

GREATER **LONDON** AUTHORITY

Statement of Accounts 2016/17

AUDITED



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Narrative Report

1. Introduction to the Greater London Authority Annual Accounts

The GLA's annual statement of accounts has been prepared in accordance with the 2016/17 Code of Practice on Local Authority Accounting and International Financial Reporting Standards. Changing requirements over several years have led to the increasing complexity and detail required in the accounts and one of the purposes of this narrative report is to provide a guide to the accounts and the most significant financial matters contained within the statements.

The **Group Accounts** comprise of:

- **GLA** ("The Authority");
- **Greater London Authority Holdings Ltd** and its subsidiary **GLA Land and Property Ltd** ("GLAP"). The GLA owns 100 per cent of the share capital in Greater London Authority Holdings Ltd, and through this structure it controls the benefits arising from the property trading activities of GLAP. GLAP is a wholly owned subsidiary company of Greater London Authority Holdings Ltd and its principal activities are the purchase, sale and development of land and property, and the holding of land and property for capital growth or rental;
- **London Legacy Development Corporation** ("LLDC"), which is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011. LLDC is a 'functional body' of the Authority and the Mayor appoints Members to its Board and allocates its budgets; and
- **Old Oak and Park Royal Development Corporation** ("OPDC"), a Mayoral Development Corporation, was established on 1 April 2015 and is a 'functional body' of the Authority. The Mayor appoints Members to its Board and allocates its budgets.

The core accounting statements covering the Authority and the Group are the:

- **Comprehensive Income and Expenditure Statement:** this records all of the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- **Movement in Reserves Statement:** this is a summary of the changes to reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes
- **Balance Sheet:** This is a "snapshot" of the assets, liabilities, cash balances and reserves at the year-end date and
- **Cash Flow Statement:** This shows the reason for changes in the cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

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

- **Fund Account**, which shows government grants received by the Authority for the functional bodies, and the amounts passed on to the functional bodies;
- **Northern Line Extension (“NLE”) Revenue Account**, which details the Authority’s revenues, payments and associated financing costs relating to its planned £1bn contribution towards the costs of extending the Northern Line to Nine Elms and Battersea Power Station; and
- **Business Rates Supplement Revenue Account**, which details the income raised from the levy imposed on large non-domestic ratepayers to raise money to help fund the Crossrail construction project.

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

2. Financial Summary 2016/17

Revenue

Including activities carried out by GLAP, the GLA had net revenue expenditure of £231m in respect of its core services across the various Directorates.

Directorate	2016/17 £m	2015/16 £m
Assembly and Secretariat	7	7
Communities and Intelligence	20	18
Corporate Management	1	1
Development, Enterprise and Environment	31	30
Elections	16	2
External Affairs	10	7
Housing and Land	31	32
Mayor’s Office	4	4
Resources	26	27
Corporate Items	85	115
Net Cost of GLA Services	231	243

The net revenue outturn for 2016/17 was an underspending of £29m against its revenue budget. Authority spending by directorate was within 1 per cent of budget. The most significant elements of this favourable variance were in respect of Corporate Items and include:

- £7m due to a reduced level of funding required by the Mayoral Development Corporations (LLDC £2m, OPDC £5m). The LLDC’s own financial performance was strong, generating additional income while maintaining expenditure broadly within budget. The OPDC underspend reflected a slowdown in its activities due to a strategic review of this newly created development corporation and other slippage;
- £6m as the Authority will meet its forecast business rates growth levy payable to the Government from its Business Rates Reserve;

- £4m from GLAP for shared service arrangements; and
- £3m of additional investment interest generated. This reflects effective cash management within strict risk parameters and includes the benefits of cash pooling arrangements where short term cash balances are invested through the GLA Group Investment Syndicate (“GIS”), as well balances invested independently of the GIS which are available for longer term investment. The GIS is an operation jointly controlled by the participants for the investment of pooled monies belonging to those participants and operated by the GLA as Investment Manager under the supervision of the Syndics (the participants’ respective Chief Financial Officers). The other participants are the LLDC, London Fire and Emergency Planning Authority (“LFEPA”), the London Pensions Fund Authority and the Mayor’s Office for Policing and Crime (“MOPAC”).

Capital

Including activities carried out by GLAP, the GLA had capital expenditure of £661m.

Capital Spending Plan	2016/17 £m	2015/16 £m
Crossrail	147	123
Northern Line Extension	161	121
LLDC Loan	56	101
Affordable Housing Programme	83	117
Land and Property	30	-
London Housing Bank	21	-
Housing Zones	88	-
Decent Homes Programme	-	154
Outer London Fund	-	1
Mayor's Regeneration Fund	13	24
Further Education Capital Programme	10	8
Growing Places Fund	33	-
Other Regeneration Programmes	5	10
Compulsory Purchase Order payments	1	14
Super-Connected Cities – Broadband Voucher Scheme	-	11
Minor Programmes	13	14
Capital Expenditure	661	698

Overall capital spending equated to 78 per cent delivery against the budget for the year, this being an underspend of £148m. The most significant elements of this favourable variance were:

- £42m on the main affordable housing programme. With the launch of a new bidding programme, following the Mayor’s successful negotiations with Government to secure over £3bn of funding to 2021, there were significant movements in the programme including Housing providers using other resources available to them resulting in a reduction in grants drawn down;

- £32m in the level of payments to Transport for London for the NLE due to timing changes; and
- £32m in the level of payments to LLDC reflecting mainly timing differences on its capital projects.

Performance

Further information on the full range of activities carried out by the GLA, GLAP, LLDC and OPDC in 2016/17 can be found within:

- The Mayor's Annual Report for 2016/17
<https://www.london.gov.uk/about-us/mayor-london/mayors-annual-report>
- The London Legacy Development Corporation's website
<http://www.queenelizabetholympicpark.co.uk/>
- Old Oak and Park Royal Development Corporation
<https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc>

3. The GLA Group Balance Sheet

GLA Reserves

The net worth (total reserves) of the GLA is a £2.6bn deficit. This is split between usable reserves (£568m) and unusable reserves (£3,128m deficit). The main component of unusable reserves is the capital adjustment account which reflects the impact of its £3.3bn of borrowing for Crossrail using business rate supplement revenues where the asset is held by Transport for London ("TfL") and not the GLA.

At the year-end usable reserves were £77m lower than the level at 31 March 2016. This reflected an increase in the capital receipts reserve (+£46m), and a decrease of £123m in General Fund Reserves from £471m to £348m. The major earmarked reserves within this latter figure include the:

- **Business Rates Reserve** (£115m), which exists to manage any adverse impact on the GLA's finances following the introduction of the business rate retention scheme from 2013/14 and its volatility due to the level appeals by business ratepayers. In 2016/17 £79m of this reserve was applied to meet prior year deficits as the amounts collected by billing authorities, taking into account changes in provisions for appeals, were lower than their forecasts on which instalments were paid to the GLA. In 2017/18 an estimated £72m will be added to this reserve in line with forecasts for growth in business rates revenues;
- **Capital Programme Reserve** (£70m) which is a new reserve funded by a transfer of £49m from the General Fund Balance and balances from redundant earmarked reserves. This reserve is to provide a source of funding for potential projects which fall outside of the Government funded schemes.
- **Revenue Grants Unapplied Reserve** (£38m), which includes grants that have been received in advance of the expenditure being incurred;

- **Development Corporations Reserve** (£29m), which is applied to meet spend in the Mayoral Development Corporations; and
- **New Homes Bonus LEP Grant Reserve** (£18m) which represents amounts to be spent by London Boroughs on regeneration schemes in future years from a one-off allocation made to the GLA in 2015/16.

LLDC Reserves

At the end of the financial year, the LLDC had usable reserves of £3m in its General Fund. This compares with a deficit of £42m at the end of the previous financial year. The principal reason for this movement is that the LLDC no longer has to charge its deferred tax liabilities, which will crystallise as and when the LLDC disposes of its property portfolio and the increase in the value of its portfolio is realised, to its General Fund following an amendment to statutory regulations. The amendment now permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities and now more accurately reflects the reality that the majority of the LLDC's future Corporation Tax liabilities will be generated by capital receipts. It also now means that the deferred tax charge can be recognised in the Legacy Corporation's Capital Adjustment Account, rather than the General Fund.

LLDC long term assets

The majority of LLDC assets are being held for their income generating potential or for capital appreciation and are therefore classified as investment property, with valuations based on the potential income to be generated by the various assets. Overall the value of these assets has decreased by £85m from £387m at the end of last year to £302m as at 31 March 2017.

The decrease in long-term assets relates largely to the net decrease in the fair value of investment property reflecting a change in assumptions regarding the Cultural and Education District development within this year's valuation. Whilst significant income from the sale of residential properties will be generated by the development, the amount of residential properties being built on the site will be less than envisaged in the existing Legacy Communities Scheme outline planning permission. This reduction was previously expected to be re-provided elsewhere on the LLDC's development sites; however, reviews of capacity and density restrictions now mean this is less likely. Furthermore, due to planned changes to the London View Management Framework in the new London Plan, there has been a reduction in the size of the residential towers from the original scheme.

E20 Stadium LLP

The LLDC is a member of a joint venture, E20 Stadium LLP, with Newham Legacy Investments Ltd, a subsidiary of the London Borough of Newham. This partnership is designed to give the local area ownership of a key asset within the Park – the London Stadium – under the terms of a 102 year lease. The partnership is responsible for the transformation that will deliver a multi-use venue along with further planned improvements to the Stadium beyond the transformation works that will deliver broad benefits across the range of its operations. The Legacy Corporation invested £35.3m in E20 Stadium LLP in the year under review.

A significant milestone in the London Stadium's history was reached this year when the works to transform it from its Olympic form to a multi-use arena were completed and the Stadium was formally handed over to its operator, London Stadium 185, a subsidiary of Vinci Stadium. There have been a number of notable successes in its operations, however, forecasts of the partnership's financial outlook, particularly in relation to the cost of West Ham United Football Club matches and the cost of moving the relocatable seats between pitch (football) and athletics modes, has required an assessment of whether any of its contracts are now deemed to be onerous (loss-making). An assessment of its main contracts (in line with IAS 37) has concluded that two of these are deemed to be onerous. Consequently, within its draft 2016/17 accounts, E20 Stadium LLP has recognised a provision for these losses, adversely impacting its reported position for the year. Accordingly, as a member of the joint venture, LLDC is recognising its share of E20 Stadium LLP's reported loss within its Group Accounts.

E20 Stadium LLP's forecasts also impact upon the Stadium's valuation as at 31 March 2017. The fair value of the Stadium is assessed on an annual basis by independent valuers and based largely upon E20 Stadium LLP's long-term forecasts. It is therefore subject to fluctuation each year, particularly in the early stages of the partnership's operations. As at 31 March 2016 the Stadium's fair value was assessed to be £22.5m; however due to the inclusion of increased costs in E20 Stadium LLP's latest forecasts, the fair value of the Stadium is assessed by the independent valuers to be nil as at 31 March 2017; accordingly the value of the capital works on the Stadium are impaired in the partnership's draft accounts. In 2016/17 the total comprehensive loss of the partnership was £268m of which £62m relates to the impairment of the Stadium capital works and £200m to the onerous contracts provision. Given this, the LLDC currently holds its interest in the partnership at nil value, and as a result the contribution made by the LLDC during the year has been fully impaired.

Borrowing

The GLA's long-term borrowing at 31 March 2017 is £3.7bn consisting of three elements: Crossrail of £3.1bn; the NLE of £324m and inherited debt of £255m transferred from the former London Development Agency.

In total the GLA has paid TfL £4.1bn towards the costs of Crossrail using Business Rate Supplement revenues ("BRS"). This was funded by £3.3bn of borrowing and £0.8bn as a direct contribution. This payment is being financed from the BRS which is a property-based tax levied on larger businesses within Greater London (i.e. those with a rateable value above £55,000), collected alongside business rates. The GLA has started to repay its Crossrail debt and anticipates this will be fully immunised by the early 2030s. This sum excludes any direct contributions to the project funded by the Mayor of London's Community Infrastructure Levy.

The GLA is committed to borrow up to £1bn to finance the NLE. The borrowing is being financed by developer contributions and the retention of incremental business rates revenue growth in the area for a period of at least 25 years from April 2016 with the option of an extension for a further 5 years if required.

All of the GLA's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing. Standard & Poor's confirmed in October 2016 that the GLA's credit rating is AA/A-1+ with a negative outlook.

Provisions

The Group balance sheet also includes provisions totalling £182m of which £176m is for non-domestic (business) rates appeals. This is in respect of the GLA's share of billing authorities' estimates of the provision required for potential refunds relating to retrospective alterations to the rating list under the business rates retention scheme. The provision for appeals has decreased by £10m compared to 2015/16.

Pensions

Included within the unusable reserves section is the negative pensions reserve totalling £152m for the GLA (£171m for the Group). This matches the pension liability in the balance sheet as measured under International Accounting Standard 19 ("IAS 19"). The purpose of IAS 19 is to facilitate comparison of the pension obligations of employers. The IAS19 calculations are carried out using a prescribed method and some of the assumptions are also prescribed. As the method and assumptions underlying the calculations are different, the IAS19 calculations will produce different results from the formal funding actuarial valuation. In particular, the calculated deficit will likely be different from that published in the triennial valuation. Further details are set out in note 21 "Pensions".

4. Other significant issues

Telling the Story Review

CIPFA and CIPFA/LASAAC undertook a review "Telling the Story, Improving the Presentation of Local Authority Financial Statements" (Telling the Story Review) in 2015. As a result of this review, the changes were incorporated into the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom and allows users of the accounts to more easily reconcile the in-year reporting of income and expenditure to the financial statements.

- the Comprehensive Income and Expenditure Statement now reflects the Authority's organisational structure rather than the Service Reporting Code of Practice (SeRCOP) categories
- a new Expenditure and Funding Analysis provides a direct reconciliation between the way the Authority is funded and prepares its budget and the Comprehensive Income and Expenditure Statement (see note 8)

LLDC funding and borrowing

As the ultimate funder of LLDC, the GLA is exposed to some extent to the financial risks of the E20 Stadium LLP. Additionally, the GLA is a significant funder of LLDC's Cultural and Education District development. The LLDC has a rolling loan facility with the GLA to finance the LLDC's capital expenditure. As at 31 March 2017, the Legacy Corporation had drawn down funding to the value of £327m. This loan will be repaid from capital receipts generated from the exploitation of the Legacy Corporation ownership of development platforms on and around the Park. As with the GLA, LLDC's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing.

Funding allocations from sources over which the Mayor has direct control

In 2016/17 the Mayor allocated £2bn of council tax, revenue support grant and retained business rates income to the GLA and the functional bodies (TfL, LFEPA, MOPAC, LLDC and OPDC).

In October 2015, the Chancellor of the Exchequer announced substantial changes to the way local government will be funded by 2020. Building on the retention scheme introduced in 2013/14 for 50 per cent of business rates revenues (in London, the GLA retains 20 per cent of business rates income collectable and the London boroughs retain the other 30 per cent of this local share), 100 per cent of business rates income would be devolved to local government by 2020/21 and core grant funding via revenue support grant would end.

The GLA agreed to be a pilot authority for the introduction of 100 per cent retention along with five other combined authority areas outside London in 2017/18. From April 2017, the GLA swapped revenue support grant and capital grants for TfL for a higher share of retained business rates (37 per cent rather than 20 per cent). As a result the Mayor of London has allocated £3bn of retained business rates and council tax income to the GLA and its functional bodies in 2017/18.

There are no other exceptional items to draw to the attention of readers of the accounts.

Martin Clarke

Executive Director of Resources

Date: 14 September 2017

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Executive Director of Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Executive Director of Resources' responsibilities

The Executive Director of Resources is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* (the Code).

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

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

The Executive Director of Resources has also:

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

Certificate of the Executive Director of Resources

I certify that the unaudited accounts for the Greater London Authority, give a true and fair view of the financial position of the Greater London Authority as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Martin Clarke CPFA

Executive Director of Resources

Date: 14 September 2017

Approval of the Statement of Accounts by the Mayor of London

In accordance with Regulation 9(2) of the Accounts and Audit Regulations 2015, I approve the accounts of the Greater London Authority.

Sadiq Khan

Mayor of London

Date: 14 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GREATER LONDON AUTHORITY

Opinion on the Authority's financial statements

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Movement in Reserves Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement;
- related notes 1 to 55,
- Fund Account,
- Business Rates Supplement Revenue Account; and
- related note 56

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 2016/17.

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

Respective responsibilities of the Executive Director of Resources and auditor

As explained more fully in the Statement of the Executive Director of Resources' Responsibilities set out on page 11, the Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or

materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority and Group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

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

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Greater London Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Greater London Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

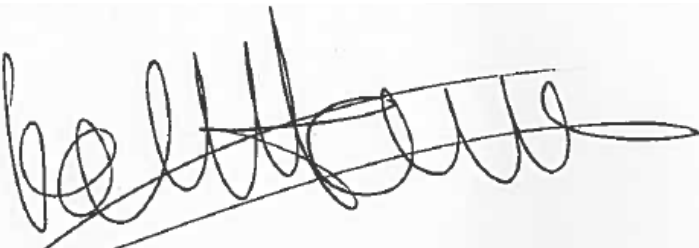
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Greater London Authority had put in place proper arrangements to secure economy, efficiency and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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, the Greater London Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of the Greater London Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



*Karl Havers (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
London
14 September 2017*

Group Comprehensive Income and Expenditure Statement

2015/16	Restated 2015/16	2015/16		2016/17	2016/17	2016/17	
Gross Exp* £000	Gross Income £000	Net Exp* £000	Continuing operations	Note	Gross Exp* £000	Gross Income £000	Net Exp* £000
8,307	(879)	7,428	Assembly & Secretariat		8,305	(841)	7,464
24,401	(5,030)	19,371	Communities and Intelligence		29,958	(7,656)	22,302
1,062	(15)	1,047	Corporate Management		1,296	-	1,296
89,177	(7,538)	81,639	Development, Enterprise & Environment		96,802	(6,935)	89,867
1,522	-	1,522	Elections		16,073	(241)	15,832
9,098	(1,572)	7,526	External Affairs		11,649	(1,733)	9,916
335,146	(102,446)	232,700	Housing and Land		197,559	(44,865)	152,694
4,381	(207)	4,174	Mayor's Office		4,960	(341)	4,619
25,625	(4,698)	20,927	Resources		30,974	(4,502)	26,472
31,143	(4,569)	26,574	Olympic Legacy		52,648	(4,767)	47,881
81,967	(274)	81,693	Corporate Items		60,290	(890)	59,400
611,829	(127,228)	484,601	Cost Of Services		510,514	(72,771)	437,743
		1,948,128	Other Operating Expenditure	11			2,106,801
		108,956	Financing and Investment Income and Expenditure	12			108,536
		61,979	Movement in the fair value of investment properties	26			74,220
		(2,948,810)	Taxation and Non-Specific Grant Income	13			(2,762,518)
		(345,146)	(Surplus) or Deficit on Provision of Services				(35,218)
		103,591	Share of the (surplus) or deficit on the provision of services of associates and joint ventures	32			174,360
		7,292	Tax expenses of subsidiaries	53			(19,012)
		(234,263)	Group (Surplus) or Deficit				120,130
			Items that are or may be reclassified to the surplus or deficit on the provision of services				
		(4,866)	(Surplus) or deficit on revaluation of available-for-sale financial assets	30			(5,011)
		4,640	Net change in available-for-sale assets reclassified to the (surplus) or deficit	30			3,507
			Items that will never be reclassified to the surplus or deficit on the provision of services				
		(1,709)	(Surplus) or deficit on revaluation of non-current assets				(3,118)
		(24,316)	Remeasurements of the net defined benefit liability	21			46,710
		274	Tax on other comprehensive income	53			(1,512)
		(25,977)	Other Comprehensive Income and Expenditure				40,576
		(260,240)	Total Comprehensive Income and Expenditure				160,706

*Expenditure

Authority Comprehensive Income and Expenditure Statement

2015/16	Restated 2015/16	2015/16		2016/17	2016/17	2016/17	
Gross Exp	Gross Income	Net Exp	Gross expenditure, gross income and net expenditure of continuing operations	Note	Gross Exp	Gross Income	
£000	£000	£000			£000	£000	
					Gross Exp	Gross Income	Net Exp
					£000	£000	£000
8,307	(879)	7,428	Assembly & Secretariat		8,305	(841)	7,464
24,401	(5,030)	19,371	Communities and Intelligence		29,958	(7,656)	22,302
1,062	(15)	1,047	Corporate Management		1,296	-	1,296
89,177	(7,538)	81,639	Development, Enterprise & Environment		96,802	(6,935)	89,867
1,522	-	1,522	Elections		16,073	(241)	15,832
9,098	(1,572)	7,526	External Affairs		11,649	(1,733)	9,916
284,865	(4,790)	280,075	Housing and Land		171,555	(10,045)	161,510
4,381	(207)	4,174	Mayor's Office		4,960	(341)	4,619
31,253	(3,580)	27,673	Resources		30,974	(4,502)	26,472
111,576	(3,882)	107,694	Corporate Items		93,798	(4,163)	89,635
565,642	(27,493)	538,149	Cost of Services		465,370	(36,457)	428,913
		1,948,128	Other operating expenditure	11			2,106,801
		101,398	Financing and investment income and expenditure	12			98,549
		(2,940,214)	Taxation and non-specific grant income and expenditure	13			(2,752,049)
		(352,539)	(Surplus) or Deficit on Provision of Services				(117,786)
			Items that will be subsequently reclassified to the Surplus or Deficit on the Provision of Services				
			323 (Surplus) or deficit on revaluation of non-current assets				111
		(21,571)	Remeasurements of the net defined benefit liability	21			39,534
		(21,248)	Other Comprehensive Income and Expenditure				39,645
		(373,787)	Total Comprehensive Income and Expenditure				(78,141)

Group Movement in Reserves Statement

2016/17	Note	Non-Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Usable Unusable	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016		(58,644)	(412,101)	(109,565)	(29,283)	(609,593)	3,237,478	2,627,885	4,619 (233,331)	(604,974)	3,004,147	2,399,173
Movement in reserves during 2016/17												
Comprehensive Expenditure and Income		(119,116)	-	-	-	(119,116)	39,645	(79,471)	237,987 2,190	118,871	41,835	160,706
Adjustment between authority accounts and group accounts		1,330	-	-	-	1,330	10,497	11,827	- -	1,330	(1,330)	-
Adjustments between accounting basis and funding basis under regulations	9	240,779	-	(58,712)	349	182,416	(182,416)	-	(306,042) 306,042	(123,626)	123,626	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		122,993	-	(58,712)	349	64,630	(132,274)	(67,644)	(68,055) 308,232	(3,425)	164,131	160,706
Transfers (to)/from Earmarked Reserves	10	(74,349)	74,349	-	-	-	-	-	- -	-	-	-
(Increase)/Decrease in 2016/17		48,644	74,349	(58,712)	349	64,630	(132,274)	(67,644)	(68,055) 308,232	(3,425)	164,131	160,706
Balance as at 31 March 2017		(10,000)	(337,752)	(168,277)	(28,934)	(544,963)	3,105,204	2,560,241	(63,436) 74,901	(608,399)	3,168,278	2,559,879

2015/16 Restated	Note	Non-Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Usable Unusable	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2015		(58,642)	(275,792)	(34,971)	(9,491)	(378,896)	3,386,741	3,007,845	50,052 (398,482)	(328,844)	2,988,259	2,659,415
Movement in reserves during 2015/16												
Comprehensive Expenditure and Income		(358,710)	-	-	-	(358,710)	(21,248)	(379,958)	124,950 (5,232)	(233,760)	(26,480)	(260,240)
Adjustment between authority accounts and group accounts		6,171	-	-	-	6,171	(6,171)	-	- -	6,171	(6,171)	-
Other adjustment		-	-	-	-	-	(2)	(2)	- -	-	(2)	(2)
Adjustments between accounting basis and funding basis under regulations	9	216,228	-	(74,594)	(19,792)	121,842	(121,842)	-	(170,383) 170,383	(48,541)	48,541	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(136,311)	-	(74,594)	(19,792)	(230,697)	(149,263)	(379,960)	(45,433) 165,151	(276,130)	15,888	(260,242)
Transfers (to)/from Earmarked Reserves	10	136,309	(136,309)	-	-	-	-	-	- -	-	-	-
(Increase)/Decrease in 2015/16		(2)	(136,309)	(74,594)	(19,792)	(230,697)	(149,263)	(379,960)	(45,433) 165,151	(276,130)	15,888	(260,242)
Balance as at 31 March 2017		(58,644)	(412,101)	(109,565)	(29,283)	(609,593)	3,237,478	2,627,885	4,619 (233,331)	(604,974)	3,004,147	2,399,173

Authority Movement in Reserves Statement

2016/17	Note	Non - Earmarked Reserves	Earmarked Reserves	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016		(58,644)	(412,101)	(470,745)	(132,167)	(29,284)	(632,196)	3,270,578	2,638,382
Movement in reserves during the year									
Total Comprehensive Expenditure and Income		(117,786)	-	(117,786)	-	-	(117,786)	39,645	(78,141)
Adjustments between accounting basis and funding basis under regulations	9	240,779	-	240,779	(58,712)	349	182,416	(182,416)	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		122,993	-	122,993	(58,712)	349	64,630	(142,771)	(78,141)
Transfers (to)/from Earmarked Reserves	10	(74,349)	74,349	-	-	-	-	-	-
(Increase)/Decrease in year		48,644	74,349	122,993	(58,712)	349	64,630	(142,771)	(78,141)
Balance at 31 March 2017 carried forward		(10,000)	(337,752)	(347,752)	(190,879)	(28,935)	(567,566)	3,127,807	2,560,241

2015/16 Restated	Note	Non - Earmarked Reserves	Earmarked Reserves	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2015		(58,642)	(275,792)	(334,434)	(57,573)	(9,491)	(401,498)	3,413,669	3,012,171
Movement in reserves during the year									
Total Comprehensive Expenditure and Income		(352,539)	-	(352,539)	-	-	(352,539)	(21,248)	(373,787)
Other adjustments		-	-	-	-	(1)	(1)	(1)	(2)
Adjustments between accounting basis and funding basis under regulations	9	216,228	-	216,228	(74,594)	(19,792)	121,842	(121,842)	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(136,311)	-	(136,311)	(74,594)	(19,793)	(230,698)	(143,091)	(373,789)
Transfers (to)/from Earmarked Reserves	10	136,309	(136,309)	-	-	-	-	-	-
(Increase)/Decrease in year		(2)	(136,309)	(136,311)	(74,594)	(19,793)	(230,698)	(143,091)	(373,789)
Balance at 31 March 2016 carried forward		(58,644)	(412,101)	(470,745)	(132,167)	(29,284)	(632,196)	3,270,578	2,638,382

Balance Sheet

	Note	Authority 31 March 2017 £000	Group 31 March 2017 £000	Authority 31 March 2016 £000	Group 31 March 2016 £000
Property, plant & equipment	25	2,345	41,145	3,108	36,972
Investment property	26	-	352,143	-	425,707
Intangible assets		958	996	-	92
Long term investments	29	-	62,720	-	37,958
Available for sale financial assets	30	215,369	265,701	-	52,900
Long term debtors	34	649,444	57,857	608,546	38,010
Finance lease receivables	35	-	132,786	-	127,706
Long Term Assets		868,116	913,348	611,654	719,345
Short term investments	50	1,201,212	1,193,328	1,233,471	1,233,471
Available for sale financial assets		301	301	-	-
Finance lease receivables	35	-	14,850	-	4,136
Inventories	37	-	219,207	-	192,147
Trade and other receivables	38	563,048	530,533	424,807	449,465
Cash and Cash Equivalents	39	346,090	373,050	515,066	548,099
Current Assets		2,110,651	2,331,269	2,173,344	2,427,318
Short term borrowing	50,51	(99,309)	(85,736)	(233,781)	(178,502)
Short term creditors	40	(289,093)	(323,562)	(365,787)	(426,057)
Receipts in advance - revenue	16	(138)	(138)	(8,348)	(8,348)
Receipts in advance - capital	16	(1,108,717)	(1,108,717)	(939,429)	(939,429)
Finance lease liabilities	35	-	(1)	-	(1)
Provisions	41	(2,850)	(3,992)	(4,918)	(11,025)
Current Liabilities		(1,500,107)	(1,522,146)	(1,552,263)	(1,563,362)
Long term creditors		(70)	(13,765)	(70)	(9,384)
Provisions	41	(176,232)	(177,172)	(186,265)	(186,265)
Long term borrowing	50,51	(3,707,408)	(3,707,409)	(3,576,634)	(3,576,634)
Investment in Joint Venture	32	-	(167,226)	-	(28,198)
Finance lease liabilities	35	-	(39)	-	(40)
Net pensions liability	21	(151,972)	(168,086)	(104,929)	(114,040)
Receipts in advance - capital	16	(3,219)	(3,219)	(3,219)	(3,219)
Deferred tax liability	53	-	(45,434)	-	(64,694)
Long Term Liabilities		(4,038,901)	(4,282,350)	(3,871,117)	(3,982,474)
Net Assets		(2,560,241)	(2,559,879)	(2,638,382)	(2,399,173)
Usable reserves		(567,565)	(608,399)	(632,196)	(604,974)
Unusable Reserves	43	3,127,806	3,168,278	3,270,578	3,004,147
Total Reserves		2,560,241	2,559,879	2,638,382	2,399,173

Cash Flow Statement

		Authority	Group	Authority	Group
	Note	2016/17	2016/17	2015/16	2015/16
		£000	£000	£000	£000
Net surplus or (deficit) on the provision of services		117,786	(120,130)	352,539	234,263
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	1,727	209,249	381,020	546,570
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(52,240)	(66,728)	(92,501)	(115,069)
Net cash flows from Operating Activities		67,273	22,391	641,058	665,764
Investing Activities	46	(229,198)	(299,836)	(627,978)	(710,478)
Financing Activities	47	(7,051)	102,396	155,544	224,562
Net increase or (decrease) in cash and cash equivalents		(168,976)	(175,049)	168,624	179,848
Cash and cash equivalents at 1 April	39	515,066	548,099	346,442	368,251
Cash and cash equivalents at 31 March		346,090	373,050	515,066	548,099

Notes to the Core Financial Statements

1. Changes in Accounting Policies

The Group has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

2. Accounting Policies

i. Code of Practice

The Statement of Accounts summarises the Greater London Authority's ("GLA"/ "the Authority") and the GLA Group's ("the Group") transactions for the 2016/17 financial year and its position at 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code") and the International Financial Reporting Standards ("IFRS") adopted by the European Union ("Adopted IFRS").

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

ii. Basis of Accounting

The accounts are prepared as at 31 March.

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

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

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

iii. Basis of Preparation of Group Accounts

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

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

Subsidiaries

The Group accounts presented with the Authority's accounts consolidate the individual accounts of the Greater London Authority and its subsidiaries. The Authority's subsidiaries are Greater London

Authority Holdings Limited, London Legacy Development Corporation, Old Oak and Park Royal Development Corporation and London Travel Watch. A subsidiary is an entity over which the Authority exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of subsidiaries have been consolidated on a line-by-line basis, with the exception of London Travel Watch which has been excluded on materiality grounds. Material intragroup transactions and balances between GLA Group entities are eliminated.

iv. Going Concern

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

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

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

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

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

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

vi. Events after the Balance Sheet Date

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

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

vii. Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group;
- Revenue from the provision of services is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the Group;
- Development properties and land sales - Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. It is considered that risks and rewards pass on legal completion. Revenue is recognised at the fair value of the consideration received or receivable on legal completion.
- Rental income from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet, see Inventories accounting policy xxii for further details;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

viii. Government Grants and Third Party Contributions

Revenue grants

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

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

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

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

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

Capital grants

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

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

ix. Council Tax Accounting

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

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

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

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

Since the collection of council tax is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from council tax debtors belongs proportionately to

them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from council taxpayers.

x. Non-domestic rates

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

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

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

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

On the basis of the arrangements applying for the 2016-17 financial year, if the GLA's retained income as calculated under the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 at the end of a financial year exceeds its baseline funding approved in the local government finance settlement it is required to make a levy payment to the Secretary of State equivalent to approximately 27 per cent of the difference. If its retained income is less than 92.5 per cent of its baseline funding it would be eligible to receive a safety net payment. This safety net payment would top up its funding to the 92.5 per cent of its baseline funding level.

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

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

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

xi. Crossrail Business Rate Supplement

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

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

The GLA receives amounts in respect of BRS from billing authorities during the year based on a provisional estimate at the start of the year net of reliefs, borough collection costs and a 5% contingency allowance. After the financial year-end each billing authority calculates the amount it has collected in BRS after allowing for collection and other costs. This uses a different methodology - as specified in section 7 to Schedule II of the BRS Transfers to Revenue Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009.

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

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

The GLA has recognised all revenue expenditure (including interest incurred on that element of its contribution financed by borrowing) relating to its contribution towards the Crossrail project as expenditure in the relevant service revenue account(s) as it is incurred. Its contributions paid to Transport for London in respect of Crossrail are recognised as Revenue Expenditure Funded from Capital under Statute ("REFCUS").

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

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

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

Where the GLA's BRS Revenue Account is in deficit, it transfers an amount equivalent to the deficit from its General Fund to the Business Rate Supplement Revenue Account; this transfer being reported in the Movement in Reserves Statement.

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

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

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

xii. Community Infrastructure Levy (“CIL”)

The Authority has elected to charge a CIL. The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Authority is the chargeable body and Transport for London and the London Boroughs collect the levy on the Authority's behalf. Under existing legislation the GLA's CIL may only be applied to fund transport projects. The income from the levy is currently being used to fund Crossrail.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion, of the charges, has been used to fund revenue expenditure. Further details on the CIL can be found in note 24.

xiii. Exceptional Items

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

xiv. Charges to Revenue for Non-Current Assets

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

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

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

xv. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

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

Post-Employment Benefits

Employees of the Authority, LLDC and OPDC are members of the Local Government Pensions Scheme, however two LLDC employees are members of the Homes and Communities Agency Pension Scheme. Staff at London TravelWatch are members of the Principal Civil Service Pension Scheme ("PCSPS").

The Local Government Pension Scheme

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

- The liabilities of the LPFA pension scheme attributable to the Authority, LLDC and OPDC are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, at a discount rate of 2.8%. The chosen discount rate is the annualised yield at the 24 year point on the Merrill Lynch AA-rated corporate bond yield curve.
- The assets of the LPFA pension fund attributable to the Authority, LLDC and OPDC are included in the Balance Sheet at their fair value as follows:
 - Quoted securities-current bid price
 - Unquoted securities-professional estimate
 - Unitised securities-current bid price
 - Property-market value
 -

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for

retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

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

The Principal Civil Service Pension Scheme

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

xvi. Fair Value

The Group measures some of its non-financial assets such as investment properties and some of its financial instruments such as equity mortgages at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in its absence, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

- Level 3 – unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

xvii. Financial Instruments

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

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

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

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

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

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, do not qualify as trading assets and have not been designated as either 'fair value through the income statement' or available for sale. Such assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

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

Available for sale financial assets

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

or until the investment is deemed to be impaired at which time the cumulative gain or loss previously reported in reserves is included in the income statement.

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

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

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

Financial liabilities measured at amortised cost

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

Trade and other creditors are measured at amortised cost.

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

Financial assets – Other Investments

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

Impairment of financial assets

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

All impairment losses are recognised in the income statement.

xviii. Cash and cash equivalents

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

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

xix. Foreign Currency Translation

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

xx. Interests in Companies and Other Entities

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

xxi. Inventories

GLA

Inventory items with an item value of £5,000 or more are included in the Balance Sheet at historical cost rather than at the lower of cost or net realisable value, as given the low value of inventory held this does not have a material impact on the reported figures.

Greater London Authority Holdings Ltd

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

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

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

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

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

xxii. Leases

Finance Leases (the Group as lessee)

Leased Assets

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

Lease Payments

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

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

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

Finance Leases (the Group as lessor)

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

Operating Leases (the Group as lessee)

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

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

Operating Leases (the Group as lessee)

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

xxiii. Intangible Assets

Expenditure, of £20,000 and above, on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible assets to the Group.

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an

intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired- any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Software costs: Straight line 3 to 5 years

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

xxiv. Property, Plant and Equipment

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

Recognition

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

De-recognition

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

Initial Measurement and Valuations

Assets are initially measured at cost, comprising:

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

Assets are then measured on the Balance Sheet date using a current value basis:

- Specialised properties with no active market – measured at depreciated replacement cost (DRC), being the present value of the assets’ remaining service potential which can be assumed equal to the cost of replacing that service potential;
- Non-specialised operational properties – measured at existing use value, being the market value based on the assumption that the property is sold as part of the continuing enterprise;
- Surplus assets – measured at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants; and
- Plant and equipment - measured at cost less accumulated depreciation and accumulated impairment losses as a proxy for current value.

Assets under construction are measured at cost less accumulated depreciation and accumulated impairment losses

Valuations

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is an insufficient balance in the revaluation reserve, the revaluation reserve is written down to nil and the remaining amount of the decrease in value is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is provided according to the following policy:

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

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

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

Disposals

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

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

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

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

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

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

Non-current assets held for sale

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

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

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

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

xxv. Heritage Assets

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

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

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

xxvi. Investment Property

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

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation and on disposal are recognised in the Comprehensive Income and Expenditure Statement. As statutory arrangements do not allow these gains and losses to impact the General Fund, they are subsequently 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 (sales proceeds). When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

xxvii. Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but which does not result in the creation of a fixed asset to the Authority/Group. For example, grant paid to a third party for the purchase or creation of a fixed asset. This will include capital grants paid to Transport for London in respect of the Northern Line Extension, housing capital funding paid to London boroughs, developers and housing associations; and regeneration funding paid to London boroughs and other organisations.

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

xxviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxix. Reserves

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

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

xxx. VAT

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

xxxi. Corporation Tax

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

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

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

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

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

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

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

xxxii. Minimum Revenue Provision

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

provision is made for the repayment of debt over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

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

The Authority's MRP policy relating to the Northern Line Extension (NLE) is that the NLE related revenues received in excess of interest payable and other revenue expenses shall be accounted for as direct revenue financing until the total committed funding for the NLE (up to £1bn) has been transferred to TfL, currently expected to be 2020. Once this total has been reached, annual NLE ring-fenced revenues received in excess of interest payable and other revenue expenses, including the making good of prior year NLE account deficits, shall fund the repayment of debt relating to the NLE. This is a prudent provision, since it will fully fund the liability over a period of time reasonably commensurate with the benefits of the project.

Where the Authority incurs capital expenditure as a result of making a loan to another entity for purposes that, had the Authority undertaken these directly, would be treated as capital expenditure, then the capital financing requirement element arising from such loans shall be excluded from the minimum revenue provision calculations to reflect the policy that the capital receipt arising from the repayment of the loan will be applied in full to meet the initial expenditure. The Executive Director of Resources may override this exemption on the grounds of prudence, directing a provision to be made in accordance with the methodology set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. However, the impact of such direction on the revenue account shall be accounted for as a voluntary revenue provision (VRP).

xxxiii. Events after the Balance Sheet Date

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

3. Accounting Standards issued but not yet effective

At the date of authorisation of the Group financial statements, there are no amendments to the Code, standards and interpretations, which are in issue but not yet effective, which will have a significant impact on the financial statements.

4. Prior period restatements and reclassifications

The 2016/17 Code has amended the presentation of the Comprehensive Income and Expenditure Statement (“CIES”). The analysis of income and expenditure now reflects the organisational structure and how financial performance is managed and reported to the key decision makers. The 2015/16 CIES figures have been restated to reflect this. Notes 7 and 8 provide a reconciliation between the way the Authority is funded and prepares its budget and the income and expenditure reported in the Comprehensive Income and Expenditure Statement.

5. Use of estimates and judgements

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

E20 Stadium Limited

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

The fair value of the former Olympic Stadium is estimated by external, independent property valuers, by considering what market value a hypothetical purchaser would be willing to pay. This valuation relies heavily on assumptions regarding future income levels and operating costs. The fair value of the stadium in E20 is nil. As a partner in the E20 joint venture, LLDC bears a share of E20’s losses. LLDC’s unaudited 2016/17 group accounts include its share of the partnership’s total comprehensive loss of some £174.4m. This loss is driven by LLDC’s share of a provision of £200m for onerous contracts relating to the cost of hosting West Ham and the cost of moving the relocatable seats between pitch (football) and athletics modes, necessary to honour the UK Athletics contract.

Related Party Transactions

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

Fair Value

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

The significant assumptions applied in estimating the fair values are:

- For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors. Following market practice they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;
- The assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors (“the Red Book” (9th edition)). Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the Valuers will generally set out the reasons for this in their report; and
- Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Inventory

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

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

Where the estimated net realisable value is less than its carrying value within the balance sheet, the Group has impaired the land property and development in progress value. In the period to 31 March 2017, this review resulted in a £6.9m impairment charge and a reversal of previous impairments totalling £1.6m. See note 37 for further details.

Investment Property

IAS40 Investment properties (“IAS 40”), requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value with movements in the fair value being recorded in the income statement this could have a significant effect on the reported surplus or deficit of the Group. The carrying value of investment properties at Group level, at 31 March 2017, totalled £352.1m, see note 26 for further details.

Property, plant and equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the valuation of property, plant and equipment, the classification of specialist/non-specialist assets and in determining residual values. The carrying value of property, plant and equipment at Group level, at 31 March 2017, totalled £41.1m, see note 25 for further details.

Leases

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held or have been transferred by the Group. Given that finance lease obligations/receivables are recognised as liabilities/assets, and operating lease obligations/receivables are not, this can have a significant effect on the reported financial position of the Group. At 31 March 2017, the carrying values of finance lease receivables at Group level were significant, totalling £147.6m, see note 35 for further details.

Determining whether an arrangement contains a lease

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

Fair value of Equity Mortgages

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

Available for sale financial assets are valued with reference to published house price indices (January 2017 data used as March 2017 was unavailable when the financial statements were being prepared). For equity interests in housing units, the fair value at the balance sheet date is calculated using movements in the Office for National Statistics house price index for the London region, this being the most relevant available observable market data. However these only provide an estimate of the fair value of these assets because house price indices cannot accurately predict the value of individual units and disposal proceeds to date, although a good indicator of market performance, may not occur at the same level in the future, as disposals to date represent only a small portion of the portfolio.

At 31 March 2017 the asset recognised on the balance sheet was £50.3m. See note 30 for further details.

Post-retirement benefits

Pensions liability – the estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analysis, are provided in note 21. The carrying value of the pensions liability, at Group level, totalled £168.1m at 31 March 2017.

Council tax accounting

The Authority's share of the current year's council tax surplus is £22.8m. This is based on unaudited figures from the 32 London boroughs and the City of London Corporation. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

The *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* sets out the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is an estimate based on the demand/precepts proportions for the next financial year.

Non-domestic rates accounting

In respect of business rates retention the GLA's share of rates income, related section 31 grants, debtors, creditors, bad debt provisions, appeals provisions and collection fund surpluses or deficits is set at 20 per cent of the total for each of the 33 London billing authorities. This is the prescribed percentage share set out in The Non-Domestic Rating (Rates Retention) Regulations 2013. The Authority's share of the current year's business rates net surplus is £27.3m. This is based on unaudited figures from the 32 London boroughs and the City of London Corporation.

The amounts recorded are derived from the draft National Non Domestic Rates 3 outturn returns submitted to the GLA by each authority in May 2017 which will be materially consistent with the information reported in the collection fund statements within their draft statutory accounts. The final statutory accounts published by 30 September will incorporate, where practical, amendments made compared to these draft figures where these have been advised to the GLA on a timely basis in advance of this deadline. Any variations arising from the final NNDR3 returns not received by the date the authority's accounts are approved will generally be incorporated in the cumulative balances, accruals, non-domestic rating income figures and provisions in the following year's statutory accounts.

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

The most significant provision relates to the estimate for potential refunds to ratepayers arising from successful non-domestic rating appeals and other changes to the valuation list relating both to the 2016/17 financial year and for backdated amounts for prior accounting periods. In estimating their provision each London billing authority has had regard to the settlement rates of historical appeals and the level of appeals unresolved at the financial year end. Billing authorities have also generally considered the case for incorporating an estimate for the potential impact of appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

The GLA has considered the possibility that billing authorities may have under or over provided for the impact of rating appeals. Over provisions may arise where the Valuation Office and Valuation Tribunal

rejects a greater proportion of appeals than anticipated because it considers that the rating list is generally accurate or successful appeals are backdated to an earlier reference date. Under provisions may occur if a higher proportion of the rating list is ultimately challenged successfully by ratepayers or there may be changes to national rating policies for certain business sectors which have a greater material impact in some billing authorities.

In setting their baseline forecasts for business rates income at the start of the 2010 rating list the Office of Budget Responsibility and the Department for Communities and Local Government (CLG) assumed a 5% calibration adjustment factor for potential reductions to rates income due to factors such as rating appeals over the period of a rating list. The Government also applied a further adjustment factor of 3 per cent in calculating the business rates baselines for 2013/14 – the first year of the rates retention system - to allow for outlier authorities where the risk of appeals might be considered to be greatest. For those authorities accounting for the largest proportion of the GLA's income the provisions made exceed these percentage rates assumed by central government.

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

6. Authorisation of the Statement of Accounts

The Statement of Accounts was authorised for issue on the date the Executive Director of Resources certified that the accounts give a true and fair view of the financial position of the Authority at the year end; and its income and expenditure, see the "Statement of Responsibilities for the Statement of Accounts". This is the date up to which events after the balance sheet date (Note 55) have been considered.

7. Expenditure and Income analysed by nature

The Authority's expenditure and income is analysed as follows:

	2016/17	2015/16
	£000	£000
Expenditure		
Employee benefits expenses	55,992	51,623
Other service expenses	1,856,026	1,783,592
Depreciation, amortisation and impairment	1,235	541
Interest payments and similar charges	132,940	131,234
Precepts and levies	710,895	710,765
BRR* Levy Payment	13,285	-
BRR Tariff Payment	358,615	355,651
Total Expenditure	3,128,988	3,033,406
Income		
Government grants and other contributions	(714,699)	(936,244)
Income from council tax and non-domestic rates	(2,426,046)	(2,377,222)
Fees, charges and other service income	(71,637)	(42,643)
Interest and investment income	(34,391)	(29,836)
Total Income	(3,246,773)	(3,385,945)
(Surplus) or Deficit on Provision of Service	(117,786)	(352,539)

*BRR-Business Rates Retention

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (“EFA”) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

2015/16			Authority	2016/17		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
6,835	592	7,427	Assembly & Secretariat	7,044	420	7,464
18,113	1,259	19,372	Communities and Intelligence	20,470	1,832	22,302
955	93	1,048	Corporate Management	1,204	91	1,295
30,322	51,317	81,639	Development, Enterprise & Environment	30,596	59,270	89,866
1,517	5	1,522	Elections	15,827	5	15,832
7,209	317	7,526	External Affairs	9,638	279	9,917
16,181	263,894	280,075	Housing and Land	16,605	144,905	161,510
3,820	353	4,173	Mayor's Office	4,395	223	4,618
27,393	279	27,672	Resources	25,648	824	26,472
114,440	(6,745)	107,695	Corporate Items	85,322	4,314	89,636
226,785	311,364	538,149	Net Cost of Services	216,749	212,163	428,912
(363,096)	(527,592)	(890,688)	Other Income and Expenditure	(93,756)	(452,942)	(546,698)
(136,311)	(216,228)	(352,539)	Surplus or Deficit	122,993	(240,779)	(117,786)
(334,434)			Opening General Fund Balance	(470,745)		
(136,311)			Less/Plus Surplus or (Deficit)	122,993		
(470,745)			Closing General Fund Balance	(347,752)		

8a. EFA – Adjustments between funding and accounting basis

Authority 2016/17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Assembly & Secretariat	-	333	86	419
Communities and Intelligence	1,177	565	90	1,832
Corporate Management	-	80	12	92
Development, Enterprise & Environment	56,974	877	1,419	59,270
Elections	-	5	-	5
External Affairs	-	263	15	278
Housing and Land	138,423	497	5,986	144,906
Mayor's Office	-	197	27	224
Resources	-	748	75	823
Corporate Items	4,277	36	1	4,314
Net Cost of Services	200,851	3,601	7,711	212,163
Other Income and Expenditure from the Expenditure and Funding Analysis	(187,112)	3,907	(269,737)	(452,942)
Difference between surplus or deficit on the General Fund and the CIES	13,739	7,508	(262,026)	(240,779)

Authority 2015/16

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Assembly & Secretariat	-	597	(5)	592
Communities and Intelligence	586	649	25	1,260
Corporate Management	-	95	(2)	93
Development, Enterprise & Environment	49,034	1,046	1,237	51,317
Elections	-	5	-	5
External Affairs	-	296	20	316
Housing	259,701	575	3,618	263,894
Private Office	-	349	4	353
Resources	-	298	(19)	279
Olympic Legacy	(6,745)	-	-	(6,745)
Net Cost of Services	302,576	3,910	4,878	311,364
Other Income and Expenditure from the Expenditure and Funding Analysis	(391,842)	4,056	(139,807)	(527,593)
Difference between surplus or deficit on the General Fund and the CIES	(89,266)	7,966	(134,929)	(216,229)

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

Group 2016/17

	USABLE RESERVES				Total Usable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/from the Pensions Reserve	(8,595)	-	-	-	(8,595)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(6,010)	-	-	-	(6,010)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	97,368	-	-	-	97,368
Holiday pay (transferred to the Accumulated Absences Reserve)	(456)	-	-	-	(456)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(378,763)	-	-	-	(378,763)
Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	15,021
Transfer of net income/expenditure to the BRS account	(106,826)	106,826	-	-	(106,826)
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	106,826	(106,826)	-	-	106,826
Total Adjustments to Revenue Resources	(281,435)	-	-	-	(281,435)
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	53,798	-	(53,798)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,308	-	-	(6,308)	-
the Capital Adjustment Account)	106,826	-	-	-	106,826
Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	10,510	-	-	-	10,510
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	38,730	-	-	-	38,730
Total Adjustments between Revenue and Capital Resources	216,172	-	(53,798)	(6,308)	156,066
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	6,657	6,657
Use of capital receipts reserve to finance capital expenditure	-	-	7,866	-	7,866
Cash receipts in relation to long term capital debtors	-	-	(12,040)	-	(12,040)
Cash receipts in relation to deferred capital receipts	-	-	(740)	-	(740)
Total Adjustments to Capital Resources	-	-	(4,914)	6,657	1,743
Total Adjustments	(65,263)	-	(58,712)	349	(123,626)

Group (continued)

2015/16 Restated

	USABLE RESERVES				Total Usable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/from the Pensions Reserve	(9,573)	-	-	-	(9,573)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(4,037)	-	-	-	(4,037)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account & NDR Provision Spreading Account)	(8,570)	-	-	-	(8,570)
Holiday pay (transferred to the Accumulated Absences Reserve)	(106)	-	-	-	(106)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(175,147)	-	-	-	(175,147)
Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	15,021
Transfer of net income/expenditure to the BRS account	90,603	(90,603)	-	-	90,603
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	(90,603)	90,603	-	-	(90,603)
Total Adjustments to Revenue Resources	(182,412)	-	-	-	(182,412)
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	75,852	-	(75,852)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	19,792	-	-	(19,792)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	90,603	-	-	-	90,603
Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	10,231	-	-	-	10,231
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	31,779	-	-	-	31,779
Total Adjustments between Revenue and Capital Resources	228,257	-	(75,852)	(19,792)	132,613
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	-	-
Use of capital receipts reserve to finance capital expenditure	-	-	3,145	-	3,145
Cash payments in relation to deferred capital receipts	-	-	(1,887)	-	(1,887)
Total Adjustments to Capital Resources	-	-	1,258	-	1,258
Total Adjustments	45,845	-	(74,594)	(19,792)	(48,541)

Authority

Adjustments between Accounting Basis and Funding Basis under Regulations

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

2016/17	USABLE RESERVES				Movement in Usable Reserves £000
	General Fund Balance £000	BRS Reserve £000	Capital Receipts Unapplied £000	Capital Grants £000	
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/from the Pensions Reserve	(7,509)	-	-	-	(7,509)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(6,010)	-	-	-	(6,010)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	97,368	-	-	-	97,368
Holiday pay (transferred to the Accumulated Absences Reserve)	(419)	-	-	-	(419)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(65,978)	-	-	-	(65,978)
Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	15,021
Transfer of net income/expenditure to the BRS account	(106,826)	106,826	-	-	-
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	106,826	(106,826)	-	-	-
Total Adjustments to Revenue Resources	32,473	-	-	-	32,473
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	45,932	-	(45,932)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,308	-	-	(6,308)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	106,826	-	-	-	106,826
Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	10,510	-	-	-	10,510
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	38,730	-	-	-	38,730
Total Adjustments between Revenue and Capital Resources	208,306	- (45,932)	(6,308)	156,066	
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	6,657	6,657
Cash receipts in relation to capital debtors	-	(12,040)	-	-	(12,040)
Cash receipts in relation to deferred capital receipts	-	-	(740)	-	(740)
Total Adjustments to Capital Resources	-	- (12,780)	6,657	(6,123)	
Total Adjustments	240,779	- (58,712)	349	182,416	

Authority (continued)

2015/16 Restated

	USABLE RESERVES				Movement in Usable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/from the Pensions Reserve	(7,966)	-	-	-	(7,966)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(4,037)	-	-	-	(4,037)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(8,570)	-	-	-	(8,570)
Holiday pay (transferred to the Accumulated Absences Reserve)	(97)	-	-	-	(97)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,235)	-	-	-	(3,235)
Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	15,021
Transfer of net income/expenditure to the BRS account	90,603	(90,603)	-	-	-
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	(90,603)	90,603	-	-	-
Total Adjustments to Revenue Resources	(8,884)	-	-	-	(8,884)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	72,707	-	(72,707)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	19,792	-	-	(19,792)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	90,603	-	-	-	90,603
Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	10,231	-	-	-	10,231
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	31,779	-	-	-	31,779
Total Adjustments between Revenue and Capital Resources	225,112	-	(72,707)	(19,792)	132,613
Adjustments to Capital Resources					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(1,887)	-	(1,887)
Total Adjustments to Capital Resources	-	-	(1,887)	-	(1,887)
Total Adjustments	216,228	-	(74,594)	(19,792)	121,842

10. Transfers to/from Earmarked Reserves – Authority

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

	1 April 2016 £000	Transfers In £000	Transfers Out £000	31 March 2017 £000
Assembly Development & Resettlement	1,822	168	(500)	1,490
Business Rates	196,376	18	(81,569)	114,825
Capital Programme	-	69,694	-	69,694
City Hall Lease Smoothing	3,269	1,018	-	4,287
Compulsory Purchase Orders	1,377	-	(47)	1,330
Development	3,000	-	(2,000)	1,000
Development Corporations	34,153	2,012	(7,155)	29,010
Directorate (Programme reserve)	19,061	27,646	(34,707)	12,000
Election	13,138	4,500	(15,828)	1,810
Environment Drainage	386	80	(70)	396
Estates	3,936	1,297	-	5,233
Legal Fees	700	-	(700)	-
London and Partners	2,245	-	-	2,245
Major Events	13,500	1,500	-	15,000
Mayoral Resettlement	77	-	-	77
NDR Backdated Appeals Spreading	30,041	-	(15,021)	15,020
New Homes Bonus LEP grant reserve	32,029	1,691	(15,433)	18,287
Planning Smoothing	226	870	(121)	975
Pre-Application Planning	487	826	(347)	966
RCGF Interest	2,116	481	(2,597)	-
Revenue Grants Unapplied	53,162	4,808	(19,664)	38,306
Self Insurance Fund	1,000	-	(1,000)	-
Sport for Social Change	-	5,800	-	5,800
Total Earmarked Reserves	412,101	122,409	(196,759)	337,751

The purpose of each reserve is detailed below:

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

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

The **Capital Programme Reserve** provides a source of funding for those capital projects falling outside the programmes in housing and regeneration which are directly funded by Government grant.

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

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

The **Development Reserve** exists to fund organisational change and business improvement projects.

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

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

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

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

The **Estates Reserve** has been created to fund exceptional repairs and maintenance works across the GLA Estate, works undertaken at Parliament and Trafalgar Squares and the development of land and property schemes.

The **Legal Fees Reserve** existed to fund external legal advice or representation. This reserve is not being retained and in the absence of any budgeted provision, future costs would fall to be met from General Fund balances.

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

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

The **Mayoral Resettlement Reserve** funds the resettlement grants paid to the former Mayor following the Mayoral elections.

The **NDR Backdated Appeals Spreading Reserve** has been created to offset an annual charge arising from the release of the deferred appeals provision costs on the NDR Appeals Provision Account. This has been created in line with the GLA's decision to take advantage of its ability to spread its share

of the backdated appeals provisions reported by the relevant London billing authorities under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014.

The **New Homes Bonus LEP grant reserve** consists of New Homes Bonus grant that has been set aside to fund revenue expenditure that will be incurred by London Boroughs on regeneration schemes in future years.

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

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

The **RCGF Interest reserve** has been created to earmark the interest earned on Recycled Capital Grant Funding. This reserve is no longer required.

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

The **Self Insurance Fund Reserve** existed to provide cover for minor claims where it would not be appropriate to claim on the Authority's insurance policies due to the level of excess payable. This reserve is not being retained and in the absence of any budgeted provision, future costs would fall to be met from General Fund balances.

The **Sport for Social Change Reserve** exists to support the Mayor's community sports initiatives which are currently under development.

11. Other Operating Expenditure

Sections 102 and 103 of the Greater London Authority Act 1999 (as amended) require the Greater London Authority to pay over to the functional bodies, their share of government grants and precepts required to fund their budget requirements, as calculated under section 85(4) to (7) of the aforementioned Act. The table below sets out the allocation of the council tax precepts, the allocation of revenue support grant ("RSG"), retained business rates and other grant payments to the Functional Bodies.

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

	Authority 2016/17	Group 2016/17	Authority 2015/16	Group 2015/16
	£000	£000	£000	£000
Precept payable to the Functional Bodies	710,895	710,895	710,765	710,765
Fire Services	244,189	244,189	242,462	242,462
Police Services	27,100	27,100	-	-
Transport Services	1,124,617	1,124,617	994,901	994,901
Total	2,106,801	2,106,801	1,948,128	1,948,128

12. Financing and Investment Income and Expenditure

	Authority 2016/17	Group 2016/17	Authority 2015/16	Group 2015/16
	£000	£000	£000	£000
Interest payable and similar charges	129,034	129,462	127,178	127,187
Net interest on the net defined liability	3,907	4,315	4,056	4,472
Interest receivable and similar income	(34,392)	(19,982)	(29,836)	(17,384)
Other investment Income	-	(14)	-	-
Net (gain)/loss on disposal of available-for-sale financial assets reclassified from equity	-	(4,315)	-	(5,356)
Income and expenditure in relation to investment properties	-	(930)	-	37
Total	98,549	108,536	101,398	108,956

13. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2016/17	Group 2016/17	Authority 2015/16	Group 2015/16
	£000	£000	£000	£000
Precept receivable from Council Tax payers	(797,148)	(797,148)	(833,699)	(833,699)
Non-domestic rate income	(1,401,627)	(1,401,627)	(1,325,295)	(1,325,295)
Non-domestic rate tariff payment	358,615	358,615	355,651	355,651
Non-domestic rate levy payment	13,285	13,285	-	-
Business Rate Supplement - Crossrail	(226,906)	(226,906)	(218,227)	(218,227)
Community Infrastructure Levy - Crossrail	(146,690)	(146,690)	(113,703)	(113,703)
Revenue Support Grant (see Note 14)	(168,120)	(168,120)	(173,695)	(173,695)
Non-ringfenced revenue government grants (see Note 14)	(33,275)	(33,275)	(107,144)	(107,144)
Capital grants and contributions (see Note 14)	(350,183)	(360,652)	(524,102)	(532,698)
Total	(2,752,049)	(2,762,518)	(2,940,214)	(2,948,810)

14. Council Tax Precepts

The CIES contains the 2016/17 council tax precept issued by the Greater London Authority on the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of Council Tax. In the Movement in Reserves Statement the 2016/17 share of the council tax net surplus or deficit on their collection funds is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the cash received in 2016/17 for the Authority's estimated share of the 2015/16 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2016 – is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2016/17 Precept Demand	2016/17 (Surplus) /Deficit	Share of 2015/16 Estimated (Surplus) / Deficit	2015/16 Precept Demand	2015/16 (Surplus) /Deficit	Share of 2014/15 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(520)	(43)	(137)	(537)	(457)	(413)
Barking & Dagenham	(12,626)	(789)	(1,219)	(12,574)	(1,812)	(1,058)
Barnet	(37,349)	(1,276)	(1,568)	(38,985)	(110)	(262)
Bexley	(21,741)	(467)	(255)	(22,804)	(1,189)	(1,101)
Brent	(24,634)	537	(697)	(24,426)	(1,516)	(866)
Bromley	(34,957)	(1,974)	(1,407)	(36,913)	(1,425)	(643)
Camden	(24,288)	191	27	(25,125)	154	(73)
Croydon	(32,511)	(1,016)	(2,331)	(33,598)	(3,378)	(2,421)
Ealing	(30,170)	(665)	(2,088)	(30,856)	(2,414)	(2,015)
Enfield	(26,031)	(400)	(716)	(27,056)	(497)	(1,354)
Greenwich	(20,517)	(1,273)	(3,032)	(20,562)	(2,039)	(519)
Hackney	(18,388)	(973)	(1,054)	(18,849)	(1,171)	(1,063)
Hammersmith & Fulham	(20,435)	(724)	(463)	(21,235)	(384)	(732)
Haringey	(19,920)	(1,415)	(1,459)	(20,889)	(1,316)	(835)
Harrow	(22,632)	(711)	(1,023)	(23,540)	(1,020)	(568)
Havering	(23,591)	(388)	(918)	(24,517)	(788)	(670)
Hillingdon	(26,433)	(686)	(696)	(26,904)	(151)	(513)
Hounslow	(22,127)	(1,407)	(539)	(23,234)	(1,026)	(1,058)
Islington	(20,794)	(258)	(919)	(21,240)	(914)	(1,194)
Kensington & Chelsea	(26,193)	(657)	(188)	(27,370)	(984)	(192)
Kingston Upon Thames	(16,655)	(201)	(395)	(17,495)	(266)	(158)
Lambeth	(27,818)	(1,114)	(1,602)	(28,845)	(1,252)	(1,696)
Lewisham	(21,674)	(1,126)	(817)	(22,280)	(927)	(1,372)
Merton	(19,686)	(462)	(853)	(20,543)	(831)	(1,300)
Newham	(18,913)	(26)	(983)	(19,794)	(970)	(1,550)
Redbridge	(23,001)	(951)	(1,358)	(23,768)	(1,179)	(1,384)
Richmond Upon Thames	(23,944)	(389)	(630)	(25,281)	(423)	(174)
Southwark	(25,180)	(1,254)	(776)	(25,880)	(979)	(1,280)
Sutton	(19,477)	(214)	(349)	(20,568)	(87)	(704)
Tower Hamlets	(23,044)	(352)	(585)	(23,258)	(521)	(425)
Waltham Forest	(19,839)	(582)	(992)	(20,215)	(944)	(1,403)
Wandsworth	(34,703)	(1,231)	(1,819)	(35,579)	(1,564)	(1,615)
City of Westminster	(34,550)	(505)	(550)	(35,958)	(640)	(348)
Amounts receivable	(774,343)	(22,804)	(32,389)	(800,679)	(33,020)	(30,959)

15. Non-Domestic Rates income (NDR)

The CIES contains the Authority's share of 2016/17 non-domestic rates collected by the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of non-domestic rates. In the Movement in Reserves Statement the 2016/17 share of the actual net surplus or deficit in respect of non-domestic rates is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2015/16 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2016 used for budgeting purposes – is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2016/17 NDR Income	2016/17 (Surplus) / Deficit	Share of 2015/16 2015/16 Estimated (Surplus) / Deficit	2015/16 Income	2015/16 (Surplus) / Deficit	Share of 2014/15 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(170,716)	2,710	(13,478)	(148,936)	(20,564)	84
Barking & Dagenham	(11,084)	(617)	484	(10,599)	269	(209)
Barnet	(19,016)	492	3,042	(20,529)	2,150	1,685
Bexley	(13,998)	4	351	(13,577)	(10)	0
Brent	(23,617)	(204)	23	(22,926)	272	(28)
Bromley	(16,428)	117	288	(15,575)	246	1,048
Camden	(95,464)	1,408	9,336	(94,024)	2,711	11,952
Croydon	(18,338)	(2,920)	3,483	(20,663)	5,447	2,316
Ealing	(34,907)	(507)	(6,303)	(25,611)	(2,532)	786
Enfield	(21,148)	(1,064)	901	(19,575)	1,020	1,438
Greenwich	(13,125)	(2,107)	654	(13,779)	491	0
Hackney	(16,266)	51	2,165	(16,945)	1,286	1,000
Hammersmith & Fulham	(39,304)	(2,030)	(1,933)	(37,663)	(4,457)	(52)
Haringey	(11,365)	(410)	1,860	(9,844)	1,640	3,026
Harrow	(8,389)	(343)	403	(9,020)	(856)	267
Havering	(13,766)	(11)	1,242	(14,684)	1,162	(131)
Hillingdon	(73,438)	(100)	1,500	(74,021)	217	333
Hounslow	(30,152)	2,282	2,108	(31,621)	3	(396)
Islington	(38,507)	(1,273)	0	(38,192)	358	0
Kensington & Chelsea	(54,799)	(1,242)	0	(55,083)	1,476	0
Kingston Upon Thames	(15,523)	95	1,125	(17,930)	991	(1,624)
Lambeth	(21,843)	1,553	2,786	(23,709)	(171)	631
Lewisham	(10,426)	885	896	(10,968)	396	(322)
Merton	(16,402)	407	1,147	(16,758)	(64)	262
Newham	(24,488)	568	2,032	(24,162)	423	1,136
Redbridge	(11,040)	306	114	(10,682)	177	(198)
Richmond Upon Thames	(16,265)	299	633	(15,633)	752	689
Southwark	(43,155)	(151)	2,921	(43,095)	(1,185)	2,629
Sutton	(10,588)	176	(145)	(8,884)	(410)	1,221
Tower Hamlets	(79,193)	208	(405)	(79,710)	1,497	(3,218)
Waltham Forest	(11,068)	1,381	302	(9,638)	(46)	1,206
Wandsworth	(19,115)	580	1,820	(20,698)	1,737	(6)
City of Westminster	(291,741)	(27,849)	59,387	(361,191)	41,874	106
Amounts receivable	(1,294,674)	(27,306)	78,739	(1,335,925)	36,300	25,631

16. Grant Income

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

Credited to Taxation & Non Specific Grant Income	2016/17	2015/16
	£000	£000
Revenue Support Grant	168,120	173,695
Non-ringfenced government grants (Revenue):		
DCLG* - Council Tax Freeze	-	9,531
DCLG - S31 grant NDR reliefs	29,644	41,073
DCLG - New Homes Bonus	1,691	52,834
DCLG - Other revenue grants	1,939	3,706
Capital grants and contributions:		
DCLG - Capital grants (Housing & Olympics legacy)	244,573	389,379
DCLG - New Homes Bonus	(1,691)	17,166
DCLG - Millennium Mills	1,330	6,186
DCLG - Local Growth Fund	30,981	8,130
DCLG - Growing Places Fund	15,122	9,541
DOH* - Care & Support Fund	8,000	8,000
DCMS* - Broadband UK	2,964	10,738
Recycled Capital Grant Fund	28,732	44,307
Other Housing Grant reclaims	17,123	28,401
London Boroughs contributions for Elephant & Castle roundabout	2,419	2,254
Other Contributions	631	-
Total	551,578	804,941

Credited to Services	2016/17	2015/16
	£000	£000
DCLG Voluntary RtB Pilot Fund	8,082	-
DWP* - European Social Fund	728	1,054
DCLG - London Land Commission	-	1,000
DCLG - Homelessness	-	952
London Boroughs contributions for Northern Line Extension	43,758	26,231
Big Lottery Fund	-	88
European Investment Bank	716	2,436
Fuel Cells & Hydrogen Joint Undertaking	571	3,096
Home Office	114	615
NHS Commissioning Board	207	100
European Commission - Horizon 2020	4,578	656
Other contributions	1,269	941
Total	60,023	37,169

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

Grants Receipts In Advance (Capital Grants)	2016/17	2015/16
	£000	£000
DCLG - Growing Places Fund	72,792	87,914
DCLG - Grant Settlement	897,677	759,255
DCLG - Home Buy Direct, Kickstart, First Time Buyers Initiative equity receipts grant	4,565	15,310
DCLG - Right to Buy receipts grant	31,505	20,523
DCLG - Millennium Mills Grant	158	1,488
DCLG - Local Growth Fund	95,418	48,870
London Borough of Southwark-S106 Elephant & Castle	6,601	6,040
Other grants	-	29
Housing Action Trust dowry	3,219	3,219
	1,111,935	942,648

Grants Receipts In Advance (Revenue Grants)	2016/17	2015/16
	£000	£000
European Commission - Horizon 2020	-	4,524
Other grants and contributions	138	3,824
	138	8,348

* DCLG-Dept. for Communities and Local Government; DOH-Dept. of Health; DWP-Dept. of Works and Pensions; NHS-National Health Service; DCMS-Dept. for Culture, Media and Sport

17. Elections

The table below contains a summary of the expenditure and income incurred in year in preparation for the 2016 Elections.

	2016/17	2015/16
	£000	£000
Gross Income	(241)	-
Gross Expenditure		
Staff	74	49
Premises	306	27
Reimbursement of London Borough costs	10,792	-
Supplies and Services	4,897	1,441
Net Expenditure	15,828	1,517
Net contribution to/ (from) Reserves	(11,328)	2,983
Amount to be met by Grant and Taxpayer	4,500	4,500

18. Operating Leases

Authority and Group as Lessee

The Group has the following operating leases:

Greater London Authority

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

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

London Legacy Development Corporation

- Property lease- LLDC leases office accommodation under a 10 year lease with a break clause effective in May 2017.
- Waterways lease – rent payable to the Canal River Trust. This lease was signed on 31 March 2015 but as payments are contingent the rent payable in future years has not been included in the table below.

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

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
	£000	£000	£000	£000
Not later than one year	7,997	9,123	6,843	8,608
Later than one year and not later than five years	31,957	36,461	31,725	36,229
Later than five years	44,863	80,194	52,766	89,223
	84,817	125,778	91,334	134,060

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

	Authority	Group	Authority	Group
	2016/17	2016/17	2015/16	2015/16
	£000	£000	£000	£000
Rent payable in year	6,827	8,454	6,732	8,355
	6,827	8,454	6,732	8,355

Authority and Group as Lessor

Details of properties leased out as operating leases include:

GLA Land and Property Limited

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

- Marsh View, Ferry Lane, Rainham – currently leased to a commercial enterprise and land is being used for open storage.

London Legacy Development Corporation

- London Aquatics Centre and Copper Box Arena - Greenwich Leisure Limited has been appointed as the operator of the Aquatics Centre and Copper Box Arena under a 10-year arrangement.
- Stadium Island - leased to E20 Stadium LLP under a 102 year lease arrangement
- Here East - leased to iCITY (London) Limited over a 200-years lease.
- Multi Storey Car Park: proportion of spaces leased to iCITY (London) Limited
- Off Park rental properties: currently leased by a mixture of industrial and residential tenants.
- Queen Elizabeth Olympic Park - various cafe and kiosks leased across the Park, including the Podium and Timber Lodge.
- Chobham Manor - leased to Chobham Manor LLP for residential and business development over a 250 year lease.

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

	Group	Group
	31 March	31 March
	2017	2016
	£000	£000
Not later than one year	5,575	3,845
Later than one year and not later than five years	19,379	13,045
Later than five years	441,744	441,986
	466,698	458,876

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

	Group	Group
	2016/17	2015/16
	£000	£000
Rent receivable in year	5,085	3,298
	5,085	3,298

19. Mayor and Assembly Members' remuneration and expenses

The table below shows the total amount of remuneration and expenses payable to the Mayor and Assembly members during the year. It also includes part year payments to the former Mayor and Assembly Members who were in post up to 8 May 2016. The amount for travel cards is the cash value of travel cards issued during the year.

MAYOR AND MEMBERS REMUNERATION AND EXPENSES 01 APRIL 2016 to 31 MARCH 2017

		Salary	Resettle- ment Grant	Employer Pension Cont	Travel Card	Mobile Phone	News- papers	Foreign Travel	Other	Total
		£		£	£	£	£	£	£	£
Mayor	Khan, Sadiq (Note 1)	130,112	-	-	-	-	-	3,347	1,708	135,168
Former Mayor	Johnson, Boris (Note 2)	5,190	-	623	-	-	414	-	-	6,227
Statutory Deputy Mayor	McCartney, Joanne (Note 3)	95,518	-	694	1,860	-	-	-	-	98,072
Former Statutory Deputy Mayor	Evans, Roger (Note 4)	10,399	67,448	1,248	-	-	-	-	-	79,095
Current Assembly Members										
Assembly Member	Arbour, Tony (Note 5)	65,545	-	694	2,364	-	-	-	-	68,603
Assembly Member	Arnold, Jennette (Note 6)	56,998	-	832	2,364	-	-	-	-	60,194
Assembly Member	Bacon, Gareth	55,773	-	694	2,364	-	-	-	-	58,831
Assembly Member	Badenoch, Kemi	55,773	-	694	-	-	-	-	-	56,467
Assembly Member	Bailey, Shaun *	49,872	-	-	2,364	-	-	-	-	52,236
Assembly Member	Berry, Sian *	49,872	-	-	1,860	-	-	-	-	51,732
Assembly Member	Boff, Andrew	55,773	-	694	-	-	-	-	-	56,467
Assembly Member	Cooper, Leonie *	49,872	-	-	1,860	-	-	-	-	51,732
Assembly Member	Copley, Tom	55,773	-	694	2,364	-	-	-	-	58,831
Assembly Member	Desai, Unmesh *	49,872	-	-	2,364	-	-	-	-	52,236
Assembly Member	Devenish, Tony *	49,872	-	-	-	-	-	-	-	49,872
Assembly Member	Dismore, Andrew	55,773	-	552	-	-	-	-	-	56,325
Assembly Member	Duvall, Len	55,773	-	694	2,364	-	-	-	-	58,831
Assembly Member	Eshalomi, Florence *	49,872	-	-	1,860	-	-	-	-	51,732
Assembly Member	Gavron, Nicky	55,773	-	694	-	-	-	-	-	56,467
Assembly Member	Kurten, David *	49,872	-	-	2,364	-	-	-	-	52,236
Assembly Member	O'Connell, Stephen	55,773	-	694	2,364	-	-	-	-	58,831
Assembly Member	Pidgeon, Caroline	55,773	-	694	2,167	-	-	-	-	58,634
Assembly Member	Prince, Keith *	49,872	-	-	2,364	-	-	-	-	52,236
Assembly Member	Russell, Caroline *	49,872	-	-	1,860	-	-	-	-	51,732
Assembly Member	Sahota, Onkar	55,773	-	694	-	-	-	-	-	56,467
Assembly Member	Shah, Navin	55,773	-	694	-	-	-	-	-	56,467
Assembly Member	Twycross, Fiona	55,773	-	694	2,364	-	-	-	-	58,831
Assembly Member	Whittle, Peter *	49,872	-	-	2,364	-	-	-	-	52,236
Former Assembly Members **										
Assembly Member	Biggs, John	5,783	55,161	694	-	74	-	-	-	61,712
Assembly Member	Clevery, James	1,928	-	231	-	-	-	-	-	2,159
Assembly Member	Johnson, Darren	5,783	29,976	694	-	-	-	-	-	36,453
Assembly Member	Jones, Jenny	5,783	50,053	694	-	-	-	-	-	56,530
Assembly Member	Knight, Stephen	5,783	27,581	694	-	-	-	-	-	34,058
Assembly Member	Malthouse, Kit	1,928	-	231	-	-	-	-	-	2,159
Assembly Member	Qureshi, Murad	5,783	29,787	694	-	-	-	-	-	36,264
Assembly Member	Shawcross, Valerie	5,783	-	694	-	-	-	-	-	6,477
Assembly Member	Tracey, Richard	5,783	27,581	694	-	-	-	-	-	34,058
Total 2016/17		1,576,095	287,587	17,597	39,835	74	414	3,347	1,708	1,926,657
Total 2015/16 - restated		1,412,141	-	169,449	36,614	952	2,867	6,322	548	1,628,893

Note 1 Current Mayor started 09/05/2016

Note 2 Former Mayor was in post until 08/05/2016

Note 3 Current Statutory Deputy Mayor was in post from 09/05/2016. Previous to that, she was an Assembly Member

Note 4 Former Statutory Deputy Mayor was in post until 08/05/2016

Note 5 Chair of the London Assembly from 08/05/2016

Note 6 Chair of the London Assembly until 08/05/2016

* These new Assembly Members started on 09/05/2016 so their pay does not reflect a full year's salary

** These former Assembly Members left on 08/05/2016

20. Officers' Remuneration

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

2016/17

Post	Name of Post Holder	Salary (Including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
GLA Staff					
Head of Paid Service & Executive Director of Communities & Intelligence & Greater London Returning Officer	J Jacobs	182,019	-	21,842	203,861
Executive Director of Resources	M Clarke	145,956	-	17,515	163,471
Executive Director of Housing and Land	D Lunts	173,394	-	20,807	194,201
Executive Director of Secretariat	M Roberts	138,460	-	16,615	155,075
Executive Director of Development, Enterprise and Environment	F Fletcher-Smith	146,156	-	17,539	163,695
Monitoring Officer & Head of Committee & Member Services	E Williams	111,209	-	13,345	124,554
Mayoral Team *					
Statutory Deputy Mayor (from 09/05/2016)	McCartney, Joanne		See note 19		
Chief of Staff (from 09/05/2016)	Bellamy, David	118,959	-	14,310	133,270
Deputy Mayor for Business (from 04/07/2016)	Agrawal, Rajesh	93,669	-	11,240	104,910
Deputy Mayor for Housing and Residential Development (from 27/05/2016)	Murray, James	107,355	-	12,829	120,184
Deputy Mayor for Planning, Regeneration and Skills (from 01/08/2016)	Pipe, Jules	83,671	-	10,100	93,771
Deputy Mayor for Environment and Energy (from 03/10/2016)	Rodrigues, Shirley	62,446	-	7,494	69,940
Deputy Mayor for Social Integration, Social Mobility and Community Engagement (from 03/10/2016)	Ryder, Matthew	60,267	-	7,494	67,761
Deputy Mayor for Transport (from 23/05/2016)	Shawcross, Val	108,263	-	12,992	121,254
Deputy Mayor for Culture and the Creative Industries (from 04/07/2016)	Simons, Justine	112,566	-	13,481	126,047
Mayoral Director, Policy (from 09/05/2016)	Bowes, Nick	95,739	-	11,489	107,228
Mayoral Director, Communications (from 09/05/2016)	Hennessy, Patrick	108,494	-	13,019	121,513
Mayoral Director, External and International Affairs (from 09/05/2016)	Kreitzman, Leah	95,739	-	11,489	107,228
Mayoral Director, Political and Public Affairs (from 09/05/2016)	Stenner, Jack	95,739	-	11,489	107,228
Deputy Mayor for Policing and Crime	Linden, Sophie	Remuneration paid by the Mayor's Office for Policing and Crime			
Former Mayoral Team					
Statutory Deputy Mayor (up to 08/05/2016)	Evans, Roger		See note 19		
Chief of Staff and Deputy Mayor, Policy and Planning (up to 08/05/2016)	Lister, Edward	16,072	87,234	1,929	105,234
Deputy Mayor for Housing, Land and Property (up to 03/04/2016)	Blakeway, Richard	13,828	3,946	132	17,906
Deputy Mayor for Education and Culture (up to 08/05/2016)	Mirza, Munira	13,704	67,722	1,659	83,085
Director of Communications & External Affairs (up to 08/05/2016)	Walden, Will	13,828	71,516	1,659	87,003
Environment and Political Advisor (up to 08/05/2016)	Pencharz, Matthew	12,382	59,705	1,447	73,534
Senior Advisor for Team London, Volunteering, Charities & Sponsorship (up to 08/05/2016)	Wadley, Veronica	8,224	42,609	-	50,833
Senior Adviser - Mentoring (up to 08/05/2016)	Lewis, Ray	2,164	8,989	260	11,413
Chief Economic Advisor (up to 08/05/2016)	Lyons, Gerard	13,765	47,543	1,652	62,960
Cycling Commissioner (up to 08/05/2016)	Gilligan, Andrew	6,169	28,464	740	35,373
Chair of London Food **	Boycott, Rosie	54,000	-	-	54,000
Deputy Mayor for Transport (up to 08/05/2016)	Dedring, Isabel	Seconded from Transport for London			

* The current Mayoral Team starts at various point during 2016/17, therefore their pay does not reflect a full year's salary.

** This formal Mayoral Special Appointee remained at the GLA as Chair of London Food.

2015/16

	Name of Post Holder	Salary (Including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
GLA Staff					
Head of Paid Service & Executive Director of Communities & Intelligence & Greater London Returning Officer					
	J Jacobs	170,316	-	20,438	190,754
Executive Director of Resources					
	M Clarke	144,511	-	17,341	161,852
Executive Director of Housing and Land					
	D Lunts	162,865	-	19,586	182,451
Executive Director of Secretariat					
	M Roberts	131,901	-	15,828	147,729
Executive Director of Development, Enterprise and Environment					
	F Fletcher-Smith	144,511	-	17,341	161,852
Monitoring Officer & Head of Committee & Member Services					
	E Williams	108,008	-	12,961	120,969
Mayoral Team					
Statutory Deputy Mayor - current					
	R Evans*	95,282	-	11,434	106,716
Statutory Deputy Mayor - up to 14 May 2015					
	V Borwick*	16,969	-	2,036	19,005
Deputy Mayor for Housing, Land and Property					
	R Blakeway	131,901	-	15,828	147,729
Chief of Staff & Deputy Mayor for Policy and Planning					
	Sir E Lister	153,300	-	18,396	171,696
Deputy Mayor for Education and Culture					
	M Mirza	131,157	-	15,828	146,985
Director of Communications and External Affairs					
	W Walden	131,901	-	15,828	147,729
Mayoral Advisor on Tottenham and Deputy Chair of the London Legacy Development Corporation - up to 25 September 2015					
	N Coleman	72,378	-	8,644	81,022
Cycling Commissioner					
	A Gilligan	59,284	-	7,060	66,344
Senior Advisor - Mentoring					
	R Lewis	20,644	-	2,477	23,121
Chief Economic Advisor					
	Dr. G Lyons	131,298	-	15,756	147,054
Deputy Mayor for Environment & Energy					
	M Pencharz	109,962	-	13,320	123,282
Senior Advisor for Team London, Volunteering, Charities and Sponsorship					
	V Wadley	78,449	-	-	78,449
Chair of London Food					
	R Boycott	54,000	-	-	54,000
Secondees					
Deputy Mayor for Transport		I Dedring	Secondee from Transport for London		

* These Mayoral appointees are also Assembly Members

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

Remuneration Band	2016/17	2015/16
	Number of Employees	Number of Employees
£		
50,000 - 54,999	72	52
55,000 - 59,999	39	53
60,000 - 64,999	20	14
65,000 - 69,999	18	12
70,000 - 74,999	14	19
75,000 - 79,999	10	5
80,000 - 84,999	8	12
85,000 - 89,999	8	9
90,000 - 94,999	3	2
95,000 - 99,999	4	2
100,000 - 104,999	2	2
105,000 - 109,999	4	1
110,000 - 114,999	1	7
115,000 - 119,999	6	-
	209	190

Termination Benefits

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

The Authority terminated the contracts of a number of employees in 2016/17, incurring liabilities of £415,118 (£39,499 in 2015/16). This money was paid to fifteen officers from several directorates.

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	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
£0 - £20,000	2	4	7	-	9	4	£ 94,642	£ 39,499
£20,001 - £40,000	-	-	2	-	2	-	54,455	-
£40,001 - £60,000	-	-	1	-	1	-	53,326	-
£60,001 - £80,000	-	-	2	-	2	-	132,519	-
£80,001 - £100,000	-	-	1	-	1	-	80,176	-
Total amount included in the CIES	2	4	13	-	15	4	415,118	39,499

21. Pensions

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

Local Government Pension Scheme

The LGPS, administered by the London Pensions Fund Authority, is a defined benefit statutory scheme - from 1 April 2014 the LGPS became a career average revalued earnings scheme (benefits built up to 31 March 2014 are protected under the final salary scheme) - meaning that the GLA, OPDC and LLDC employees and elected officers pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2013 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2014 to 31 March 2017. A triennial valuation was carried out as at 31 March 2016 and this has set the contribution rates for the period 1 April 2017 to 31 March 2019.

Under Pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The contribution rates applicable to 2016/17 are set out in the table below.

	2016/17		2015/16		Contribution rate for period 1 April 2014 to 31 March 2017		Contribution rate for period 1 April 2011 to 31 March 2014	
	£m	£m	£m	£m	%	%	%	%
GLA	4.51	4.86			12		14.8	
OPDC*	0.12	0.04			12		n/a	
LLDC	1.16	0.98			12		11.2	

*OPDC 's contributions for 2015/16 were part-year - 1 September 2016 to 31 March 2016.

Transactions Relating to Post-employment Benefits

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

	2016/17 Authority £000	2016/17 Group £000	2015/16 Authority £000	2015/16 Group £000
Cost of Retirement Benefits				
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	7,696	9,459	8,871	11,066
Administration Fee	242	257	276	292
Past service costs	-	179	20	20
(Gain)/loss from settlements	173	173	(397)	(397)
	8,111	10,068	8,770	10,981
Financing and Investment Income and Expenditure				
Net Interest Expense	3,907	4,315	4,056	4,472
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	12,018	14,383	12,826	15,453
Other Post-employment Benefit charged to Other Comprehensive Income and Expenditure				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(31,400)	(33,539)	7,959	8,425
Actuarial (gains)/losses arising on changes in financial assumptions	89,801	100,452	(29,530)	(32,697)
Actuarial (gains)/losses arising on changes in demographic assumptions	(1,985)	(1,953)	-	-
Experience (gains)/losses on defined benefit obligation	(8,814)	(9,244)	-	-
Deferred tax asset on the net defined benefit liability	-	(1,259)	-	503
Other actuarial (gains)/losses on assets	(8,068)	(9,006)	-	-
Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement	51,552	59,834	(8,745)	(8,316)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(12,018)	(14,383)	(12,826)	(15,453)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the Local Government Pension Scheme	4,509	5,788	4,860	5,880

Pensions Asset and Liabilities recognised in the Balance Sheet

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

	2016/17 Authority £000	2016/17 Group £000	2015/16 Authority £000	2015/16 Group £000
Present value of the defined benefit obligation	(387,170)	(423,950)	(291,177)	(314,121)
Fair Value of scheme assets (bid value)	235,197	252,671	186,247	198,148
Deferred tax asset on the defined benefit obligation	-	3,192	-	1,933
Net liability arising from defined benefit obligation	(151,973)	(168,087)	(104,930)	(114,040)

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

	2016/17 Authority £000	2016/17 Group £000	2015/16 Authority £000	2015/16 Group £000
Opening fair value of scheme assets	186,247	198,148	184,080	194,486
Interest Income	7,126	7,629	6,510	6,903
<i>Remeasurement gain/(loss):</i>				
Return on plan assets, excluding the amount included in the net interest expense	31,400	33,539	(7,959)	(8,431)
Administration expenses	(242)	(257)	(276)	(292)
Other actuarial gains/(losses)	8,068	9,006	-	-
Contributions from employer	4,509	5,788	4,860	5,880
Contributions from employees into the scheme	2,846	3,609	2,841	3,514
Benefits paid	(4,757)	(4,791)	(3,503)	(3,912)
Settlement prices received/(paid)	-	-	(306)	-
Closing fair value of scheme assets	235,197	252,671	186,247	198,148

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

	2016/17 Authority £000	2016/17 Group £000	2015/16 Authority £000	2015/16 Group £000
Opening balance at 1 April	(291,177)	(314,121)	(302,615)	(325,203)
Current service cost	(7,696)	(9,459)	(8,871)	(10,765)
Interest cost	(11,033)	(11,944)	(10,566)	(11,375)
Contributions from scheme participants	(2,846)	(3,609)	(2,841)	(3,514)
<i>Remeasurement gains and (losses) :</i>				
Actuarial gains/(losses) arising from changes in demographic assumptions	1,985	1,953	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(89,801)	(100,453)	29,530	32,747
Experience gains/(losses) on defined benefit obligation	8,814	9,244	-	-
Past service costs, including curtailments	(173)	(352)	(20)	(20)
Liabilities (assumed)/extinguished on settlements	-	-	703	97
Estimated benefits paid net of transfers in	4,757	4,791	3,503	3,912
Closing balance at 31 March	(387,170)	(423,950)	(291,177)	(314,121)

Local Government Pension Scheme assets comprised (Bid value):

	2016/17 Authority Quoted Prices £000	2016/17 Authority Unquoted Prices £000	2016/17 Total £000	2015/16 Authority Quoted Prices £000	2015/16 Authority Unquoted Prices £000	2015/16 Total £000
Equities						
Segregated:						
Real Estate	1,640	-	1,640	-	-	-
Consumer	27,314	-	27,314	15,601	-	15,601
Energy	79	-	79	-	-	-
Financials	9,655	-	9,655	5,673	-	5,673
Health Care	12,951	-	12,951	-	-	-
Industrial	14,646	-	14,646	4,710	-	4,710
Technology	13,748	-	13,748	3,995	-	3,995
Materials	1,791	-	1,791	-	-	-
Communications	1,328	-	1,328	3,792	-	3,792
Utilities	2,315	-	2,315	-	-	-
Investment funds and unit trusts	15,174	-	15,174	38,488	-	38,488
Trade Cash/Pending	890	-	890	-	-	-
Synthetic Equity	17,256	-	17,256	-	-	-
Private Equity	-	22,255	22,255	-	16,288	16,288
Total Return						
Investment/Hedge funds and Unit trusts	21,320	12,228	33,548	-	-	-
Credit	-	8,419	8,419	-	-	-
Infrastructure	756	11,381	12,136	636	12,529	13,165
Property Fund/Real Estate	442	14,838	15,280	-	6,539	6,539
Commodity Funds	-	-	-	414	602	1,016
Cash						
Cash at bank	16,080	-	16,080	19,976	-	19,976
LDI	-	14,058	14,058	-	17,641	17,641
Synthesized Cash	5,110	-	5,110	-	-	-
Synthesized Equity (future exposure)	(17,256)	-	(17,256)	-	-	-
Currency (forward contracts)	-	168	168	-	-	-
BlackRock DDG						
Equities	1,238	-	1,238	4,918	-	4,918
Bonds	-	2,531	2,531	3,559	-	3,559
Cash	1,368	-	1,368	-	-	-
Investment/Hedge funds and Unit trust	569	892	1,462	13,517	17,952	31,469
Derivatives	10	3	13	-	(583)	(583)
Total	148,424	86,773	235,197	115,279	70,968	186,247

Group	2016/17 Group Quoted Prices £000	2016/17 Group Unquoted Prices £000	2016/17 Total £000	2015/16 Group Quoted Prices £000	2015/16 Group Unquoted Prices £000	2015/16 Total £000
Equities						
Segregated:						
<i>Real Estate</i>	1,762	-	1,762	-	-	-
<i>Consumer</i>	29,344	-	29,344	16,634	-	16,634
<i>Energy</i>	85	-	85	-	-	-
<i>Financials</i>	10,373	-	10,373	2	-	2
<i>Health Care</i>	13,913	-	13,913	6,045	-	6,045
<i>Industrial</i>	15,734	-	15,734	5,024	-	5,024
<i>Technology</i>	14,770	-	14,770	4,252	-	4,252
<i>Materials</i>	1,924	-	1,924	5	-	5
<i>Communications</i>	1,427	-	1,427	4,041	-	4,041
<i>Utilities</i>	2,487	-	2,487	-	-	-
Unsegregated:						
<i>Investment funds and unit trusts</i>	16,301	-	16,301	40,880	17	40,896
<i>Trade Cash/Pending</i>	956	-	956	-	-	-
<i>Synthetic Equity</i>	18,539	-	18,539	-	-	-
Private Equity	-	23,908	23,908	-	17,329	17,329
Total Return:						
<i>Investment/Hedge funds and Unit trusts</i>	22,904	13,136	36,041	-	-	-
Credit	-	9,044	9,044	-	-	-
Infrastructure	812	12,226	13,038	676	13,323	14,000
Property Fund/ Real Estate	475	15,941	16,416	-	6,957	6,957
Commodity Funds	-	-	-	440	641	1,080
Cash						
<i>Cash at bank</i>	17,274	-	17,274	21,261	2	21,263
<i>LDI</i>	-	15,102	15,102	-	18,771	18,771
<i>Synthesized Cash</i>	5,490	-	5,490	-	-	-
<i>Synthesized Equity (future exposure)</i>	(18,539)	-	(18,539)	-	-	-
<i>Currency (forward contracts)</i>	-	180	180	-	-	-
BlackRock DDG						
<i>Equities</i>	1,330	-	1,330	5,222	-	5,222
<i>Bonds</i>	-	2,719	2,719	3,780	13	3,792
<i>Cash</i>	1,469	-	1,469	-	-	-
<i>Investment/Hedge funds and unit trusts</i>	612	959	1,570	14,374	19,084	33,458
<i>Derivatives</i>	11	3	14	-	(622)	(622)
Total	159,453	93,218	252,671	122,635	75,513	198,148

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The London Pensions Fund Authority's Local Government Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, estimates of the London Pensions Fund Authority's fund being based on the latest full valuation of the scheme as at 31 March 2016.

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

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

	2016/17 Authority	2016/17 Group	2015/16 Authority	2015/16 Group
Expected return on assets	2.8%	2.8%	3.8%	3.8%-3.9%
Mortality Assumptions				
Longevity at 65 for current pensioners:	Years	Years	Years	Years
Men	21.9	21.9 - 22.4	22.5	22.5 - 23.0
Women	24.6	24.6 - 24.7	25.4	25.4 - 25.6
Longevity at 65 for future pensioners:				
Men	24.2	24.2 - 24.7	24.9	24.9 - 25.3
Women	26.8	26.8 - 26.9	27.7	27.7 - 27.9
Rate of inflation - RPI	3.6%	3.6%	3.4%	3.4%
Rate of inflation - CPI	2.7%	2.7%	2.5%	2.5%
Rate of increase in salaries	4.2%	4.2%	4.3%	4.3%
Rate of increase in pensions	2.7%	2.7%	2.5%	2.5%
Rate for discounting scheme liabilities	2.8%	2.8%	3.8%	3.8-3.9%

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2017 is estimated to be 20% (2015/16: -1%) the actual return on fund assets may be different.

Sensitivity Analysis

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

	Increase in Assumption £000	Actual £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)			
Greater London Authority	(400,722)	(387,170)	(374,088)
Old Oak and Park Royal Development Corporation	(986)	(956)	(926)
London Legacy Development Corporation	(37,033)	(35,824)	(34,655)
GLA Group	(438,741)	(423,950)	(409,669)
Rate of increase in salaries (increase or decrease by 0.1%)			
Greater London Authority	(388,475)	(387,170)	(385,879)
Old Oak and Park Royal Development Corporation	(961)	(956)	(951)
London Legacy Development Corporation	(35,995)	(35,824)	(35,655)
GLA Group	(425,431)	(423,950)	(422,485)
Rate of increase in pensions (increase or decrease by 0.1%)			
Greater London Authority	(395,194)	(387,170)	(379,343)
Old Oak and Park Royal Development Corporation	(990)	(956)	(924)
London Legacy Development Corporation	(36,670)	(35,824)	(35,003)
GLA Group	(432,854)	(423,950)	(415,270)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)			
Greater London Authority	(378,070)	(387,170)	(396,498)
Old Oak and Park Royal Development Corporation	(919)	(956)	(995)
London Legacy Development Corporation	(34,836)	(35,824)	(36,841)
GLA Group	(413,825)	(423,950)	(434,334)

Impact on future cash flows

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2018 is £5.2m.

Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme, details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

In 2016/17, London TravelWatch paid £0.1m (2015/16 - £0.1m) at one of four rates (20.0% to 24.5%) of pensionable pay to the Principal Civil Service Pension Scheme.

Homes and Communities Agency Pension Scheme

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

Contributions on behalf of the two employees who are members of the above scheme are accounted for in operating costs and amount to £0.03m (2015/16 - £0.03m).

22. External Audit Costs

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	110	270	109	272
Fees payable to external auditors for the certification of grant claims and returns for the year	4	14	7	7
	114	284	116	279

23. JESSICA Holding Fund London

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

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

At 31 March 2017, £110m has been invested and comprises £60m of ERDF, £18m of LWARB and £32m of GLA (formerly LDA) funds.

In the EIB’s audited final accounts for the financial year ended 31 December 2016 the £60m ERDF contribution has been written down to £49.9m (31 December 2015 - £52.2m) and the Authority’s original contribution of £32m has been written to £30.5m (31 December 2015 - £30.5m), the reduction in the original investments is due to fees and commission expenses exceeding the interest earned by the fund.

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

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

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

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

Zone 1 boroughs - £50 per square metre

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

Zone 2 boroughs - £35 per square metre

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

Zone 3 boroughs - £20 per square metre

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

The first £600 million of Mayoral CIL revenues and section 106 developer contributions specifically relating to the project will be applied to fund Crossrail. Transport for London - as the delivery body for Crossrail - is receiving CIL revenues directly from London boroughs and the Corporation of London (the collecting authorities). They are permitted to charge collection costs equivalent to 4% of revenues. However, as it is the Mayor's CIL the revenues are those of the GLA and are recognised in the core GLA's accounts as an income item with receipts paid over to TfL even though they are applied by TfL on Crossrail via the Crossrail Sponsor Funding Account.

In 2016/17, £146.7m income (2015/16 - £113.7m), after the deduction of £7.9m administration fees (2015/16 - £6.5m), was receivable from the levy imposed on new developments in London that were granted planning permission on or after 1 April 2013.

25. Property, Plant and Equipment

Group

	2016/17				2015/16			
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
Balances at 1 April	21,990	14,765	11,528	48,283	21,749	14,254	-	36,003
Additions	168	524	20,816	21,508	522	511	11,528	12,561
Revaluation increases/(decreases) recognised in the revaluation reserve	967	-	-	967	(281)	-	-	(281)
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(634)	-	-	(634)	-	-	-	-
Derecognition- other	-	-	(16,753)	(16,753)	-	-	-	-
At 31 March	22,491	15,289	15,591	53,371	21,990	14,765	11,528	48,283
Accumulated Depreciation and Impairment								
Balances at 1 April	-	(11,311)	-	(11,311)	(14)	(10,401)	-	(10,415)
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(2,252)	(814)	-	(3,066)	(1,977)	(910)	-	(2,887)
Depreciation written out to the Revaluation Reserve	2,151	-	-	2,151	1,991	-	-	1,991
At 31 March	(101)	(12,125)	-	(12,226)	-	(11,311)	-	(11,311)
Net Book Value								
At 1 April	21,990	3,454	11,528	36,972	21,735	3,853	-	25,588
At 31 March	22,390	3,164	15,591	41,145	21,990	3,454	11,528	36,972

Revaluations

Valuations were undertaken by external valuers, GL Hearn Ltd. at 31 March 2017.

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

26. Investment Properties

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

	Group 2016/17 £000	Group 2015/16 £000
Balance acquired at 1 April	425,707	479,588
<i>Additions:</i>		
Subsequent expenditure	9,127	11,873
Disposals	(8,461)	(3,775)
Net gains/(losses) from fair value adjustments	(74,220)	(61,979)
<i>Transfers:</i>		
To/from Inventories	(10)	-
Balance at 31 March	352,143	425,707

Gains or losses in the fair value of investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Revaluations

Valuations were undertaken by external valuers, GL Hearn Ltd. at 31 March 2017.

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

Fair value hierarchy

The Group's classification of investment properties in the fair value hierarchy as at 31 March 2017 is as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2017 £000
London Legacy Development Corp.				
Commercial units	212,925	31,080	9,215	253,220
Other assets	30,480	280	120	30,880
GLA Land and Property Ltd.				
Commercial units	-	-	67,653	67,653
Residential properties	-	-	390	390
Balance at 31 March 2017	243,405	31,360	77,378	352,143

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2016 £000
London Legacy Development Corp.				
Commercial units	321,929	31,205	6,365	359,499
Other assets	12,450	280	580	13,310
GLA Land and Property Ltd.				
Commercial units	-	-	51,936	51,936
Residential properties	-	-	960	960
Balance at 31 March 2016	334,379	31,485	59,841	425,705

Transfers between levels of the fair value hierarchy

There were no transfers between any levels of the fair value hierarchy during the current financial year.

Valuation techniques used to determine fair values

The Group's investment properties are measured using a combination of an income and market comparison approach. Under the income approach values are determined by means of either the

discounted cash flow method, where the expected cash flows from the properties are discounted to establish the present value of the net income stream or the direct capitalisation method where a capitalisation rate is applied, as a multiplier, against the current and, if any, reversionary income streams. The approaches use the Group's own data requiring it to factor in assumptions such as the duration, timing of cash inflows/outflows, rent growth, property location, maintenance costs etc.

Highest and best use

In estimating the fair value of the Group's investment properties, the highest and best use is their current use.

Quantitative information about Fair Value measurement of Investment Properties

GLA Land and Property Ltd

2016/17

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	n/a	£465,949	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	6.0% - 14%	5.84%	

2015/16

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	n/a	£179,289	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	6.0% - 14%	9.47%	

Valuation techniques

There has been no change in the valuation techniques used during the year for investment properties.

27. Intangible Assets

At 31 March 2017, the Group does not hold a material amount of intangible assets and so this disclosure is not material to the financial statements.

28. Heritage Assets

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

The Authority further considers that the cost of obtaining an open market valuation outweighs any benefit to the users of the accounts. The asset known as "A Slice of Reality" has been licensed back to

the artist who is responsible for its maintenance and general repair with the GLA being responsible for the structure.

The "Quantum Cloud" was last surveyed in January 2017 and some routine maintenance work was undertaken. The cost of these works was not capitalised in the Balance Sheet. No major restoration costs were incurred during 2016/17.

29. Long term investments

	Group 31 March 2017 £000	Group 31 March 2016 £000
Loans to joint venture	33,003	32,220
Infrastructure loan	29,717	5,738
Total	62,720	37,958

30. Available for sale financial assets

The Group hold two types of available for sale financial assets - Equity Mortgages and Residential Mortgage Backed Securities.

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

Residential Mortgage Backed Securities (RMBS) are asset-backed securities that are secured by a mortgage or a collection of mortgages. This is the first year that the Authority has held this type of financial asset.

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

	Authority 31 March 2017 £000	Group 31 March 2017 £000	Group 31 March 2016 £000
Equity mortgages	-	50,332	52,900
Residential Mortgage Backed Securities	215,369	215,369	-
	215,369	265,701	52,900

	Authority 2016/17 £000	Group 2016/17 £000	Group 2015/16 £000
At 1 April	-	52,900	58,670
Additions	321,477	321,477	-
Disposals	(106,108)	(110,432)	(6,269)
Fair value adjustment	-	1,504	226
Impairment reversals	-	252	273
At 31 March	215,369	265,701	52,900

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

RMBS are held at cost as the fair value movement increase of £0.8m was not significant enough to warrant a restatement of the £215.3m RMBS carrying value as at 31 March 2017. The fair value increase was calculated with reference to the mid-price as quoted by Bloomberg. This is a Level 2 fair value measurement.

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

31. Investments in Subsidiaries

Greater London Authority Holdings Limited

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

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

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

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

32. Equity-accounted investees

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

E20 Stadium LLP

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

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

	31 March 2017 £000	31 March 2016 £000
Non current assets	-	19,810
Current assets	3,970	5,830
Non current liabilities	(180,787)	-
Current liabilities	(38,147)	(19,164)
Net Assets	(214,964)	6,476
Group's share of net assets	(167,226)	(28,198)
Carrying amount of interest in joint venture	(167,226)	(28,198)
Revenue	(6,588)	(3,870)
Operating expenses	215,820	9,886
Impairment	59,012	99,106
Total comprehensive loss	268,244	105,122
Group's share of comprehensive loss	174,360	103,591

Forecasts of the E20 Stadium LLP's ("the partnership") financial outlook, particularly in relation to the cost of hosting West Ham and the cost of moving the relocatable seats between pitch (football) and athletics modes, has required an assessment of whether any of its contracts are now deemed to be onerous (loss-making). An assessment of its main contracts (in line with IAS 37) has concluded that two of these are deemed to be onerous. Consequently, within its draft 2016/17 accounts, E20 Stadium LLP has recognised a provision for these losses, adversely impacting its reported position for the year.

In 2016/17 the total comprehensive loss of the partnership was £268.2m of which £62.3m relates to the impairment of the Stadium capital works and £200.0m to the onerous contracts provision. Given this, the LLDC currently holds its interest in the partnership at nil value, and as a result the contribution made by the Legacy Corporation during the year has been fully impaired.

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

E20 Stadium LLP's forecasts impact upon the Stadium's valuation as at 31 March 2017. As at 31 March 2016 the Stadium's fair value was assessed to be £22.5m; however due to the inclusion of increased costs in E20 Stadium LLP's latest forecasts, the fair value of the Stadium is assessed by the independent valuers to be nil as at 31 March 2017, accordingly the value of the capital works on the Stadium are impaired in the partnership's draft accounts.

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

LLDC invested £35.3m in E20 Stadium LLP in the year under review and this has been fully impaired.

	31 March 2017 £000	31 March 2016 £000
Opening balance at 1 April	-	-
Investment	35,332	90,103
Impairment	(35,332)	(90,103)
Total investment in joint ventures	-	-

Capital commitments

E20 Stadium LLP has entered into three major contracts to undertake the transformation of the Stadium. As at 31 March 2017, the remaining commitments on these contracts amount to £1.7m (2015/16 - £24.2m). The LLDC is committed to finance the full amount of £1.7m (2015/16 - £3.3m). The LLDC is also committed to spend an additional £0.3m on the transformation of the stadium on engagements contracted in its own name and recharged to the joint venture.

The GLA continue to be committed to meeting the funding requirements of the LLDC and the E20 Stadium LLP. For further details regarding this commitment, please refer to the GLA's consent to the Corporation's Ten Year Business Plan.

33. Non-current Assets held for sale

At 31 March 2017, the Group did not hold any property, plant or equipment for sale.

34. Long-term debtors

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

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
	£000	£000	£000	£000
Loans to third parties for capital purposes	649,044	56,390	608,198	36,630
Rent deposits	317	317	317	317
Other debtors	-	1,067	-	1,032
Prepayments	83	83	31	31
	649,444	57,857	608,546	38,010

35. Finance leases

Group as Lessor - Finance lease receivables

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

- The London International Exhibition Centre has been granted a 200 year lease ending in 2199 for the ExCel Exhibition Centre land;
- A 95-year lease ending in 2075 with Workspace II Limited for a warehouse, office and secure yard at Quicksilver Place, Wood Green;
- A 99-year lease ending in 2082 with The Drum Group Limited for a plot of land at Charles Street, London E16;
- A 101-year lease ending in 2110 with London City Airport to allow the installation of airport landing lights at Albert Island, London E16; and
- Deferred receipts in relation to various development properties leased on long leases.

In 2016/17, GLA Land and Property Ltd bought back the leasehold interest in the Landmark Site (The Crystal) from Siemens, the land is located at the western end of the Royal Docks.

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

	Group	Group
	31 March	31 March
	2017	2016
	£000	£000
<i>Finance lease debtor (net present value of minimum lease payments):</i>		
Current	14,850	4,136
Non-current	132,786	127,706
Unearned finance income	12,032	18,559
Gross investment in the leases	159,668	150,401

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

	Group	Group
	31 March	31 March
Minimum lease payments	2017	2016
	£000	£000
Not later than one year	14,994	4,311
Later than one year and not later than five years	141,173	139,552
Later than five years	3,501	6,538
	159,668	150,401

	Group	Group
	31 March	31 March
Finance lease debtor	2017	2016
	£000	£000
Not later than one year	14,850	4,136
Later than one year and not later than five years	131,154	125,399
Later than five years	1,632	2,307
	147,636	131,842

Group as Lessee - Finance lease liabilities

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

GLA Land and Property Limited

Held as Property, Plant and Equipment:

- The Crystal Palace 125-year lease with the London Borough of Bromley that expires in 2131. The leases cover the National Sports Centre, Capel Manor Farm, a lodge and residential properties.

Held as Inventory:

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

Net book value of finance leases:

	Group 31 March 2017 £000	Group 31 March 2016 £000
Other Land and Buildings	21,570	20,440
Investment Property	20,855	8,045
Development Properties	11,258	11,258
	53,683	39,743

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

	Group 31 March 2017 £000	Group 31 March 2016 £000
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	1	1
Non-current	39	40
Finance costs payable in future years	50	52
Minimum lease payments	90	93

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

	Group 31 March 2017 £000	Group 31 March 2016 £000
Not later than one year	3	3
Later than one year and not later than five years	11	11
Later than five years	76	80
	90	94

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

	Group 31 March 2017 £000	Group 31 March 2016 £000
Not later than one year	1	1
Later than one year and not later than five years	4	4
Later than five years	35	36
	40	41

36. Capital Expenditure and Financing - Authority

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

	2016/17 £000	2015/16 £000
Opening Capital Financing Requirement at 1 April	3,619,184	3,630,118
Capital Investment in year		
Property, Plant and Equipment	1,540	825
Loans to external organisations for capital purposes	99,067	119,201
REFCUS*-grant payments to external organisations for capital purposes	201,574	309,321
REFCUS- Payment to TfL for Crossrail	-	9,000
REFCUS-Payment to TfL for Crossrail (funded by Community Infrastructure Levy)	146,690	113,703
REFCUS- Payment to TfL for the Northern Line extension	160,652	121,006
REFCUS- Payment to TfL for Elephant & Castle roundabout	2,419	2,254
Release of CPO* provision	(1,958)	(7,286)
Repayment of Fresh Wharf Loan	(203)	(206)
Reversal of rolled-up interest previously included in the CFR	-	(835)
Sources of Finance		
Government grants and other contributions	(302,181)	(429,347)
Section 106 contributions	(2,419)	(2,254)
Community Infrastructure Levy income	(146,690)	(113,703)
Sums set aside from revenue		
Minimum revenue provision	(106,826)	(90,603)
Voluntary revenue contributions	(10,510)	(10,231)
Revenue financing of capital for Northern Line Extension	(38,730)	(22,779)
Revenue financing of capital (funded by Business Rates Supplement-Crossrail)	-	(9,000)
Closing Capital Financing Requirement at 31 March	3,621,609	3,619,184

Explanation of movements in year

Opening Capital Finance Requirement	3,619,184	3,630,118
Minimum Revenue Provision	(106,826)	(90,603)
Voluntary revenue provision for the repayment of debt	(10,510)	(10,231)
Release of the CPO provision & Loan repayment	(2,161)	(7,286)
Increase / (decrease) in underlying need to borrow	121,922	97,186
Closing Capital Financing Requirement at 31 March	3,621,609	3,619,184

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

37. Inventories

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

	Group	Group
	31 March	March
	2017	2016
	£000	£000
Balance at 1 April	192,147	221,549
Purchases	44,769	14,216
Recognised as an expense in the year	(12,496)	(44,447)
Write down to net realisable value	(6,897)	(982)
Reversals of write-offs in previous years	1,684	1,811
Balance at 31 March	219,207	192,147

38. Debtors

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
	£000	£000	£000	£000
Central government bodies	2,933	7,829	6,554	7,516
Local Authorities & Functional Bodies	414,001	414,325	256,458	258,035
NHS bodies	100	100	27	27
Public corporations and trading funds	-	-	6	6
Subsidiary/Parent	72,092	485	25,399	(1,240)
Other entities and individuals	73,922	107,794	136,363	185,121
Total	563,048	530,533	424,807	449,465

39. Cash and Cash Equivalents

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

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2017	2017	2016	2016
	£000	£000	£000	£000
Bank current accounts	193,472	218,640	307,039	324,269
Other deposits	152,618	154,410	208,027	223,830
Total	346,090	373,050	515,066	548,099

40. Creditors

	Authority 31 March 2017 £000	Group 31 March 2017 £000	Authority 31 March 2016 £000	Group 31 March 2016 £000
Central government bodies	(14,687)	(16,132)	(12,462)	(22,375)
Local Authorities & Functional Bodies	(113,012)	(129,750)	(201,283)	(210,941)
NHS bodies	(0)	(0)	-	-
Public corporations and trading funds	(7)	(7)	(55)	(55)
Other entities and individuals	(160,313)	(192,236)	(151,988)	(192,688)
Subsidiary/Parent	(1,074)	14,562	-	-
Receipts in advance - Revenue	(138)	(138)	(8,348)	(8,348)
Receipts in advance - Capital	(1,108,717)	(1,108,717)	(939,429)	(939,429)
Total	(1,397,948)	(1,432,418)	(1,313,565)	(1,373,836)

41. Provisions

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

Group

	Other Provisions £000	NDR* Appeals £000	CPO * £000	Total £000
Balance at 1 April 2016	(5,261)	(186,265)	(5,764)	(197,290)
Additional provisions made	(523)	-	(130)	(653)
Amounts used	346	-	569	915
Unused amounts reversed	1,656	10,033	4,175	15,864
Balance at 31 March 2017	(3,782)	(176,232)	(1,150)	(181,164)

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

Authority

	Other Provisions £000	NDR* Appeals £000	CPO * £000	Total £000
Balance at 1 April 2016	(2,510)	(186,265)	(2,408)	(191,183)
Additional provisions made	(400)	-	-	(400)
Amounts used	54	-	450	504
Unused amounts reversed	6	10,033	1,958	11,997
Balance at 31 March 2017	(2,850)	(176,232)	0	(179,082)

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

Greater London Authority

Other provisions

The Department of Communities and Local Government (DCLG), invited an external organisation to conduct checks on the procurement of three closed 2007-13 ERDF projects managed by the former London Development Agency (LDA). Liabilities relating to the LDA now fall to the Greater London Authority, so the checks could lead to potential repayment of funds by GLA; if corrections were imposed. Subsequent legal discussions over the level of any liability may result in reduction of any sums to be repaid.

A provision has also been made for third party legal costs.

Non-domestic rates appeals provision

The NDR appeals provision is the GLA's share of billing authorities estimates of the provision required for potential refunds relating to retrospective alterations to the rating list which may be made after 1 April 2015 for periods prior to 31 March 2017. The in-year movement on this provision has not been analysed over the headings in the above table as not all London Boroughs provided this analysis in the NNDR 3 returns. All movements have therefore been shown as a net figure within "Unused amounts reversed."

As permitted under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014, the GLA opted to spread the cost of its share of any backdated appeals reported in 2013-14 in respect of periods prior to 1 April 2013 over 5 years in order to minimise its potential levy payments to Central Government through the creation of an appeals spreading reserve. This spreading adjustment had the effect of increasing the GLA's retained rates income by £60m in 2013/14 for the purposes of calculating its requirement to pay a levy on growth to CLG or receive a safety net payment resulting from a material deficit – offset by a reserve created on the balance sheet which is reversed in equal amounts over the next four financial years. In line with this policy specified in the regulations £15m of this has been reversed in 2016/17. This has had the effect of reducing the GLA's retained rates income by £15m in 2016/17 for the purposes of calculating the levy on growth, resulting in a levy payable to CLG of £13.3m. Had the decision been made to not spread the cost of backdated appeals reported in 2013/14 then the levy payable in 2016/17 would be £17.3m.

Group

Compulsory purchase orders (CPO)

The CPO provision of £1.2m is the forecast of liabilities for which a binding commitment has been made as at 31 March. The provision amount has been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case by case basis. Due to the nature of the liability and the need to negotiate settlement amounts, there is uncertainty on when the CPO cases will be settled and the amount of the final agreed payment. At present, it is expected that payments will be made in 2017/18.

Other provisions

Fly-tipping costs – GLAP has an obligation to dispose of approximately 3,600 tonnes of waste, arising from fly-tipping, at the London Sustainable Industrial Park (LSIP) at Dagenham Dock and at other sites. The waste material will require sorting on site before disposal to a licensed landfill. The disposal costs for LSIP are currently estimated at £0.4m and £0.3m has been provided for in respect of Stephenson Street, Dock Road and Beam Park sites. The costs are likely to be incurred in the 2017/18 financial year but this is dependent on the rate at which the sorting of material on site prior to disposal progresses.

Thames Wharf drainage works – a provision of £0.05m is included in the closing balance for costs in relation to Thames Wharf development property. The drainage works are now expected to be undertaken in 2017/18. The costs are indicative and GLAP is working with consultants to firm up the costs.

Millfield Transfer Station – GLAP, along with the London Borough of Hackney, has an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a landfill site relocation for the 2012 Olympics. A payment was made in year, the remaining works are expected to be completed in 2017/18 and are expected to cost £0.2m.

Rent and rates provision – this provision of £1.3m for rent and rates on an underlease has been released in 2016/17.

42. Usable Reserves

Movements in the Authority's and Group's usable reserves are detailed in the Movement in Reserves Statement and Note 9.

43. Unusable Reserves

	Authority 31 March 2017 £000	Group 31 March 2017 £000	Authority 31 March 2016 £000	Group 31 March 2016 £000
Revaluation Reserve	-	(22,706)	(110)	(19,334)
Capital Adjustment Account	3,215,746	3,432,696	3,300,453	3,213,813
Deferred Capital Receipts Reserve	(300,000)	-	(300,740)	(740)
Pensions Reserve	151,972	171,278	104,929	115,972
Collection Fund Adjustment Account-Council tax	(40,978)	(40,978)	(50,562)	(50,562)
Collection Fund Adjustment Account-Non Domestic rates	1,476	1,476	108,428	108,428
Non-Domestic Rates Appeals Provision Spreading Account	15,021	15,021	30,041	30,041
Accumulated Absences Account	1,120	1,237	701	781
Available for Sale Financial Instruments Reserve	-	(29,848)	-	(28,344)
Financial Instruments Adjustment Account	14,263	14,263	8,253	8,253
Merger Reserves	69,185	(374,161)	69,185	(374,161)
Total Unusable Reserves	3,127,805	3,168,278	3,270,578	3,004,147

Revaluation Reserve

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

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

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Balance at 1 April	(110)	(19,334)	(433)	(17,619)
Upward revaluation of assets	-	(3,229)	-	(2,032)
Deferred tax on revaluation gains	-	(253)	-	(6)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	110	110	323	323
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of	110	(3,372)	323	(1,715)
Balance at 31 March	-	(22,706)	(110)	(19,334)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition,

construction or enhancement of these assets under statutory provisions. The Account is debited with depreciation and amortisation. The Account is credited with the amounts set aside by the Authority and Group as finance for the costs of acquisition, construction and enhancement.

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Balance at 1 April	3,300,453	3,224,310	3,429,832	3,184,922
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	503	834	541	969
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	634	264,964	-	168,578
Amortisation of intangible assets	97	223	-	-
Revenue expenditure funded from capital under statute	511,334	499,507	555,283	556,289
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal		7,866	-	-
Capital receipts received during the year		(7,866)	-	-
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account	-	34,636	-	-
Release of CPO provision and creditor	(1,958)	(1,958)	(7,286)	(7,286)
	510,610	798,206	548,538	718,550
Capital financing applied in the year:				
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(444,634)	(455,103)	(545,304)	(557,046)
Application of grants to financing from the Capital Grants Unapplied Account	(6,657)	(6,657)	-	-
Statutory provision for the financing of capital investment charged against the General Fund	(106,826)	(106,826)	(90,603)	(90,603)
Voluntary provision for the financing of capital investment charged against the General Fund	(10,510)	(10,510)	(10,231)	(10,231)
Capital expenditure charged against the General Fund	(38,730)	(22,764)	(31,779)	(31,779)
	-	-	-	-
Write down of long term debtor	12,040	12,040	-	-
	(595,317)	(589,820)	(677,917)	(689,659)
Balance at 31 March	3,215,746	3,432,696	3,300,453	3,213,813

Deferred Capital Receipts Reserve

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Balance at 1 April	(300,740)	(740)	(302,627)	(2,627)
Transfer to the Capital Receipts Reserve upon receipt of cash	740	740	1,887	1,887
Balance at 31 March	(300,000)	-	(300,740)	(740)

Pensions Reserve

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Balance at 1 April	104,929	115,972	118,535	130,717
Actuarial (gains) / losses on pension assets and liabilities	39,534	46,710	(21,571)	(24,316)
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	12,018	14,384	12,825	15,451
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,509)	(5,788)	(4,860)	(5,880)
Balance at 31 March	151,972	171,278	104,929	115,972

Collection Fund Adjustment Account – Council Tax

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

	Authority 2016/17 £000	Authority 2015/16 £000
Balance at 1 April	(50,562)	(48,503)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	9,584	(2,059)
Balance at 31 March	(40,978)	(50,562)

Collection Fund Adjustment Account – Non-Domestic Rates

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

	Authority 2016/17 £000	Authority 2015/16 £000
Balance at 1 April	108,428	97,798
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(106,952)	10,630
Balance at 31 March	1,476	108,428

Non-Domestic Rates Appeals Provision Spreading Account

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

The effect of this adjustment was solely to increase the GLA's retained rates income for the purposes of calculating levy and safety net payments in 2013/14 by £60.1m and to reduce this by £15.0m in each of the subsequent years to 2017/18. The remaining £15m balance will be released in 2017/18 when the account will be reduced to zero.

This adjustment has the potential to reduce the total levy payment due to the Secretary of State under the rates retention scheme each year from 2014/15 to 2017/18 as the GLA is only able to retain 73% of any net real terms growth in rates income as calculated under the applicable regulations applicable for 2016/17 and prior years. Alternatively, it has the potential to increase any safety net payment due to the GLA in the event that it experiences a large deficit in retained rates income which is more than 7.5 per cent of its baseline funding within the system. The GLA estimates that it will make a levy payment of £13.3 million to the Department of Communities and Local Government for the 2016/17 financial year – this sum is £4.0 million lower than it would have otherwise been (i.e. the levy rate of 27% multiplied by £15 million) as a result of the decision of the GLA to utilise its powers under the 2014 regulations to spread its backdated appeals.

	2016/17 £000	2015/16 £000
Balance at 1 April	30,041	45,062
Amounts released to the General Fund in year	(15,020)	(15,021)
Balance at 31 March	15,021	30,041

Accumulated Absences Account

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Balance at 1 April	701	781	604	676
Settlement or cancellation of accrual made at the end of the preceding year	(701)	(781)	(604)	(676)
Amounts accrued at the end of the current year	1,120	1,237	701	781
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	419	456	97	105
Balance at 31 March	1,120	1,237	701	781

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the increases and decreases in the fair value of available for sale assets until they are derecognised, at which point the balance in the reserve in respect of the derecognised asset is transferred to the CIES.

	Group 2016/17 £000	Group 2015/16 £000
Balance at 1 April	(28,344)	(27,895)
Net change in fair value for the period	(5,011)	(4,866)
Tax on fair value movement	-	(223)
Net change in fair value reclassified to profit or loss	3,507	4,640
Balance at 31 March	(29,848)	(28,344)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage the write down of soft loans to fair value. The initial write down is debited to the Comprehensive Income and Expenditure Statement on recognition of the loan but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the write down is reversed by crediting the effective interest rate on the loan to the General Fund Balance over the life of the loan.

	Authority 2016/17 £000	Authority 2015/16 £000
Balance at 1 April	8,253	4,216
Write down of soft loans to fair value charged to the Comprehensive Income and Expenditure Statement	7,292	4,782
Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement	(1,282)	(745)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	6,010	4,037
Balance at 31 March	14,263	8,253

Merger Reserve

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Balance at 1 April	69,185	(374,161)	69,185	(374,161)
Movement in year	-	-	-	-
	69,185	(374,161)	69,185	(374,161)

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Depreciation of property, plant and equipment , amortisation of intangibles	600	3,289	541	2,927
Revaluation losses on property, plant and equipment	634	634	-	-
Project adjustment costs	-	16,753	-	-
Net gain or loss on non-current assets disposal	-	7,866	-	-
Change in fair value of investment property	-	74,220	-	61,979
Reversal of net charges for post employment benefits	12,018	14,204	12,826	15,453
Cash payments for employer's contributions to pension funds and direct payments to pensioners	(4,509)	(5,609)	(4,860)	(5,880)
Reversal of accrued surplus/(deficit) on Collection Fund -Council Tax	(22,804)	(22,804)	(33,021)	(33,021)
Reversal of accrued surplus/(deficit) on Collection Fund -NDR	(28,212)	(28,212)	36,263	36,263
Collection Fund (surplus)/deficit received/paid as per regulation -Council Tax	32,390	32,390	30,962	30,962
Collection Fund surplus/(deficit) received/paid as per regulation-NDR	(78,740)	(78,740)	(25,632)	(25,632)
Reversal of write down to fair value of soft loans and reversal of the effective interest rate on soft loans	6,010	6,010	4,037	4,037
Increase/ (decrease) in creditors	68,137	53,969	460,374	473,196
(Increase)/decrease in debtors	14,872	25,452	(83,882)	(148,239)
Increase/(decrease) in impairment provision for bad debts	-	(2)	(520)	(979)
(Increase)/ decrease in stock	-	(27,050)	-	29,402
(Increase)/ decrease in provisions	(1,618)	(5,643)	(9,097)	(16,232)
Tax expense	-	819	-	755
(Increase)/decrease in interest receivable	(294)	(1,022)	(8,594)	(9,479)
Increase/(decrease) in finance lease receivables	-	(15,794)	-	21,048
Increase/(decrease) in interest payable	1,319	1,746	488	488
Other non cash movements	1,924	1,420	1,135	610
Increase/ (decrease) in deferred tax liability	-	(19,007)	-	5,321
Reversal of share of loss or profit on joint venture	-	174,360	-	103,591
	1,727	209,249	381,020	546,570

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

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
(Gain)/loss on available for sale assets	-	(4,314)	-	(5,356)
(Gain)/loss on sale of investment property	-	295	-	(8,616)
Reversal of capital grants recognised in the income and expenditure statement	(52,240)	(62,709)	(92,501)	(101,097)
	(52,240)	(66,728)	(92,501)	(115,069)

The cash flows for operating activities include the following items

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Interest paid	(127,765)	(127,767)	(126,690)	(126,698)
Interest received	33,090	23,761	21,414	11,700
Taxation paid	-	(2,100)	-	(588)

46. Cash Flow Statement – Investing Activities

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Purchase of property, plant and equipment, investment property and intangible assets	(1,990)	(32,553)	(10,913)	(34,467)
Purchase of short-term and long-term investments	(5,900,933)	(5,929,199)	(10,807,249)	(10,807,349)
Other movements on investing activities	1,011	1,011	-	-
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	300	-	12,105
Capital grants received	52,240	62,709	92,501	101,097
Proceeds from short-term and long-term investments	5,620,474	5,620,474	10,097,683	10,097,683
Proceeds from the sale of available for sale financial assets	-	8,329	-	10,556
Other receipts from investing activities	-	4,425	-	-
Investments in joint venture	-	(35,332)	-	(90,103)
Net cash flows from investing activities	(229,198)	(299,836)	(627,978)	(710,478)

47. Cash Flow Statement – Financing Activities

	Authority 2016/17 £000	Group 2016/17 £000	Authority 2015/16 £000	Group 2015/16 £000
Cash receipts of short and long-term borrowing	439,076	544,072	427,320	498,033
Repayments of short and long-term borrowing	(446,020)	(446,020)	(269,090)	(269,090)
Other payments for financing activities	(107)	4,344	(2,686)	(4,380)
Net cash flows from financing activities	(7,051)	102,396	155,544	224,563

48. Related Parties

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

Transactions which have been disclosed elsewhere in these financial statements will not be included within this note.

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates. It provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax, Business Rates). Grants received from Government Departments are set out in the Note 16.

Public bodies

During the year amounts payable to related parties totalled:

	£000
Local Government	132,212
Public Corporations	943

For amounts owed by the Authority to related parties, see Creditors, note 40.

During the year amounts receivable from related parties totalled:

	£000
Local Government	1,070

Grants receivable by the Group from central government are disclosed in the Comprehensive Income and Expenditure Account and the Grant Income, note 16. For amounts owed to the Authority by related parties, see Debtors note 38.

Transactions with subsidiaries

Greater London Authority Holdings Limited (“GLAH”)

GLAH is a wholly-owned subsidiary of the Greater London Authority. The Authority holds a £1 share in GLAH. GLAH, in turn, is the parent of GLA Land and Property Limited (“GLAP”), GLAP is a wholly-owned subsidiary of GLAH. The Authority has prepared group accounts which consolidate the group accounts of Greater London Authority Holdings Limited.

- In 2016/17 the GLA charged GLAP £3.7m for staff, accommodation and other overhead costs; the GLA paid £1.3m grant (£6.2m in 2015/16) which is funding the redevelopment of Millennium Mills in Silvertown Quays (a GLAP development property);
- At 31 March 2017 there was £320m outstanding on the loans the GLA made to the GLAP. In 2016/17 GLAP paid £10m interest to the GLA;
- At 31 March 2017, GLA Land and Property Limited had £8m invested with the GLA.

London TravelWatch

London TravelWatch (LTW) is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog, reviewing London’s transport services, conducting research into London’s Transport and acting as an appeals body for passenger complaints. LTW reports to, and is funded by, the London Assembly. The Board of LTW comprises a Chair and 12 members, all of whom are appointed by the London Assembly. They are supported by around 26 staff. Its legal status is set out in the Greater London Authority Act 1999 as amended by the Railways Act 2005.

The London Assembly has the power to issue guidance and direction to London TravelWatch subject to explaining why any such action is proposed. The London Assembly also approves LTW's budget and requires that its accounts and business plan be submitted to the GLA.

On the grounds of materiality, London TravelWatch is no longer consolidated as a subsidiary of the Authority in the consolidated financial statements. In 2016/17 the Authority provided LTW with funding of £1m (£1.1m – 2015/16). At 31 March 2017 LTW's net assets totalled £0.08m (£0.08m at 31 March 2016).

London Legacy Development Corporation

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

The LLDC has been accounted for as a subsidiary of the Authority in the 2016/17 consolidated financial statements.

- In 2016/17 the Authority paid LLDC revenue grant totalling £34m; loan advances of £55.8m were made in year bringing the total loan balance to £327.3m at 31 March 2017; interest receivable on the loan totalled £10.2m. Further payments of £4.3m were made in relation to Hackney Wick and £0.3m in relation to supplies and services. Income of £0.2m was received by the GLA.

Old Oak and Park Royal Development Corporation (“OPDC”)

OPDC is a mayoral development corporation established under the powers of the Localism Act 2011. The OPDC has planning powers and regeneration responsibility within its boundaries. The corporation is responsible for the regeneration of Old Oak Common in West London. The organisation was created on the 1st April 2015.

During 2016/17 the GLA provided grant funding of £6.5m (£3.3m in 2015/16).

London 2017 Limited

London 2017 Limited was set up jointly by the GLA and UK Athletics (UKA) with the purpose of organising and staging the IAAF World Championship in London in 2017. The Mayor appoints a Co-chair and one other Director to the company's board.

In 2016/17 the GLA made payments of £6.3m.

Other Parties

The Deputy Mayor for Culture & Creative Industries was formerly a Board Member of the Thames Trust Festival and Artichoke Trust.

- During 2016/17, the GLA gave grant funding of £50,000 each to the Thames Trust Festival and Artichoke Trust.

The Night Czar is a Director of Amy Lame Ltd.

- During 2016/17 the GLA made payments of £14,500 for professional fees.

49. Interests in Other Organisations

Museum of London

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

The Authority has also committed to contribute to funding of the relocation of the Museum of London from its current London Wall site to a new site at Smithfield General Market.

- In 2016/17, the GLA provided £8.1m funding (£7.8m – 2015/16) to the Museum of London.

London & Partners

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

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

During the financial year 2016/17, the GLA made payments of £11.5m (£9.06m – 2015/16) to London & Partners and received income of £0.14m.

London Waste and Recycling Board

The London Waste and Recycling Board was established by the Greater London Authority Act 2007 to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment in London. Shirley Rodrigues, Deputy Mayor for Environment and Energy, is the Mayor's appointed representative on the LWARB board.

In 2016/17 the Authority did not make any material payments or grant funding to LWARB.

Funding London (formerly SME Wholesale Finance Limited)

In 2004, the now abolished London Development Agency ("LDA") set up SME Wholesale Finance (SMEWFL) to help early-stage ventures. SMEWFL is a company limited by guarantee. LDA provided a guarantee of £1 and this obligation transferred to the Authority on 31 March 2012. In April 2014, SMEWFL changed its name to Funding London. The GLA has made loans to Funding London, see note 50b Soft Loans, for further details.

50. Financial Instruments

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

50a. Group Categories of Financial Instruments

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

Long-Term	Authority 31 March 2017 £000	Group 31 March 2017 £000	Authority 31 March 2016 £000	Group 31 March 2016 £000
Investments-Long term				
Loans and receivables at amortised costs	-	62,720	-	37,958
Available-for-sale financial assets	215,369	265,701	-	52,900
Total investments	215,369	328,421	-	90,858
Debtors-Long Term				
Loans and receivables at amortised costs	649,361	57,774	608,515	37,979
Finance lease receivables	-	132,786	-	127,706
Total Debtors	649,361	190,560	608,515	165,685
Borrowings-Long term				
Financial liabilities at amortised costs	(3,707,408)	(3,707,409)	(3,576,634)	(3,576,634)
Total borrowings	(3,707,408)	(3,707,409)	(3,576,634)	(3,576,634)
Creditors and Other Long Term Liabilities -Long term				
Financial liabilities at amortised costs	(70)	(13,686)	(69)	(9,320)
Finance lease liabilities	-	(39)	-	(40)
Total creditors	(70)	(13,725)	(69)	(9,360)

Current	Authority 31 March 2017 £000	Group 31 March 2017 £000	Authority 31 March 2016 £000	Group 31 March 2016 £000
Investments				
Loans and receivables at amortised costs	1,201,212	1,193,328	1,193,611	1,193,611
Available-for-sale financial assets	301	301	39,860	39,860
Total investments	1,201,513	1,193,629	1,233,471	1,233,471
Debtors				
Loans and receivables at amortised costs	76,400	44,823	43,609	61,220
Finance lease receivables	-	14,850	-	4,136
Total Debtors	76,400	59,673	43,609	65,356
Cash and cash equivalents	346,090	373,050	515,066	548,099
Borrowings				
Financial liabilities at amortised costs	(99,309)	(85,736)	(233,781)	(178,502)
Total borrowings	(99,309)	(85,736)	(233,781)	(178,502)
Creditors				
Financial liabilities at amortised costs	(52,056)	(76,089)	(157,941)	(191,415)
Finance lease liabilities	-	(1)	-	(1)
Total creditors	(52,056)	(76,090)	(157,941)	(191,416)

50b. Material soft loans made by the Authority

The Authority has made several soft loans in 2016/17, of these, the loan of £26.4m to Pocket Living LLP and £13.9m to Funding London (formerly SME Wholesale Finance Limited) are material soft loans. The Pocket Living loan is for the construction of up to 384 homes. The Funding London loan will be used to encourage the growth of small to medium sized enterprises by enabling greater investment in these businesses. Soft Loans were also issued to the Big Issue (£1.3m), LB Ealing (£2.8m) and LB of Barking and Dagenham (£4.1m).

	Authority 31 March 2017 £000	Authority 31 March 2016 £000
Balance at start of year:		
Opening balance at 1 April	22,377	8,457
Nominal value of new loans granted in year	38,687	17,957
Fair value adjustment on initial recognition	(7,292)	(4,782)
Increase in discounted amount	1,282	745
Closing balance at 31 March	55,054	22,377
Nominal value at 31 March	69,317	30,630

Valuation Assumptions

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

50c. Group Income, Expense, Gains and Losses

	2016/17			
	£000			
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
Interest expense	129,249	-	-	129,249
Finance lease interest	2	-	-	2
(Gains)/Losses on initial recognition	-	7,257	-	7,257
Impairment losses/(reversals)	-	637	(252)	385
Fee expense	152	-	59	211
Total expense in (Surplus) or Deficit on the Provision of Services	129,403	7,894	(193)	137,104
Interest income	-	(11,802)	(2,312)	(14,114)
Finance lease interest	-	(4,346)	-	(4,346)
Unwind of discount on loan	-	(1,535)	-	(1,535)
Gains on derecognition	-	-	(4,315)	(4,315)
Total income in (Surplus) or Deficit on the Provision of Services	-	(17,683)	(6,627)	(24,310)
Net change in fair value of available-for-sale financial assets	-	-	(5,011)	(5,011)
Net change in fair value of available-for-sale financial assets reclassified to (surplus) or deficit	-	-	3,507	3,507
(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(1,504)	(1,504)
Net (gain)/loss for the year	129,403	(9,789)	(8,324)	111,290

	2015/16			
	£000			
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
Interest expense	126,511	-	-	126,511
Finance lease interest	6	-	-	6
Losses on initial recognition	-	4,930	-	4,930
Impairment losses/(reversals)	-	(572)	(273)	(845)
Fee expense	843	-	-	843
Total expense in (Surplus) or Deficit on the Provision of Services	127,360	4,358	(273)	131,445
Interest income	-	(9,199)	(2,923)	(12,122)
Finance lease interest	-	(4,269)	-	(4,269)
Unwind of discount on loan	-	(992)	-	(992)
Gains on derecognition	-	-	(5,356)	(5,356)
Total income in (Surplus) or Deficit on the Provision of Services	-	(14,460)	(8,279)	(22,739)
Net change in fair value of available-for-sale financial assets	-	-	(4,866)	(4,866)
Net change in fair value of available-for-sale financial assets reclassified to (surplus) or deficit	-	-	4,640	4,640
(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(226)	(226)
Net (gain)/loss for the year	127,360	(10,102)	(8,778)	108,480

50d. Authority Income, Expense, Gains and Losses

2016/17

	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
	£000	£000	£000	£000
Interest expense	128,823	-	-	128,823
Losses on initial recognition	-	7,292	-	7,292
Fee expense	152	-	59	211
Total expense in (Surplus) or Deficit on the Provision of Services	128,975	7,292	59	136,326
Interest income	-	(30,798)	(2,312)	(33,110)
Unwind of discount on loan	-	(1,282)	-	(1,282)
Total income in (Surplus) or Deficit on the Provision of Services	-	(32,080)	(2,312)	(34,392)
Net (gain)/loss for the year	128,975	(24,787)	(2,253)	101,934

	Liabilities measured at amortised costs £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
Interest expense	126,509	-	-	126,509
Losses on initial recognition	-	4,782	-	4,782
Impairment losses/(reversals)	-	(174)	-	(174)
Fee expense	843	-	-	843
Total expense in (Surplus) or Deficit on the Provision of Services	127,352	4,608	-	131,960
Interest income	-	(26,168)	(2,923)	(29,091)
Unwind of discount on loan	-	(745)	-	(745)
Total income in (Surplus) or Deficit on the Provision of Services	-	(26,913)	(2,923)	(29,836)
Net (gain)/loss for the year	127,352	(22,305)	(2,923)	102,124

50e. Fair Value Hierarchy for financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value

Equity Mortgages are available for sale assets carried at fair value. They are valued with reference to published house price indices – the Office for National Statistics house price index for the London region - these are Level 2 fair value measurements (see accounting policy xvii for an explanation of the fair value levels). They are long term investments which are classified as Available for Sale Financial Assets (see Note 50a) and at 31 March 2017 totalled £50.3m.

RMBS are available for sale assets but they are held at cost as the fair value movement increase of £0.8m was not significant enough to warrant a restatement of the £215.3m RMBS carrying value as at 31 March 2017.

Transfers between levels in the Fair Value hierarchy for assets measured at fair value

There were no transfers out of level 2 during the year.

50f. Fair Value Hierarchy for financial assets and liabilities not measured at fair value

The fair value disclosures for financial assets and liabilities not measured at fair value are calculated using Level 2 inputs

Financial assets and liabilities measured at amortised costs

Except for the financial assets carried at fair value (described in note 50e) all other financial liabilities and financial assets are classified as loans and receivables and creditors and 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:

- For long-term Public Works Loans Board (“PWL”) borrowings – the fair value for PWLB Borrowings in note 50g is based on the PWLB new borrowing rate; for long term bonds, market

data relating to the relevant bonds are used to determine the fair value of this loan; interest rates at 31 March 2017 used for discounting, ranged from 0.89 to 2.5%;

- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value;
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

50g. Fair Value for financial assets and liabilities

	Authority 31 March 2017 Carrying value £000	Authority 31 March 2017 Fair Value £000	Group 31 March 2017 Carrying value £000	Group 31 March 2017 Fair Value £000
Borrowing - non-current and current	(3,806,717)	(4,187,187)	(3,807,145)	(4,187,615)
Investments - non-current and current	1,211,484	1,211,484	1,266,320	1,266,320
Available for sale financial assets - non-current and current	215,670	215,670	266,002	266,002

	Authority 31 March 2016 Carrying value £000	Authority 31 March 2016 Fair Value £000	Group 31 March 2016 Carrying value £000	Group 31 March 2016 Fair Value £000
Borrowing - non-current and current	(3,810,415)	(4,282,935)	(3,755,136)	(4,227,656)
Investments - non-current and current	1,193,611	1,193,611	1,231,569	1,231,569
Available for sale financial assets - non-current and current	39,860	39,860	92,760	92,760

The fair value of loans is higher than the carrying value because the Authority and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2017) arising from a commitment to pay interest to lenders above current market rates.

Investments consist of money market instruments maturing within 12 months. The available for sale financial assets consist of residential backed mortgage securities and long-term equity mortgages.

51. Nature and Extent of Risks arising from Financial Instruments

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority/Group;
- liquidity risk - the possibility that the Authority/Group may not have the funds available to meet its commitments to make payments; and

- market risk - the possibility that financial loss might arise as a result of changes in interest rates.

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2016/17 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the Authority's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits, for principal invested with each counterparty, are reviewed regularly with reference to relative risk and the Authority's cash flow requirements. All the Authority's investments are sterling denominated.

At 31 March 2017, 23% of the Authority's money market investments and cash were placed with other public bodies or institutions substantially owned by the United Kingdom's government, the remaining 77% were placed with institutions with at least an A- credit rating. The long-term loans to GLA Land and Property Limited and the London Legacy Development Corporation are not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default. The Authority does not therefore expect any losses from any institutions in relation to investments placed.

Exposure to credit risk

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

Liquidity Risk - Group

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

The Group bodies manage liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements. As long as the affordable borrowing limit set by the Mayor is not exceeded, the GLA and LLDC are able to borrow from the Public Works Loan Board, raise debt on the capital markets through both the GLA's established Bond and Commercial Paper programmes, borrow from Commercial Banks or utilise overdraft facilities and, subject to meeting the relevant criteria, borrow at competitive interest rates from the European Investment Bank. The GLA may also lend to its subsidiaries. There is therefore no significant risk that any Group body will be unable to raise finance to meet its planned capital commitments.

The maturity analysis of financial liabilities is as follows:

Borrowing	Authority		Group	
	31 March 2017	31 March 2017	31 March 2016	31 March 2016
	£000	£000	£000	£000
Less than one year	(99,309)	(85,736)	(233,781)	(178,502)
Between one and two years	(175,000)	(175,001)	(68,000)	(68,000)
Between two and five years	(374,100)	(374,100)	(339,600)	(339,600)
Between five and ten years	(1,007,750)	(1,007,750)	(960,400)	(960,400)
More than ten years	(2,150,558)	(2,150,558)	(2,208,634)	(2,208,634)
Total	(3,806,717)	(3,793,145)	(3,810,415)	(3,755,136)

Creditors	Authority		Group	
	31 March 2017	31 March 2017	31 March 2016	31 March 2016
	£000	£000	£000	£000
Less than one year	(52,056)	(65,839)	(157,941)	(191,415)
Between one and two years	(70)	(6,776)	(69)	(8,186)
Between two and five years	-	(6,447)	-	(674)
Between five and ten years	-	(25)	-	(460)
More than ten years	-	(439)	-	-
Total	(52,126)	(79,526)	(158,010)	(200,735)

Market Risk

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

52. Contingent liabilities and assets

Contingent Liabilities

Compulsory Purchase Orders

Compulsory purchase orders claims are subject to complex protracted commercial negotiations. It is possible that further costs could be incurred on claims that have been deemed to be settled. Possible future costs are estimated at £0.4m.

Property related liabilities

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

Contingent liabilities of some £55.8m relate to a number of potential claims, rights of use, restrictive covenants or dependencies on planning permission in relation to land assets hence their possible outcome - the following balance summarises all those where the likelihood of occurrence is considered possible and quantifiable.

S106 Agreements

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

The Group has inherited a number of S106 agreements, many of which have now expired or obligations have previously been met by the LDA or the Developer. Of those remaining the obligation is either unquantifiable, to be met by the developer or non-financial in nature and have not been provided for as at 31 March 2017.

ArcelorMittal Orbit Loan

A loan of £11.3m (principal £9.2m plus unpaid interest), taken out to part fund the construction of the ArcelorMittal Orbit is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated. A discounted projected cash flow was used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in 2016/17. LLDC accordingly recognises a contingent liability in respect of the loan.

Non-domestic rates appeals

In 2015 Virgin Media applied to the Valuation Office Agency for their rateable value assessments across England and Wales to be merged into one and incorporated on the local rating list of a single billing authority or alternatively added to the central rating list, as permitted under Regulation 6 of the Non-Domestic Rating Miscellaneous Provisions Regulations 1999 SI 1860. The proposal sought to backdate any consolidation to 1 April 2010.

Six London boroughs – Bromley, Croydon, Haringey, Lewisham, Waltham Forest and Westminster – have or did have assessments included on their local rating list relating to this company for the financial period affected. If the appeal had been successful and any change backdated, it was estimated in the GLA’s 2015-16 accounts that the financial cost to the GLA in relation to non-domestic rates income would be up to £6.7 million for the period 1 April 2010 to 31 March 2016 with an ongoing annual financial impact of up to £1.2m per annum thereafter. In addition, it is forecast that up to £0.4m could be repayable in respect of Crossrail BRS income with an ongoing impact of up to £0.06m per annum

In May 2017, the GLA was advised that Virgin Media had withdrawn this appeal in relation to the 2010 rating list. This financial risk has therefore been eliminated in respect of the 2010 rating list.

In 2016 a number of NHS trusts wrote to their billing authorities in London and elsewhere seeking charitable relief which would in effect see their business rates bills reduced by 80 per cent. They also requested the granting of the relief be backdated to the start of the 2010 rating list. The estimated cost of granting this request has been estimated to be up to £1.5 billion across England. The LGA is challenging this request on behalf of English local authorities and all billing authorities so far contacted in London have not granted the request for charitable relief. This matter is also being considered by the Departments of Health and of Communities and Local Government.

Contingent Assets

Contingent rent

Lease receivables from a lease with Excel Exhibition Centre have been treated as a contingent asset. The lease has a remaining life of 183 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 £10m and £18m and £0.9m was receivable in 2016/17.

53. Taxation-Group

Tax recognised in the Group Surplus or Deficit

	Group 2016/17 £000	Group 2015/16 £000
Corporation tax on profits for the year	(37)	2,365
Prior year adjustment	33	(395)
	(4)	1,970
Deferred tax	(19,008)	5,322
Tax recognised in surplus/deficit	(19,012)	7,292
Net (surplus)/deficit on provision of services	258,258	117,155
Items taken to OCI	931	(4,729)
Non taxable income/non deductible expenditure	(282,846)	(165,853)
(Profits)/losses chargeable to corporation tax (pre-losses)	(23,657)	(53,427)
Losses brought forward	19,732	41,603
Corporation tax at 20%	785	2,365
Corporation tax rebate prior years	(822)	-
Corporation tax at 20%	(37)	2,365

Movement in deferred tax assets and liabilities

	Group		
	1 April 2016 £000	Movement in year £000	31 March 2017 £000
Deferred tax assets			
Investment properties	1,474	(209)	1,265
Capital losses carried forward	1,800	(100)	1,700
Total deferred tax assets	3,274	(309)	2,965
Deferred tax liabilities			
Development stock	(3,739)	785	(2,954)
Trading losses	3,739	(785)	2,954
Accelerated capital allowances	(3)	(5)	(8)
Net deferred tax on trading items	(3)	(5)	(8)
Investment properties	(63,037)	19,398	(43,639)
Property plant and equipment	(4,912)	167	(4,745)
Intangible assets	(17)	10	(7)
Total deferred tax liabilities	(67,969)	19,570	(48,399)
Net deferred tax liabilities recognised in the surplus on provision of services after tax	(62,199)	19,008	(43,191)
Net deferred tax liabilities recognised in Other Comprehensive Income	(2,496)	253	(2,243)
Deferred Tax Assets			
Pension	1,933	1,259	3,192
Total deferred tax assets recognised in Other Comprehensive Income	1,933	1,259	3,192

	Group			
	1 April 2015 £000	Prior Year Adjustment	Movement in year £000	31 March 2016 £000
Deferred tax assets				
Investment properties	18,611	-	(17,137)	1,474
Capital losses carried forward	2,000	-	(200)	1,800
Total deferred tax assets	20,611	-	(17,337)	3,274
Deferred tax liabilities				
Development stock	(3,908)	-	169	(3,739)
Trading losses	3,908	-	(169)	3,739
	-	-	(3)	(3)
Net deferred tax on trading items	-	-	(3)	(3)
Investment properties	(76,954)	-	13,917	(63,037)
Property plant and equipment	(3,022)	-	(1,890)	(4,912)
Intangible assets	(14)	-	(3)	(17)
Other investments	(223)	223	-	-
Total deferred tax liabilities	(80,213)	223	12,021	(67,969)
Net deferred tax liabilities recognised in the surplus on provision of services after tax	(56,877)	-	(5,322)	(62,199)
Net deferred tax liabilities recognised in Other Comprehensive Income	(2,725)	223	6	(2,496)
Deferred Tax Assets				
Pension	2,436	-	(503)	1,933
Total deferred tax assets recognised in Other Comprehensive Income	2,436	-	(503)	1,933

Unrecognised deferred tax assets at 31 March 2017	£m
GLAH	166.9
LLDC	46.2
OPDC	0.2

54. Northern Line Extension Income and Expenditure Account

The Northern Line Extension Income and Expenditure Account is a memorandum account which summarises the income received and expenditure incurred in relation to the GLA's contribution towards delivering this project. The account details the contributions received from the London Boroughs of Lambeth and Wandsworth using contributions from developers and payments from business ratepayers in the Battersea and Nine Elms area, the payment made to Transport for London and the financing costs incurred by the GLA in relation to the amounts borrowed by it, to finance its contribution to the project.

	2016/17	2015/16
	£000	£000
Balance at 1 April	122,922	24,695
INCOME		
Amounts transferred by the London Borough of Lambeth	(4,019)	(2,430)
Amounts transferred by the London Borough of Wandsworth	(40,104)	(23,801)
Interest receivable	(698)	(706)
Total income	(44,821)	(26,937)
EXPENDITURE		
Transport payments to Transport for London	160,652	121,006
Interest payable on project related borrowing	3,160	662
Other expenses including brokerage and bond fees	2,931	3,496
Total Expenditure	166,743	125,164
Net deficit for the year	121,922	98,227
Deficit carried forward at 31 March	244,844	122,922

During 2016/17, £161m was payable to Transport for London (TfL) in respect of the development and construction costs for the Northern Line extension. This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account – and reported as expenditure in the Comprehensive Income and Expenditure Statement. The GLA also incurred interest payable on its borrowing of £3.2m. A further £2.9m of expenditure was incurred by the GLA in respect of brokerage costs and fees including in respect of the loan guarantee provided by HM Treasury.

The GLA also received £40.1 million in contributions from the London Borough of Wandsworth and £4m from the London Borough of Lambeth towards the project in 2016/17 under the Agreement signed between both boroughs, the Greater London Authority and Transport for London in January 2014. In addition, £0.7m of interest was receivable on the balances held in respect of the project.

55. Post balance sheet event

In May 2017, the GLA was advised that Virgin Media had withdrawn this appeal in relation to the 2010 rating list. This financial risk disclosed in Note 52 has therefore been eliminated in respect of the 2010 rating list.

Fund Account

The Fund Account is a memorandum account to show transactions under sections 102 and 103 of the Greater London Authority Act 1999 which requires all government grants for the Greater London Authority and its Functional Bodies to be paid to the Greater London Authority, which then passes them on to the Functional Bodies. This excludes funding paid through revenue support grant and retained business rates as well as specific grants paid for the purposes of the GLA such as the 2015/16 council tax freeze grant which are directly controlled and allocated by the Mayor and form part of the CIES.

	2016/17 £000	2015/16 £000
Income		
Fire Grants ⁽¹⁾		
Fire specific revenue grants	(12,776)	(11,850)
Fire capital grant	(761)	(647)
Subtotal Fire Grants	(13,537)	(12,497)
Policing Grants		
Home Office police general grants ⁽²⁾	(1,784,928)	(1,794,172)
Local Council Tax Support grant for policing ⁽²⁾	(119,676)	(119,676)
Home Office core capital grant	(14,334)	(25,042)
Home Office other specific grants ⁽³⁾	(423,376)	(375,986)
Subtotal Policing Grants	(2,342,314)	(2,314,876)
Transport (TfL) grants ⁽⁴⁾		
GLA Transport grant - general (revenue)	(447,283)	(591,410)
GLA Transport grant - investment (capital)	(944,000)	(925,000)
Other DfT specific grants ⁽⁵⁾	(61,072)	(81,200)
Subtotal Transport Grants	(1,452,355)	(1,597,610)
Total Income	(3,808,207)	(3,924,983)
Expenditure		
London Fire & Emergency Planning Authority	13,537	12,497
Mayor's Office for Policing and Crime	2,342,314	2,314,876
Transport for London	1,452,355	1,597,610
Total Expenditure	3,808,207	3,924,983

Note

(1) The fire revenue specific grant figure includes fire revenue grant, PFI grant, funding from central government for the Merton fire control centre and support for the Emergency Services Mobile Communications Programme.

(2) The core Home Office police grant in 2016-17 includes £173.6 million in respect of the National and International Capital Cities (NICC) grant, £861.5 million in general police core grant and £749.8m in former DCLG formula funding approved by Parliament in the 2016-17 Police grant report. The local council tax support grant for policing compensates MOPAC for the impact of council tax benefit localisation introduced in 2013/14.

(3) The policing revenue specific grant figure includes counter-terrorism and dedicated security post funding as well as other specific grants for policing paid via GLA by the Home Office. Some specific grants are paid directly to MOPAC (e.g. community safety funding) and are therefore only recorded in its accounts.

(4) Some transport revenue specific grants are paid direct to TfL and therefore only appear in its accounts. Funding paid to TfL via retained business rates and council tax by the Mayor is reported in the GLA's CIES.

(5) The DfT other specific grant figure includes £27 million in respect of London Overground grant and £31 million in respect of funding for the Metropolitan Line extension to Croxley.

Business Rates Supplement Revenue Account

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

	2016/17	2015/16
	£000	£000
Balance at 1 April	-	-
INCOME		
Amounts transferable by billing authorities as calculated under the BRS regulations gross of billing authority administrative expenses	(226,906)	(218,227)
Interest Receivable (in respect of the Crossrail BRS and related balances)	(137)	(125)
Total Income	(227,043)	(218,352)
EXPENDITURE		
Administrative expenses incurred by billing authorities		
Further administrative expenses (billing authority cost of collection allowance)	451	563
Other billing authority collection costs and prior year adjustments	3,049	163
	3,500	726
Expenditure incurred by GLA in respect of the Crossrail Project		
Transport payments to Transport for London in respect of the Crossrail project	-	9,000
Interest Payable on Crossrail related borrowing	116,391	117,618
Other expenses including brokerage fees	326	404
	116,718	127,023
Total Expenditure	120,217	127,749
Transfers to/(from) General fund - Surplus on BRS revenue account and Minimum revenue provision	106,826	90,603
Balance at 31 March	-	-

56. Crossrail Business Rates Supplement

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

How the Crossrail BRS Is Calculated and Collected

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

On the basis of the final returns received in respect of 2016/17, billing authorities determined that they had collected BRS gross revenue of £226.9m of which the GLA was due to receive £223.4m after allowing for borough collection allowances and other costs of £3.5m which included a clawback of £3m of prior year overpayments in respect of BRS.

The GLA also incurred interest payable on its borrowing of £116.4m and £0.1m of interest was receivable on the balances held in respect of the BRS. A further £0.3m was charged to the BRS revenue account in respect of other costs incurred by the GLA in respect of the management and administration of the BRS including brokerage fees.

GLOSSARY

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

Accounting Period

The length of time covered by the accounts, in the case of these accounts the year from 1 April 2016 to 31 March 2017.

Accrual

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

Actuarial Gains and Losses

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

Balances

These represent the accumulated surplus of revenue income over expenditure.

Capital Expenditure

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Collection Fund

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

Council tax Requirement

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

Creditors

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

Debtors

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

Depreciation

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

Fees and Charges

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

Financial Instrument

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

Fixed Asset

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

Functional Body

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

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

IAS 19 Employee Benefits

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

Materiality

Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting authority.

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

A property tax based on notional rental (rateable) values levied on non-domestic hereditaments. The tax is set by central government and collected by Local Authorities. Under the business rates retention system this income is currently allocated in London to Central Government, Local Authorities and the GLA in the ratio of 50:30:20. The central government share is used to finance other funding to local government, fire and police forces payable outside the rates retention system – including revenue support grant and principal police formula grant paid for the purposes of MOPAC.

Precept

The amount the Mayor requires the London Boroughs and Corporation of London to pay from their Collection Funds in respect of council tax in order to meet the costs of services of the GLA and its functional bodies

Prepayment

Where expenditure has been invoiced and charged against the current year's budget, but relates to goods and services to be received in the following financial year. This expenditure has to be treated as a prepayment.

Provisions

Amounts set aside to meet costs which are likely or certain to be incurred, but are uncertain in value or timing.

Reserves

The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems. Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue Expenditure

The day to day spending on employment costs, other operating costs (accommodation, supplies and services etc.) net of income for fees and charges etc.

Revenue Support Grant

Central Government financial support towards the general expenditure of local authorities paid on an unringfenced basis and without conditions.

Specific Government Grants

Central Government financial support towards particular services which is "ring fenced" or paid for the purposes of a particular functional body (i.e. can only be spent on a specific service area or items).

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