because of the nature of the funding agreement not being easily classifiable.

d) The methodology adopted under the statutory guidance for the calculation of the amount to be included for the Minimum Revenue Provision (see item 25 in Note 1 Statement of Accounting Policies above).

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Agency about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are a number of areas in the accounts that are subject to the use of estimates and judgements about the future that have a material effect on the accounts. Accounting entries for legal provisions, non current assets valuations and pensions are externally assessed by suitably qualified professional organisations. Other areas such as leases, property accounting treatments and accruals and prepayments of income and expenditure are subject to estimates and judgements made internally by the Agency's professionally qualified accountants. The areas involving the use of estimation techniques and assumptions that are significant to the financial statements are disclosed under heading 4 in Note 1 Statement of Accounting Policies.

The items in the Agency's Balance Sheet at 31 March 2012 for which there would have been significant risk of material adjustments in the forthcoming financial year had the Agency not closed are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The Agency's development properties and other land and buildings were susceptible to a variety of risks in fluctuations of their valuations by professional valuers and the remaining property portfolio may continue to be susceptible under the auspices of the GLA. Volatile market conditions for development property prices, changing valuation assumptions resulting from changing development options e.g. remediation of land cost estimates, and long development horizons affecting the uncertainty of development strategies all affect the risk of material adjustment to the valuations in the forthcoming year. Not to mention the uncertainty of renewing the estates strategy as the remaining portfolio is transferred to the GLA.	Development assets valuations would only have to fluctuate by approximately 7.5% for the total valuation to move + or - £10m.
Assets Carried at Fair Value	Long term debtors and unquoted investments were formally reviewed annually for potential impairments. Due to their nature i.e. debtors repayable in several years time and unquoted investments in a fund established to service loans and equity investments in the local economy, there is substantial risk of future impairment which will affect the future estimates of fair values.	The uncertainty of impairments is highly unpredictable and an impairment of, say, 10% of long term debtors and unquoted investments would have had an impact in the Balance Sheet of approximately £5.2m.
Provisions	The Agency provided for settlement of compensation claims, future pension liabilities of the Homes and Communities Agency Pension Scheme and a provision of £21.6m for a potential repayment of grant to the Homes and Communities Agency in respect of the sale of St Andrews (former) hospital development in Bromley by Bow. The settlement of compensation claims may be different to the amounts provided for. Particularly as there can be a number of years between the initial claim and the final payment of it. Despite the provision estimates having been assessed by suitably qualified professionals engaged by the Agency the claims can be of sufficient legal complexity to result in unexpected settlement costs. It could be considered that it is not certain that the repayment of grant to the Homes and Communities Agency will be repaid at all.	Provisions estimates would only have to fluctuate by approximately 5.8% for the total valuation to move + or - £5m.
Pensions Liability	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. A firm of consulting actuaries was engaged to provide the Agency with expert advice about the assumptions to be applied	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2m. However, the assuptions interact in complex ways. During 2011/12, the Agency's actuaries advised that the net pensions liability had increased by £2.6m as a result of actual return being less than expected return on pension scheme assets, and by £11m attributable to updating of the assumptions.

5. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Executive Director of Resources of the GLA on 28 August 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Where events taking place before this date provided information about conditions existing after 31 March 2012, the figures in the financial statements and notes have not been adjusted (non adjusting events) and details are included here in the form of a note where such an event would affect the understanding of the Agency's final financial position.

There has been one such non adjusting event occur since 31 March 2012. As a consequence of the Agency's closure it ceased its participation in the Homes and Communities Agency Pension Scheme. The Agency provided in its accounts for the exit debt of the scheme at £2.1m as detailed in note 16. Subsequently, as part of their arrangements to discharge all liabilities to the scheme for all closing Regional Development Agencies, the Department for Business, Innovation and Skills has discharged the net liability for the Agency's share of the scheme, which has been recalculated as £1.8m under section 75 of the Pensions Act 1995.

6. 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 Agency in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Agency to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Agency are required to be paid and out of which all liabilities of the Agency are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Group

2011/12	Usable Reserves General Fund Balance	 Capital Receipts Reserve	 Capital Grants Unapplied	 Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation	1,730			(1,730)
Revaluation (gains)/losses on Property Plant and Equipment	(5,258)			5,258
Amortisation of Finance Leases	-			-
Capital grants and contributions applied	(82,452)			82,452
Revenue expenditure funded from capital under statute	36,533			(36,533)
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	25,166			(25,166)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(11,000)			11,000
Adjustments primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			(5,258)	5,258
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		(188,984)		188,984
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		139,354		(139,354)
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(51,805)			51,805
Transfer of deferred lease payments debited as impairment of non-current assets to the Comprehensive Income and Expenditure Statement	3,219			(3,219)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	514			(514)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,710)			1,710
Adjustment 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	(121)			121
Total Adjustments	**(85,184)**	**(49,630)**	**(5,258)**	**140,072**

Group

2010/11 Comparative Figures	Usable Reserves General Fund Balance (Restated)* £'000	Capital Receipts Reserve £'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	714			(714)
*Revaluation (gains)/losses on Property Plant and Equipment	31,864			(31,864)
Amortisation of Finance Leases	52			(52)
Capital grants and contributions applied	(95,988)			95,988
Revenue expenditure funded from capital under statute	117,080			(117,080)
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	233,674			(233,674)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(12,000)			12,000
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		(44,400)		44,400
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		59,915		(59,915)
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(161,055)			161,055
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,974)			1,974
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,116)			8,116
Adjustment 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	(127)			127
Total Adjustments	**104,124**	**15,515**	**-**	**(119,639)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Agency

2011/12	Usable Reserves General Fund Balance £'000	Usable Reserves 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	1,730		(1,730)
Revaluation (gains)/losses on Property Plant and Equipment	(5,258)		5,258
Amortisation of Finance Leases			-
Capital grants and contributions applied	(82,452)		82,452
Revenue expenditure funded from capital under statute	36,533		(36,533)
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	25,166		(25,166)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment	(11,000)		11,000
Adjustments primarily involving the Capital Grants Unapplied Account:			
Application of grants to capital financing transferred to the Capital Adjustment Account			
Adjustments primarily involving the Capital Receipts Reserve:			
Use of the Capital Receipts Reserve to finance new capital expenditure		(188,984)	188,984
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		139,354	(139,354)
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):			
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(51,805)		51,805
Transfer of deferred lease payments debited as impairment of non-current assets to the Comprehensive Income and Expenditure Statement	3,219		(3,219)
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	514		(514)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,710)		1,710
Adjustment 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	(121)		121
Total Adjustments	**(85,184)**	**(49,630)**	**134,814**

Agency

2010/11 Comparative Figures	Usable Reserves: General Fund Balance (Restated)* £'000	Usable Reserves: 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	714		(714)
*Revaluation (gains)/losses on Property Plant and Equipment	31,864		(31,864)
Amortisation of Finance Leases	52		(52)
Capital grants and contributions applied	(95,988)		95,988
Revenue expenditure funded from capital under statute	117,735		(117,735)
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	233,674		(233,674)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment	(12,000)		12,000
Adjustments primarily involving the Capital Receipts Reserve:			
Use of the Capital Receipts Reserve to finance new capital expenditure		(44,400)	44,400
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		59,915	(59,915)
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):			
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(161,055)		161,055
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,974)		1,974
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,116)		8,116
Adjustment 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	(127)		127
Total Adjustments	**104,779**	**15,515**	**(120,294)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

7. Other Operating Expenditure

Group 2010/11 £'000	Agency 2010/11 £'000		Group 2011/12 £'000	Agency 2011/12 £'000
73,683	73,683	(Profit)/Loss on Sale of Assets	**(20,750)**	**(21,906)**
73,683	73,683	**Total**	**(20,750)**	**(21,906)**

8. Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure

Group 2010/11 £'000	Agency 2010/11 £'000		Group 2011/12 £'000	Agency 2011/12 £'000
16,843	16,837	Interest Payable	**67,570**	**67,570**
996	996	Expected Return on Pension Assets less Pension Interest Cost	**(320)**	**(320)**
(1,074)	(763)	Interest and Investment Income	**(834)**	**(620)**
-	-	Other investment Income	**(1,359)**	**(1,359)**
-	-	Other investment Expenditure	**163**	**163**
16,765	17,070	**Total**	**65,220**	**65,434**

9. Taxation and Non Specific Grant Incomes

Group 2010/11 £'000	Agency 2010/11 £'000		Group 2011/12 £'000	Agency 2011/12 £'000
(190,488)	(190,488)	Government Grants and Contributions	**(125,332)**	**(125,332)**
(95,988)	(95,988)	Capital grants and contributions	**(82,452)**	**(82,452)**
(286,476)	(286,476)	**Total**	**(207,784)**	**(207,784)**

10. Property, Plant and Equipment

Movements on Balances:

Group: Other Land and Buildings £'000	Group: Vehicles, Plant, Furniture & Equipment £'000	Group: Development Property £'000	Group: Total Property, Plant and Equipment £'000	2011/12	Agency: Other Land and Buildings £'000	Agency: Vehicles, Plant, Furniture & Equipment £'000	Agency: Development Property £'000	Agency: Total Property, Plant and Equipment £'000
				Cost or Valuation				
14,052	13,432	152,981	180,465	At 1 April 2011	14,050	12,701	152,981	179,732
1,035	-	15,606	16,641	Additions	1,035	-	15,606	16,641
(1,565)	-	(23,930)	(25,495)	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,565)	-	(23,930)	(25,495)
-	-	5,167	5,167	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	5,167	5,167
-	(12,620)	(19,050)	(31,670)	Derecognition – disposals	-	(12,620)	(19,050)	(31,670)
		(1)	(1)	Other movements in cost or valuation			(1)	(1)
13,522	**812**	**130,773**	**145,107**	**At 31 March 2012**	**13,520**	**81**	**130,773**	**144,374**
				Accumulated Depreciation				
2	8,367	-	8,369	At 1 April 2011	-	7,636	-	7,636
1,053	574	103	1,730	Depreciation charge	1,053	574	103	1,730
(1,053)	-	(12)	(1,065)	Depreciation written out to the Revaluation Reserve	(1,053)		(12)	(1,065)
-	-	(91)	(91)	Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	(91)	(91)
-	(8,129)	-	(8,129)	Derecognition – disposals	-	(8,129)	-	(8,129)
-		-	-	Other movements in depreciation	-	-	-	-
2	**812**	**-**	**814**	**At 31 March 2012**	**-**	**81**	**-**	**81**
				Net Book Value				
13,520	**-**	**130,773**	**144,293**	**at 31 March 2012**	**13,520**	**-**	**130,773**	**144,293**
14,050	**5,065**	**152,981**	**172,096**	**at 31 March 2011**	**14,050**	**5,065**	**152,981**	**172,096**

Group: (Restated) Other Land and Buildings £'000	Group: Vehicles, Plant, Furniture & Equipment £'000	Group: Development Property £'000	Group: Total Property, Plant and Equipment £'000	2010/11	Agency: (Restated) Other Land and Buildings £'000	Agency: (Restated) Vehicles, Plant, Furniture & £'000	Agency: Development Property £'000	Agency: Total Property, Plant and Equipment £'000
				Cost or Valuation				
39,740	13,287	345,467	398,494	At 1 April 2010	39,738	12,555	345,467	397,760
1,293	147	79,177	80,617	Additions	1,293	147	79,177	80,617
(5,163)	-	(23,405)	(28,568)	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5,163)	-	(23,405)	(28,568)
-	-	(31,864)	(31,864)	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	(31,864)	(31,864)
(21,821)	-	(211,230)	(233,051)	Derecognition – disposals	(21,821)	-	(211,230)	(233,051)
-	-	(6,514)	(6,514)	Derecognition – other	-	-	(6,514)	(6,514)
3	(2)	1,350	1,351	Other movements in cost or valuation	3	(1)	1,350	1,352
14,052	**13,432**	**152,981**	**180,465**	**At 31 March 2011**	**14,050**	**12,701**	**152,981**	**179,732**
				Accumulated Depreciation				
6,157	7,653	-	13,810	at 1 April 2010	6,155	6,922	-	13,077
1,263	714	-	1,977	Depreciation charge	1,263	714	-	1,977
(5,663)	-	-	(5,663)	Depreciation written out to the Revaluation Reserve	(5,663)	-	-	(5,663)
-	-	-	-	Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-
(1,758)	-	-	(1,758)	Derecognition – disposals	(1,758)	-	-	(1,758)
3	-	-	3	Other movements in depreciation	3	-	-	3
2	**8,367**	**-**	**8,369**	**at 31 March 2011**	**-**	**7,636**	**-**	**7,636**

2011/2012 Vehicles, Plant, Furniture & Equipment
Due to the Agency's closure £4.5m of vehicles, plant, furniture & equipment has been derecognised/disposed of.

2010/11 Other Land and Buildings Restated
The note on Property, Plant and Equipment for Other Land and Buildings for last year did not demonstrate that cumulative depreciation upon revaluation had been written out to the Revaluation Reserve. The 2010/11 comparator for Other Land and Buildings this year has therefore been restated to this effect.

2010/2011 Vehicles, Plant, Furniture & Equipment Restated
Cost and accumulated depreciation balances at 1 April 2010 have been adjusted by £730k for Agency, due to a historical error, which has no impact on the accounts other than restating the balances in the above table.

Depreciation
The following remaining useful lives have been used in the calculation of depreciation:
Other Land and Buildings – 4–50 years
Development Properties – 10-50 years
Vehicles, Plant, Furniture & Equipment – 3–15 years

Intangible Assets
Currently the Agency does not hold any intangible assets.

Capital Commitments
As the Agency closed on 31 March 2012 there were no material outstanding contracts for the purchase of capital items for direct use by the Agency or its successor body the GLA.

Effects of changes in Estimates
In 2011/12 the Agency made a change to its accounting estimates for Property, Plant and Equipment. Previously depreciation on development asset buildings had been considered immaterial. During the revaluation of the Agency's development properties the remaining useful lives were reviewed critically for all buildings owned by the Agency. As a result there was a charge for depreciation of £103k made during the year which was subsequently reversed out upon revaluation within normal accounting conventions.

Revaluation increases/(decreases) recognised in the surplus/(deficit) on the Provision of Services
Where a loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve. If there are insufficient gains within the reserve, any excess is charged to the Comprehensive Income and Expenditure Statement.

Revaluations
Due to the nature of development properties being volatile in regard to their valuations the Agency has opted to revalue their land and buildings annually over recent years. All revaluations were undertaken in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation Standards by Jones Lang Lasalle Limited, a financial and professional services firm specialising in real estate services and investment management, and who are appropriately qualified valuers for the purposes of the RICS Valuation Standards. Vehicles, plant, furniture and equipment are not revalued.

Agency	**Other Land and Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Development Property**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Carried at historical cost	-	81	-	**81**
valued at fair value as at:				**-**
31-Mar-12	13,520	-	130,773	**144,293**
Total Cost or Valuation	**13,520**	**81**	**130,773**	**144,374**

11. Financial Instruments

Categories of Financial instruments

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

	Group				Agency			
	Long-term		Current		Long-term		Current	
	31-Mar-12	31-Mar-11 (Restated)*	**31-Mar-12**	31-Mar-11 (Restated)*	**31-Mar-12**	31-Mar-11 (Restated)*	**31-Mar-12**	31-Mar-11 (Restated)*
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Investments								
Unquoted equity investment at cost	**38,347**	8,185	**-**	-	**32,002**	2	**-**	-
Total investments	**38,347**	8,185	**-**	-	**32,002**	2	**-**	-
Debtors								
*Loans and receivables at amortised costs	**19,848**	88,267	**8,516**	33	**19,848**	88,267	**8,516**	33
*Financial assets carried at contract amounts	**-**	-	**34,010**	318,295	**-**	-	**23,407**	307,123
Total Debtors	**19,848**	88,267	**42,526**	318,328	**19,848**	88,267	**31,923**	307,156
Borrowings								
Financial liabilities at amortised cost	**-**	360,000	**267,355**	240,000	**-**	360,000	**267,355**	240,000
Total Borrowings	**-**	360,000	**267,355**	240,000	**-**	360,000	**267,355**	240,000
Other Long Term Liabilities								
PFI and finance lease liabilities	**330**	1,327	**-**	-	**330**	1,327	**-**	-
Total other long term liabilities	**330**	1,327	-	-	**330**	1,327	-	-
Creditors								
*Financial liabilities carried at Amortised Cost	**14,400**	5,732	**1**	29	**14,776**	5,732	**1**	85,007
*Financial liabilities carried at contract amount	**378**	542	**102,120**	140,032	**-**	542	**95,467**	52,319
Total Creditors	**14,778**	6,274	**102,121**	140,061	**14,776**	6,274	**95,468**	137,326

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Income, Expense, Gains and Losses

Group	2011/12 Financial Liabilities measured at amortised cost	2011/12 Financial Assets: Loans and receivables	2011/12 Financial Assets: Available for sale	2011/12 Assets and Liabilities at Fair Value through Profit and Loss	2011/12 Total	2010/11 Financial Liabilities measured at amortised cost	2010/11 Financial Assets: Loans and receivables	2010/11 Financial Assets: Available for sale	2010/11 Assets and Liabilities at Fair Value through Profit and Loss	2010/11 Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Interest Payable	**67,570**	**-**	**-**	**-**	**67,570**	16,843	-	-	-	16,843
Total expense in Surplus or Deficit on the Provision of Services	**67,570**	**-**	**-**	**-**	**67,570**	16,843	-	-	-	16,843
Interest and Investment Income	**-**	**(834)**	**-**	**-**	**(834)**	-	(1,074)	-	-	(1,074)
Total income in Surplus or Deficit on the Provision of Services	**-**	**(834)**	**-**	**-**	**(834)**	-	(1,074)	-	-	(1,074)
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net gain/(loss) for the year	**67,570**	**(834)**	**-**	**-**	**66,736**	16,843	(1,074)	-	-	15,769

Agency	2011/12 Financial Liabilities measured at amortised cost	2011/12 Financial Assets: Loans and receivables	2011/12 Financial Assets: Available for sale	2011/12 Assets and Liabilities at Fair Value through Profit and Loss	2011/12 Total	2010/11 Financial Liabilities measured at amortised cost	2010/11 Financial Assets: Loans and receivables	2010/11 Financial Assets: Available for sale	2010/11 Assets and Liabilities at Fair Value through Profit and Loss	2010/11 Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Interest Payable	**67,570**	**-**	**-**	**-**	**67,570**	16,837	-	-	-	16,837
Total expense in Surplus or Deficit on the Provision of Services	**67,570**	**-**	**-**	**-**	**67,570**	16,837	-	-	-	16,837
Interest and Investment Income	**-**	**(620)**	**-**	**-**	**(620)**	-	(763)	-	-	(763)
Total income in Surplus or Deficit on the Provision of Services	**-**	**(620)**	**-**	**-**	**(620)**	-	(763)	-	-	(763)
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net gain/(loss) for the year	**67,570**	**(620)**	**-**	**-**	**66,950**	16,837	(763)	-	-	16,074

Fair Values of Assets and Liabilities

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

- As the PWLB loans were repaid in full at 31 March 2012 the appropriate average interest rate of PWLB fixed interest rate loans for the year was used (4.27%)
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables/payables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Group	31-Mar-12 Carrying amount	Fair value	31-Mar-11 Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Borrowings	**267,355**	**267,355**	600,000	612,362
Other Long Term Liabilities	**330**	**330**	1,327	1,327
Creditors	**116,899**	**116,899**	146,335	146,335

Agency	31-Mar-12 Carrying amount	Fair value	31-Mar-11 Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Borrowings	**267,355**	**267,355**	600,000	612,362
Other Long Term Liabilities	**330**	**330**	1,327	1,327
Creditors	**110,244**	**110,244**	143,600	143,600

The fair value of borrowings at 31 March 2012 equates to the carrying amount because these borrowings matured on 1 April 2012, whereas the prior year position reflected a notional future loss arising from fixed rate loans held where the interest rates payable were higher than the prevailing market rates at the Balance Sheet date.

Group	31-Mar-12 Carrying amount	Fair value	31-Mar-11 Carrying amount (Restated)*	Fair value (Restated)*
	£'000	**£'000**	£'000	£'000
*Debtors	**62,374**	**61,167**	406,595	406,595
Investments	**38,347**	**38,347**	8,185	8,185

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Agency	31-Mar-12 Carrying amount	Fair value	31-Mar-11 Carrying amount (Restated)*	Fair value (Restated)*
	£'000	**£'000**	£'000	£'000
*Debtors	**51,771**	**50,564**	395,423	395,423
Investments	**32,002**	**32,002**	2	2

* Amounts restated as per Note 2 of the Notes to the Financial Statements

The current fair value of debtors discounts the potential risk inherent in two long term debtors repayable over the next 6 to 10 years.

12. Debtors

	Group 31-Mar-12 £'000	Agency 31-Mar-12 £'000	Group 31-Mar-11 (Restated)* £'000	Agency 31-Mar-11 (Restated)* £'000
Central government bodies	**11,626**	**11,626**	27,414	27,414
Other local authorities	**1,816**	**1,816**	1,010	1,010
* Bodies external to general government (ie all other bodies)	**18,261**	**15,640**	118,036	114,095
Total	**31,703**	**29,082**	146,460	142,519

* Amounts restated as per Note 2 of the Notes to the Financial Statements

13. Cash and Cash Equivalents

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

Group 31/03/2011 £'000	Agency 31/03/2011 £'000		**Group 31/03/2012 £'000**	**Agency 31/03/2012 £'000**
35,425	28,194	Bank current accounts	**8,001**	**19**
136,443	136,443	Bank Deposit accounts	**2,822**	**2,822**
171,868	164,637	**Total Cash and Cash Equivalents**	**10,823**	**2,841**

14. Assets Held for Sale

Before any assets can be recognised as held for sale the Code requires compliance of:

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If all the above criteria are not met the asset shall continue to be accounted for in accordance with the relevant section of the Code.

The Agency did not have any assets for sale which strictly met all of the above criteria. There were however some development property assets which had been actively marketed for sale on occasions over a number of years, with some instances of assets being on the market for as many as nine years without being sold. The Agency therefore considered that the potential sales of any development property assets that have been actively marketed for sale are not highly probable, based on the historical evidence.

Those development property assets which have been actively marketed for sale during 2011/12 (but not sold) are Gallions Quarter, the Royal Docks Royal Business Park, Silvertown Dock and White Hart Triangle. These assets have a total value of £50.2m as at 31 March 2012.

15. Creditors

	Group 31-Mar-12 £'000	**Agency 31-Mar-12 £'000**	Group 31-Mar-11 £'000	Agency 31-Mar-11 £'000
Central government bodies	**5**	**5**	11,632	11,632
Other local authorities	**584**	**584**	16,746	16,746
Public corporations and trading funds	**86**	**86**	76	76
Bodies external to general government (ie all other bodies)	**8,703**	**8,594**	24,026	23,894
Total	**9,378**	**9,269**	52,480	52,348

16. Provisions

Current	**Claims £'000**	**Grant Repayments £'000**	**Closure £'000**	**Other £'000**	**Total £'000**	**Subsidiary £'000**	**Group £'000**
Balance at 1 April 2011	**(77,538)**	**-**	**(6,734)**	**(706)**	**(84,978)**	**(2,603)**	**(87,581)**
Additional provisions made in 2011/2012	(27,117)	(7,198)		(1,054)	(35,369)	(285)	**(35,654)**
Amounts used in 2011/2012	15,409	-	3,225	492	19,126	-	**19,126**
Unused amounts reversed in 2011/2012	9,804	-	1,409	153	11,366	-	**11,366**
Unwinding of discounting in 2011/2012	-	-	-	-	-	-	
Balance at 31 March 2012	**(79,442)**	**(7,198)**	**(2,100)**	**(1,115)**	**(89,855)**	**(2,888)**	**(92,743)**

Non Current	**Claims £'000**	**Grant Repayments £'000**	**Closure £'000**	**Other £'000**	**Total £'000**	**Subsidiary £'000**	**Group £'000**
Balance at 1 April 2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additional provisions made in 2011/2012	-	(14,398)	-	-	(14,398)	-	**(14,398)**
Amounts used in 2011/2012	-	-	-	-	-	-	**-**
Unused amounts reversed in 2011/2012	-	-	-	-	-	-	**-**
Unwinding of discounting in 2011/2012	-	-	-	-	-	-	-
Balance at 31 March 2012	**-**	**(14,398)**	**-**	**-**	**(14,398)**	**-**	**(14,398)**

The Agency has made provisions in respect of compensation claims in the ordinary course of business, which have not been settled, relating to contracts and projects for which the outcome is uncertain. This year the Agency has changed its assumption made about the future for compensation claims in that it has classified all of its provisions as short term because the Agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The Agency is unable to disclose any details of these provisions as this could prejudice the GLA's commercial position going forward. The Agency has also provided for remaining closure costs in 2012 relating to £2.1m for its full share of all retired members' future pension liabilities of the Homes and Communities Agency Pension Scheme. A provision of £21.6m has also been made for a potential repayment of grant to the Homes and Communities Agency in respect of the sale of St Andrews (former) hospital development in Bromley by Bow. £14,398k of this provision has been classified as non current as there is a contractual right to repay this amount after one year. £0.8m has also been provided for costs in relation to Thames Wharf development property. Group provisions include an additional £2.9m (2010/11 £2.6m) and represent a diminution of the value of investments in the Agency's subsidiary accounts (SME WF Ltd).

17. Usable Reserves

Movements in the Agency's usable reserves are detailed in the Movement in Reserves Statement.

18. Unusable Reserves

Group 31-Mar-2011 (Restated)* £'000	Agency 31-Mar-2011 (Restated)* £'000		**Group 31-Mar-2012 £'000**	**Agency 31-Mar-2012 £'000**
76,904	76,904	Revaluation Reserve	**48,286**	**48,286**
(411,918)	(433,432)	Capital Adjustment Account	**(210,181)**	**(236,952)**
(5,096)	(5,096)	Pensions Reserve	**(17,568)**	**(17,568)**
110,024	110,024	*Deferred Capital Receipts Reserve	**19,256**	**19,256**
(121)	(121)	Accumulated Absences Account	**-**	**-**
(230,207)	(251,721)	**Total Unusable Reserves**	**(160,207)**	**(186,978)**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Agency arising from increases in the value of its Property, Plant and Equipment. 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.

Group 31-Mar-2011 £'000	Agency 31-Mar-2011 £'000		**Group 31-Mar-2012 £'000**	**Agency 31-Mar-2012 £'000**
117,089	117,089	**Balance at 1 April**	**76,904**	**76,904**
14,281	14,281	Upward revaluation of assets	**7,474**	**7,474**
(37,186)	(37,186)	Downward revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	**(31,904)**	**(31,904)**
(22,905)	(22,905)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(24,430)**	**(24,430)**
(1,263)	(1,263)	Difference between fair value depreciation and historical cost depreciation	**(610)**	**(610)**
(16,017)	(16,017)	Accumulated gains on assets sold or scrapped	**(3,578)**	**(3,578)**
(17,280)	(17,280)	**Amount written off to the Capital Adjustment Account**	**(4,188)**	**(4,188)**
76,904	76,904	**Balance at 31 March**	**48,286**	**48,286**

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 those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Agency as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Agency.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Group 31-Mar-2011 £'000	Agency 31-Mar-2011 £'000		Group 31-Mar-2012 £'000	Agency 31-Mar-2012 £'000
(196,284)	(219,182)	**Balance at 1 April**	**(411,918)**	**(433,432)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(714)	(714)	Charges for depreciation of non-current assets	**(1,730)**	**(1,730)**
(31,864)	(31,864)	Revaluation gain/(loss) on Property, Plant and Equipment	**5,258**	**5,258**
(52)	(52)	Amortisation of Finance Leases	**-**	**-**
(117,080)	(117,735)	Revenue expenditure funded from capital under statute	**(36,533)**	**(36,533)**
(233,674)	(233,674)	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	**(25,166)**	**(25,166)**
-	-	Transfer of Operations under Machinery of Government	**(32,000)**	**(32,000)**
121	121	Other adjustments	**26**	**27**
(383,263)	(383,918)		**(90,145)**	**(90,144)**
17,280	17,280	Adjusting amounts written out of the Revaluation Reserve	**4,188**	**4,188**
(365,983)	(366,638)	**Net written out amount of the cost of non-current assets consumed in the year**	**(85,957)**	**(85,956)**
		Capital financing applied in the year:		
44,400	44,400	Use of the Capital Receipts Reserve to finance new capital expenditure	**188,984**	**188,984**
95,988	95,988	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**82,452**	**82,452**
(2,039)	-	Application of Grants to Capital Financing		
-	-	Application of grants to capital financing from the Capital Grants Unapplied Account	**5,258**	**-**
12,000	12,000	Statutory provision for the financing of capital investment charged against the General Fund	**11,000**	**11,000**
		Capital expenditure charged against the General Fund		
		Prior Period adjustments		
150,349	152,388		**287,694**	**282,436**
		Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		
		Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		
(411,918)	(433,432)	**Balance at 31 March**	**(210,181)**	**(236,952)**

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. The Agency accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the 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 Agency makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Agency has 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.

Group 31-Mar-2011 £'000	Agency 31-Mar-2011 £'000		**Group 31-Mar-2012 £'000**	**Agency 31-Mar-2012 £'000**
(15,183)	(15,183)	**Balance at 1 April**	**(5,096)**	**(5,096)**
(3)	(3)	Actuarial gains or losses on pensions assets and liabilities	**(13,668)**	**(13,668)**
1,974	1,974	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	**(514)**	**(514)**
8,116	8,116	Employer's pensions contributions and direct payments to pensioners payable in the year	**1,710**	**1,710**
(5,096)	(5,096)	**Balance at 31 March**	**(17,568)**	**(17,568)**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Agency 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.

Group 31-Mar-2011 (Restated)* £'000	Agency 31-Mar-2011 (Restated)* £'000		**Group 31-Mar-2012 £'000**	**Agency 31-Mar-2012 £'000**
11,077	11,077	***Balance at 1 April**	**110,024**	**110,024**
161,055	161,055	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**51,805**	**51,805**
(2,193)	(2,193)	Transfer Finance Lease Impairments and receipts	**(3,219)**	**(3,219)**
(59,915)	(59,915)	Transfer to the Capital Receipts Reserve upon receipt of cash	**(139,354)**	**(139,354)**
110,024	110,024	**Balance at 31 March**	**19,256**	**19,256**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Accumulated Absences Account

The Accumulated Absence 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.

Group 31-Mar-2011 £'000	Agency 31-Mar-2011 £'000		**Group 31-Mar-2012 £'000**	**Agency 31-Mar-2012 £'000**
(248)	(248)	**Balance at 1 April**	**(121)**	**(121)**
248	248	Settlement or cancellation of accrual made at the end of the preceding year	**121**	**121**
(121)	(121)	Amounts accrued at the end of the current year		
127	127	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	**121**	**121**
(121)	(121)	**Balance at 31 March**	**-**	**-**

19. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Group 31/03/2011 £'000	Agency 31/03/2011 £'000		**Group 31/03/2012 £'000**	**Agency 31/03/2012 £'000**
16,951	16,945	Interest Paid	**71,090**	**71,090**
(966)	(655)	Interest and Investment Income	**(784)**	**(570)**
15,985	16,290	**Net cash flows from operating activities**	**70,306**	**70,520**

20. Cash Flow Statement – Investing Activities

Group 31/03/2011 £'000	Agency 31/03/2011 £'000		**Group 31/03/2012 £'000**	**Agency 31/03/2012 £'000**
126,347	126,347	Purchase of property, plant and equipment, investment property and intangible assets	**6,059**	**6,059**
17,000	17,000	Investments in Long Term Debtors	**(525)**	**(525)**
(59,915)	(59,915)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(134,028)**	**(134,028)**
83,432	83,432	**Net cash flows from investing activities**	**(128,494)**	**(128,494)**

21. Cash Flow Statement – Financing Activities

Group 31/03/2011 £'000	Agency 31/03/2011 £'000		**Group 31/03/2012 £'000**	**Agency 31/03/2012 £'000**
(280,000)	(280,000)	Cash receipts of short- and long-term borrowing	**(267,355)**	**(267,355)**
(1,016)		Other receipts from financing activities	**-**	**-**
52	52	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	**-**	**-**
73,102	69,000	Repayments of short- and long-term borrowing	**600,000**	**600,000**
(207,862)	(210,948)	**Net cash flows from financing activities**	**332,645**	**332,645**

22. Amounts Reported for Resource Allocation Decisions

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

- no charges were made in relation to third party capital expenditure incurred via revenue expenditure funded from capital under statute
- no charges were made in relation to depreciation, revaluation and impairment of long term assets
- material amounts of interest and investment income and government grants and contributions were not credited to programmes
- material losses on disposal of fixed assets were not charged
- the cost of retirement benefits was based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services was budgeted for centrally and not charged to programmes.

The income and expenditure of the Agency's principal programmes for the year on a group basis is as follows:

Group:

2011/12	Regeneration £'000	Olympic Land	Climate Change £'000	Sustained Employment £'000	Business Support £'000	International Promotion £'000	Olympics	Corporate Other £'000	Administration £'000	Total £'000
Fees, charges & other service income	(3,966)	(239)	-	-	-	-	-	-	(1,616)	(5,821)
Grant & contributions	(265)	(46,498)	-	(4,763)	(1,358)	30	(909)	-	(382)	(54,145)
Interest and investment income	(109)	-	-	-	77	-	-	-	-	(32)
Government grants	-	-	-	-	-	-	-	-	-	-
Total Income	**(4,340)**	**(46,737)**	**-**	**(4,763)**	**(1,281)**	**30**	**(909)**	**-**	**(1,998)**	**(59,998)**
Employee expenses	74	337	-	169	57	-	1,032	-	9,367	11,035
Other service expenses	23,802	50	3,631	4,346	147	1,295	5,699	12	13,375	52,356
Support service recharges	-	-	-	-	-	-	-	-	-	-
Grant payments	305	10,000	(136)	10,286	6,332	(37)	10,489	-	5,636	42,875
Interest Payments	-	67,625	-	-	-	-	-	-	-	67,625
Other expenditure	(28)	237	-	-	(2)	-	-	-	-	207
Total Expenditure	**24,153**	**78,248**	**3,495**	**14,800**	**6,534**	**1,258**	**17,220**	**12**	**28,378**	**174,098**
Net Expenditure	**19,813**	**31,511**	**3,495**	**10,037**	**5,254**	**1,288**	**16,311**	**12**	**26,380**	**114,100**

2010/11	Regeneration £'000	Olympic Land £'000	Climate Change £'000	Sustained Employment £'000	Business Support £'000	International Promotion £'000	Olympics £'000	Corporate Other £'000	Administration £'000	Total £'000
Fees, charges & other service income	(13,089)	(357)	-	(47)	(450)	-	-	(38)	(1,057)	(15,038)
Grant & contributions	(181)	(1,022)	(452)	(11,776)	(6,104)	(106)	(134)	-	(2,043)	(21,818)
Government grants	-	-	-	-	-	-	-	-	-	-
Total Income	**(13,270)**	**(1,379)**	**(452)**	**(11,823)**	**(6,554)**	**(106)**	**(134)**	**(38)**	**(3,100)**	**(36,856)**
Employee expenses	65	(3)	51	836	1,010	74	-	57	41,386	43,476
Other service expenses	13,304	1,868	2,182	3,061	6,181	1,013	208	1,110	12,575	41,502
Support service recharges	-	-	-	-	-	-	-	-	-	-
Grant payments	510	11,410	2,011	32,003	25,214	24,949	3,972	1,102	3,248	104,419
Interest payments & investment income	(259)	16,723	-	-	(108)	-	-	-	(30)	16,326
Other expenditure	422	334	-	-	20	-	-	-	-	776
Total Expenditure	**14,042**	**30,332**	**4,244**	**35,900**	**32,317**	**26,036**	**4,180**	**2,269**	**57,179**	**206,499**
Net Expenditure	**772**	**28,953**	**3,792**	**24,077**	**25,763**	**25,930**	**4,046**	**2,231**	**54,079**	**169,643**

Reconciliation of Programme Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of programme income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

Group	2011/12 £'000	2010/11 (Restated)* £'000
Net Expenditure in Programme Income and Expenditure	**114,100**	169,643
*Net Expenditure on services and support services not included in the Programme Income and expditure analysis	**35,836**	117,322
Amounts in Comprehensive Income and Expenditure not reported to management in the Programme Income and Expenditure analysis	**(3,294)**	25,851
*Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	**(114,704)**	(40,076)
Cost of Services in Comprehensive Income and Expenditure Statement	**31,938**	272,740

* Amounts restated as per Note 2 of the Notes to the Financial Statements

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of programme 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

Group:

2011/12	Programme Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in I&E £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(5,821)	(339)	68	1,371	-	(4,721)	(1,371)	(6,092)
Grants & contributions	(54,146)	-	99	-	-	(54,047)	-	(54,047)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	(31)	-	-	32	-	1	(834)	(833)
Government grants and contributions	-	-	-	-	-	-	(207,784)	(207,784)
Total Income	**(59,998)**	**(339)**	**167**	**1,403**	**-**	**(58,767)**	**(209,989)**	**(268,756)**
Employee expenses	11,035	-	995	(65)	-	11,965	65	12,030
Other service expenses	52,356	(359)	(137)	(30,705)	-	21,155	30,547	51,702
Revene expenditure funded from Capital under Statute	-	36,533	-	(7,934)	-	28,599	7,934	36,533
Grant payments	42,875	-	(99)	(9,570)	-	33,206	9,570	42,776
Depreciation, amortisation and impairment	-	-	(4,218)	-	-	(4,218)	-	(4,218)
Interest Payments	67,625	-	-	(67,625)	-	-	67,570	67,570
Gain or Loss on Disposal of Fixed Assets	207	-	-	(207)	-	-	(20,750)	(20,750)
Total expenditure	**174,098**	**36,174**	**(3,459)**	**(116,106)**	**-**	**90,707**	**94,936**	**185,643**
(Surplus) or deficit on the provision of services	**114,100**	**35,835**	**(3,292)**	**(114,703)**	**-**	**31,940**	**(115,053)**	**(83,113)**

2010/11 (Restated)*	Programme Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in I&E £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(15,039)	(92)	3,311	30	-	(11,790)	-	(11,790)
Grants & contributions	(21,818)	-	360	452	-	(21,006)	(452)	(21,458)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	(489)	-	-	489	-	-	(1,074)	(1,074)
Income from council tax	-	-	-	-	-	-	-	-
Government grants and contributions	-	-	-	-	-	-	(286,476)	(286,476)
Total Income	**(37,346)**	**(92)**	**3,671**	**971**	**-**	**(32,796)**	**(288,002)**	**(320,798)**
Employee expenses	43,477	-	(11,169)	(325)	-	31,983	324	32,307
Other service expenses	41,501	334	772	(5,755)	-	36,852	6,532	43,384
Revene expenditure funded from Capital under Statute	-	117,080	-	(9,064)	-	108,016	9,064	117,080
Grant payments	104,420	-	-	(8,313)	-	96,107	8,313	104,420
Depreciation, amortisation and impairment	-	-	32,579	-	-	32,579	-	32,579
Interest Payments	16,815	-	-	(16,815)	-	-	16,843	16,843
Gain or Loss on Disposal of Fixed Assets	776	-	-	(776)	-	-	73,683	73,683
Total expenditure	**206,989**	**117,414**	**22,182**	**(41,048)**	**-**	**305,537**	**114,759**	**420,296**
(Surplus) or deficit on the provision of services	**169,643**	**117,322**	**25,853**	**(40,077)**	**-**	**272,741**	**(173,243)**	**99,498**

* Amounts restated as per Note 2 of the Notes to the Financial Statements

23. Transferred Operations

The income and expenditure of operations transferred to the GLA during 2011/12, and prior to closure, analysed by service following the Service Reporting Code of Practice 2011/12 (SeRCOP) was:

Agency 2010/11 Gross Expenditure £'000	Gross Income	Nett Expenditure		Agency 2011/12 Gross Expenditure £'000	Gross Income	Nett Expenditure
			Transferred Operations			
3,320	-	3,320	Cultural & Related Services	**5,500**		**5,500**
4,371	(452)	3,919	Environmental & Regulatory Services	**3,945**		**3,945**
15,547	-	15,547	Planning services	**38,830**	**(12)**	**38,818**
23,238	(452)	22,786	**Total Transferred Operations**	**48,275**	**(12)**	**48,263**

24. Members' Remuneration

The Agency paid the following amounts to members during the year.

Agency	**2011/12**	2010/11
	£'000	£'000
Board Members		
Allowances	**162**	168
Expenses	**-**	-
	162	168

25. Officers' Remuneration

a) The remuneration paid to the Agency's senior employees is as follows:

2011/12

Senior Officers emoluments-salary is £150,000 or more per year

Agency

Post Holder information (post title and name)	notes	Salary (Including fee & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind	Pension contributions	Total Remuneration including pension contributions 2011/12
		£	£	£	£	£	£	£
Chief Executive Officer - P Rogers	1	19,234	-	-	-	-	2,443	21,677
Group Director of Finance/S127 Officer - A Ridgwell	2	212,325	-	-	-	-	-	212,325
								-
		231,559	-	-	-	-	2,443	234,002

Note 1: Chief Executive left 22/05/11
Note 2: Position was filed on an interim basis

Senior Officers emoluments-salary is between £50,000 & £150,000 per year

Agency

Post Holder information (post title and name)	notes	Salary (Including fee & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind	Pension contributions	Total Remuneration including pension contributions 2011/12
		£	£	£	£	£	£	£
Deputy Chief Executive Officer / Chief Executive Officer	1	144,409	14,500	-	75,975	-	18,234	253,117
Chief Information Officer		114,967	11,497	-	2,580	-	14,601	143,644
Director Land and Development		114,967	11,497	-	-	-	14,601	141,064
Head of Audit Risk and Compliance	2	129,697	-	-	-	-	-	129,697
Director of Policy and External affairs	3	105,386	11,497	-	35,366	-	13,384	165,633
Director Law & Governence	4	43,483	-	-	-	-	5,522	49,005
Director HR & OD Tranisition	5	58,333	10,000	-	33,654	-	7,408	109,395
Director Capital Project & Design	6	68,096	-	-	-	-	8,648	76,744
Marketing and Communications Manager		55,753	5,749	-	37,310	-	7,144	105,955
Head of Public Affairs and Office Management		76,495	7,650	-	45,304	-	9,715	139,163
Head of Service Employment Delivery & Closedown		79,163	7,953	-	-	-	9,259	96,375
Director Business & Employment	7	25,536	10,214	-	77,212	-	3,243	116,206
Director Environment	8	41,869	11,497	-	32,791	-	5,456	91,612
Director Special Projects	9	51,416	-	-	-	-	6,530	57,946
Lead Financial Control	10	-	-	-	-	-	-	-
Lead Corporate Finance	10	-	-	-	-	-	-	-
								-
		1,109,569	**102,053**	**-**	**340,192**	**-**	**123,744**	**1,675,557**

Note 1: The Deputy CEO filed the CEO poistion when the incumbent left in May-11
Note 2: Position was filed on an interim basis
Note 3: Position was made redundant 29/02/12
Note 4: Poistion was transferred to Transport for London 28/08/11
Note 5: Position was made redundant 31/10/11
Note 6: Position was transferred to GLA 30/11/11
Note 7: Position was made redundant 30/06/11
Note 8: Position was made redundant 15/10/11
Note 9: Position was made redundant 11/09/11
Note 10: A number of senior management posts in the period were performed by KPMG staff pursuant to a managed service contract between KPMG and LDA.

2010/11

Senior Officers emoluments-salary is £150,000 or more per year

Agency

Post Holder information (post title and name)	notes	Salary (Including fee & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind	Pension contributions	Total Remuneration including pension contributions 2010/11
		£	£	£	£	£	£	£
Chief Executive - P Rogers		225,000					28,125	253,125
Group Financial Controller	1	-						-
Director of Financial Planning and Investment	1	-						-
Group Director of Finance/S127 Officer - Angie Ridgwell	1	-						-
Deputy Chief Executive - P Bishop		172,977					20,841	193,818
Director of Audit , Risk and Compliance	1	-						-
		397,977	-	-	-	-	48,966	446,943

Note 1: A number of senior management posts in the period were performed for part of the year by contract staff and then by KPMG staff pursuant to a managed service contract between KPMG and LDA. The S127 Officer has been named as the regulations expressly include holders of an "office" such as the Statutory Chief Finance Officer.

Senior Officers emoluments-salary is between £50,000 & £150,000 per year

Agency

Post Holder information (post title and name)	notes	Salary (Including fee & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind	Pension contributions	Total Remuneration including pension contributions 2010/11
		£	£	£	£	£	£	£
Director Olympic Opportunities		110,331			34,666		13,791	158,788
Group Director communications and Marketing		135,000			-		16,875	151,875
Group Director Business Support and promotion		135,000			-		16,875	151,875
Group Director Learning and Skills		135,000			-		16,875	151,875
Director (Acting) Procurement		78,228			62,798		7,968	148,994
Director Energy and Capital Projects		114,967	8,399		-		14,371	137,736
Director Strategy		97,745	650		-		14,371	112,766
Chief Information Officer		114,967	650		-		28,742	144,359
Director		115,656	650		-		13,282	129,589
Director of Skills and Employment		106,418	7,800		-		13,302	127,520
Director Equalities		110,640	650		-		14,371	125,661
Director		110,693	650		-		13,837	125,180
Director Corporate Finance		110,693	650		-		13,837	125,180
Programme Director		97,821	3,926		-		12,228	113,974
Director HR		101,159	650		-		12,118	113,927
Director Youth and Volunteering		100,000	650		-		12,500	113,150
Director Business Operations and Development		97,868	650		-		12,234	110,752
Director Land and Development		110,693	8,099		-			118,792
Director Business Operations	1	93,594	650		(359)		10,860	104,746
Director Legal		91,324	650		-		11,502	103,476
Director Business Support		106,418	650		-			107,068
Director Design Strategy and Planning		57,090			-		7,136	64,226
		2,331,305	**36,024**	**-**	**97,105**	**-**	**277,074**	**2,741,508**

Note 1: Transferred to the Olympic Park Legacy Company on 30 September 2010

The number of employees whose remuneration during the period 1 April 2011 to 31 March 2012, excluding pension contributions, was £50,000 or more, in bands of £5,000, together with the equivalent number for the previous year, was:

Remuneration Band	**Number of Employees**	
Agency	**Paid in Year to 31 March 2012**	Paid in Year to 31 March 2011
£50,000 to £54,999	11	35
£55,000 to £59,999	23	33
£60,000 to £64,999	7	9
£65,000 to £69,999	5	8
£70,000 to £74,999	3	8
£75,000 to £79,999	4	9
£80,000 to £84,999	1	16
£85,000 to £89,999	4	5
£90,000 to £94,999	1	2
£95,000 to £99,999	2	4
£100,000 to £104,999	2	3
£105,000 to £109,999	1	1
£110,000 to £114,999	4	4
£115,000 to £119,999	1	3
£120,000 to £124,999	-	2
£125,000 to £129,999	4	1
£135,000 to £139,999	1	3
£140,000 to £144,999	1	2
£150,000 to £154,999	1	-
£170,000 to £174,999	-	1
£180,000 to £184,999	-	1
£225,000 to £229,999	-	1
£230,000 to £234,999	1	1
£240,000 to £244,999	-	1
£260,000 to £264,999	-	1

26. External Audit Costs

The Agency has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Agency's external auditors:

	2011/12 £'000	2010/11 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	**202**	228
Fees payable to the Audit Commission in respect of statutory inspections	**-**	-
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	**-**	-
Fees payable in respect of other services provided by the Audit Commission during the year	**47**	2
Total	**249**	230

27. GRANT INCOME

The Agency received the majority of its funding from the Department for Business, Innovation and Skills (BIS) via the GLA until 31 December 2011, after which the Agency received it direct from the GLA until closure. It also received funding from a small range of other sources. In addition, the Agency obtained capital receipts from assets it owned in the furtherance of its regeneration objectives. The table below provides a breakdown of the funding sources for the year.

	Group 2011/12 £'000	Group 2010/11 £'000	**Agency 2011/12 £'000**	Agency 2010/11 £'000
Credited to Taxation and Non Specific Grant Income				
Core Revenue Grant	**(122,332)**	(187,488)	**(122,332)**	(187,488)
Core Capital Grant	**(92,106)**	(86,920)	**(92,106)**	(86,920)
GLA Grant	**(8,890)**	-	**(8,890)**	-
Corporation Tax Grant	**(3,000)**	(3,000)	**(3,000)**	(3,000)
Other grants	**18,537**	(9,001)	**18,537**	(9,000)
Capital Contributions	**7**	(67)	**7**	(68)
Total	**(207,784)**	(286,476)	**(207,784)**	(286,476)
Credited to Services				
GLA Grant	**(46,498)**	-	**(46,498)**	-
European Union Funding	**(5,890)**	(11,863)	**(5,890)**	(11,863)
Other Grants	**(184)**	(5,003)	**(282)**	(5,003)
Contributions	**(1,475)**	(4,592)	**(1,475)**	(4,592)
Total	**(54,047)**	(21,458)	**(54,145)**	(21,458)

28. RELATED PARTIES

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

The related parties to the Agency are:-

- its Board Members, Directors and Heads of Service
- Central Government
- Other public bodies (including the Greater London Authority)
- Entities controlled or significantly influenced by the Agency.

Board Members and Senior Managers

Board members of the Agency have direct control over the Agency's financial and operating policies. Board members and the senior management team were required to complete a declaration, regarding any related party transactions with the Agency, which are subject to external audit. The total of members' allowances paid in 2011/12 is shown in Note 26. A number of Board members had interests in organisations who have been a recipient of Agency funding. Several senior managers also had interests in organisations who have had financial transactions with the Agency. Details of all Board and senior management team members interests are recorded in the Register of Members' Interest and are open to public inspection at the GLA's address: Greater London Authority, City Hall, The Queen's Walk, London, SE1 2AA.

Central Government
Central Government was responsible for providing the statutory framework within which the Agency operated and provided the majority of its funding in the form of Grant. Grant was paid by the Business, Innovation and Skills Department to the Greater London Agency, which in turn paid the grant to the Agency. Details of Grant are disclosed in the Comprehensive Income and Expenditure Statement and Cash Flow Statements. Providers of finance, trade unions and entities that are agents of the Agency are deemed not to be related parties under the provisions of the Code.

Other Public Bodies [subject to common control by central government]
A number of Board members have interests in other public bodies subject to common control by central government. One Board member serves as councillor for the London Borough of Lambeth, another as board member for Transport for London. Other Board members serve as an unremunerated board member of the Metropolitan Police Authority, an unremunerated common councilman for the City of London Corporation and policy director for economic development at the Greater London Authority.

Entities Controlled or Significantly Influenced by the Agency
There has been only one entity controlled or significantly influenced by the Agency for which there have been related party transactions in 2011/12, SME Wholesale Finance (London) Limited (SME). SME is a company limited by guarantee and has been consolidated into the Agency's accounts as a subsidiary.

During 2011/12 there were no other material related party transactions except as disclosed below.

Agency	Income 2 £'000	Expenditure 2011/12 £'000	Outstanding Balance 2011/12 £'000	Nature of Relationship
ANGIE RIDGWELL ASSOCIATES LTD	-	(255)	-	Agency's Group Director of Finance interim contract
BETTER BUILDING PARTNERSHIPS	-	(88)	-	Agency senior manager influence
FRAN BECKETT CONSULTANCY LIMITED	-	(14)	-	Agency Board member consultancy company
GREATER LONDON AUTHORITY	9,751	(47,606)	262	Parent of the Agency
GREATER LONDON ENTERPRISE	96	-	23	Agency Board member non-executive Director of related party
HACKNEY COMMUNITY COLLEGE	-	(20)	-	Agency Board observer contributions
HERBERT SMITH	-	(674)	-	Agency senior manager's family relative employed by related party
HMRC	-	(1,174)	-	Agency Board member advisor to related party
HOMES AND COMMUNTIIES AGENCY	547	(8)	-	Agency former Board member influence
KPMG UK LLP	-	(1,544)	-	Supplied Agency's senior finance support
LONDON AND PARTNERS LTD	119	-	-	Agency former senior manager influence
LONDON BOROUGH OF LAMBETH	-	(550)	-	Agency Board member also member of related party
PECAN	51	-	-	Agency Board member Chair of Advisory Board of related party
ROYAL DOCKS MANAGEMENT AUTHORITY LTD	-	(449)	-	Agency senior manager influence
SME WHOLESALE FINANCE (LONDON) LTD	-	(99)	-	Subsidiary of Agency
TRANSPORT FOR LONDON	136	(2,680)	-	Agency senior manager seconded from related party
WSP GROUP PLC	-	(10)	-	Agency Board member on related party Board
Total	10,700	(55,171)	285	

29. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 Agency, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Agency that has yet to be financed. The CFR is analysed in the second part of this note.

	2011/12	2010/11 (Restated)*
Agency	**£'000**	£'000
*Opening Capital Financing Requirement	**604,607**	545,776
Capital investment		
Property, Plant and Equipment	**16,641**	80,617
Long Term Debtors		17,000
Finance Lease Disposals & Adjustments	**(1,451)**	(4,133)
Revenue Expenditure Funded from Capital under Statute	**36,533**	117,735
Provision for Capital Grant repayment	**3,061**	-
Sources of finance		
Capital receipts	**(188,984)**	(44,400)
Government grants and other contributions	**(82,452)**	(95,988)
Sums set aside from revenue:		
Minimum Revenue Provision	**(11,000)**	(12,000)
Closing Capital Financing Requirement	**376,955**	604,607
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	**(227,652)**	58,831
Increase/(decrease) in Capital Financing Requirement	**(227,652)**	58,831

* Amounts restated as per Note 2 of the Notes to the Financial Statements

30. Leases

a) Agency as Lessee

i Finance Leases

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

- The Crystal Palace National Sports Centre 125 year leases with the London Borough of Bromley that expire in approximately 120 year's time.
- The long leasehold interest in the Olympia Industrial Estate from the London Borough of Haringey which has a term of 125 years expiring in 2105.
- A long term lease of 99 years with Network Rail, expiring in 2069, for the land and railway arches at Stephenson Street (ex Parcelforce Site) in West Ham providing part of the access to the larger freehold Agency adjoining property.
- Two long leases (57 and 60 years long) the Agency took out with the London Borough of Newham at Thames Wharf as part of the larger property. Both leases expire in 2026.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31-Mar-2012	31-Mar-2011
	£'000	£'000
Other Land and Buildings	**13,520**	12,950
Development Properties	**4,369**	3,864
	17,889	16,814

The Agency is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Agency and finance costs that will be payable by the Agency in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31-Mar-2012	31-Mar-2011
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):		
current	**1**	29
non-current	**330**	1,327
Finance costs payable in future years	**935**	2,714
Minimum lease payments	**1,266**	4,070

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-2012	31-Mar-2011	31-Mar-2012	31-Mar-2011
	£'000	£'000	£'000	£'000
Not later than one year	**15**	78	**1**	29
Later than one year and not later than five years	**61**	311	**5**	158
Later than five years	**1,190**	3,681	**325**	1,169
	1,266	4,070	**331**	1,356

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2011/12 £54k contingent rents were payable by the Agency (2010/11 £nil). The Agency has sublet some of the premises held under finance leases. At 31 March 2012 the minimum payments expected to be received under non-cancellable sub-leases was £185k (£nil at 31 March 2011).

ii Operating Leases

The Agency's offices were occupied under several operating leases that have been terminated due to closure. There are no future minimum lease payments therefore due under non-cancellable leases in future years:

	31-Mar-2012	31-Mar-2011
	£'000	£'000
Not later than one year	**-**	1,837
Later than one year and not later than five years	**-**	-
Later than five years	**-**	-
	-	1,837

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

	31-Mar-2012	31-Mar-2011
	£'000	£'000
Minimum lease payments	**1,135**	1,837

b) Agency as Lessor

i Finance Leases

Details of the Agency'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. This lease has been derecognised in the Balance Sheet and is now disclosed as a contingent gain (see Note 2 Prior Period Adjustments).
- A 95 year lease commencing in 1980 with Workspace II Ltd for a warehouse, office and secure yard at Quicksilver Place, Wood Green.
- A 99 year lease until 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 from 2011 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.

The figures in the 31 March 2011 comparators below have been restated due to the Excel Exhibition Centre prior period adjustment as described in Note 2.

The gross investment is made up of the following amounts:

	31-Mar-2012	31-Mar-2011 (Restated)*
	£'000	£'000
Finance lease debtor (net present value of minimum lease payments):		
*current	**8,516**	33
*non-current	**6,044**	2,815
*Unearned finance income	**4,148**	7,574
Unguaranteed residual value of property	**-**	-
Gross investment in the lease	**18,708**	10,422

* Amounts restated as per Note 2 of the Notes to the Financial Statements

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31-Mar-2012	31-Mar-2011 (Restated)*	**31-Mar-2012**	31-Mar-2011 (Restated)*
	£'000	£'000	**£'000**	£'000
*Not later than one year	**8,575**	131	**8,516**	33
*Later than one year and not later than five years	**4,922**	524	**4,690**	131
*Later than five years	**5,211**	9,767	**1,354**	2,684
	18,708	10,422	**14,560**	2,848

* Amounts restated as per Note 2 of the Notes to the Financial Statements

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2011/12 £57k contingent rents were receivable by the Agency (2010/11 £nil).

ii Operating Leases

The Agency leases out property under operating leases for a variety of purposes within the London community including the provision of affordable:

- accommodation for local businesses and
- commercial services for the community.

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

	31-Mar-2012	31-Mar-2011
	£'000	£'000
Not later than one year	**1,258**	2,396
Later than one year and not later than five years	**1,829**	2,809
Later than five years	**636**	700
	3,723	5,905

31. Long Term Investments and Debtors

Group 31-Mar-2011 £'000	Agency 31-Mar-2011 £'000		**Group 31-Dec-2011 £'000**	**Agency 31-Mar-2012 £'000**
-	-	London Green Fund	**32,000**	**32,000**
8,185	2	RODMA	**6,347**	**2**
8,185	2	**Total Long Term Investments**	**38,347**	**32,002**

Long term investments consist of:

- Investments in the London Green Fund (JESSICA) –This year in the interim accounts the Agency contribution to the London Green Fund has been classified as a long term investment. This reclassification (from a long term debtor last year) has been due to the changing nature of the monies deposited in the Fund during the current period.
- The Agency held 96.9 % of the ordinary shares of the Royal Docks Management Authority Ltd (RODMA). This amounts to 44.05% of the voting rights of RODMA, whose main business is the management of the water areas and the associated infrastructure of the Royal Docks in

central London. Although RODMA was an associate of the Agency it has not been distinguished from long term investments on the face of the Balance Sheet or in its disclosures on the basis of its immateriality.

Group 31-Mar-2011 £'000	Agency 31-Mar-2011 £'000		**Group 31-Dec-2011 £'000**	**Agency 31-Mar-2012 £'000**
12,554	12,554	Long Term Loans	**12,478**	**12,478**
9,244	9,244	Finance Lease Receivable	**6,044**	**6,044**
64,000	64,000	London Green Fund	**-**	**-**
2,469	2,469	Other	**1,634**	**1,634**
88,267	88,267	**Total Long Term Debtors**	**20,156**	**20,156**

Long term debtors consist of:

- A loan with Inmarsat plc for £12.478m as a contribution towards the cost of building a satellite.
- The non-current element of the net present value of the minimum lease payments for finance lease receivables as described in Note 6 above.
- "Other" represents repayment of grant of £1.635m from Fresh Wharf Ltd, for use on their capital expenditure.

The £32m of ERDF matched funding paid to the London Green Fund, treated as a long term debtor last year, has, this year, been excluded from the Agency's accounts altogether as the Agency's responsibility for administering ERDF transferred to the GLA on 1 July 2011. This £32m of ERDF matched funding will be included therefore in this year's GLA accounts.

32. Borrowings

The Agency's loans position prior to closure was restructured in accordance with the successor body's (the GLA) long term financial planning. The PWLB loans of £360m were repaid at a premium of £51m for early repayment and £3m for accrued interest payable. To enable the Agency to repay the loans the GLA financed a short term loan to the Agency of £267.4m which was repayable on 1 April 2012 upon the Agency's closure. The restructuring of the loans were considered cost efficient in relation to the GLA's future spending plans.

33. Service Concession Arrangement

Crystal Palace National Sports Centre (and Capel Manor Farm)

The property forms the National Sports Centre (NSC) providing both wet and dry facilities, outdoor pitches, tennis courts, athletics stadium and residential accommodation. The NSC was constructed in 1964; the Jubilee Stand of the stadium was added in 1977. There have been a number of alterations and additions. The NSC is a Grade II listed building. The property also includes the Capel Manor urban farm which consists of two single storey educational and administration buildings.

The Agency had contracted out the management of the property under an agreement dated October 2004 and has updated the contract by deed of variation during 2010. The contract is intended to continue for a period of five years from the extension commencement date and has continued under transfer of functions to the GLA. The Agency exercised its rights under the contract to control the level of service and the management performance regime, and shares the cost of utilities. The Agency has made additional contributions to the capital investment of property improvements, outside the contract, that it directly controlled. Any financial surplus under the contract from operating the facilities was also shared between the Agency and the contractor, whereas any losses are borne solely by the contractor. Under the contract provisions the Agency also had control of the pricing structure with regards to use and admissions by the general public, this continues under the GLA.

The buildings and any plant and equipment installed by the contractor at the end of the contract will be transferred to the successor body the GLA for nil consideration. The Agency, and now the GLA, only had rights to terminate the contract if it compensates the contractor for capped losses defined under the terms of the contract.

Property Plant and Equipment

The assets used to provide services at Crystal Palace are recognised on the Agency's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 10.

Payments

The Agency, now the GLA, makes an agreed annual payment, which is increased each year by inflation. Payments remaining to be made under the contract at 31 March 2011 (excluding any estimation of inflation) are as follows:

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2012/13	1,164	-	-	1,164
Payable within two to five years	1,035	-	-	1,035
Payable within six to ten years	-	-	-	-
Payable within eleven to fifteen years	-	-	-	-
Payable within sixteen to twenty years	-	-	-	-
Total	**2,199**	**-**	**-**	**2,199**

	2011/12	2010/11 (Restated)*
	£'000	£'000
*Balance outstanding at start of year	3,554	5,216
*Payments during the year	1,355	1,662
Capital expenditure incurred in the year	-	-
Other movements	-	-
Balance outstanding at year-end	**2,199**	3,554

* Amounts restated as per Note 2 of the Notes to the Financial Statements

34. Termination Benefits & Closure Costs

The Agency terminated the contracts of a considerable number of employees in 2010/11, providing for closure costs of £7.3m. This included provisions for redundancies during 2011/12 and consequently no further costs have been incurred during the current year.

There were no exit packages during 2011/12. All exit packages were agreed and provided for during 2010/11 as the decision to close the Agency was taken prior to 2010/11 year end. Out of 208 employees who had exit packages agreed during 2010/11 approximately one sixth were ultimately transferred to the GLA. Approximately £2.8m was provided for in redundancy payments during 2010/11. Of this total, £62,798 and £34,666 relates to Director (Acting) Procurement and Director Olympic Opportunities respectively, in the form of compensation for loss of office, as disclosed in Note 25. The remaining balance relates to employees from across the organisation who were made redundant as part of the Agency's combination of public sector bodies changes and eventual closure.

The following table shows exit packages agreed during the year for those employees in situ at the year end that were due to leave in the following year:

Agency

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	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
£0 - £20,000	71	-	-	-	71	-	701,217	-
£20,001 - £40,000	21	-	-	-	21	-	642,323	-
£40,001 - £60,000	7	-	-	-	7	-	326,977	-
£60,001 - £80,000	3	-	-	-	3	-	199,251	-
£80,001 - £100,000	1	-	-	-	1	-	96,883	
£100,001 - £200,000	3	-	-	-	3	-	385,564	-
Total	**106**	**-**	**-**	**-**	**106**	**-**	**2,352,215**	**-**

During 2011/12, and subsequently, considerable savings were realised on expected closure costs which resulted in approximately £4m less being incurred than expected, of which the majority related to exit costs (an initial provision of £3.1m) of the Homes & Communities Agency Pension Scheme as per Notes 5 and 16 to the accounts above.

35. Defined Benefit Pension Schemes

a) Participation in Pension Schemes

As part of the terms and conditions of employment of its officers the Agency made contributions towards the cost of post employment benefits.

The Agency participated in three post employment schemes:

- Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. The Agency paid in full its share of all retired members' future pension liabilities prior to its closure. Any future Agency liabilities under the scheme for unretired members transferred to the GLA.

- Homes & Communities Agency Pension Scheme

Former employees of English Partnerships participated in the Homes & Communities Agency Pension Scheme which provides benefits based on final pensionable salary.

The Homes & Communities Agency scheme is a defined benefit multi-employer funded scheme. The Agency has provided in full its share of all retired members' future pension liabilities prior to its closure. Any future Agency liabilities under the scheme transferred to the GLA.

- Local Government Pension Scheme (LGPS)

The Agency provided the option for its employees to participate in the LGPS scheme. This is also a defined benefit funded scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme Regulations (1997). Any future Agency liabilities under the scheme also transferred to the GLA.

b) Transactions Relating to Post-employment Benefits

The Agency recognised the cost of retirement benefits in the reported cost of services when they were earned by employees, rather than when the benefits were eventually paid as pensions. However, the Agency is required under accounting provisions to reverse out the real cost of post employment/ retirement benefits from 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:

	Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
current service cost	**(766)**	(3,958)
past service costs	**-**	6,956
settlements and curtailments	**(68)**	(28)
Financing and Investment Income and Expenditure		
interest cost	**(2,766)**	(3,673)
expected return on scheme assets	**3,086**	2,677
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(514)**	1,974
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial (gains)/losses	**13,668**	3
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**13,668**	3
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	**(514)**	1,974
Actual amount charged against the General Fund Balance for pensions in the year:		
employers' contributions payable to scheme	**1,710**	8,116

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pensions assets and liabilities line was at 31 March 2011/12 a loss of £13,668k and at 31 March 2010/11 was a loss of £3k.

c) Assets and Liabilities in Relation to Post-employment Benefits

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

	Funded liabilities: Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
Opening balance at 1 April	**(51,974)**	(44,532)
Current service cost	**(766)**	(3,958)
Interest cost	**(2,766)**	(3,673)
Contributions by scheme participants	**(330)**	(1,100)
Actuarial gains and losses	**(11,037)**	(5,422)
Benefits paid	**1,862**	(221)
Past service costs	**-**	6,956
Curtailments	**(526)**	(28)
Liabilities extinguished on settlements	**2,582**	-
Unfunded Pension Payments	**4**	4
Closing balance at 31 March	**(62,951)**	(51,974)

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

	Local Government Pension Scheme	
	2011/12	2010/11
	£'000	£'000
Opening balance at 1 April	**46,878**	29,349
Expected rate of return	**3,086**	2,677
Actuarial gains and losses	**(2,631)**	5,419
Employer contributions	**1,710**	8,116
Contributions by scheme participants	**330**	1,100
Benefits paid	**(1,866)**	217
Receipt/(Payment) of bulk transfer value	**(2,124)**	-
Closing balance at 31 March	**45,383**	46,878

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. 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 2011 for the year to 31 March 2012).

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets in the year was £1,175k (2010/11: £2,802k).

The increase in the Agency's scheme deficit was approximately £12.5m. This was due to two main causes affecting the valuation:

- the annualised yield on the iBoxx AA rated over 15 year corporate bond index decreased from 5.5% per annum at 31 March 2011 to 4.6% per annum at 31 March 2012; and
- the assets of the LPFA Fund were expected to grow at 6.7% over the year but they only grew by approximately 1%.

d) Scheme History

	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000	2007/08 £'000
Present value of liabilities:					
Defined Benefit Obligation	(62,951)	(51,974)	(44,532)	21,466	(19,341)
Fair value of assets in the Local Government Pension Scheme	**(62,951)**	**(51,974)**	**(44,532)**	**21,466**	**(19,341)**
Surplus/(deficit) in the scheme:					
Scheme Assets	45,383	46,878	29,349	18,644	19,200
Total	**(17,568)**	**(5,096)**	**(15,183)**	**40,110**	**(141)**

The liabilities show the underlying commitments that the Agency had, now the GLA has, in the long run to pay post employment (retirement) benefits. The total liability of £17,568k has an impact on the net worth of the Agency as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the scheme will ultimately be met.

Due to closure no contributions are expected to be made to the Local Government Pension Scheme by the Agency in the year to 31 March 2013.

e) Basis for Estimating Assets and Liabilities

The Local Government Pension Scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries who have used the results of the last full actuarial valuation as at 31 March 2010 in completing their calculations for inclusion in this note. To assess the value of the Employer's liabilities as at 31 March 2012, the value of the Employer's liabilities, reported as at 31 March 2010, have been rolled forward allowing for the different financial assumptions required under IAS19. A similar roll-forward approach was taken for their calculations as at 31 March 2011.

The last full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Scheme as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2012 without completing a full valuation. However the actuary is satisfied that the approach of rolling forward the previous valuation data to 31 March 2012 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. The actuary has confirmed that there appears no evidence that this approach is inappropriate.

To calculate the Agency's asset share the assets allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Agency and its employees have also been rolled forward.

As per International Accounting Standard 19, the projected unit method of valuation has been used to calculate the service cost.

The principle assumptions used in the calculations are:

	Local Government Pension Scheme 2011/12	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	**6.3%**	7.4%
Target Return Portfolio	**4.5%**	4.5%
Alternative Assets	**5.3%**	6.4%
Cash	**3.0%**	3.0%
Other Bonds	**0.0%**	5.5%
Total	**5.9%**	6.7%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	**22.2**	22.1
Women	**24.0**	23.9
Longevity at 65 for future pensioners:		
Men	**24.2**	24.1
Women	**25.9**	25.8
Rate of inflation RPI	**3.3%**	3.5%
Rate of inflation CPI	**2.5%**	2.7%
Rate of increase in salaries	**4.2%**	4.5%
Rate of increase in pensions	**2.5%**	2.7%
Rate for discounting scheme liabilities	**4.6%**	5.5%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2011/12 %	2010/11 %
Equities	**73.0**	69.0
Target Return Portfolio	**12.0**	12.0
Alternative Assets	**14.0**	14.0
Cash	**1.0**	3.0
Other Bonds	**0.0**	2.0
	100.0	100.0

f) History of Experience Gains and Losses

The actuarial gains/(losses) identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March:

	2011/12 %	**2010/11** %	**2009/10** %	**2008/09** %	**2007/08** %
Differences between the expected and actual return on assets	(5.8%)	0.3%	16.1%	(16.0%)	2.3%
Experience gains and losses on liabilities	0.0%	(25.4%)	0.0%	0.0%	(42.1%)

36. Contingent Liabilities

There are a number of uncertainties surrounding projects, including claims in the course of negotiations, which may affect the financial outcome. Where claims are possible, but not probable, and will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Agency's or, its successor body, the GLA's control, or it is uncertain whether the Agency (or the GLA) will need to incur expenditure to settle the obligation, or the expenditure is unquantifiable, such claims are treated as contingent liabilities.

Due to the level of uncertainty of their occurrence contingent liabilities are not recognised in the main financial statements only in the notes to the accounts, but are monitored to ensure that, where a possible obligation or a transfer of economic benefits has become probable, a provision is made.

The Agency had contingent liabilities where there are a number of claims which are subject to commercial negotiations. Whilst negotiations are ongoing the Agency will not disclose the quantum or timing of any possible settlement as this could prejudice its or, its successor body, the GLA's, commercial position.

The Agency also had contingent liabilities for a number of Section 106 agreements. These are agreements with the planning authorities, supplemental to development agreements with delivery partners, that facilitate provision of infrastructure and services that the planning authority requires as a result of the development proposal. These agreements sometimes required the Agency to make financial contributions to the cost of providing these infrastructures or services. Uncertainty about the Agency's liabilities depended on obtaining and implementing planning consent amongst a number of other conditions. The amount of expenditure required to settle these obligations cannot be assessed with any certainty.

In addition to the above the Agency had other contingent liabilities, which are not considered to be significant individually or in aggregate.

37. Contingent Assets

There were also a number of uncertainties surrounding projects, including receipts in the course of negotiations, which may affect the financial outcome. Where such income is probable, but will only be confirmed by the occurrence of one or more uncertain events not wholly within the Agency's (or the GLA's) control, it is treated as a contingent asset. Where receipts are probably not going to occur, such income is not treated as a contingent asset. Due to the level of uncertainty of their occurrence contingent assets are not recognised in the main financial statements only in the notes to the accounts.

Lease receivables from a lease with Excel Exhibition Centre have been derecognised in the Balance Sheet (see note 2) and 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.

The Agency continually monitored its business activities to identify contingent assets for inclusion in its accounts and as part of its governance procedures.

38. Nature and Extent of Risks Arising From Financial Instruments

The Agency's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Agency
- Liquidity risk – the possibility that the Agency might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Agency as a result of changes in such measures as interest rates and stock market movements.

The Agency's risk management approach focused on the unpredictability of the market and sought to minimise the potential adverse effects on the resources available to fund services and the uncertainty of the timing of those resource requirements. Risk management was carried out in the finance service under policies approved by the Board in the Annual Treasury Management Strategy.

Credit Risk

Credit risk arose from deposits with banks and financial institutions, as well as credit exposures to the Agency's customers. Deposits were only ever short-term and made within the defined list of institutions, within criteria set out by the GLA's treasury management function.

Counterparties were assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set and reviewed by the GLA.

The Agency's maximum exposure to credit risk in relation to its investments in banks and building societies could not be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applied to all of the Agency's deposits, but there was no evidence that this was likely to crystallise.

The following analysis summarises the Agency's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability, adjusted to reflect current market conditions.

	Amount at 31 March 2012	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2012	Estimated maximum exposure to default and uncollectability at 31 March 2012	Estimated maximum exposure at 31 March 2011
	£'000	%	%	£'000	£'000
	A	B	C	(A X C)	
Customers (including GVA Trade Debtors)	5,855	2.47%	2.47%	145	959
	5,855			**145**	959

The Agency didn't generally allow extensive credit for customers. The debtors' outstanding but not impaired amount can be analysed by age as follows:

	2011/12 £'000	2010/11 £'000
Less than three months	**3,608**	12,422
Three to six months	**513**	1,760
Six months to one year	**357**	101,740
More than one year	**1,377**	602
	5,855	116,524

1) Collateral and other credit enhancements obtained

The Agency had a £175k (£700k 2010/11) Guarantee with the Royal Bank of Scotland in favour of the London Borough of Havering. The Guarantee related to highway works (under Highways Act 1980 Section 38, section 8 and section 278 and the Local government Act 1972 Section 111) being carried out at Marsh Way, Romford as part of the Courier Road development. The conditions of the Guarantee were that if the works failed to be carried out or not completed as specified then the Council could claim all losses, damages, costs and expenses incurred by the Council as a result up to £175k. This guarantee was released when the road works were completed in April 2012.

2) Liquidity Risk

The Agency had a comprehensive cash flow management system that sought to ensure that cash was available when needed. Borrowing is regulated under the Prudential Borrowing Code and as such there was no significant risk that the Agency would be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

	2011/12 £'000	2010/11 £'000
Less than one year	**267,355**	240,000
Between one and two years	**-**	50,000
Between two and five years	**-**	110,000
More than five years	**-**	200,000
	267,355	600,000

PWLB maturities were known in advance (they were repaid early by choice of the Agency).

3) Market Risk

(a) Interest Rate Risk

The Agency had the following rate payable on its short term borrowing (repaid 1 April 2012), as at the balance sheet date:

Agency - Source of Borrowing	Range of Rates Payable %	Balance £'000	Average Rate %
GLA	0.25	267,355	0.25

The Agency's borrowings during the year were all fixed interest loans and as such no interest rate risk was evident.

(b) Price Risk

The Agency did not generally invest in equity shares and therefore did not have any price risk.

(c) Foreign Exchange Risk

The Agency had no financial assets or liabilities denominated in foreign currencies and thus had no exposure to loss arising from movements in exchange rates.

39. Corporation Tax

Formal agreement was reached in December 2011 between the Agency and HMRC, after protracted discussions, that the Agency's liability for corporation tax for the years 2007/08, 2008/09 and 2009/10 was nil. Consequently, the corporation tax provision of £5.8m for these years has been released to the General Fund Balance in the Movement in Reserves Statement.

No provision for the payment of corporation tax has been made for the years 2010/11 and 2011/12 as the Agency's liability for these years is also expected to be nil.

40. Associates, Joint Ventures and Subsidiary Companies

a) Associate

The Agency held 96.9% of the ordinary shares of The Royal Docks Management Authority Ltd (RODMA). This amounted to 44.05% of the voting rights of RODMA, whose main business is the management of the water areas and associated infrastructure of the Royal Docks in Central London. The Agency's investment interest in RODMA is held at cost within long-term investments in the Balance Sheet. The cost has not been subsequently adjusted to reflect the Agency's share of the net profit or loss of the associate for 2011/12 (or 2010/11), as required by the equity method of accounting for associates, as the Agency's share is immaterial.

b) Joint Venture

The Agency held a 50% interest in the Mayor's Academies Limited with the Greater London Authority holding the other 50% until the Agency formally withdrew its membership shortly prior to its closure. The Mayors Academies Ltd was incorporated during 2010 and is now wholly owned by the Greater London Authority. No material transactions have occurred during the 2011/12 financial year.

c) Subsidiary Companies

The London Development Agency Limited, which was a dormant company and also a wholly owned subsidiary of the Agency, was dissolved during the year. The London Climate Change Agency Limited is no longer operating and was dissolved on 26 July 2011.

The Agency holds only 19.9% of the voting rights of SME Wholesale Finance (London) Limited (SME) but the Agency has considered the company as controlled under SME's Articles of Association and consolidated into the group accounts of the Agency. Due to SME's accounting dates being the same as that of the Agency's, SME's draft accounts for 2011/12 have been consolidated into the group accounts of the Agency. There are no material differences between SME's draft and final accounts for 2011/12.

The annual accounts of all LDA related companies may be acquired from the Greater London Authority, City Hall, The Queen's Walk, London, SE1 2AA.

Date Authorised for Issue

This Statement of Accounts was authorised for issue by Martin Clarke CPFA, Executive Director of Resources, GLA on 28 August 2012.

GLOSSARY OF TERMS

ACCOUNTING POLICIES
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

i) Recognising;
ii) selecting measurement bases for; and
iii) presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured and where in the Comprehensive Income and Expenditure Statement or Balance Sheet it is to be presented.

ACCRUALS
Accounting for activities in the year in which they take place, not simply when cash payments are made or received.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
(b) the actuarial assumptions have changed.

AMORTISATION
The gradual release of intangible assets and liabilities, for example the release of grant over the useful life of the asset it funds.

ASSETS HELD FOR SALE
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

CAPITAL EXPENDITURE
Expenditure incurred for the acquisition or construction of a fixed asset, which will be used to generate future streams of income in the long-term. Expenditure may be capitalised on existing assets where the expenditure enhances, extends the life of or replaces a component part of the asset.

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 no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CONSISTENCY
The principle that the accounting treatment of similar items within an accounting period and from one period to the next is the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the LDA's control.

CONTINGENT LIABILITY
A contingent liability is either:

(a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the LDA's control; or
(b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

CURTAILMENT
For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of the future service. Curtailments include:

(a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
(b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEFINED BENEFIT SCHEME
A pension or other retirement benefit scheme, whose rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME
A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION
Representing the cost of the use of fixed assets in the period. Recognised on a basis that represents fairly the pattern of consumption over its useful economic life.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

DISCRETIONARY BENEFITS
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Agency's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques includes, for example:

(a) methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period;

(b) different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

EVENTS AFTER THE BALANCE SHEET DATE

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the agency and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value, but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FINANCE LEASE

Leases, which transfer substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payments, amounts to substantially all of the fair value of the leased asset

GOING CONCERN

The concept that the agency will remain in operational existence for the foreseeable future, in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS

Assistance by the Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Agency in return for past or future compliance with certain conditions relating to the activities of the Agency.

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.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
This statement reports the net cost for the year for all operating activities for which the LDA is responsible and demonstrates how that cost has been financed from Government grants and income from other sources

INVESTMENTS (NON-PENSION FUND)
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the agency. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to a pension fund, that do not meet the above criteria should be classified as current assets.

INVESTMENTS (PENSION FUNDS)
The investments of a Pension Fund will be accounted for in the statements of that Fund. However, authorities (other than local district councils in Northern Ireland) are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

LONG-TERM CONTRACTS
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION (MRP)
Is an amount set aside from revenue to meet the repayment of borrowing as set out by statutory regulations

NET BOOK VALUE
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET REALISABLE VALUE
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON CURRENT ASSETS
Assets that a firm owns and uses in the production of its income and is not expected to be consumed or converted into cash any sooner than at least one year's time.

OPERATING LEASES
A lease other than a finance lease.

PAST SERVICE COST
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PREPAYMENTS
Costs that are paid in advance of actually incurring them and (as opposed to deferred charges) are regularly recurring in the normal course of a firm's business. In LDA's context, grants paid to third parties where conditions have not been met in the year cash has been paid over are classified as prepayments.

PRIOR PERIOD ADJUSTMENTS
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROPERTY PLANT AND EQUIPMENT
Tangible assets that yield benefits to the LDA and the services it provides for a period of more than one year.

RELATED PARTIES
Two or more parties are related parties when at any time during the financial period:

(i) one party has direct or indirect control of the other party; or
(ii) the parties are subject to common control from the same source; or
(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an agency include:

(i) central government;
(ii) local authorities and other bodies precepting or levying demands on the Council Tax;
(iii) its subsidiary and associated companies;
(iv) its joint ventures and joint venture partners;
(v) its members;
(vi) its chief officers;
(vii) members of the close family, or households of members and chief officers;
(viii) partnerships, companies, trusts or other entities in which the individual, or a member of their close family or households, has a controlling interest; and
(ix) its pension fund.

Examples of related parties of a pension fund include its:

(i) administering agency and its related parties;
(ii) scheduled bodies and their related parties; and
(iii) trustees and advisors.

These lists are not intended to be exhaustive.

RELATED PARTY TRANSACTION
A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

(i) the purchase, sale, lease, rental or hire of assets between related parties;

(ii) the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
(iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
(iv) the provision of services to a related party, including the provision of pension fund administration services;
(v) Transactions with individuals who are related parties of an agency or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be exhaustive.

The materiality of related party transactions should be judged not only in terms in their significance to the agency, but also in relation to its related party.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either

(i) an employer's decision to terminate an employee's employment before the normal retirement date or
(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.

Settlements include:

(a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
(b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
(c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Total Cost

The total cost of a service or activity includes all costs, which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, thirds party payments, transfer payments, support services and capital charges.

Useful Economic Life

The period over which an entity will derive benefits from the use of a Tangible Asset.