GREATER**LONDON**AUTHORITY

Statement of Accounts 2013/14

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Explanatory Foreword

1. Introduction to the Greater London Authority

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

These roles remain no less important now than they were then but since April 2012 the GLA has also been a major commissioner of activity in its own right as the Mayor secured new powers for the GLA to tackle London's housing challenges and promote economic development. At the same time, the GLA inherited significant land holdings. Our 670 hectares is more than twice the size of the City of London Corporation.

Working with others has always been vital to the GLA's success; not just with the GLA's four functional bodies – Transport for London, the Mayor's Office for Policing and Crime, the London Fire and Emergency Planning Authority and the London Legacy Development Corporation – but as a convenor of and contributor to a wider network of partnerships. London's 33 local authorities and businesses have been key players in these partnerships.

That is especially true today in the case of the London Enterprise Panel established in April 2012. The Panel advises the Mayor on jobs and growth in the capital – which, together with housing for Londoners, is the Mayor's top priority – and in particular: on strategic investment; on promoting enterprise, innovation and skills; and on enhancing London's competitiveness.

Globally and locally, extraordinary change is taking place. The shape and locus of the global economic order is shifting dramatically and at an increasing pace. New sectors and networks are emerging. In step with these changes, competition between big cities – conglomerations of talent and innovation – is becoming fiercer. Meanwhile, London's economy will continue to evolve and the city's population will grow strongly. It is projected there will be one million more people living in London by 2021. That will take London's population to an estimated 9.2m.

This churn – of economic forces, of ideas and of people – presents challenges and opportunities. The Mayor's 2020 Vision, published in June 2013, puts forward the case for change in London so that we can meet these challenges and seize the opportunities. The Vision articulates London's strengths as a world class city and puts forward the case and identifies the priorities for renewing and reinvigorating London's transport, housing and community infrastructure.

Shortly before the Mayor published his 2020 Vision, the independent London Finance Commission ("LFC") established by the Mayor issued its final report. The two documents are in many ways companions. In recommending that London should have greater financial autonomy, the LFC put at the heart of its argument the importance of giving London the financial means to secure the infrastructure needed to support jobs and future growth. The Mayor will be consulting on his Infrastructure Plan to 2050 later in 2014. This Plan will set out London's needs and how we might pay for them in order to stay a world class city with a great quality of life.

2. Introduction to the Greater London Authority Annual Accounts

The annual statement of accounts has been prepared in accordance with the 2013/14 Code of Practice on Local Authority Accounting and International Financial Reporting Standards. Changing requirements over several years have led to the increasing complexity and detail required in the accounts and one of the purposes of this foreword is to provide a guide to the accounts and the most significant financial matters contained within the statements.

The **Group Accounts** comprises of:

- the **GLA**, including **London Travelwatch** ("LTW"). LTW is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog reporting to the London Assembly (which itself forms part of the GLA made up of the 25 Assembly Members elected to hold the Mayor to account by examining his decisions and actions to ensure he delivers his promises for Londoners). The Board of LTW is appointed by the London Assembly. The Assembly also approves LTW's budget and has the power to issue guidance and direction;

- **Greater London Authority Holdings Ltd** and its **GLA Land and Property Ltd** ("GLAP") subsidiary. The GLA owns 100% of the share capital in Greater London Authority Holdings Ltd, and through this structure it controls the benefits arising from the property trading activities of GLAP. GLAP is a wholly owned subsidiary of Greater London Authority Holdings Ltd and this company has been created to undertake the vast majority of the GLA's land, property and commercial activities;

- the **London Legacy Development Corporation** ("LLDC"). The LLDC is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011. The Mayor of London appoints members to its Board allocates its budgets. Its aims are to promote and deliver economic and environmental regeneration in the Olympic Park and surrounding area, in particular by maximising the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment;

- **E20 Stadium LLP** (E20)
  LLDC has an interest in a joint venture, E20 Stadium LLP, with the London Borough of Newham through its subsidiary Newham Legacy Investments Limited (NLI). E20 has been consolidated into LLDC's group accounts as a joint venture on an equity basis. The E20 partnership is designed to give the local area ownership of the Olympic Stadium and is the legal entity that now holds a 102 years leasehold interest in the Stadium Island site and is responsible for the transformation works required for the Rugby World Cup in 2015 and the subsequent use by West Ham United Football Club and UK Athletics.

The principal accounting statements are the:

- **Movement in Reserves Statement**: This statement shows the movement in the year on the different reserves held by the GLA and the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfer to or from earmarked reserves;

- **Comprehensive Income and Expenditure Statement**: This statement is fundamental to understanding the GLA's and the Group's activities. It brings together all of the functions of the GLA and the Group and summarises all of the resources that have been generated, consumed or set aside in carrying out activities during the year. As such, it is intended to show the true financial position of the GLA and the Group, before allowing for the concessions provided by statute to raise local taxation according to different rules and for the ability to divert particular expenditure to be met from capital resources;

- **Balance Sheet**: like the Comprehensive Income and Expenditure Statement this is also fundamental to understanding the financial position of the GLA and the Group as at 31 March. The Balance Sheet shows the value of the assets and liabilities recognised by the GLA and the Group. The net assets (assets less liabilities) are matched by the reserves held by the GLA and the Group. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the GLA and the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is the one that the GLA and the Group is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations";

- **Cash Flow Statement**: the Cash Flow Statement shows the changes in cash and cash equivalents of the GLA and Group during the reporting period. The statement shows how the GLA and Group generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

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

- **Fund Account**, which shows government grants received by the GLA for the GLA and functional bodies, and the amounts passed on to the functional bodies; and

- **Business Rates Supplement Revenue Account**, which details the income raised from the levy imposed on large non-domestic ratepayers to raise money to help fund the Crossrail construction project.

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

3. Financial Summary 2013/14

Revenue

Including activities carried out by GLAP, the GLA had revenue expenditure of £221m.

Directorate	2013/14 £m	2012/13 £m
Communities & Intelligence	21.2	37.5
Development & Environment	31.8	12.4
External Affairs	7.0	8.0
Housing & Land	34.8	18.1
London 2012	-	63.3
Resources	113.1	42.3
Corporate Management Team	1.3	1.2
London Elects	0.3	14.2
Mayor's Office	4.1	4.1
Assembly & Secretariat	7.4	7.7
Net Cost of GLA Services	**221.0**	**208.8**

The expenditure was funded by the following resources:

Source	2013/14 £m	2012/13 £m
Revenue Reserves (including grant paid in advance)	42.6	8.1
Revenue Support Grant / GLA General Grant	39.1	49.9
Retained Business Rates	31.9	-
Council Tax Freeze Grant	9.8	27.7
Council Tax Precept	97.6	123.1
Total Funding	**221.0**	**208.8**

The net revenue outturn for 2013/14 was an underspend of £17.4m against its revenue budget after taking account of £24.8m carried forward to continue approved spending programmes in 2014/15. The favourable variance includes £8.4m as a result of savings in debt servicing and additional investment interest generated. These reflect re-structuring of debt, effective cash management and within strict risk parameters an increased rate of return due to the use of new investment opportunities and cash pooling arrangements.

Other significant favourable variances include the release of a £3m tax provision as it is estimated that no tax will be payable for 2013/14, and a £1.4m underspend within the European Social Fund Youth Programme, of which £1m has been prioritised for the Apprenticeships Programme in 2014/15.

The £61m contribution to the Olympic Delivery Authority towards the cost of the 2012 Games financed by the Olympic precept was reported against the London 2012 Directorate in 2012-13 and transferred to the Resources Directorate in 2013/14 following the winding up of the former. This accounts for the significant movement for those two directorates year on year.

The LLDC's revenue outturn for the year was an underspending of £10m against its revenue budget of £40m. This was largely driven by an internal reorganisation and by the phasing of expenditure to focus on the summer event series for 2014 following the opening of the Queen Elizabeth Olympic Park to the public in April 2014.

Capital

Including activities carried out by GLAP, the GLA had a capital budget of £1.6bn against which £1.36bn was spent, equating to 85% delivery. Of this expenditure, £875m relates to the GLA's contribution to Transport for London towards the cost of the Crossrail project – of which £800m was financed by borrowing and £75m from a share of Business Rate Supplement revenues. More detail on Crossrail borrowing is set out below. The majority of the remaining expenditure of £485m is related to the GLA's housing and land programmes, including the achievement of housing targets during 2013/14.

Capital Spending Plan	**2013/14 £m**	**2012/13 £m**
Crossrail	875	819
Affordable Housing Programmes	192	470
Decent Homes Programme	214	182
Outer London Fund	18	6
Mayor's Regeneration Fund	5	1
Compulsory Purchase Order payments	29	6
Kidbrooke Regeneration Scheme	2	6
Minor Programmes	25	31
Capital Expenditure	**1,360**	**1,521**

The financing of capital expenditure was by the following methods:

Capital Funding Sources	2013/14 £m	2012/13 £m
Borrowing (Crossrail)	800	700
Business Rate Supplement	75	119
Grants	443	671
Receipts	13	25
Short-term Provisions	29	6
Total Capital Funding	**1,360**	**1,521**

The LLDC capital expenditure for the year was £245m against a budget of £250m. This underspend reflects the combined effect of a £5.1m overspend in its infrastructure budget and a £10.2m underspend across all other Directorates. The overspend in the infrastructure budget reflects the work that was necessary to catch up on delays caused by the adverse weather conditions in early 2013. Overall, the LLDC was able to complete the significant capital work enabling the Park to be opened on the scheduled date of 5 April 2014.

Performance

Further information on the full range of activities carried out by the GLA, GLAP and the LLDC in 2013/14 can be found within:

- The Mayor's Annual Report for 2013/14
http://www.london.gov.uk/mayor-assembly/mayor/publications/the-mayors-annual-report
- The GLA's Outturn Report for 2013/14
http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=234&MId=5461&Ver=4
- The London Legacy Development Corporation's website
http://www.queenelizabetholympicpark.co.uk/

4. The GLA's Group Balance Sheet

Reserves

The net worth (total reserves) of the GLA is a £2.7bn (deficit). This is split between usable reserves (£391m) and unusable reserves (£3.1bn deficit). The main component of unusable reserves is the capital adjustment account which reflects the impact of borrowing for Crossrail where the asset is held by Transport for London and not the GLA.

Included within the usable reserves section is the Revenue Grants Unapplied Reserve which includes grants that have been received in advance of the expenditure being incurred (£141.8m). The high level of this reserve reflects the receipt of grant from the London Settlement, which is the main funding settlement agreed with the Government for the GLA and LLDC running to the end of 2014/15 and which brought forward amounts due into 2012/13 and 2013/14, thereby providing substantial balance sheet resilience to manage the GLA's new functions.

This leaves a balance of other earmarked usable revenue reserves of £165.5m. The major reserves within this figure include:

- the **NDR (non-domestic rates or 'business rates') Backdated Appeals Spreading Reserve** (£60.1m) which has been newly created in relation to the business rates retention scheme to offset an annual charge arising from the release of the deferred business rate appeals for which a provision has been made. This will be eliminated in equal amounts over the next four financial years by debiting the general fund to reduce the business rates income for the GLA used for the purposes of calculating any levy or safety net payments due to/from the Secretary of State;

- the **Directorate Programme Reserve** (£24.8m), which represents amounts carried forward to continue approved GLA spending programmes in 2014/15; and

- the **Mayor's Resilience Reserve** (£40.4m), which has been increased to manage the short term adverse impact on the GLA's finances as a result of the introduction of a new business rate retention scheme from 2013/14 and its volatility due to the level appeals by business ratepayers as well as to support spending pressures across the GLA Group.

The LLDC had total usable reserves of £4.9m held as its general fund surplus.

LLDC long term assets

The majority of LLDC assets are classified as investment property. A number of different valuation methodologies have been applied but the investment method, where rental incomes are capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. Overall the market value of the assets has increased by £35m, mostly due to continued improvement of the residential market.

Long term investments

The Joint European Support for Sustainable Investment in City Areas ("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 its cohesion policy. For the London region, European Regional Development Fund ("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. In 2012/13, the LDA's responsibilities transferred to the GLA and in 2013/14 the GLA impaired in full, the carrying value of the £31.3m JESSICA investment. Any future inflows from the JESSICA fund will be recognised when receipt is probable.

Pensions

Included within the unusable reserves section is the negative pensions reserve totalling £65.1m for the GLA. This matches the pension liability in the balance sheet as measured under International Accounting Standard 19 ("IAS 19"). The purpose of IAS 19 is to facilitate comparison of the pension obligations of employers. The IAS19 calculations are carried out using a prescribed method and some of the assumptions are also prescribed. As the method and assumptions underlying the calculations are different, the IAS19 calculations will produce different results from the formal funding actuarial valuation. In particular, the calculated deficit will likely be different from that published in the triennial valuation.

The GLA's estimated liabilities for retirement benefits for the pension fund exceeded the assets in the fund by £65.1m as at 31 March 2014. Further details are set out in note 20 "Pensions".

The actuary has certified that the GLA's employer contribution is to be maintained at the rate of 14.8% for the three years to 31 March 2014 and this rate will effectively be maintained for the following three years. Statutory provisions require the GLA's reserves to be charged with the amount payable by the GLA to the pension fund in the year, not the amount calculated according to IAS 19. The IAS 19 transactions are charged to the GLA's income and expenditure account and accounts for the Authority's future pensions obligations. Statute however requires that the IAS19 charges are reversed and not charged against the GLA's reserves.

The LLDC is also member of the Local Government Pension Scheme, administered by the London Pensions Fund Authority, and the same statutory arrangements for funding and accounting for its deficit apply. The LLDC's employer contribution rate is 11.2%.

Provisions

The Group balance sheet also includes provisions totalling £164.6m. The major provisions are:

- £113.6m for **non-domestic (business) rates appeals**. This is a new provision (see below for further information on the new system of business rate retention) and 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. Of these, £84.7m relates to periods prior to 2013/14. The GLA has opted to spread the cost of these appeals (prior to 2013/14) over 5 years in order to minimise its potential levy payments to central government. This has had the effect of increasing the GLA's rates income by £60.1m in 2013/14 – offset by a reserve created on the balance sheet which will be reversed in equal amounts over the next four financial years; and

- £56.8m for the settlement of **Compulsory Purchase Orders**.

5. Other significant issues

Changes due to the new system of local government finance

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

The main changes were:

- The introduction of the business rates retention system;

- The localisation of council tax support (formerly benefit) accompanied by reforms which gave local authorities greater discretion in relation to council tax discounts and exemptions for second and empty homes; and

- The consolidation of a number of formerly distinct revenue grant streams for the GLA and its functional bodies into a single pot over which the Mayor in principle has complete discretion on the allocation of – paid through retained business rates and revenue support grant.

These changes are reflected in the Statement of Accounts and the most significant is to the Comprehensive Income and Expenditure Statement which now includes funding allocated to the functional bodies which was previously shown within the Fund Account. For 2013/14, the Comprehensive Income and Expenditure Statement includes £211.5m of revenue support grant and the £934.5m of business rates retention funding allocated to the functional bodies and the GLA in line with the Mayor's budget decisions. In addition the GLA made a £342.3m tariff payment to CLG representing the difference between its funding allocation for retained rates in the 2013/14 Local Government Finance Settlement and its 20% share of the business rates baseline in London.

In addition to the business rates reforms, decision making on the award of council tax benefit was localised – with council tax benefit subsidy replaced by a general fund grant (local council tax support), this localisation of council tax support had the effect of reducing billing authority taxbases as council tax benefit is now treated as a discount offset primarily by general fund grant rather than via 100% Government subsidy credited to the collection fund. In addition to this new powers were given to billing authorities in relation to discounts, exemptions and premiums for council tax on second and empty homes. These changes had the net effect of reducing the council tax base for Greater London by approximately 16% in 2013/14 compared to 2012/13.

As a result the Mayor's council tax requirement reduced from £935.1million in 2012/13 to £766.8 million in 2013/14 (after allowing for the 1.2 percent precept reduction) – with this offset in part by £160.4m of local council tax support funding received of which £119.3m was paid to MOPAC for the policing element of the precept and is reflected in the fund account and £41.1m was paid to the GLA for non-police services through revenue support grant and retained business rates.

Borrowing

All of the GLA's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing. On 23 May 2014 Standard & Poor's confirmed that it has maintained the GLA's credit rating at AA+ with a stable outlook.

In 2010/11 the GLA commenced its major programme of borrowing as a core element of its £4.1bn commitment to the Crossrail funding package, as agreed with the Government and Transport for London, with the original plan of borrowing £3.5bn and making a direct contribution of £0.6bn from Business Rate Supplement raised. As shown in the above capital financing table, the GLA borrowed £800m for Crossrail during 2013/14.

The financing and repayment of this borrowing is funded through the 2p Crossrail Business Rate Supplement ("BRS"), which is a property-based tax levied on larger businesses within Greater London (i.e. those with a rateable value above £55,000), collected alongside business rates.

As at 31 March 2014 the GLA has secured £3bn of fixed rate borrowing for Crossrail from a combination of the PWLB and the capital markets. The GLA has forward funded borrowing of £309m for 2014/15 and anticipates that it will no longer be required to borrow up to £3.5bn to fully finance its £4.1bn commitment to Crossrail. This is principally due to the fact that the GLA has been able to borrow the amount required to meet its commitment to TfL at a borrowing rate of some 3.5%, whereas the original plan assumed a rate of 6%.

In addition to borrowing for Crossrail, the GLA borrowed £300m in 2012/13 from the PWLB to refinance the Olympic Park debt inherited from the London Development Agency. The repayment profile of this portfolio is based on anticipated capital receipts due to GLAP. The repayment and service of these borrowings are covered by matching receipts from a loan agreement with GLAP. In

2013/14, in light of greater clarity around medium term cash balances, the GLA transferred £45m of the original £300m borrowing into the Crossrail debt portfolio, accompanied by an equal cash transfer to the BRS account. £255m remains as core debt to be repaid from General Fund resources.

The GLA has entered into an arrangement with the Treasury to borrow up to £1bn to finance the Northern Line Extension ("NLE"). The proposal includes plans to create two new stations at Nine Elms and Battersea Power Station and the borrowing is to be financed by developer contributions and the establishment of an Enterprise Zone ("EZ"), and includes a Treasury guarantee, with the option to extend the EZ for a further 5 years. Subject to the statutory processes to allow the NLE to commence and TfL's receipt of tenders, borrowing of some £120m is forecast to be undertaken in the latter part of 2014/15. The NLE borrowing, like Crossrail, is ring-fenced and will be accounted for on a similar basis as a Tax Increment Financing ("TIF") scheme.

The London Settlement

The London Settlement is the main funding settlement agreed with the Government for the GLA and LLDC and it runs to the end of 2014/15. Although a London Settlement has yet to be agreed for beyond this year, the Government has confirmed a capital grant of £1.07bn to the GLA for delivery of 32,000 affordable homes in the 2015-18 period.

Other

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

6. Further information

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

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

Martin Clarke
Executive Director of Resources

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Executive Director of Resources' responsibilities

The Executive Director of Resources is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* (the Code).

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

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

The Executive Director of Resources has also:

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

Certificate of the Executive Director of Resources

I certify that the accounts for the Greater London Authority, give a true and fair view of the financial position of the Greater London Authority as at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Martin Clarke CPFA
Executive Director of Resources

Date: 25 September 2014

Approval of the Statement of Accounts by the Mayor of London

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

Boris Johnson
Mayor of London

Date: 25 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE GREATER LONDON AUTHORITY

Opinion on the Authority's financial statements

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and the related notes 1 to 55. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the Greater London Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Resources and auditor

As explained more fully in the Statement of the Executive Director of Resources Responsibilities set out on page 13, the Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Greater London Authority Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority as at 31 March 2014 and of its expenditure and income for the year then ended;

- give a true and fair view of the financial position of the Group as at 31 March 2014 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 2013/14.

Opinion on other matters

In our opinion, the other information given in Greater London Authority Statement of Accounts 2013/14 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Greater London Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

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

Karl Havers
for and on behalf of Ernst & Young LLP, Appointed Auditor
London
25th September 2014

Group Movement in Reserves Statement

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

Group Movement in Reserves Statement (continued)

2012/13 - Restated*	Note	Restated General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Restated Unusable Reserves	Restated Total Authority Reserves	Restated Authority's Share of Subsidiaries' and Joint Venture's Reserves		Restated Group Usable	Restated Group Unusable	Restated Total Reserves
								Usable	Unusable			
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2012		**(9,595)**	**(307,883)**	**-**	**(317,478)**	**1,530,877**	**1,213,399**	**(20)**	**-**	**(317,498)**	**1,530,877**	**1,213,379**
Balance of acquired functions		(11,273)	-	-	**(11,273)**	**(2,422)**	**(13,695)**	**(12,844)**	**(1,448,546)**	**(24,117)**	**(1,450,968)**	**(1,475,085)**
Balance as at 1 April 2012		**(20,868)**	**(307,883)**	**-**	**(328,751)**	**1,528,455**	**1,199,704**	**(12,864)**	**(1,448,546)**	**(341,615)**	**79,909**	**(261,706)**
Movement in reserves during 2012/13												
Group (surplus) or deficit - restated		652,466	-	-	**652,466**	**-**	**652,466**	1,189,058	-	**1,841,524**	**-**	**1,841,524**
Corporation Tax on Other Comprehensive Income		-	-	-	**-**	**-**	**-**	-	83	**-**	**83**	**83**
Other Comprehensive Expenditure and Income - restated		-	-	-	**-**	**(13,183)**	**(13,183)**	-	2,656	**-**	**(10,527)**	**(10,527)**
Total Comprehensive Expenditure and Income		**652,466**	**-**	**-**	**652,466**	**(13,183)**	**639,283**	**1,189,058**	**2,739**	**1,841,524**	**(10,444)**	**1,831,080**
Other Adjustments		-	-	-	**-**	**-**	**-**	-	(796)	**-**	**(796)**	**(796)**
Adjustments between accounting basis and funding basis under regulations	7	(667,660)	-	(103)	**(667,763)**	**667,763**	**-**	(1,166,799)	1,166,799	**(1,834,562)**	**1,834,562**	**-**
Net (Increase)/ Decrease before Transfers to		**(15,194)**	**-**	**(103)**	**(15,297)**	**654,580**	**639,283**	**22,259**	**1,168,742**	**6,962**	**1,823,322**	**1,830,284**
Transfers to/(from) Earmarked Reserves		(17,757)	17,757	-	**-**	**-**	**-**	-	-	**-**	**-**	**-**
(Increase)/Decrease in 2012/13		(32,951)	17,757	(103)	**(15,297)**	**654,580**	**639,283**	22,259	1,168,742	**6,962**	**1,823,322**	**1,830,284**
Balance at 31 March 2013 carried forward		**(53,819)**	**(290,126)**	**(103)**	**(344,048)**	**2,183,035**	**1,838,987**	**9,395**	**(279,804)**	**(334,653)**	**1,903,231**	**1,568,578**

*See Note 1

Authority Movement in Reserves Statement

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

2012/13 -Restated*	Note	Restated General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Restated Unusable Reserves	Restated Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2012		**(9,595)**	**(307,883)**	**-**	**(317,478)**	**1,530,877**	**1,213,399**
Balance of acquired functions at 1 April 2012		(11,273)	-	-	**(11,273)**	(2,422)	**(13,695)**
		(20,868)	**(307,883)**	**-**	**(328,751)**	**1,528,455**	**1,199,704**
Movement in reserves during 2012/13							
(Surplus) or Deficit on the provision of services		652,465	-	-	**652,465**	**-**	**652,465**
Other Comprehensive Expenditure and Income		-	-	-	**-**	(13,182)	**(13,182)**
Total Comprehensive Expenditure and Income		652,465	-	-	**652,465**	**(13,182)**	**639,283**
Adjustments between accounting basis and funding basis under regulations	7	(667,659)	-	(103)	**(667,762)**	**667,762**	**-**
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(15,194)	-	(103)	**(15,297)**	**654,580**	**639,283**
Transfers to/(from) Earmarked Reserves	8	(17,757)	17,757	-	**-**		**-**
(Increase)/Decrease in 2012/13		(32,951)	17,757	(103)	**(15,297)**	**654,580**	**639,283**
Balance at 31 March 2013 carried forward		**(53,819)**	**(290,126)**	**(103)**	**(344,048)**	**2,183,035**	**1,838,987**

*See Note 1

Group Comprehensive Income and Expenditure Statement

2012/13 Gross Exp* £000	Restated* 2012/13 Gross Income £000	2012/13 Net Exp* £000	Continuing operations	Note	2013/14 Gross Exp* £000	2013/14 Gross Income £000	2013/14 Net Exp* £000
15,115	(165)	**14,950**	Central services		596	-	**596**
100,271	(9,252)	**91,019**	Cultural & Related Services		74,535	(1,500)	**73,035**
8,310	(3,430)	**4,880**	Environmental & Regulatory Services		3,623	(185)	**3,438**
64,108	(3,899)	**60,209**	Planning Services		151,841	(5,258)	**146,583**
4,408	(397)	**4,011**	Children's and education services		10,750	(5,238)	**5,512**
825,586	(3,959)	**821,627**	Highways and transport services		1,684,597	(1,073)	**1,683,524**
767,271	(64,036)	**703,235**	Housing and Land services		466,292	(36,006)	**430,286**
26,601	(1,490)	**25,111**	Olympic legacy		53,655	(15,276)	**38,379**
-	-	**-**	Public Health		3,423	(1,820)	**1,603**
-	-	**-**	Fire Services		272,399	-	**272,399**
-	-	**-**	Police Services		9,356	-	**9,356**
19,082	(156)	**18,926**	Corporate and democratic core		22,515	(476)	**22,039**
(9,658)	-	**(9,658)**	Non distributed costs		(3,553)	-	**(3,553)**
1,821,094	**(86,784)**	**1,734,310**	**Cost Of Services**		**2,750,029**	**(66,832)**	**2,683,197**
		821,439	Other Operating Expenditure	9			691,384
		69,456	Financing and Investment Income and Expenditure	10			96,853
		1,280,898	Movement in the fair value of LLDC's investment properties				168,135
		(2,066,214)	Taxation and Non-Specific Grant Income	11			(2,795,827)
		1,839,889	**(Surplus) or Deficit on Provision of Services**				**843,742**
		-	Share of the (surplus) or deficit on the provision of services of associates and joint ventures	32			23,934
		1,635	Tax expenses of subsidiaries				640
		1,841,524	**Group (Surplus) or Deficit**				**868,316**
			Items that are or may be reclassified to the surplus or deficit on the provision of services				
		(2,472)	(Surplus) or deficit on revaluation of available-for-sale financial assets				(9,636)
		7,408	Net change in available-for-sale assets reclassified to the (surplus) or deficit				2,631
			Items that will never be reclassified to the surplus or deficit on the provision of services				
		(1,954)	(Surplus) or deficit on revaluation of non-current assets				(3,014)
		-	Finance lease income credited to pooling of interests reserve				(2,630)
		(13,509)	Remeasurements of the net defined benefit liability				18,526
		83	Tax on other comprehensive income				209
		(10,444)	**Other Comprehensive Income and Expenditure**				**6,086**
		1,831,080	**Total Comprehensive Income and Expenditure**				**874,402**

*Expenditure
*2012/13 restated, see note 1 for details of the change in the IAS 19 (2011) accounting policy.

Authority Comprehensive Income and Expenditure Statement

Restated* 2012/13 Gross Exp £000	2012/13 Gross Income £000	Restated 2012/13 Net Exp £000	Gross expenditure, gross income and net expenditure of continuing operations	Note	2013/14 Gross Exp £000	2013/14 Gross Income £000	2013/14 Net Exp £000
15,115	(232)	14,883	Central services		596	-	596
101,285	(9,699)	91,586	Cultural & related services		74,535	(1,500)	73,035
8,310	(3,467)	4,843	Environmental & regulatory services		3,623	(185)	3,438
64,108	(3,900)	60,208	Planning services		151,841	(5,258)	146,583
4,408	(416)	3,992	Children's and education services		10,750	(5,238)	5,512
825,698	(3,972)	821,726	Highways and transport services		1,684,611	(1,064)	1,683,547
675,976	(5,649)	670,327	Housing services		428,403	(3,448)	424,955
150,105	(1,000)	149,105	Olympic legacy		213,625	-	213,625
-	-	-	Public Health		3,423	(1,820)	1,603
-	-	-	Fire Services		272,399	-	272,399
-	-	-	Police Services		9,356	-	9,356
19,008	(349)	18,659	Corporate and democratic core		21,818	(627)	21,191
(9,658)	-	(9,658)	Non distributed costs		(3,553)	-	(3,553)
1,854,355	**(28,684)**	**1,825,671**	**Cost Of Services**		**2,871,427**	**(19,140)**	**2,852,287**
		821,439	Other operating expenditure	9			691,384
		60,874	Financing and investment income and expenditure*	10			99,098
		(2,055,519)	Taxation and non-specific grant income and expenditure	11			(2,790,463)
		652,465	**(Surplus) or Deficit on Provision of Services**				**852,306**
			Items that will never be reclassified to the surplus or deficit on the provision of services				
		(153)	(Surplus) or deficit on revaluation of non-current assets				-
		(13,029)	Remeasurements of the net defined benefit liability*				14,638
		(13,182)	**Other Comprehensive Income and Expenditure**				14,638
		639,283	**Total Comprehensive Income and Expenditure**				**866,944**

See note 1 for details of the change in the IAS 19 (2011) accounting policy.

Balance Sheet

	Note	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Property, plant & equipment	25	3,020	22,063	3,415	20,650
Investment property	26	-	206,956	-	177,041
Intangible assets	27	15	64	46	107
Long term investments	29	314,634	49,285	344,082	77,775
Mortgages -Available for sale financial assets	30	-	60,287	-	54,117
Investments in associates and joint ventures		-	-	2	63
Long term debtors	33	2,529	2,529	1,833	14,477
Finance lease receivables	34	-	25,469	-	6,814
Long Term Assets		**320,198**	**366,653**	**349,378**	**351,044**
Short term investments	51	584,413	584,413	526,525	528,367
Assets held for sale	36	-	-	627	627
Finance lease receivables	34	-	5,313	-	7,255
Inventories	37	-	255,399	-	262,229
Trade and other receivables	38	286,950	312,366	130,872	122,825
Cash and Cash Equivalents	39	429,993	437,562	421,170	447,418
Current Assets		**1,301,356**	**1,595,053**	**1,079,194**	**1,368,721**
Bank overdraft	39	-	-	-	(336)
Short term borrowing	51,52	(38,552)	(22,765)	(101,055)	(26,125)
Short term creditors	40	(386,792)	(438,322)	(351,249)	(394,896)
Receipts in advance - revenue	14	(7,050)	(7,050)	(458)	(458)
Receipts in advance - capital	14	(419,656)	(419,657)	(182,969)	(182,969)
Finance lease liabilities	34	-	(1)	-	(1)
Provisions	41	(20,492)	(39,247)	(43,511)	(44,661)
Current Liabilities		**(872,542)**	**(927,042)**	**(679,242)**	**(649,446)**
Long term creditors		(70)	(4,411)	(145)	(14,490)
Provisions	41	(130,118)	(136,272)	(32,331)	(53,859)
Long term borrowing	51,52	(3,254,428)	(3,254,428)	(2,500,000)	(2,509,197)
Investment in Joint Venture	32	-	(1,056)	-	
Finance lease liabilities	34	-	(328)	-	(329)
Net pensions liability	20	(65,078)	(72,454)	(49,358)	(52,266)
Receipts in advance - revenue	14	(2,029)	(2,029)	(3,264)	(3,264)
Receipts in advance - capital	14	(3,219)	(3,219)	(3,219)	(3,219)
Deferred tax liability		-	(3,441)	-	(2,273)
Long Term Liabilities		**(3,454,942)**	**(3,477,638)**	**(2,588,317)**	**(2,638,897)**
Net Assets		**(2,705,930)**	**(2,442,973)**	**(1,838,987)**	**(1,568,578)**
Usable reserves		(391,173)	(325,251)	(344,048)	(334,653)
Unusable Reserves	43	3,097,103	2,768,224	2,183,035	1,903,231
Total Reserves		**2,705,930**	**2,442,973**	**1,838,987**	**1,568,578**

Cash Flow Statement

	Note	Authority 2013/14 £000	Group 2013/14 £000	Restated* Authority 2012/13 £000	Restated* Group 2012/13 £000
Net surplus or (deficit) on the provision of services		(852,305)	(868,316)	(652,466)	(1,841,524)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	214,264	368,958	322,366	1,649,952
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(2,131)	(195,570)	(3,188)	(148,028)
Net cash flows from Operating Activities		**(640,172)**	**(694,928)**	**(333,288)**	**(339,600)**
Investing Activities	46	(59,648)	(82,718)	(469,105)	(410,268)
Financing Activities	47	708,643	768,125	1,080,167	1,019,285
Net increase or decrease in cash and cash equivalents		**8,823**	**(9,521)**	**277,774**	**269,417**
Cash and cash equivalents at 1 April		421,170	447,082	143,396	177,665
Cash and cash equivalents at 31 March		**429,993**	**437,561**	**421,170**	**447,082**

*See Note 1

Notes to the Core Financial Statements

1. Changes in Accounting Policies

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

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2013.

Post-employment defined benefit plans

The International Accounting Standards Board published a revised IAS 19 standard in June 2011, the revised standard has been adopted in the Group's 2013/14 financial statements and the 2012/13 comparative figures have been restated.

The main change is with respect to the basis for determining the income or expense related to the post-employment defined benefit plans. Under IAS 19 (2011), the Group determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

In 2012/13 the impact on the financial statements has been an increase of £1.9m Authority/£2.0m Group, in the charge against the Surplus or Deficit on the Provision of Services with a commensurate decrease in the amount charged to the return on assets for both the Authority and the Group, as set out in the table below. The revisions to the standard have had no impact on the net defined benefit liability in the balance sheet.

	Authority £000 Audited 2012/13	£000 IAS 19 Accounting Policy	Restated Authority £000 Net Exp	Group £000 Audited 2012/13 Net Exp	£000 IAS 19 Accounting Policy	£000 *Service reclassi-fication	Restated Group £000 Net Exp
Continuing operations							
Planning Services	60,208	-	60,208	86,320	-	(26,111)	60,209
Olympic legacy	149,105	-	149,105	(1,000)	-	26,111	25,111
Corporate and democratic core	18,438	221	18,659	18,697	229	-	18,926
Other Services	1,597,699	-	1,597,699	1,630,064	-	-	1,630,064
Cost Of Services	1,825,450	221	1,825,671	1,734,081	229	-	1,734,310
			-				-
Financing and Investment Income and Expenditure	59,129	1,745	60,874	67,646	1,810	-	69,456
(Surplus) or Deficit on Provision of Services	650,499	1,966	652,465	1,837,850	2,039	-	1,839,889
Remeasurements of the net defined benefit liability	(11,063)	(1,966)	(13,029)	(11,470)	(2,039)	-	(13,509)
Other Comprehensive Income and Expenditure	(11,216)	(1,966)	(13,182)	(8,405)	(2,039)	-	(10,444)
Total Comprehensive Income and Expenditure	639,283	-	639,283	1,831,080	-	-	1,831,080

* See Note 4

Presentation of Items of Other Comprehensive Income (Amendments to IAS1)

As a result of changes to IAS 1, the Group has modified the presentation of items of Other Comprehensive Income (OCI) in the statement of income and expenditure and OCI, to present separately, items that would be reclassified to income and expenditure from those that would never be. Comparative information has been re-presented accordingly.

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 2013/14 financial year and its position at 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 ("the Code ") and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards ("IFRS") adopted by the European Union ("Adopted IFRS") and statutory guidance issued under Section 12 of the 2003 Act.

The Group financial statements have been prepared in accordance with Adopted IFRSs.

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

ii. Basis of Accounting

The accounts are prepared as at 31 March.

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

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

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

iii. Basis of Preparation of Group Accounts

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

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

Subsidiaries

The Group accounts presented with the Authority's accounts consolidate the individual accounts of the Greater London Authority and its subsidiaries. The Authority's subsidiaries are Greater London Authority Holdings Limited, London Legacy Development Corporation and London Travel Watch. A subsidiary is an entity over which the Authority exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of subsidiaries have been consolidated on a line–by- line basis in accordance with IAS27. Intragroup transactions and balances between GLA Group entities are eliminated.

Associates

An associate is an entity over which the Authority exercises or has the potential to exercise significant influence. On 3 October 2013 the Authority transferred its shares in the Royal Docks Management Authority Limited ("RoDMA") to GLA Land and Property Limited for nil consideration, as a result, the Authority no longer has any interests in associates.

iv. Going Concern

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

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

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

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

Material errors discovered in prior period figures or reclassifications are corrected retrospectively by amending opening balances and comparative amounts for the prior 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 pace, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group;

- Revenue from the provision of services is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the Group;

- Development properties and land sales - Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. It is considered that risks and rewards pass on legal completion. Revenue in respect of residential properties is recognised at the fair value of the consideration received or receivable on legal completion.

- Rental income from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet, see Inventories accounting policy xviii for further details;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

viii. Government Grants and Contributions

Revenue grants

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

- the Group will comply with the conditions attached to the payments; and

- the revenue grants or contributions will be received.

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

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

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

Capital grants

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

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

Business Rates Supplement (“BRS”)

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

Community Infrastructure Levy (“CIL”)

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

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

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

The new rates retention system was introduced in 2013/14 – and the GLA receives funding in two forms via funds transferred by billing authorities from rates income collected and from central government to compensate for the lost revenue arising from the granting of certain additional rating reliefs (e.g. in 2013/14 small business double rate relief).

The GLA – acting for the Mayor – allocates funding through retained business rates to the GLA, LFEPA and TfL. For 2013/14 the allocations are consistent with the baseline funding allocations at the start of the new system set by central government.

Rates retention is accounted for in a similar way to council tax. The retained rates income included in the Comprehensive Income and Expenditure Statement for the year will be the 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. Since the collection of business rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from business rates debtors belongs proportionately to them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from ratepayers.

The GLA has also exercised its right under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014 to spread the cost of its share of the provisions made by the 33 billing authorities for backdated appeals relating to periods prior to 2013/14 over 5 years in order to minimise its potential levy payments to central government. This has the effect of notionally increasing its rates income for 2013/14 – offset by a reduction in equal amounts over the next four financial years. These are balanced by the creation of a backdated appeals spreading reserve in the Balance sheet, which is released in equal amounts over the next four years.

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

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

x. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SERCOP). The total absorption costing principle is used-the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Group bodies' status as multi-functional, democratic organisations; and

- Non distributed Costs – the cost of discretionary benefits awarded to employees retiring early and other past service costs relating to retirement benefits.

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

xi. Exceptional Items

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

xii. Charges to Revenue for Non-Current Assets

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

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

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

xiii. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

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

- Liabilities are discounted to their value at current prices, using a discount rate of 4.6%. The chosen discount rate is the annualised yield at the 24-year point on the Merrill Lynch AA rated corporate bond curve.

- The assets of the LPFA pension fund attributable to the Authority and LLDC are included in the Balance Sheet at their fair value as follows:

    - Quoted securities-current bid price
    - Unquoted securities-professional estimate
    - Unitised securities-current bid price
    - Property-market value

The change in the net pensions liability is analysed into 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. Staff at London TravelWatch, and one member of staff at the GLA are members of the scheme.

xiv. Financial Instruments

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

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

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

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

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

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

Financial assets are classified as held for trading if they are acquired for sale in the short-term.
Assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

Loans and receivables

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

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

Available for sale financial assets

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

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

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

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

Financial liabilities measured at amortised cost

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

Trade and other creditors are measured at amortised cost.

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

Financial assets – Other Investments

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

Impairment of financial assets

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

All impairment losses are recognised in the income statement.

xv. Cash and cash equivalents

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

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

xvi. Foreign Currency Translation

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

xvii. Interests in Companies and Other Entities

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

xviii. Inventories

GLA

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

Greater London Authority Holdings Ltd

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

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

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

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

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

xix. Leases

Finance Leases (the Group as lessee)

Leased Assets

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

Lease Payments

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

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

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

Finance Leases (the Group as lessor)

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

Operating Leases (the Group as lessee)

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

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

Operating Leases (the Group as 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.

xx. Intangible Assets

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

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

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

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

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

Software costs	Straight line	3 to 5 years

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

xxi. Property, Plant and Equipment

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

Recognition

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

De-recognition

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

Initial Measurement and Valuations

Assets are initially measured at cost, comprising:

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

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

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

Valuations

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

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

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

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

Impairment

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

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

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

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is provided according to the following policy:

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

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

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

Disposals

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

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

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

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

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

xxii. Heritage Assets

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

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

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

xxiii. Investment Property

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

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

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

xxiv. Non-Current assets held for sale

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

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

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

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

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

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

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

xxvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

Contingent Assets

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

xxvii. Reserves

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

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

xxviii. VAT

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

xxix. Corporation Tax

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

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

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

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

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

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

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

xxx. Council Tax Accounting

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

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

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

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

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

xxxi. Non-domestic rates

In their capacity as billing authorities, the 32 boroughs and the City of London Corporation, act as the GLA's agent: they collect and distribute non-domestic rates income on behalf of themselves and the GLA.

The non-domestic rates 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 Authority's proportionate share of non-domestic rates for the year plus the Authority's share of the Non-Domestic Rates surplus on the billing authorities' Collection Fund for the previous year or less its share of the Non-Domestic Rates deficit on the Collection Fund for the previous year.

Under the 2013/14 rates retention scheme the GLA is a tariff authority as its allocated share of business rates revenues in London is higher than its baseline funding set by the Secretary of State –

the difference between these two amounts is the tariff payable. This tariff payment will be uprated in subsequent years by the increase in the non-domestic rating multiplier. If its retained income at the end of a financial year exceeds its baseline funding it is required to make a levy payment to the Secretary of State equivalent to 27 per cent of the difference. If its retained income is less than 92.5 per cent of its baseline funding it would be eligible to receive a safety net payment. This safety net payment would top up its funding to the 92.5 per cent of baseline funding level.

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

Since the collection of non-domestic rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from non-domestic rates debtors belongs proportionately to them 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 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 made on account and the actual safety net payment due and a creditor for the actual levy payment due.

xxxii. Crossrail Business Rate Supplement

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

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

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

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

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

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

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

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

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

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

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

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

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

xxxiii. Minimum Revenue Provision

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

The Authority's MRP policy relating to Crossrail BRS is that the annual Crossrail BRS proceeds received in excess of interest payable and other revenue expenses shall be accounted for as direct revenue financing until the total committed funding for Crossrail (£4.1bn) has been transferred to TfL, currently expected to be 2015/16. Once this total has been reached, such amounts shall fund the Crossrail element of the minimum revenue provision and in cash terms used or set aside for the repayment of debt relating to Crossrail. This is a prudent provision, since it will fully fund the liability over a period of time reasonably commensurate with the benefits of the project.

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

xxxiv.Events after the Balance Sheet Date

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

3. Accounting Standards issued but not yet effective

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

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities have been issued along with revised versions of IAS 27 Separate Financial Statements and IAS 28 Associates; additionally IAS 31 Joint Ventures has been withdrawn. The aim of these standards is to improve the quality of reporting in relation to the consolidation of subsidiaries, special purpose vehicles and accounting for joint arrangements. The Group boundaries will be reviewed but it is not expected that the requirements of these standards will materially affect the Group's financial statements. These standards form a single package of proposals with mandatory application in the Authority's financial statements from 2014/15 onwards.

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

4. Prior period reclassifications

LLDC's income and expenditure in the CIES has been reclassified as Olympic Legacy in both 2012/13 and the current financial year. It was previously reported within Planning Services. It is management's view that "Olympic Legacy" is a more accurate description of the activities being undertaken by LLDC.

5. Use of estimates and judgements

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

Interests in other organisations

The Authority is the co-sponsor (along with the Corporation of London) for the Museum of London and has the right to appoint half the board. It has been determined that the Authority does not jointly control the Museum of London and it has not been included as a joint venture in the Authority's group accounts. Transactions between the Museum of London and the Authority are disclosed in Note 49.

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.

Property, plant and equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the classification of specialist/non-specialist assets and in determining residual values.

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

The significant assumptions applied in estimating the fair values are:

- For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;

- The assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors ("the Red Book" (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;

- Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable; and

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

Inventory

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

By its nature, this process involves a significant amount of estimation uncertainty, particularly given the complexity of some of the Group's properties, and the current market conditions. Valuations are performed by qualified independent external valuers. The key judgements in these reviews are estimating the realisable value which is determined by using the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals, less estimated selling costs, estimated remediation costs and estimated costs to complete.
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 2014, this review resulted in £4 m impairment charge. See note 37 for further details.

Leases

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held by the Group. Given that finance lease obligations are recognised as liabilities, and operating lease obligations are not, this can have a significant effect on the reported financial position of the Group. See note 34 for further details.

Determining whether an arrangement contains a lease

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

Fair value of Equity Mortgages

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

Available for sale financial assets are valued with reference to published house price indices (February 2014 data used as March 2014 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 2014 the asset recognised on the balance sheet was £60.3m.

Compulsory Purchase Order Provisions

Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be incurred by the Group. This can be very complex, especially when there is a wide range of possible outcomes. More details are given in note 41.

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.

Post-retirement benefits

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

Council tax and non-domestic rate accounting

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

The *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* sets outs the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is based on the demand/precepts proportions for the next financial year.

In respect of business rates retention the GLA's share of rates income, related section 31 grants, debtors, creditors, bad debt provisions, appeals provisions and collection fund surpluses or deficits is set at 20 per cent of the total for each of the 33 London billing authorities. This is the prescribed percentage share set out in The Non-Domestic Rating (Rates Retention) Regulations 2013. The amounts recorded are derived from the National Non Domestic Rates 3 outturn returns for 2013/14 submitted to the GLA by each authority which will be materially consistent with the information reported in the audited collection fund statements within their 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 most significant provision relates to the estimate for non domestic rating appeals both for the 2013/14 financial year and for backdated amounts for accounting periods prior to 1 April 2013. In estimating their provision each London billing authority has had regard to the settlement rates of historic appeals and the level of appeals unresolved at the financial year end. Billing authorities have also generally considered the case for incorporating an estimate for the potential impact of appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

The GLA has considered the possibility that billing authorities may have under or over provided for the impact of rating appeals. Over provisions may arise where the Valuation Office and Valuation Tribunal rejects a greater proportion of appeals than anticipated because it considers that the rating list is generally accurate or successful appeals are backdated to an earlier reference date. Under provisions may occur if a higher proportion of the rating list is ultimately challenged successfully by ratepayers or there may be changes to national rating policies for certain business sector which have a greater material impact in some billing authorities.

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

Of the total provision approximately 50 per cent relates to the estimates provided by the Corporation of London and Westminster City Council which account for nearly 40 per cent of the GLA's retained rates income. In the City nearly 95 per cent of assessments on the rating list at 31 March 2014 had lodged appeals which were either resolved or unresolved at that date. Westminster has undertaken a comprehensive analysis of its rating list and potential appeals to determine its provision.

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. 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

2013/14	USABLE RESERVES					
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Other Usable Reserves £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(1,582)	-	-	-	**-**	**1,582**
Movements in the market value of Investment Properties	(168,135)	-	-	-	**-**	**168,135**
Amortisation of intangible assets	(68)	-	-	-	**-**	**68**
Community Infrastructure Levy applied	46,185	-	-	-	**-**	**(46,185)**
Capital grants and contributions applied	817,247	-	-	-	**-**	**(817,247)**
Revenue expenditure funded from capital under statute	(1,555,012)	-	-	-	**-**	**1,555,012**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	121	-	-	-	**-**	**(121)**
Release of CPO provision and creditor	13,525	-	-	-	**-**	**(13,525)**
Impairment of the Joint Venture investment	(23,873)	-	-	-	**-**	**23,873**
Impairment of long term investment - JESSICA	(31,325)	-	-	-	**-**	**31,325**
Movements in the fair value of loan used to finance Invrestment Property	9,197	-	-	-	**-**	**(9,197)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:						
Statutory provision for the financing of capital investments	-	-	-	-	**-**	**-**
Voluntary provision for the financing of capital investments	9,779	-	-	-	**-**	**(9,779)**
Capital expenditure charged against the General Fund balance	113,769	-	-	-	**-**	**(113,769)**
Adjustments primarily involving the BRS Account:						
Transfer of net income and expenditure to the BRS account	(761,731)	761,731	-	-	**-**	**761,731**
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	761,731	(761,731)	-	-	**-**	**(761,731)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,391	-	-	(1,391)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	17,516	**-**	**(17,516)**
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	-	-	-	-	**-**	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,117	-	**-**	**(4,117)**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-	**-**	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(25,983)	-	**-**	**25,983**
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on	740	-	-	-	**-**	**(740)**
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(7,104)	-	-	-	**-**	**7,104**
Employer's pensions contributions and direct payments to pensioners payable in the year	5,442	-	-	-	**-**	**(5,442)**

Group (continued)

Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	11,362	-	-	-	**-**	**(11,362)**
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(57,179)	-	-	-	**-**	**57,179**
Adjustments primarily involving the non-domestic rates appeals provision spreading account:						
Amount of the non-domestic rates appeals provision that has been reversed and transferred to the non-domestic rates appeals provision account	(60,083)	-	-	-	**-**	**60,083**
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(164)	-	-	-	**-**	**164**
Total Adjustments	**(875,767)**	**-**	**(21,866)**	**16,125**	**-**	**881,508**

Group

2012/13 Restated	Restated General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Restated Movement in Unusable Reserves £000
	USABLE RESERVES				
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	2,866	-	-	-	**(2,866)**
Movements in the fair value of Investment Properties	1,280,898	-	-	-	**(1,280,898)**
Amortisation of intangible assets	303	-	-	-	**(303)**
Community Infrastructure Levy applied	(6,030)				**6,030**
Capital grants and contributions applied	(914,331)	-	-	-	**914,331**
Revenue expenditure funded from capital under statute	1,622,215	-	-	-	**(1,622,215)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	2,855	-	-	-	**(2,855)**
Other adjustments	-	-	-	-	**-**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:					
Statutory provision for the repayment of debt	-	-	-	-	**-**
Voluntary provision for the repayment of debt	(4,106)	-	-	-	**4,106**
Capital expenditure charged against the General Fund balance	(147,255)	-	-	-	**147,255**
Adjustments primarily involving the BRS Account:					
Transfer of net income and expenditure to the BRS account	671,746	(671,746)	-	-	**(671,746)**
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	(671,746)	671,746	-	-	**671,746**
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(17,516)	-	-	17,516	**-**
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	(3,188)	-	3,188	-	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(3,085)	-	**3,085**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	1,815	-	**(1,815)**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account *	1,753	-	-	-	**(1,753)**
Employer's pensions contributions and direct payments to pensioners payable in the year	(5,473)	-	-	-	**5,473**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,874	-	-	-	**(1,874)**
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	263	-	-	-	**(263)**
Total Adjustments	**1,815,128**	**-**	**1,918**	**17,516**	**(1,834,562)**

See note 1 for details of the change in the IAS 19 (2011) accounting policy.

Adjustments between Accounting Basis and Funding Basis under Regulations

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

Authority

2013/14	USABLE RESERVES				
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(785)	-	-	-	**785**
Amortisation of intangible assets	(32)	-	-	-	**32**
Community Infrastructure Levy applied	46,185	-	-	-	**(46,185)**
Capital grants and contributions applied	626,893	-	-	-	**(626,893)**
Movement in the Donated Assets Account		-	-	-	**-**
Revenue expenditure funded from capital under statute	(1,546,780)	-	-	-	**1,546,780**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(627)	-	-	-	**627**
Release of CPO provision and creditor	13,525	-	-	-	**(13,525)**
Impairment of long term investment - JESSICA	(31,325)	-	-	-	**31,325**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account					
Voluntary provision for the repayment of debt	9,779	-	-	-	**(9,779)**
Capital expenditure charged against the General Fund balance	113,769	-	-	-	**(113,769)**
Adjustments primarily involving the BRS Account:					
Transfer of net income and expenditure to the BRS account	(761,731)	761,731	-	-	**-**
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	761,731	(761,731)	-	-	**-**
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,391	-	-	(1,391)	**-**
Adjustments primarily involving the Capital Receipts Reserve:					
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	391	-	**(391)**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals					**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(24,072)	-	**24,072**
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	740	-	-	-	**(740)**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(5,814)	-	-	-	**5,814**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,732	-	-	-	**(4,732)**

Authority (continued)

Adjustments primarily involving the Collection Fund Adjustment Account:					
Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	11,362	-	-	-	**(11,362)**
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the	(57,179)	-	-	-	**57,179**
Adjustments primarily involving the non-domestic rates appeals provision spreading account:					
Amount of the non-domestic rates appeals provision that has been reversed and transferred to the non-domestic rates appeals provision account	(60,083)	-	-	-	**60,083**
Adjustments primarily involving the Accumulated					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(110)	-	-	-	**110**
Total Adjustments	**(874,359)**	**-**	**(23,681)**	**(1,391)**	**899,431**

Authority

2012/13 Restated*	USABLE RESERVES			
	Restated General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Restated Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(2,713)	-	-	**2,713**
Amortisation of intangible assets	(84)	-	-	**84**
Community Infrastructure Levy applied	6,030		-	**(6,030)**
Capital grants and contributions applied	795,166	-	-	**(795,166)**
Revenue expenditure funded from capital under statute	(1,620,197)	-	-	**1,620,197**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(2,855)	-	-	**2,855**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account				
Voluntary provision for the repayment of debt	4,106	-	-	**(4,106)**
Capital expenditure charged against the General Fund balance	147,255	-	-	**(147,255)**
Adjustments primarily involving the BRS Account:				**-**
Transfer of net income and expenditure to the BRS account	(671,746)	671,746	-	**-**
Transfer of an amount equal to the BRS deficit from the General Fund to the BRS account	671,746	(671,746)	-	**-**
Adjustments primarily involving the Capital Receipts Reserve:				**-**
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	3,188	-	(3,188)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,085	**(3,085)**
Adjustments primarily involving the Pensions Reserve (Restated):				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Account	(271)	-	-	**271**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,786	-	-	**(4,786)**
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,874)	-	-	**1,874**
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(196)	-	-	**196**
Total Adjustments	**(667,659)**	**-**	**(103)**	**667,762**

*See note 1 for details of the change in the IAS 19 (2011) accounting policy.

8. Transfers to/from Earmarked Reserves – Authority

This note sets out the amounts set aside, by the Authority, from the General Fund in earmarked reserves to provided financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14.

	Balance at 1 April 2013 £000	Transfers In 2013/14 £000	Transfers Out 2013/14 £000	Balance at 31 March 2014 £000
Assembly Development & Resettlement	1,066	222	-	**1,288**
City Hall Lease Smoothing	4,110	1,313	(1,975)	**3,448**
Compulsory Purchase Orders	-	2,170	-	**2,170**
Development	2,000	-	-	**2,000**
Directorate (Programme reserve)	27,073	25,908	(28,189)	**24,792**
Election	2,000	4,500	(265)	**6,235**
Environment Drainage	1,941	587	(1,469)	**1,059**
Estates	3,000	1,268	(268)	**4,000**
Home Retrofit	1,896	199	(2,095)	**-**
Legal Fees	700	-	-	**700**
London and Partners	2,206	-	-	**2,206**
Major Events	-	3,500	-	**3,500**
Mayoral Resettlement	77	-	-	**77**
Mayor's Resilience	26,416	37,317	(23,383)	**40,350**
NDR Backdated Appeals Spreading	-	60,083	-	**60,083**
Olympic Legacy	2,860	7,140	-	**10,000**
Olympics	1,161	95	-	**1,256**
Planning Smoothing	1,000	-	(146)	**854**
Pre-Application Planning	390	199	(114)	**475**
Revenue Grants Unapplied	211,230	50,267	(119,634)	**141,863**
Self Insurance Fund	1,000	-	-	**1,000**
Total Earmarked Reserves	**290,126**	**194,768**	**(177,538)**	**307,356**

The purpose of each reserve is detailed below:

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

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

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

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

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

The 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 repairs and maintenance works across the GLA Estate as well as works undertaken at Parliament and Trafalgar Squares.

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

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

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

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

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

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

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

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

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

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

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

9. Other Operating Expenditure

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

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

	Authority 2013/14 £000	**Group 2013/14 £000**	**Authority 2012/13 £000**	**Group 2012/13 £000**
Precept payable to the Functional Bodies	691,497	691,497	821,772	821,772
Gain/loss on disposal of non current assets	(113)	(113)	(333)	(333)
Total	**691,384**	**691,384**	**821,439**	**821,439**

10. Financing and Investment Income and Expenditure

	Authority 2013/14 £000	Group 2013/14 £000	Restated Authority 2012/13 £000	Restated Group 2012/13 £000
Interest payable and similar charges	116,517	115,734	87,702	90,340
Net interest on the net defined liability	2,109	2,229	2,501	2,628
Interest receivable and similar income	(19,528)	(11,271)	(29,329)	(20,903)
Other investment Income	-	(237)	-	(232)
Net (gain)/loss on disposal of available-for-sale financial assets reclassified from equity	-	(1,498)	-	(7,938)
Income and expenditure in relation to investment properties and changes in fair value	-	(8,104)	-	5,560
Total	**99,098**	**96,853**	**60,874**	**69,455**

11. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Precept receivable from Council Tax payers	(800,430)	(800,430)	(942,973)	(942,973)
Non-domestic rate income	(1,194,072)	(1,194,072)	-	-
Non-domestic rate expenditure	342,314	342,314	-	-
Business Rate Supplement - Crossrail	(221,358)	(221,358)	(226,069)	(226,069)
Community Infrastructure Levy	(46,185)	(46,185)	(6,030)	(6,030)
Revenue Support Grant (see Note 14)	(211,540)	(211,540)	-	-
Non-ringfenced revenue government grants (see Note 14)	(30,908)	(30,908)	(85,281)	(85,281)
Capital grants and contributions (see Note 14)	(628,284)	(633,648)	(795,166)	(805,861)
Total	**(2,790,463)**	**(2,795,827)**	**(2,055,519)**	**(2,066,214)**

12. Precepts

The Comprehensive Income and Expenditure Statement contains the 2013/14 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 2013/14 collection funds net Council Tax surplus/deficit. In the Movement in Reserves Statement the 2013/14 share of the collection funds' net surplus/deficit is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2012/13 net surplus/deficit is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2013/14 Precept Demand	2013/14 Surplus/Deficit	Share of 2012/13 Estimated (Surplus) / Deficit	2012/13 Precept Demand	2012/13 Surplus/Deficit	Share of 2011/12 estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(514)	(58)	(45)	(477)	(46)	(39)
Barking & Dagenham	(12,107)	(295)	(136)	(16,283)	(119)	(360)
Barnet	(37,964)	168	-	(43,916)	(286)	-
Bexley	(22,209)	(446)	-	(25,950)	54	-
Brent	(23,389)	(715)	(526)	(30,181)	(575)	(226)
Bromley	(37,008)	(866)	(558)	(41,119)	(889)	(643)
Camden	(24,881)	(314)	(99)	(29,859)	(417)	12
Croydon	(32,608)	(1,350)	(1,221)	(39,612)	(806)	(853)
Ealing	(30,185)	(1,237)	(582)	(36,710)	(795)	(132)
Enfield	(26,530)	(925)	(303)	(33,868)	(179)	-
Greenwich	(20,151)	(1,389)	(537)	(24,850)	(685)	(537)
Hackney	(17,787)	(839)	(1,392)	(23,725)	(3)	(2,233)
Hammersmith & Fulham	(20,572)	(741)	-	(24,564)	(444)	-
Haringey	(19,250)	(738)	934	(26,678)	108	768
Harrow	(23,293)	(535)	(273)	(27,034)	(223)	(349)
Havering	(24,059)	(272)	123	(27,647)	(276)	(262)
Hillingdon	(26,496)	(2,248)	(248)	(30,744)	1,329	(49)
Hounslow	(22,613)	(664)	(356)	(26,900)	(306)	(187)
Islington	(20,858)	(593)	-	(27,538)	(1)	-
Kensington & Chelsea	(27,522)	(160)	(52)	(30,580)	21	14
Kingston Upon Thames	(17,506)	2	(7)	(19,375)	(38)	(74)
Lambeth	(26,671)	(1,996)	(911)	(33,286)	(426)	(897)
Lewisham	(21,876)	(865)	(1)	(27,427)	(482)	(302)
Merton	(20,295)	(1,044)	(739)	(22,948)	(647)	(1,089)
Newham	(17,974)	(706)	(328)	(23,627)	776	-
Redbridge	(23,519)	219	-	(27,964)	223	-
Richmond Upon Thames	(25,302)	(204)	(179)	(27,602)	(137)	(120)
Southwark	(24,671)	(737)	(303)	(30,682)	(434)	42
Sutton	(19,854)	867	(212)	(22,740)	(237)	(214)
Tower Hamlets	(21,674)	(121)	(569)	(27,859)	(219)	300
Waltham Forest	(18,764)	(1,128)	(501)	(23,700)	(535)	(582)
Wandsworth	(34,806)	(1,327)	(1,079)	(39,370)	(1,021)	(1,896)
City of Westminster	(35,814)	(451)	(246)	(40,306)	(136)	183
Amounts receivable	**(778,722)**	**(21,708)**	**(10,346)**	**(935,121)**	**(7,851)**	**(9,725)**

13. Non Domestic Rates income (NDR)

The Comprehensive Income and Expenditure Statement contains the Authority's share of 2013/14 non-domestic rates collected by the 32 London boroughs and the City of London Corporation and the Authority's share of the 2013/14 collection funds net non-domestic surplus/deficit. In the Movement in Reserves Statement the 2013/14 share of the net surplus/deficit is reversed from the General Fund balance and taken to the Collection Fund Adjustment account. An analysis of these amounts is contained in the following table:

	2013/14 NDR £000	2013/14 Surplus / Deficit £000
Corporation of London	(143,343)	10,342
Barking & Dagenham	(11,865)	2,339
Barnet	(22,405)	1,632
Bexley	(13,135)	833
Brent	(21,261)	1,027
Bromley	(16,844)	395
Camden	(98,280)	7,615
Croydon	(22,114)	1,397
Ealing	(25,532)	1,673
Enfield	(21,255)	637
Greenwich	(11,887)	(804)
Hackney	(18,604)	2,070
Hammersmith & Fulham	(32,840)	4,014
Haringey	(12,385)	98
Harrow	(9,817)	195
Havering	(13,828)	835
Hillingdon	(66,265)	264
Hounslow	(27,873)	1,206
Islington	(36,564)	1,029
Kensington & Chelsea	(52,365)	-
Kingston Upon Thames	(15,188)	1,753
Lambeth	(22,431)	(87)
Lewisham	(9,638)	83
Merton	(16,315)	419
Newham	(25,794)	2,010
Redbridge	(10,376)	156
Richmond Upon Thames	(15,740)	419
Southwark	(38,117)	7,259
Sutton	(10,157)	162
Tower Hamlets	(64,241)	68
Waltham Forest	(11,199)	254
Wandsworth	(19,765)	755
City of Westminster	(313,828)	7,131
Amounts receivable	**(1,251,251)**	**57,179**

The 2013-14 NDR figure represents the budgeted income receivable reported by billing authorities on the National Non Domestic Rating 1 (NNDR1) in January 2013. The 2013-14 surplus deficit is the variance compared to this budgeted figure based on the income receivable reported on each billing authority's draft NNDR3 (outturn) return for 2013-14 in May 2013.

14. Grant Income

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

Credited to Taxation & Non Specific Grant Income	**2013/14 £000**	**2012/13 £000**
Revenue Support Grant	211,540	-
Non-ringfenced government grants (Revenue):		
DCLG* - Council Tax Freeze	9,460	27,713
DCLG - S31 grant NDR reliefs	11,187	-
DCLG - RSG Capitalisation Provision Redistribution	3,657	-
DCLG - Council Tax Support Transition	1,988	-
DCLG - Community Right to Build	1,850	-
DCLG - Homelessness	1,500	-
DCLG - Other revenue grants	1,267	
Institute for Sustainability Grant	-	867
DCLG - GLA General Grant	-	55,275
Greater London Authority - Additional Resources Grant	-	2,294
Capital grants and contributions:		
DCLG - Capital grants (Housing & Olympics legacy)	625,344	794,298
DOH*- Care & Support Fund	1,743	-
ODA*- Olympic Retrofit	1,196	-
Total	**870,732**	**880,447**

Credited to Services	**2013/14 £000**	**2012/13 £000**
Department for Culture, Media and Sport (DCMS)	51	2,654
DFEE*- London Skills Excellence Fund	4,324	-
DWP*- European Social Fund	1,513	-
London Legacy Development Corporation	30	1,029
London Strategic Health Authority	836	2,000
The London Waste and Recycling Board	13	1,211
Technology Strategy Board	-	3,000
Transport For London	1,128	1,307
Other contributions	4,204	6,299
Total	**12,099**	**17,500**

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)	2013/14	2012/13
	£000	£000
DCLG - Growing Places Fund	101,241	101,291
DCLG - Grant Settlement	271,158	76,717
DCLG - Olympic Stadium	25,000	-
DCLG -Berkeley PRSI Receipts	16,000	-
DECC - Fuel Poverty	-	3,765
Housing Action Trust dowry	3,219	3,219
DOH - Care & Support Fund	6,257	-
ODA - Grant Funding	-	1,196
	422,875	**186,188**

	2013/14	2012/13
Grants Receipts In Advance (Revenue Grants)	**£000**	**£000**
DFEE* - London Skills Excellence Fund	2,706	-
European Investment Bank	3,820	2,747
NHS Commissioning Board - London Health Commission Grant	1,415	-
Other	1,138	975
	9,079	**3,722**

*DECC-Dept of Energy and Climate Change; DCLG-Dept for Communities and Local Government; DOH-Dept of Health; ODA-Olympic Delivery Authority; DWP-Dept of Works and Pensions; NHS-National Health Service; DFEE-Dept for Education and Employment

15. Amounts Reported for Resource Allocation Decisions – Authority

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Services Reporting Code of Practice. However, decisions about resource allocation are taken by the Mayor on the basis of budget monitoring reports analysed across Directorates. These reports, in 2013/14 are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and

- Expenditure on some support services is budgeted for centrally and not charged to Directorates

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

Directorate Income and Expenditure 2013/14 – Authority

2013/14	Assembly & Secretariat £000	Mayor's Office £000	Corp Mngt Team £000	Comm & Intell £000	Dev, Ent & Env £000	Elections £000	Ext Affairs £000	Housing & Land £000	Resources £000	Grand Total £000
Fees, charges & other service income	(296)	(152)	(8)	(8,396)	(3,461)	-	(642)	(1,316)	(6,502)	**(20,773)**
Government grants	-	-	-	-	-	-	-	-	(10,257)	**(10,257)**
Interest and investment income	-	-	-	-	-	-	-	-	(17,875)	**(17,875)**
Total Income	**(296)**	**(152)**	**(8)**	**(8,396)**	**(3,461)**	**-**	**(642)**	**(1,316)**	**(34,634)**	**(48,905)**
Employee expenses	6,276	4,063	1,297	7,214	9,161	162	3,346	5,551	8,637	**45,707**
Other Service expenses	1,400	227	58	22,364	26,061	103	4,254	13,534	47,380	**115,381**
Voluntary revenue provision	-	-	-	-	-	-	-	-	9,780	**9,780**
Olympic Public Sector Funding Package	-	-	-	-	-	-	-	-	61,000	**61,000**
Interest Payable	-	-	-	-	-	-	-	-	7,764	**7,764**
Contributions to/(from) reserves and appropriations	-	-	-	-	-	-	-	-	(19,055)	**(19,055)**
Total Expenditure	**7,676**	**4,290**	**1,355**	**29,578**	**35,222**	**265**	**7,600**	**19,085**	**115,506**	**220,577**
Net Expenditure	**7,380**	**4,138**	**1,347**	**21,182**	**31,761**	**265**	**6,958**	**17,769**	**80,872**	**171,672**

Directorate Income and Expenditure 2012/13 - Authority

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

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

	2013/14 £000	2012/13 £000
Net expenditure in the Directorate Analysis	171,672	145,393
Amounts in the CIES not reported to management accounts	2,652,423	1,619,801
Amounts included in management accounts but not included in the CIES	28,192	60,477
Cost of Services in the CIES	**2,852,287**	**1,825,671**

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

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

Reconciliation to Subjective Analysis - Authority

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

2013/14

	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Surplus or deficit on the provision of services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(20,773)	2,269	77	**(18,427)**	-	**(18,427)**
Business Rates Supplement (BRS)	-	-	-	**-**	(221,358)	**(221,358)**
Interest and investment income	(17,875)	-	17,875	**-**	(19,528)	**(19,528)**
Income from council tax	-	-	-	**-**	(800,430)	**(800,430)**
Non-domestic rate income	-	-	-	**-**	(1,205,039)	**(1,205,039)**
Community infrastructure levy	-	(2,431)	-	**(2,431)**	(46,185)	**(48,616)**
Government grants	(10,257)	-	9,460	**(797)**	(870,732)	**(871,529)**
Total Income	**(48,905)**	**(162)**	**27,412**	**(21,655)**	**(3,163,272)**	**(3,184,927)**
Employee expenses	45,707	(1,149)		**44,558**	-	**44,558**
Other Service expenses	115,381	1,730,588	(731)	**1,845,238**	-	**1,845,238**
Crossrail related expenditure	-	922,328		**922,328**	-	**922,328**
Olympic Funding Agreement	61,000	-		**61,000**	-	**61,000**
Interest payable and similar charges	7,764	-	(7,764)	**-**	116,517	**116,517**
Voluntary revenue provision	9,780	-	(9,780)	**-**	-	**-**
Net interest on the net defined liability	-	-	-	**-**	2,109	**2,109**
Depreciation, amortisation and impairment	-	818	-	**818**	-	**818**
Gain or loss on disposal of non-current assets	-	-	-	-	(113)	**(113)**
Non-domestic rates - tariff payment to CLG	-	-	-	-	342,314	**342,314**
Precepts paid to Functional Bodies	-	-	-	**-**	691,497	**691,497**
Contributions to/(from) reserves	(19,055)	-	19,055	**-**	-	**-**
Total Expenditure	**220,577**	**2,652,585**	**780**	**2,873,942**	**1,152,324**	**4,026,266**
Surplus or deficit on the provision of services	**171,672**	**2,652,423**	**28,192**	**2,852,287**	**(2,010,948)**	**841,339**

2012/13			Restated*			
	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Surplus or deficit on the provision of services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(31,081)	1,850	682	**(28,549)**		**(28,549)**
Business Rates Supplement (BRS)	-	-	-	**-**	(226,069)	**(226,069)**
Interest and investment income	(26,332)		26,332	**-**	(29,330)	**(29,330)**
Income from council tax	-	-	-	**-**	(942,973)	**(942,973)**
Community infrastructure levy	-	-	-	**-**	(6,030)	**(6,030)**
Government grants	(27,847)		27,713	**(134)**	(880,448)	**(880,582)**
Total Income	**(85,260)**	**1,850**	**54,727**	**(28,683)**	**(2,084,850)**	**(2,113,533)**
Employee expenses	48,218	(7,041)		**41,177**	-	**41,177**
Other Service expenses	134,117	801,776	(682)	**935,211**	(1,514)	**933,697**
Crossrail related expenditure	-	820,419		**820,419**	-	**820,419**
Olympic Funding Agreement	56,265			**56,265**	-	**56,265**
Interest payable and similar charges	5,794		(7,309)	**(1,515)**	89,218	**87,703**
Voluntary revenue provision	4,106		(4,106)	**-**	-	**-**
Pensions interest cost and expected return on assets	-	-	-	**-**	2,501	**2,501**
Depreciation, amortisation and impairment	-	2,797	-	**2,797**	-	**2,797**
Gain or loss on disposal of non-current assets					(333)	**(333)**
Precepts	-	-	-	**-**	821,772	**821,772**
Contributions to/(from) reserves	(17,847)		17,847	**-**		**-**
Total Expenditure	**230,653**	**1,617,951**	**5,750**	**1,854,354**	**911,644**	**2,765,998**
Surplus or deficit on the provision of services	**145,393**	**1,619,801**	**60,477**	**1,825,671**	**(1,173,206)**	**652,465**

*see Note 1 for details of IAS 19 restatement

16. Elections

The table below contains a summary of the expenditure and income incurred in 2013/14 in respect of the future 2016 Elections (excludes support services recharges, IAS19 pension costs and the holiday pay accrual. The 2012/13 comparators largely relate to costs incurred in respect of the 2012 Elections.

	2013/14 £000	2012/13 £000
Gross Income	**-**	**(202)**
Gross Expenditure		
Staff	162	388
Premises	-	442
Reimbursement of London Borough costs	32	9,680
Supplies and Services	71	3,855
Net Expenditure	**265**	**14,163**
Net contribution to/ (from) Reserves	4,235	(9,163)
Amount to be met by Grant and Taxpayer	**4,500**	**5,000**

17. Operating leases

Authority and Group as Lessee

The Group has the following operating leases:

Greater London Authority

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

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

London Legacy Development Corporation

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

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

	Authority	Group	Authority	Group
	31 March 2014	**31 March 2014**	**31 March 2013**	**31 March 2013**
	£000	**£000**	**£000**	**£000**
Not later than one year	6,735	7,656	6,740	7,081
Later than one year and not later than five years	29,410	33,094	28,156	30,880
Later than five years	68,671	90,959	76,699	80,105
	104,816	**131,709**	**111,595**	**118,066**

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

	Authority	Group	Authority	Group
	2013/14	**2013/14**	**2012/13**	**2012/13**
	£000	**£000**	**£000**	**£000**
Rent payble in year	6,737	7,658	6,620	6,961
	6,737	**7,658**	**6,620**	**6,961**

Authority and Group as Lessor

Details of properties leased out as operating leases include:

- GLA Land and Property LimitedThames Wharf – Dock Road and Scarab Close - the site is currently occupied by a number of industrial type occupiers comprising waste management, aggregate storage and a concrete batching facility;
- Wick Lane, Poplar London - a 3 bedroomed semi-detached house;

- Royal Docks – Silvertown Dock, Albert Island, Thames Barrier Park – various properties currently occupied by a number of commercial and industrial type businesses;
- Beam Park - TfL are occupying 2 hectares of land to store salt;
- Ferry Lane, Dagenham - currently leased to a commercial enterprise and land is being used for open storage; and
- Marsh View, Ferry Lane, Rainham – currently leased to a commercial enterprise and land is being used for open storage.

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

	Authority	Group	Restated* Group
	31 March 2014	31 March 2014	31 March 2013
	£000	£000	£000
Not later than on year	-	1,711	1,257
Later than one year and not later than five years	-	3,403	2,197
Later than five years	-	2,650	1,454
	-	**7,764**	**4,908**

* The 2012/13 figures have been restated to include LLDC's operating lease figures

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

	Authority	Group	Restated* Group
	2013/14	2013/14	2012/13
	£000	£000	£000
Rent receivable in year	-	3,542	4,104
	-	**3,542**	**4,104**

* The 2012/13 figures have been restated to include LLDC's operating lease figures and amended GLAH figures

18. Mayor and Assembly Members' remuneration and expenses

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

		Salary	Resettle-ment Grant	Travel Card	Taxi Expense Claims	Other Domestic Travel	Foreign Travel	Other Expenses	Total	
Mayor	Johnson, Boris	143,911		-	301	47	11,899	2,971	159,129	
									-	
Deputy Mayor	Borwick, Victoria	97,053		2,224	17	-	-	-	99,294	
									-	
Current Assembly Members									-	
Assembly Member	Arbour, Tony	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Arnold, Jennette	54,871		2,224	-	-	-	-	57,095	
Assembly Member	Bacon, Gareth	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Biggs, John	53,973		2,072	-	-	-	-	56,045	
Assembly Member	Boff, Andrew	53,973		-	-	-	-	-	53,973	
Assembly Member	Cleverly, James	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Copley, Tom	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Dismore, Andrew	53,973		1,216	-	133	-	-	55,322	
Assembly Member	Duvall, Len	53,973		2,224	-	-	-	26	56,223	
Assembly Member	Evans, Roger	53,973		2,224	-	45	-	-	56,242	
Assembly Member	Gavron, Nicky	53,973		-	-	-	-	-	53,973	
Assembly Member	Johnson, Darren	63,846		1,744	-	45	-	-	65,635	
Assembly Member	Jones, Jenny	53,973		-	311	88	-	-	54,372	
Assembly Member	Knight, Stephen	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Malthouse, Kit	129,062		-	-	13	10,430	1,764	141,269	Note 1
Assembly Member	McCartney, Joanne	53,973		1,744	-	-	-	-	55,717	
Assembly Member	O'Connell, Stephen	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Pidgeon, Caroline	53,973		1,688	-	-	-	-	55,661	
Assembly Member	Qureshi, Murad	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Sahota, Onkar	53,973		2,224	-	-	-	-	56,197	
Assembly Member	Shah, Navin	53,973		-	-	-	-	-	53,973	
Assembly Member	Shawcross, Valerie	53,973		1,744	-	45	-	-	55,762	
Assembly Member	Tracey, Richard	53,973		-	-	-	-	-	53,973	
Assembly Member	Twycross, Fiona	53,973		2,224	-	47	-	-	56,244	
Total 2013-14		**1,622,176**	**-**	**39,120**	**629**	**463**	**22,329**	**4,761**	**1,689,478**	
Total 2012-13		**1,600,154**	**188,559**	**37,816**	**441**	**814**	**10,203**	**3,303**	**1,841,290**	

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

19. Officers' Remuneration

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

2013/14

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

* These Mayoral appointees are also Assembly Members

2012/13

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

* These Mayoral appointees are also Assembly Members

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	2013/14 Number of Employees	2012/13 Number of Employees
£		
50,000 - 54,999	45	58
55,000 - 59,999	50	47
60,000 - 64,999	10	18
65,000 - 69,999	9	16
70,000 - 74,999	17	11
75,000 - 79,999	14	11
80,000 - 84,999	8	8
85,000 - 89,999	4	8
90,000 - 94,999	-	3
95,000 - 99,999	3	3
100,000 - 104,999	4	1
105,000 - 109,999	4	3
110,000 - 114,999	5	2
115,000 - 119,999	-	1
120,000 - 124,999	2	-
125,000 - 129,999	-	-
130,000 - 134,999	-	-
135,000 - 139,999	-	-
140,000 - 144,999	-	-
145,000 - 149,999	-	-
150,000 - 154,999	-	-
155,000 - 159,999	-	1
160,000 - 164,999	-	-
165,000 - 169,999	-	-
170,000 - 174,999	-	1
	175	**192**

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 2013/14, incurring liabilities of £0.8m (£1.7m in 2012/13). Payments were made to 20 officers principally from the Development, Enterprise & Environment and Communities & Intelligence directorates.

Exit package cost band (including special payments)	Number of compulsory 2012/2013	Number of compulsory 2013/2014	Number of other 2012/2013	Number of other 2013/2014	Total number of exit 2012/2013	Total number of exit 2013/2014	Total cost of exit 2012/2013 £	Total cost of exit 2013/2014 £
£0 - £20,000	20	1	12	4	32	5	293,820	75,495
£20,001 - £40,000	6	2	13	5	19	7	555,237	218,187
£40,001 - £60,000	1	1	10	5	11	6	556,009	300,377
£60,001 - £80,000	-	-	1	-	1	-	78,773	-
£80,001 - £100,000	1	1	-	-	1	1	89,074	90,031
£100,001 - £150,000	-	-	1	1	1	1	111,041	120,920
TOTAL	**28**	**5**	**37**	**15**	**65**	**20**	**1,683,954**	**805,010**
Amount charged to CIES not included in bandings							412,000	-
Total amount included in the CIES							**2,095,954**	**805,010**

20. Pensions

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

Local Government Pension Scheme

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

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2010 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2011 to 31 March 2014. The contribution rates for this period are set out in the table below. Under Pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

	2013/14 £m	2012/13 £m	Contribution rate for period 1 April 2011 to 31 March 2014 %
GLA	4.2	4.6	14.8
LLDC	0.7	1.5	11.2

Transactions Relating to Post-employment Benefits

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

Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Cost of Retirement Benefits	2013/14 Authority £000	2013/14 Group £000	2012/13 Restated Authority £000	2012/13 Restated Group £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	7,026	8,185	7,207	8,306
Administration Fee	232	243	221	229
Past service costs	-	-	-	-
(Gain)/loss from settlements	(3,553)	(3,553)	(9,658)	(9,411)
	3,705	**4,875**	**(2,230)**	**(876)**
Financing and Investment Income and Expenditure				
Net Interest Expense	2,109	2,229	2,501	2,627
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	**5,814**	**7,104**	**271**	**1,751**
Other Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	1,895	1,983	-13,115	-13,598
Actuarial (gains)/losses arising on changes in financial assumptions	20,491	22,021	85	89
Actuarial (gains)/losses arising on changes in demographic assumptions	1,460	1,409	-	-
Experience (gains)/losses on defined benefit obligation	(9,390)	(7,220)	-	-
Other actuarial (gains)/losses on assets	182	333	-	-
Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement	**20,452**	**25,630**	**(12,759)**	**(11,758)**
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	**(5,814)**	**(7,104)**	**(271)**	**(1,751)**
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to the Local Government Pension Scheme	**4,732**	**5,442**	**4,786**	**6,269**

Pensions Asset and Liabilities recognised in the Balance Sheet

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

	2013/14 Authority £000	2013/14 Group £000	2012/13 Authority £000	2012/13 Group £000
Present value of the defined benefit obligation	(234,322)	**(250,243)**	(204,089)	(214,141)
Fair Value of scheme assets (bid value)	169,244	**177,789**	154,731	161,875
Net liability arising from defined benefit obligation	**(65,078)**	**(72,454)**	**(49,358)**	**(52,266)**

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

	2013/14 Authority £000	2013/14 Group £000	2012/13 Restated Authority £000	2012/13 Restated Group £000
Opening fair value of scheme assets	**154,731**	**161,875**	**131,573**	**135,158**
Interest Income	7,501	7,867	6,172	6,403
Remeasurement gain/(loss):				
Return on plan assets, excluding the amount included in the net interest expense	(1,895)	(1,983)	13,115	13,598
Administration expenses	(232)	(243)	(221)	(229)
Other actuarial gains/(losses)	(182)	(333)	-	-
Effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	4,732	5,442	4,786	6,269
Contributions from employees into the scheme	2,213	2,668	2,272	2,704
Benefits paid	(3,207)	(3,087)	(3,746)	(3,080)
Settlement prices received/(paid)	5,583	5,583	780	1,052
Closing fair value of scheme assets	**169,244**	**177,789**	**154,731**	**161,875**

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

	2013/14 Authority £000	2013/14 Group £000	2012/13 Restated Authority £000	2012/13 Restated Group £000
Opening balance at 1 April	**(204,089)**	**(214,141)**	**(198,475)**	**(205,449)**
Current service cost	(7,026)	(8,185)	(7,207)	(8,306)
Interest cost	(9,610)	(10,096)	(8,674)	(9,032)
Contributions from scheme participants	(2,213)	(2,668)	(2,272)	(2,704)
Remeasurement gains and (losses) :		-		
Actuarial gains/(losses) arising from changes in demographic assumptions	(1,460)	(1,409)	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(20,491)	(22,021)	(85)	(89)
Experience gains/(loss) on defined benefit obligation	9,390	7,220	-	-
Past service costs	-	-	-	-
Past service costs, including curtailments	(268)	(268)	10,110	10,110
Liabilities (assumed)/extinguished on settlements	(1,762)	(1,762)	(1,232)	(1,751)
Estimated benefits paid net of transfers in	3,207	3,087	3,746	3,080
Closing balance at 31 March	**(234,322)**	**(250,243)**	**(204,089)**	**(214,141)**

Local Government Pension Scheme assets comprised:

Authority

	2013/14 Quoted prices £000's	2013/14 Unquoted prices £000's	2013/14 Total £000's	Restated 2012/13 Quoted prices £000's	Restated 2012/13 Unquoted prices £000's	Restated 2012/13 Total £000's
Equities						
Seggregated:						
Basic Materials	2,978	-	2,978	3,229	-	3,229
Communications	5,028	-	5,028	3,640	-	3,640
Consumer	17,750	-	17,750	15,709	-	15,709
Diversified	244	-	244	265	-	265
Energy	2,391	-	2,391	2,021	-	2,021
Financial	6,349	-	6,349	5,898	-	5,898
Industrial	5,798	-	5,798	5,284	-	5,284
Technology	4,015	-	4,015	3,257	-	3,257
Utilities	287	-	287	277	-	277
Investment funds and unit trusts	2,005	33,857	35,862	2,643	27,626	30,269
Private Equity	-	11,498	11,498	-	12,126	12,126
LDI	-	10,431	10,431	-	15,151	15,151
Target Return						
Equities	1,994	-	1,994	2,009	-	2,009
Corporate Bonds	2,702	-	2,702	2,981	-	2,981
Government	830	-	830	34	-	34
Investment funds and unit trusts:						
Equities	2,093	155	2,248	1,586	138	1,724
Bonds	18,224	20,682	38,906	13,139	17,636	30,775
Cash	2,159	-	2,159	1,636	-	1,636
Hedge funds	263	852	1,115	265	2,531	2,796
Infrastructure	502	5,438	5,940	440	5,113	5,553
Property Fund	-	4,488	4,488	-	5,752	5,752
Commodity Funds	1,351	496	1,847	1,346	392	1,738
Cash						
Cash at bank	3,875	-	3,875	3,018	-	3,018
Derivatives						
Forwards	-	509	509	-	(468)	(468)
Futures	-	-	-	57	-	57
Total	**80,838**	**88,406**	**169,244**	**68,734**	**85,997**	**154,731**

Group

	2013/14 Quoted prices £000's	2013/14 Unquoted prices £000's	2013/14 Total £000's	Restated 2012/13 Quoted prices £000's	Restated 2012/13 Unquoted prices £000's	Restated 2012/13 Total £000's
Equities						
Seggregated:						
Basic Materials	3,128	-	3,128	3,378	-	3,378
Communications	5,282	-	5,282	3,808	-	3,808
Consumer	18,646	-	18,646	16,434	-	16,434
Diversified	256	-	256	277	-	277
Energy	2,512	-	2,512	2,114	-	2,114
Financial	6,670	-	6,670	6,170	-	6,170
Industrial	6,091	-	6,091	5,528	-	5,528
Technology	4,218	-	4,218	3,407	-	3,407
Utilities	301	-	301	290	-	290
Investment funds and unit trusts	2,106	35,566	37,672	2,766	28,901	31,667
Private Equity	-	12,079	12,079	-	12,686	12,686
LDI	-	10,958	10,958	-	15,851	15,851
Target Return						
Equities	2,095	-	2,095	2,102	-	2,102
Corporate Bonds	2,838	-	2,838	3,119	-	3,119
Government	872	-	872	36	-	36
Investment funds and unit trusts:						
Equities	2,199	163	2,362	1,659	144	1,803
Bonds	19,144	21,725	40,869	13,746	18,450	32,196
Cash	2,268	-	2,268	1,712	-	1,712
Hedge funds	276	895	1,171	277	2,648	2,925
Infrastructure	527	5,713	6,240	460	5,349	5,809
Property Fund	-	4,715	4,715	-	6,018	6,018
Commodity Funds	1,419	521	1,940	1,408	410	1,818
Cash						
Cash at bank	4,071	-	4,071	3,157	-	3,157
Derivatives						
Forwards	-	535	535	-	(490)	(490)
Futures	-	-	-	60	-	60
Total	**84,919**	**92,870**	**177,789**	**71,908**	**89,967**	**161,875**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The London Pensions Fund Authority's Local Government Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, estimates of the London Pensions Fund Authority's fund being based on the latest full valuation of the scheme as at 31 March 2010.

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

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

	2013/14 Authority £000	2013/14 Group £000	2012/13 Restated Authority	2012/13 Restated Group £000
Expected return on assets	4.6%	4.6%	4.7%	4.7%
Mortality Assumptions				
Longevity at 65 for current pensioners:	Years	Years	Years	Years
Men	22.3 - 22.5	22.3 - 22.8	21.9	21.9 - 22.8
Women	25.1 - 25.2	25.1 - 25.4	24.1	23.8 -24.1
Longevity at 65 for future pensioners:				
Men	24.6 - 24.8	24.6 - 25.1	23.9	23.9 - 24.7
Women	27.3 - 27.4	27.3 - 27.6	26.0	25.7 - 26.0
Rate of inflation - RPI	3.7%	3.7%	3.4%	3.4%
Rate of inflation - CPI	2.9%	2.9%	2.6%	2.6%
Rate of increase in salaries	4.7%	4.7%	4.3%	4.3%
Rate of increase in pensions	2.9%	2.9%	2.6%	2.6%
Rate for discounting scheme liabilities	4.6%	4.6%	4.7%	4.7%

The actual return on scheme assets in the year for the Group was a gain of £5.9m (gain of £20.0m in 2012/13).

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	(227,000)	(234,322)	(241,644)
London Legacy Development Corporation	(15,439)	(15,921)	(16,403)
GLA Group	**(242,439)**	**(250,243)**	**(258,047)**
Rate of increase in salaries (increase or decrease by 0.1%)			
Greater London Authority	(235,080)	(234,322)	(233,570)
London Legacy Development Corporation	(16,034)	(15,921)	(15,809)
GLA Group	**(251,114)**	**(250,243)**	**(249,379)**
Rate of increase in pensions (increase or decrease by 0.1%)			
Greater London Authority	(239,152)	(234,322)	(229,611)
London Legacy Development Corporation	(16,238)	(15,921)	(15,614)
GLA Group	**(255,390)**	**(250,243)**	**(245,225)**
Rate for discounting scheme liabilities (increase or decrease by 0.1%)			
Greater London Authority	(228,951)	(234,322)	(239,824)
London Legacy Development Corporation	(15,509)	(15,921)	(16,344)
GLA Group	**(244,460)**	**(250,243)**	**(256,168)**

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

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2015 is £5.3m.

Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme, but the Authority is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2010. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

During 2013/14 the Authority had one member of staff in the scheme. The Authority paid an employer's contribution of £18,551 (2012/13 - £19,193) into the Principal Civil Service Pension Scheme, representing 24.3% of pensionable pay. The contribution rate is determined by the Principal Civil Service Pension Scheme.

In 2013/14, London TravelWatch paid £104,943 (2012/13 - £110,784) at one of four rates (16.7% to 24.3%) of pensionable pay to the Principal Civil Service Pension Scheme.

Homes and Communities Agency Pension Scheme

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

Contributions on behalf of the two employees who are members of the above scheme are accounted for in operating costs and amount to £0.03m (2012/13 - £0.06m).

The total contributions expected to be made to the Homes and Communities Agency Pension Scheme by the LLDC in the year to 31 March 2015 is £0.03m.

21. External Audit Costs

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

	Authority 2013/14 £000	**Group 2013/14 £000**	**Authority 2012/13 £000**	**Group 2012/13 £000**
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	151	314	185	338
Rebate received from the Audit Commission in relation to 2012/13 audit fees	-	-	(19)	(19)
	151	**314**	**166**	**319**

In the current financial year, information has been received on the level of audit fees chargeable to the 2012/13 financial year. The 2012/13 audit fee has been amended to reflect a rebate received from the Audit Commission and the cost of work undertaken by Ernst & Young in respect of the 2012/13 audit.

22. Agency Income and Expenditure

European Regional Development Fund

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

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

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

The Greater London Authority acts as DCLG's agent in administering the ERDF. For the period 1 April 2103 to 31 March 2014 £14.7m was payable to projects in accordance with the agreement and reclaimable from DCLG (£12.4m in 2012/13).

European Social Fund

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

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

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

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

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

	2013/14 £000	2012/13 £000
Expenditure incurred in managing ERDF and ESF programmes	1,060	1,096
Technical Assistance payable by ERDF & DWP	(738)	(300)
Management fee payable by the DWP for ESF	(90)	(90)
Other income	(7)	-
Net deficit funded from General GLA grant	**225**	**706**

23. JESSICA Holding Fund London

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

For the London region, DCLG's ERDF investment has been matched funded by the London Waste and Recycling Board ("LWARB") and the London Development Agency ("LDA"). In October 2009, the

LDA, LWARB and the EIB signed a funding agreement for the purpose of establishing the JESSICA Holding Fund, also known as the London Green Fund. LDA, in the capacity of DCLG's agent for ERDF, invested £50m of ERDF funds that was match funded by £18m of LWARB's and £32m of LDA's own funds. On 1 July 2011, when the operational responsibilities for the ERDF transferred to the GLA, the responsibility for DCLG's £50m ERDF contribution transferred also.

In 2013/14, the Authority impaired in full the carrying value of the £31.3m JESSICA investment. Any future inflows from the JESSICA fund will be recognised when receipt is probable.

The EIB's audited final accounts for the financial year ended 31 December 2013 value the £50m ERDF contribution at £47.7m (31 December 2012 - £48.5m) and the Authority's contribution at £30.8m (31 December 2013 - £31.3m), the reduction is due to fees and commission expenses exceeding the interest earned by the fund.

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

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

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

Zone 1 boroughs - £50 per square metre
Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £35 per square metre
Barnet, Brent, Bromley, Ealing, Greenwich, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets

Zone 3 boroughs - £20 per square metre
Barking and Dagenham, Bexley, Croydon, Enfield, Havering, Newham, Sutton, Waltham Forest

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

In 2013/14, £46.2m income (2012/13 - £6.0m), after the deduction of £2.4m administration fees (2012/13 - £0.3m), 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

	2013/14			2012/13		
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or Valuation						
Balances at 1 April	**15,647**	**17,798**	**33,445**	**13,587**	**14,376**	**27,963**
Additions	10	1,152	1,162	2,179	2,878	5,057
Revaluation increases/(decreases) recognised in the revaluation reserve	1,860	-	1,860	963	-	963
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	-	-	-	(1,082)	-	(1,082)
Derecognition- disposals	-	-	-	-	(18)	(18)
Derecognition- other	(67)	(4,303)	(4,370)	-	-	-
Assets reclassified (to) /from Held for Sale	-	-	-	-	562	562
At 31 March	**17,450**	**14,647**	**32,097**	**15,647**	**17,798**	**33,445**
Accumulated Depreciation and Impairment						
Balances at 1 April	**(71)**	**(12,724)**	**(12,795)**	**(59)**	**(11,575)**	**(11,634)**
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(1,173)	(1,590)	(2,763)	(1,011)	(1,152)	(2,163)
Depreciation written out to the Revaluation Reserve	1,154	-	1,154	999	-	999
Derecognition- disposals	-	-	-	-	3	3
Derecognition- other	67	4,303	4,370	-	-	-
At 31 March	**(23)**	**(10,011)**	**(10,034)**	**(71)**	**(12,724)**	**(12,795)**
Net Book Value						
At 1 April	**15,576**	**5,074**	**20,650**	**13,528**	**2,801**	**16,329**
At 31 March	**17,427**	**4,636**	**22,063**	**15,576**	**5,074**	**20,650**

Authority

	2013/14			2012/13		
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or Valuation						
At 1 April	1,250	14,358	**15,608**	-	12,907	**12,907**
Additions		391	**391**	2,179	907	**3,086**
Revaluation increases/(decreases) recognised in the revaluation reserve	-	-	**-**	153	-	**153**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	-	-	**-**	(1,082)	-	**(1,082)**
Derecognition- disposals	-	-	**-**	-	(18)	**(18)**
Derecognition- other	-	(4,287)	**(4,287)**	-	-	**-**
Assets reclassified (to) /from Held for Sale	-	-	**-**	-	562	**562**
At 31 March	**1,250**	**10,462**	**11,712**	**1,250**	**14,358**	**15,608**
Accumulated Depreciation and Impairment						
At 1 April	-	(12,193)	**(12,193)**	-	(11,218)	**(11,218)**
Depreciation written out to the Revaluation Reserve	-	-	**-**	8	-	**8**
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(15)	(771)	**(786)**	(8)	(978)	**(986)**
Derecognition - other	-	4,287	**4,287**	-	3	**3**
At 31 March	**(15)**	**(8,677)**	**(8,692)**	**-**	**(12,193)**	**(12,193)**
Net Book Value						
At 1 April	**1,250**	**2,165**	**3,415**	**-**	**1,689**	**1,689**
At 31 March	**1,235**	**1,785**	**3,020**	**1,250**	**2,165**	**3,415**

Revaluations

Valuations were undertaken by external valuers, JLL (GLA) and GVA Grimley (GLA) at 31 March 2014.

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 2013/14 £000	Group 2012/13 £000
Balance acquired at 1 April	**177,041**	**1,347,477**
Additions:		
Purchases	196,843	115,120
Disposals	(1,178)	(1,844)
Net gains/(losses) from fair value adjustments	(165,750)	(1,283,712)
Balance at 31 March	**206,956**	**177,041**

Revaluations

Valuations were undertaken by external valuers, JLL (GLA and LLDC) and GVA Grimley (GLA) at 31 March 2014.

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.

In year, LLDC made significant additions to its investment property portfolio as it continued the transformation works on the Olympic assets. The majority of this expenditure has been impaired in year; the relatively small increase of £35m in the market value of its investment properties is mostly due to continued improvement of the residential market.

27. Intangible Assets

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

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Balance at the start of the year:				
Gross carrying amounts	407	872	407	817
Accumulated depreciation	(361)	(765)	(277)	(461)
Net carrying amount at the start of the year	**46**	**107**	**130**	**356**
Purchases	-	25	-	55
Amortisation for the period	(31)	(68)	(84)	(304)
Net carrying amount at end of year	**15**	**64**	**46**	**107**
Comprising:				
Gross carrying amounts	407	897	407	872
Accumulated amortisation	(392)	(833)	(361)	(765)
	15	**64**	**46**	**107**

28. Heritage Assets

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

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

The "Quantum Cloud" was last surveyed in December 2012 and some routine maintenance work was undertaken. The cost of these works was not capitalised in the Balance Sheet. No major restoration costs were incurred during 2013/14.

29. Long term Investments

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Loans to joint venture	-	30,636	-	29,872
Infrastructure loan	-	4,006	-	3,812
Mortgages	-	9	-	9
Loan to subsidary	300,000	-	300,000	-
Inmarsat	12,835	12,835	12,757	12,757
Pocket Homes	1,799	1,799	-	-
Other long term investments	-	-	-	-
JESSICA	-	-	31,325	31,325
Total	**314,634**	**49,285**	**344,082**	**77,775**

JESSICA Holding Fund

In 2013/14, the carrying value of JESSICA, £31.3m as at 31 March 2013, was impaired and written down in full to the Comprehensive Income and Expenditure Account and transferred from the General Fund to the Capital Adjustment Account via the Movement in Reserves Statement. See Note 51.

The decision was taken to impair JESSICA as the contractual documentation does not include an exit policy which clearly sets out the terms of repayment of the initial investment and any associated interest/dividends; and it is now very probable that any future receipts will be recycled into new or existing projects.

The following long term investments are financial instruments and are classified as Loans and Receivables:

Loans to Joint Venture

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

Infrastructure loan

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

Loan to Subsidiary

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

Inmarsat

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

Pocket Homes

In 2013/14, an allocation of £1.79m was made to Pocket Homes from the Mayor's Housing Covenant fund. The funding takes the form of an interest free revolving loan from the GLA which is repayable after ten years. The funding is to be used to build homes for working Londoners.

30. Equity Mortgages

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

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

	Group March £000	Group 2013 £000
Equity mortgages	60,287	54,117
	60,287	**54,117**

	Group 2013/14 £000	Group 2012/13 £000
At 1 April	**54,117**	**49,107**
Additions	321	11,700
Disposals	(2,030)	(2,094)
Fair value adjustment	7,005	(4,936)
Impairment	874	340
At 31 March	**60,287**	**54,117**

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

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

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 a unquoted equity investment and the fair value cannot be reliably measured.

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

32. Equity-accounted investees

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

	31 March 2014 £000
E20 Stadium LLP - share of total comprehensive loss	23,873
RoDMA - loss on disposal of shares	61
	23,934

E20 Stadium LLP

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

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

	31 March 2014 £000
Percentage of ownership interest	
Non current assets	9,116
Current assets	7,812
Non current liabilities	-
Current liabilities	(17,722)
Net Assets	**(794)**
Revenue	(1,000)
Operating expense	659
Impairment	25,284
Interest expense	-
Income tax expense	-
Total comprehensive loss	**24,943**

The total comprehensive loss of the partnership is £25.0m; a negative adjustment in fair value of property, plant and equipment of £25.3m offset marginally by some revenue once operating expenses have been taken into account.

The fair value of property, plant and equipment under construction was determined by external, independent property valuers, Jones Lang LaSalle, who have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.
The fair value of the Olympic Stadium after the transformation work was determined by considering what market value a hypothetical purchaser would be willing to pay. This assessment considered the level of income that the Olympic Stadium can generate in excess of operating expenditure, as well as market data of the performance of other European Stadium developments. As at 31 March 2014, the Stadium fair value is expected to be £60 million once the transformation work has been completed in the summer of 2016.

In accordance with the Members' Agreement between the LLDC 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. As a result the contribution made by the LLDC during the year has been fully impaired.

The movements for the year can be detailed as follows:

	31 March 2014 £000
Opening balance at 1 April	-
Investment	22,817
Impairment	(22,817)
Total investment in joint ventures	-

Capital commitments

During the year the partnership entered into three contracts to undertake the transformation of the Stadium for £160.5 million. The Legacy Corporation is legally committed to finance these contracts up to a value of £121.8 million (2012/13: nil).

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

33. Long term debtors

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

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Trade receivables	-	-	-	12,644
Fresh Wharf Estate Ltd	1,236	1,236	1,435	1,435
Other debtors	1,246	1,246	317	317
Prepayments	47	47	81	81
	2,529	**2,529**	**1,833**	**14,477**

Fresh Wharf Estates Limited

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

Other debtors

Other debtors includes rent deposits, grant and capital debtors.

34. Finance leases

Group as Lessor - Finance lease receivables

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

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

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

	Group 31 March 2014 £000	Group 31 March 2013 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	5,313	7,255
Non-current	25,469	6,814
Unearned finance income	5,404	5,594
Gross investment in the leases	**36,186**	**19,663**

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

Minimum lease payments	Group 31 March 2014 £000	Group 31 March 2013 £000
Not later than one year	5,498	7,445
Later than one year and not later than five years	23,843	5,128
Later than five years	6,845	7,090
	36,186	**19,663**

Finance lease debtor	Group 31 March 2014 £000	Group 31 March 2013 £000
Not later than one year	5,313	7,255
Later than one year and not later than five years	23,061	4,315
Later than five years	2,408	2,499
	30,782	**14,069**

Group as Lessee - Finance lease liabilities

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

GLA Land and Property Limited

Held as Property, Plant and Equipment:

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

Held as Inventory:

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

Net book value of finance leases:

	Group 31 March 2014 £000	**Group 31 March 2013 £000**
Other Land and Buildings	16,190	14,326
Development Properties	2,450	2,925
Rolling Stock	0	0
	18,640	**17,251**

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

	Group 31 March 2014 £000	**Group 31 March 2013 £000**
Finance lease liabilities (net present value of minimum lease payments):		
Current	1	1
Non-current	328	329
Finance costs payable in future years	907	921
Minimum lease payments	**1,236**	**1,251**

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

	Group 31 March 2014 £000	Group 31 March 2013 £000
Not later than one year	15	15
Later than one year and not later than five years	46	46
Later than five years	1,175	1,190
	1,236	**1,251**

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

	Group 31 March 2013 £000	Group 31 March 2013 £000
Not later than one year	1	1
Later than one year and not later than five years	4	5
Later than five years	324	324
	329	**330**

35. Capital Expenditure and Financing - Authority

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

	2013/14 £000	Restated* 2012/13 £000
Opening Capital Financing Requirement	**2,456,777**	**1,503,589**
Balances of acquired functions - restated	-	285,548
Balance at 1 April	2,456,777	1,789,137
Capital Investment in year		
Property, Plant and Equipment	391	3,085
Loan investments	1,877	-
Revenue Expenditure Funded from Capital under Statute	625,594	795,166
Revenue Expenditure Funded from Capital under Statute - Payments to TfL for Crossrail	921,185	825,030
Sources of Finance		
Capital receipts	(391)	(3,085)
Income from Community Infrastructure Levy	(46,185)	(6,030)
Government Grants and other contributions	(626,893)	(795,166)
Sums set aside from revenue:		
Direct revenue contributions	(500)	-
Voluntary Revenue Provision	(9,780)	(4,106)
Business Rate Supplement - Crossrail	(113,269)	(147,254)
Other		
Reversal of prior years Compulsory Purchase Order capital provisions and creditors	(13,525)	-
Closing Capital Financing Requirement	**3,195,281**	**2,456,777**
Opening Capital Finance Requirement	**2,456,777**	**1,503,589**
Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance).	738,504	953,188
Closing Capital Financing Requirement	**3,195,281**	**2,456,777**

*The 1 April 2012 capital financing requirement balance has been restated to include £44m capital balances transferred from the London Development Agency that were financed from capital resources and should therefore have been included in the 2012/13 capital financing requirement. The balances added are the JESSICA fund, £32m and Inmarsat loan, £12m.

36. Assets held for sale

	Authority 2013/14 £000	Authority 2012/13 £000
Balance outstanding at 1 April	**628**	**4,682**
Revaluation losses	-	(652)
Assets declassified as held for sale:		
Property, Plant & Equipment	-	(562)
Assets sold	(628)	(2,840)
Balance outstanding at 31 March	**(0)**	**628**

37. Inventories

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

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Balance at 1 April	-	262,229	51	309,105
Purchases	-	12,117	-	6,911
Recognised as an expense in the year	-	(20,212)	-	(35,325)
Written off balances	-	-	(51)	(51)
Write down to net realisable value	-	(2,819)	-	(18,411)
Reversals of write-offs in previous years	-	4,084	-	-
Balance at 31 March	**-**	**255,399**	**-**	**262,229**

38. Debtors

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Central government bodies	5,534	8,985	6,890	8,769
Local Authorities & Functional Bodies	166,692	166,701	39,445	40,507
Subsidiary/Parent	9,664	23	31,483	-
Other entities and individuals	105,060	136,657	53,054	73,549
Total	**286,950**	**312,366**	**130,872**	**122,825**

Local Authority debtors have increased primarily as a result of the GLA's £67m share of business ratepayer arrears under the rates retention system which did not apply in 2012/13.

39. Cash and Cash Equivalents

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

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Bank current accounts	259,473	265,438	421,170	447,418
Other deposits	170,520	172,124	-	-
Bank overdraft	-	-	-	(336)
Total	**429,993**	**437,562**	**421,170**	**447,082**

40. Creditors

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Central government bodies	(3,775)	(5,763)	(2,349)	(3,649)
Local Authorities & Functional Bodies	(229,903)	(230,427)	(127,274)	(127,838)
NHS bodies	(22)	(22)	(202)	(202)
Public corporations and trading funds	-	-	(1)	(1)
Other entities and individuals	(153,069)	(202,087)	(220,210)	(263,206)
Subsdiary/Parent	(23)	(23)	(1,213)	-
Receipts in advance - Revenue	(7,050)	(7,050)	(458)	(458)
Receipts in advance - Capital	(419,656)	(419,656)	(182,969)	(182,969)
Total	**(813,498)**	**(865,028)**	**(534,676)**	**(578,323)**

41. Provisions

During 2013/14 the following movements occurred on the Authority and Group's current and non-current provisions:

Group

	Outstanding Legal Cases £000	Other Provisions £000	NDR* Appeals £000	CPO * £000	Total £000
Balance at 1 April 2013	**(140)**	**(3,438)**	**-**	**(94,942)**	**(98,520)**
Additional provisions made	(40)	(3,900)	-	(7,697)	**(11,637)**
Movement on NDR provision	-	-	(113,629)	-	**(113,629)**
Amounts used	10	865	-	29,206	**30,081**
Unused amounts reversed	130	1,076	-	16,633	**17,839**
Reclassifications	-	347	-	-	**347**
Balance at 31 March 2014	**(40)**	**(5,050)**	**(113,629)**	**(56,800)**	**(175,519)**

Authority

	Outstanding Legal Cases £000	Other £000	NDR* Appeals £000	CPO * £000	Total £000
Balance at 1 April 2013	(140)	(2,288)	-	(73,414)	**(75,842)**
Additional provisions made in year	(40)	-	-	-	**(40)**
Movement on NDR provision	-	-	(113,629)	-	**(113,629)**
Amounts used in year	10	865	-	23,376	**24,251**
Unused amounts reversed in year	130	1,075	-	13,097	**14,302**
Reclassifications	-	348	-	-	**348**
Balance at 31 March 2014	**(40)**	**-**	**(113,629)**	**(36,941)**	**(150,610)**

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

Greater London Authority

Outstanding legal cases

The provision for legal cases of £0.14m brought forward from 2012/13 has been partly used to pay legal costs with the balance released to the income and expenditure account, a further provision of £0.04m has been made to meet costs and legal fees of unresolved legal cases as at 31 March 2014.

Other provisions

Olympics Public Sector Funding Package

The Olympics Public Sector Funding Package provision of £0.35m, brought forward from 2012/13, has been reclassified as a creditor as payment will be made to the Department of Culture Media and Sport (DCMS) in 2014/15.

City Hall Cladding

The £0.09m provision for the funding of repairs to the City Hall cladding, brought forward from 2012/13, has been used to part fund the repairs undertaken.

Conversion costs

The provision of £0.69m brought forward from 2012/13, which related to the contractual obligation to convert the Inward Investment Centre accommodation back from non-residential to residential usage, has been released to the income and expenditure account as the Inward Investment Centre has been sold and the Authority no longer has an obligation to undertake these works.

Project costs

Of the £1.16m provision for project-related expenditure costs brought forward from 2012/13, £0.9m has been paid to third parties in year and £0.4m excess provision released to the income and expenditure account.

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. Of these, £85m relates to periods prior to 2013/14. As permitted under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014, the GLA has opted to spread the cost of these appeals over 5 years in order to minimise its potential levy payments to Central Government. This has had the effect of increasing the GLA's rates income by £60m in 2013/14 – offset by a reserve created on the balance sheet which will be reversed in equal amounts over the next four financial years.

Compulsory purchase orders (CPO)

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

Due to the nature of the liability and the need to negotiate settlement amounts, there is considerable uncertainty on when the CPO cases will be settled and payments made. At present it is expected that payments will be made over the period 2014/15 to 2016/17.

Greater London Authority Holdings Limited

Other provisions

Rainham Village Road

A provision of £0.4m is included in the closing balance and relates to an obligation in the sale contract to construct a new road for access to the site at Rainham Village. At 31 March 2014, the road is partly complete and it is expected that payment will be made in 2014/15.

Thames Wharf drainage works

A provision of £0.75m has been made for costs in relation to Thames Wharf development property. The drainage works were not undertaken in 2013/14 and are now expected to be undertaken in 2014/15, in phases. The costs are indicative and the Company is working with consultants to firm up the costs.

Commercial waste disposal - the company has an obligation for the safe disposal of approximately 24,000 tonnes of commercial waste at the Hunts' Waste transfer station. The disposal costs are currently estimated at £3m and are likely to incurred in the 2014/15 financial year but is dependent on the rate at which the sorting of material on site, prior to disposal, progresses.

Millfield transfer Station

The company, along with the London Borough of Hackney, has an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a site relocation for the 2012 Olympics. The works are expected to be completed in 2014/15 and are expected to cost £0.3m.

LSIP fly-tipping costs

The company has an obligation to dispose of approximately 3,600 tonnes of waste, arising from fly-tipping, at the London Sustainable Industrial Park (LSIP) at Dagenham Dock. The waste material will require sorting on site before disposal to a licensed landfill. The disposal costs are currently estimated at £0.3m and are likely to incurred in the 2014/15 financial year but is dependent on the rate at which the sorting of material on site, prior to disposal, progresses.

Business rates Stephenson Street

A provision of £0.3m has been made for business rates in respect of the Stephenson Street buildings. Demolition works on the site commenced in October 2013 and have been completed but the company has not yet received a business rates charge for the site for the January to October 2013 period. The company expects to pay these costs in 2014/15.

42. Usable Reserves

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

43. Unusable Reserves

	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Revaluation Reserve	(153)	(12,603)	(313)	(9,958)
Capital Adjustment Account	3,177,766	3,023,391	2,408,921	2,273,102
Pensions Reserve	65,078	72,454	49,358	52,266
Accumulated Absences Account	646	767	535	602
Collection Fund Adjustment Account-Council tax	(30,054)	(30,054)	(18,692)	(18,692)
Collection Fund Adjustment Account-Non Domestic rates	57,179	57,179	-	-
Non-Domestic Rates Appeals Provision Spreading Account	60,083	60,083	-	-
Deferred Capital Receipts Reserve	(302,627)	(2,627)	(325,959)	(3,358)
Available for Sale Financial Instruments Reserve	-	(26,205)	-	(19,200)
Merger Reserves	69,185	(374,161)	69,185	(371,531)
Total Unusable Reserves	**3,097,103**	**2,768,224**	**2,183,035**	**1,903,231**

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 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Balance at 1 April	**(313)**	**(9,958)**	**(168)**	**(8,095)**
Upward revaluation of assets	-	(3,014)	(153)	(1,954)
Deferred tax on revaluation gains	-	209	-	83
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	**-**	**(2,805)**	**(153)**	**(1,871)**
Accumulated gains on assets sold or scrapped	160	160	8	8
Amount written off to the Capital Adjustment Account	**160**	**160**	**8**	**8**
Balance at 31 March	**(153)**	**(12,603)**	**(313)**	**(9,958)**

Capital Adjustment Account

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

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Balance at 1 April	**2,408,920**	**2,273,101**	**1,738,722**	**436,965**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	786	1,582	2,713	2,866
Impairment of financial instruments funded from capital - JESSICA	31,325	31,325	-	-
Amortisation of intangible assets	32	68	84	303
Revenue expenditure funded from capital under statute	1,546,780	1,555,012	1,620,196	1,622,215
Release of CPO provision and creditor	(13,525)	(13,525)	-	1,815
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	627	1,791	2,855	2,855
	1,566,025	**1,576,253**	**1,625,848**	**1,630,054**
Adjusting amounts written out of the Revaluation Reserve	(160)	(160)	(8)	(8)
Net written out amount of the cost of non-current assets consumed in the year	**1,565,865**	**1,576,093**	**1,625,840**	**1,630,046**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(391)	(4,117)	(3,085)	(3,085)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(673,079)	(863,432)	(801,196)	(920,361)
Application of grants to financing from the Capital Grants Unapplied Account	-	(17,516)	-	-
Voluntary provision for the financing of capital investment charged against the General Fund	(9,780)	(9,780)	(4,106)	(4,106)
Capital expenditure charged against the General Fund	(113,769)	(113,769)	(147,255)	(147,255)
	(797,019)	**(1,008,614)**	**(955,642)**	**(1,074,807)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-	192,008	-	1,280,897
Movement in the fair value of loan charged to the Comprehensive Income and Expenditure Statement	-	(9,197)	-	-
Balance at 31 March	**3,177,766**	**3,023,391**	**2,408,920**	**2,273,101**

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 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Balance at 1 April	**(325,959)**	**(3,358)**	**(325,959)**	**(3,358)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(740)	(740)	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	24,072	1,471	-	-
Balance at 31 March	**(302,627)**	**(2,627)**	**(325,959)**	**(3,358)**

Pensions Reserve

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

	Authority 2013/14 £000	Group 2013/14 £000	Restated Authority 2012/13 £000	Restated Group 2012/13 £000
Balance at 1 April	**49,358**	**52,266**	**66,902**	**70,292**
Actuarial (gains) / losses on pension assets and liabilities - restated	14,638	18,526	(13,030)	(13,509)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement - restated	5,814	7,104	272	1,753
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,732)	(5,442)	(4,786)	(6,270)
Balance at 31 March	**65,078**	**72,454**	**49,358**	**52,266**

Collection Fund Adjustment Account – Council Tax

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

	Authority 2013/14 £000	Authority 2012/13 £000
Balance at 1 April	**(18,692)**	**(20,566)**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(11,362)	1,874
Balance at 31 March	**(30,054)**	**(18,692)**

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 2013/14 £000
Balance at 1 April	**-**
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	57,179
Balance at 31 March	**57,179**

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 have been reversed from the General Fund in 2013/14 and which will be released (charged) to the CIES over the next four years (2014/15 to 2017/18). This has been calculated in accordance with The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014. These charges will be offset by a commensurate amount released from the NDR Backdated appeals spreading reserve and will therefore have no net impact on the General Fund balance in future years. The effect of this adjustment is to increase the income for the purposes of calculating levy and safety net payments in 2013/14 by £60.1m and reduce this by £15.0m in each of the following financial years. This has the potential to reduce the total levy payment due to the Secretary of State as under the rates retention scheme the GLA is only able to retain 73% of any net real terms growth in rates income as calculated under the applicable regulations.

	2013/14 £000
Balance at 1 April	**-**
Amounts transferred from the General Fund in year	**60,083**
Amounts released to the General Fund in year	**-**
Balance at 31 March	**60,083**

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 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Balance at 1 April	**535**	**602**	**339**	**339**
Settlement or cancellation of accrual made at the end of the preceding year	(535)	(602)	(339)	(339)
Amounts accrued at the end of the current year	646	767	535	602
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	111	165	196	263
Balance at 31 March	**646**	**767**	**535**	**602**

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 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Balance at 1 April	**69,185**	**(371,531)**	**69,185**	**(371,531)**
Movement in year	-	**(2,630)**	-	**-**
Balance at 31 March	**69,185**	**(374,161)**	**69,185**	**(371,531)**

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

	Authority 2013/14 £000	Group 2013/14 £000	Restated* Authority 2012/13 £000	Restated* Group 2012/13 £000
Depreciation of property, plant and equipment , amortisation of intangibles	817	2,828	2,804	4,200
Impairment of loan investments	31,327	31,327	1,282	2,817
Carrying amount of non-current assets sold or derecognised	-	1,163	2,855	2,855
Carrying amount of non-current assets held for sale sold or derecognised	627	627	-	-
Change in fair value of investment property	-	165,750	-	1,283,712
Reversal of net charges for post employment benefits	5,814	7,104	272	659
Cash payments for employer's contributions to pension funds and direct payments to pensioners	(4,732)	(5,442)	(4,786)	(4,786)
Reversal of accrued surplus/(deficit) on Collection Fund -Council Tax	(21,708)	(21,708)	(7,851)	(7,851)
Reversal of accrued surplus/(deficit) on Collection Fund -NDR	57,179	57,179	-	-
Collection Fund (surplus)/deficit received/paid in accordance with regulation	10,346	10,346	9,725	9,725
Increase/ (decrease) in creditors	172,013	137,801	333,493	345,809
(Increase)/decrease in debtors	(19,130)	(29,873)	(1,803)	(42,771)
Increase/(decrease) in impairment provision for bad debts	200	189	240	240
(Increase)/ decrease in stock	-	6,830	51	46,876
(Increase)/ decrease in provisions	(15,914)	(13,683)	(7,576)	13,952
Tax expense	-	522	-	18
(Increase)/decrease in interest receivable	555	(166)	(4,321)	(5,058)
Increase/(decrease) in finance lease receivables	-	(1,439)	-	2,180
Increase/(decrease) in interest payable	(3,130)	(3,159)	(2,019)	(2,019)
Other non cash movements	-	(1,111)	-	(606)
Reversal of share of loss or profit on joint venture	-	23,873	-	-
	214,264	**368,958**	**322,366**	**1,649,952**

*See Note 1

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

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	(740)	(2,651)	(3,188)	(3,188)
(Gain)/loss on available for sale assets	-	(751)	-	(7,939)
(Gain)/loss on sale of investment property	-	(485)	-	(220)
Loss on disposal of joint venture		61		
Reversal of capital grants recognised in the income and expenditure statement	(1,391)	(191,744)	-	(136,681)
	(2,131)	**(195,570)**	**(3,188)**	**(148,028)**

The cash flows for operating activities include the following items:

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Interest paid	(118,500)	(118,167)	(87,612)	(87,626)
Interest received	20,160	10,352	25,288	16,860

46. Cash Flow Statement – Investing Activities

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Purchase of property, plant and equipment, investment property and intangible assets	(23,767)	(221,396)	(9,260)	(106,365)
Purchase of short-term and long-term investments	(59,953)	(59,953)	(463,231)	(463,231)
Purchase of available for sale financial assets	-	(321)	-	(11,163)
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	24,072	26,483	-	2,065
Capital grants received	-	190,353	-	136,681
Proceeds from short-term and long-term investments	-	1,842	-	16,327
Proceeds from the sale of available for sale financial assets	-	3,091	-	10,032
Other capital receipts	-	-	3,386	5,386
Investments in joint venture	-	(22,817)	-	-
Net cash flows from investing activities	**(59,648)**	**(82,718)**	**(469,105)**	**(410,268)**

47. Cash Flow Statement – Financing Activities

	Authority 2013/14 £000	Group 2013/14 £000	Authority 2012/13 £000	Group 2012/13 £000
Cash receipts of short and long-term borrowing	695,055	754,198	1,074,748	999,818
Other receipts from financing activities	13,588	13,927	5,419	19,467
Net cash flows from financing activities	**708,643**	**768,125**	**1,080,167**	**1,019,285**

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

Transactions with public sector bodies

During the year amounts payable to related parties totalled:

	£000
Central Government	1,436
Functional Bodies	33,718
Local Government	338,135
National Health Service	121

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

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

During the year amounts receivable from related parties totalled:

	£000
Functional Bodies	2,732
Local Government	463

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

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

For amounts owed to the Authority by related parties, see Debtors note38.

Transactions with subsidiaries

Greater London Authority Holdings Limited

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

- In 2013/14 the GLA charged GLAP £3.7m for staff, accommodation and other overhead costs.

- At 31 March 2014 there was £300m outstanding on the loan the GLA made to the GLAP. In 2013/14 GLAP paid £10m interest to the GLA.

- At 31 March 2014, GLA Land and Property Limited had £1.5m invested with the GLA. In 2013/14 GLA paid GLAP £0.1m interest on balances 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.

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

- In 2013/14 the Authority provided LTW with funding of £1.1m (£1.2m – 2012/13).

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 2013/14 consolidated financial statements.

- In 2013/14 the Authority paid LLDC grant totalling £213.6m. At 31 March 2014, LLDC had £14.3m invested with the Authority.

Other Parties

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

- In 2013/14 the Authority paid the ODA £61m.

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

- During 2013/14, GLA Land and Property Limited paid RoDMA £0.5m for service charges and insurance.

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.

- In 2013/14, the GLA provided £8.6m funding (£8.9m – 2012/13) 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 2013/14, the GLA paid a grant of £11.3m (£13.2m – 2012/13) to London & Partners.

The Mayor's Academies Limited

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

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

London Waste and Recycling Board

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

In 2013/14 the Authority paid LWARB grants totaling £1.5m (£3.5m -2012/13).

SME Wholesale Finance Limited

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

Royal Docks Management Authority Limited

On 3 October 2013, the GLA transferred its shares in RoDMA to GLA Land and Property Limited for nil consideration.

50. Big Lottery Grant

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

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

In 2013/14 the Authority received £0.820m from the Big Lottery Fund, of which £0.137 has been treated as receipts in advance; related expenditure totalled £0.683m.

51. Financial Instruments

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

Group Categories of Financial Instruments

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

Long-Term	Authority	Group	Authority	Group
	31 March 2014 £000	31 March 2014 £000	31 March 2013 £000	31 March 2013 £000
Investments-Long term				
Loans and receivables at amortised costs	314,634	49,285	312,757	46,450
Available-for-sale financial assets	-	60,287	31,325	85,442
Unquoted equity investments at cost	-	-	2	2
Total investments	**314,634**	**109,572**	**344,084**	**131,894**
Debtors-Long Term				
Loans and receivables at amortised costs	2,482	2,482	1,752	14,396
Finance lease receivables	-	25,469	-	6,814
Total Debtors	**2,482**	**27,951**	**1,752**	**21,210**
Borrowings-Long term				
Financial liabilities at amortised costs	(3,254,428)	(3,254,428)	(2,500,000)	(2,509,197)
Total borrowings	**(3,254,428)**	**(3,254,428)**	**(2,500,000)**	**(2,509,197)**
Creditors and Other Long Term Liabilities -Long term				
Financial liabilities at amortised costs	(70)	(3,858)	(144)	(24,297)
Finance lease liabilities	-	(328)	-	(329)
Total creditors	**(70)**	**(4,186)**	**(144)**	**(24,626)**

Current	Authority	Group	Authority	Group
	31 March 2014 £000	31 March 2014 £000	31 March 2013 £000	31 March 2013 £000
Investments				
Loans and receivables at amortised costs	521,395	521,395	526,525	528,367
Available-for-sale financial assets	63,018	63,018	-	-
Total investments	**584,413**	**584,413**	**526,525**	**528,367**
Debtors				
Loans and receivables at amortised costs	46,497	67,464	50,119	40,485
Finance lease receivables	-	5,313	-	7,255
Total Debtors	**46,497**	**72,777**	**50,119**	**47,740**
Cash and cash equivalents	**429,993**	**437,562**	**421,170**	**447,418**
Borrowings				
Bank overdraft	-	-	-	(336)
Financial liabilities at amortised costs	(38,552)	(22,765)	(101,055)	(26,461)
Financial liabilities at fair value through profit and loss	-	-	-	-
Total borrowings	**(38,552)**	**(22,765)**	**(101,055)**	**(26,797)**
Creditors				
Financial liabilities at amortised costs	(240,404)	(263,031)	(296,645)	(336,547)
Finance lease liabilities	-	(1)	-	(1)
Total creditors	**(240,404)**	**(263,032)**	**(296,645)**	**(336,548)**

Group Income, Expense, Gains and Losses

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

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

Authority Income, Expense, Gains and Losses

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

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

Group Fair Values of Assets and Liabilities

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

- Published market data for comparable instruments at 31 March 2014 are used to obtain discount rates for long term borrowings;
- In July 2011, the GLA entered into a £600m long term loan agreement with Community Finance No. 1 Plc, a special purpose vehicle which financed the loan through a public bond issue, marketed by the GLA. Market data relating to the relevant bonds are used to determine the fair value of this loan;
- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value; and
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

	Authority 31 March 2014 Carrying value £000	Authority 31 March 2014 Fair Value £000	Group 31 March 2014 Carrying value £000	Group 31 March 2014 Fair Value £000
Borrowing - non-current and current	(3,292,980)	(3,583,824)	(3,277,193)	(3,568,037)
Investments - non-current and current	836,029	834,989	570,680	570,680
Available for sale financial assets - non-current and current	63,018	63,018	123,305	123,305

	Authority 31 March 2013 Carrying value £000	Authority 31 March 2013 Fair Value £000	Group 31 March 2013 Carrying value £000	Group 31 March 2013 Fair Value £000
Borrowing - non-current and current	(2,601,055)	(3,075,704)	(2,535,658)	(3,010,307)
Investments - non-current and current	870,609	900,676	660,261	660,261
Available for sale financial assets - non-current and current	31,325	31,325	85,442	85,442

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 2014) arising from a commitment to pay interest to lenders above current market rates.

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

The short-term and variable-rate instruments are valued at carrying amount but the fair value of the long-term loan shows a notional future loss (based on economic conditions at 31 March 2014) attributable to the right to receive interest below current market rates. The long-term equity mortgages are carried at fair value.

Impairment of JESSICA

In 2013/14 a review was undertaken of the JESSICA London Green Fund and the 1 April 2013 carrying value of £31.3m has been impaired in full as the funding agreement is unclear on when the funds will be repaid to the Authority and there is the possibility that the funds will be recycled and reinvested in urban development projects in perpetuity.

52. Nature and Extent of Risks arising from Financial Instruments

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

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

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2013/14 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 2014, 83% 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 17% were placed with institutions with at least an AA credit rating. The long-term loan to the subsidiary is not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default. The Authority does not therefore expect any losses from any institutions in relation to investments placed.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period is set out in Note 51, 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 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Less than one year	(38,552)	(22,765)	(101,055)	(26,461)
Between one and two years	(13,178)	(13,178)	-	-
Between two and five years	(108,750)	(108,750)	(35,000)	(35,000)
Between five and ten years	(797,500)	(797,500)	(210,000)	(210,000)
More than ten years	(2,335,000)	(2,335,000)	(2,255,000)	(2,264,197)
Total	**(3,292,980)**	**(3,277,193)**	**(2,601,055)**	**(2,535,658)**

Creditors	Authority 31 March 2014 £000	Group 31 March 2014 £000	Authority 31 March 2013 £000	Group 31 March 2013 £000
Less than one year	(240,404)	(263,031)	(296,645)	(336,547)
Between one and two years	(70)	(2,638)	(144)	(24,297)
Between two and five years	-	(1,220)	-	-
Between five and ten years	-	-	-	-
More than ten years	-	-	-	-
Total	**(240,474)**	**(266,889)**	**(296,789)**	**(360,844)**

Market Risk

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

At the balance sheet date the majority of Group's investments and borrowings were fixed rate contracts, with investments of £34.3m at variable rate. Therefore should interest rates rise or fall by 1%, there would an increase of £0.34m or decrease of £0.17m to interest receivable respectively. The amounts are not equal because rates are currently below 1%.

53. Contingent liabilities and assets

Compulsory Purchase Orders

The Authority and GLAH have contingent liabilities where there are a number of claims which are subject to commercial negotiations. See note 41 for additional information on these liabilities.

Property related liabilities

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

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

	31 Mar 2014 £000	31 Mar 2013 £000
Contingent Liabilities	(3,219)	(751)

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

S106 Agreements

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

The Group has inherited a number of S106 agreements, many of which have now expired or obligations have previously been met by the LDA or the Developer. Of those remaining the obligation is either unquantifiable, to be met by the developer or non-financial in nature and have not been provided for as at 31 March 2014.

HMRC Partial Recovery Rate

LLDC is currently in discussion with HMRC to confirm its rate of VAT recovery, which currently stands at 47%. HMRC are considering whether the current recovery rate is appropriate, however at this point in time the Corporation has insufficient information regarding the potential outcome on which to make a reasonable estimate of any potential liability. Any future change in the VAT recovery rate may have a material impact on the financial statements; for example, a decrease of 5% of the recoverability rate would result in an additional expense of £1.9m in the Comprehensive Income and Expenditure Statement.

ArcelorMittal Orbit Loan

LLDC recognises a contingent liability for the loan of £10.1m (principal £9.2m plus unpaid interest), used to part fund the construction of the ArcelorMittal Orbit. LLDC's obligation to repay the loan to ArcelorMittal Orbit Limited only arises in the event profits are generated from the trading activity. Currently projected cash flows are based on visitor numbers significantly lower than originally expected, this results in the carrying value of the loan being set at nil and there being an uncertain obligation that LLDC will have to repay monies to ArcelorMittal Orbit Limited. In the contingent event of increased visitor numbers and therefore increased profits occurring, the liability may become due.

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 186 years before it is due to expire and the annual lease receivable is based on the corresponding annual turnover of the centre the value of the lease is uncertain. The net present value of the estimated cash flows is considered to be between £7m and £20m and £0.9m was receivable in 2013/14.

54. Post balance sheet event

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

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 2013/14 council tax freeze grant which are directly controlled and allocated by the Mayor and form part of the CIES.

	2013/14 £000	2012/13 £000
Income		
Fire Grants		
Fire specific revenue grants	(10,339)	(16,008)
Fire capital grant	(18,771)	(7,605)
Fire formula grant (4)	-	(259,085)
Subtotal Fire Grants	**(29,110)**	**(282,698)**
Policing Grants		
Home Office police general grants (1)	(1,633,198)	(1,906,152)
Local Council Tax Support grant for policing	(119,292)	-
Home Office revenue specific grants (2)	(353,367)	(446,491)
Home Office capital grant	(28,086)	(31,326)
Subtotal Policing Grants	**(2,133,943)**	**(2,383,969)**
Transport (TfL) grants (3)		
GLA Transport grant - general	(1,093,520)	(1,954,000)
GLA Transport grant - investment	(894,960)	(881,000)
TfL capital grants (Crossrail rolling stock and Metronet)	(301,000)	(352,000)
Subtotal Transport Grants	**(2,289,480)**	**(3,187,000)**
General GLA Grant	-	(55,275)
Total Income	**(4,452,533)**	**(5,908,942)**
Expenditure		
Greater London Authority	-	55,275
London Fire & Emergency Planning Authority	29,110	282,698
Mayor's Office for Policing and Crime	2,133,943	2,383,969
Transport for London	2,289,480	3,187,000
Total Expenditure	**4,452,533**	**5,908,942**

Note
(1) This comprises Home Office general and principal police formula grant. In 2013/14 £326,639k of General police grant income was paid directly to MOPAC by the Home Office. When aggregated with the figure above this matches the £1,959,838k sum approved by Parliament in the 2013/14 Police Grant report.
(2) This includes counter-terrorism, dedicated security post and other specific grants paid via GLA by the Home Office. Some specific grants are paid direct to MOPAC and are therefore only recorded in its accounts.
(3) Some transport revenue specific grants are paid direct to TfL and therefore only appear in its accounts.
(4) Fire formula grant is paid via rates retention and RSG from 2013-14.

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.

	2013/14 £000	2012/13 £000
Balance as at 1 April	**-**	**-**
INCOME		
Amounts transferable by billing authorities as calculated under the BRS regulations gross of billing authority administrative expenses	(221,358)	(226,069)
Interest receivable (in respect of the Crossrail BRS and related balances)	(1,576)	(2,998)
Total Income	**(222,934)**	**(229,067)**
EXPENDITURE		
Administrative expenses Incurred by billing authorities in respect of the collection and enforcement of a BRS:		
Further administrative expenses (ongoing collection allowance)	794	908
Other billing authority collection costs	147	315
	941	**1,223**
Expenditure Incurred by the GLA in respect of the Crossrail Project:		
Transport payments to Transport for London in respect of the Crossrail project	875,000	819,000
Interest payable	107,606	79,798
Other expenses including brokerage fees	1,112	791
Transfers to/(from) the General Fund (Deficit on BRS account)	(761,725)	(671,746)
Total Expenditure	**222,934**	**229,067**
Balance as at 31 March	**-**	**-**

55. Crossrail Business Rates Supplement

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

How the Crossrail BRS Is Calculated and Collected

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

National Non Domestic Rates.

On the basis of the final returns received in respect of 2013/14 billing authorities determined that they had collected BRS gross revenue of £221.4m of which the GLA was due to receive £220.4m after allowing for borough collection costs and other costs of £0.9m.

During 2013/14 £875m was payable to Transport for London in respect of the Crossrail BRS in line with the conditions set out in the final prospectus of which the entire sum was paid in year. This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account - and reported as transport expenditure in the Consolidated income statement.

The GLA also incurred interest payable on its borrowing of £107.6m and £1.6m of interest was receivable on the balances held in respect of the BRS.

Glossary

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

Accounting Period
The length of time covered by the accounts, in the case of these accounts the year from 1 April 2013 to 31 March 2014.

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

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

Appropriations
The transfer of resources between various revenue reserves.

Balances
These represent the accumulated surplus of revenue income over expenditure.

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

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

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the main professional body for accountants working in the public service.

Collection Fund
A fund administered by each London Borough Council and the City of London Corporation. The Council Tax is paid into this fund and the net requirements of the Authority and its Functional Bodies as well as the Borough/Corporation are met from the fund. Any surplus or deficit is shared between the various authorities.

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

Debtors

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

Depreciation

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

Fees and Charges

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

Financial Instrument

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

Fixed Asset

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

Functional Body

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

- **London Legacy Development Corporation** responsible for development of the Queen Elizabeth Olympic Park;
- **London Fire & Emergency Planning Authority ("LFEPA")** responsible for providing an efficient and effective fire brigade and emergency planning service for London;
- **Mayor's Office for Policing and Crime ("MOPAC")** was established under the Police Reform and Social Responsibility Act (2011),` which reformed the accountability of police services and replaced the Metropolitan Police Authority with an elected individual. The MOPAC is headed by the Mayor or, by his nomination, the appointed statutory Deputy Mayor for Policing and Crime. This means that the Mayor is directly accountable for policing performance in London, except the City of London which has its own police force provided by the Corporation of London; and
- **Transport for London ("TfL")** responsible for London's buses, London Underground, Docklands Light Railway, Croydon Tramlink, Dial-a-Ride services, London River Services, Woolwich Free Ferry, taxis, private hire cars and maintenance and traffic management of most of the major roads in Greater London.

General GLA Grant

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

IAS19 Employee Benefits

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

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

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

Precept

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

Prepayment

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

Provisions

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

Reserves

The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems.

Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue Expenditure

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

Formula/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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