

GREATER **LONDON** AUTHORITY

Statement of Accounts 2018/19

AUDITED



Contents

Narrative Report	3
Statement of Responsibilities for the Statement of Accounts	13
Approval of the Statement of Accounts by the Mayor of London	14
Independent Auditor's Report to the Greater London Authority	15
Comprehensive Income and Expenditure Statement	28
Movement in Reserves Statement	30
Balance Sheet	34
Cash Flow Statement	35
Notes to the Financial Statements	36
Fund Account	159
Business Rates Supplement Revenue Account	161
Notes to the Business Rates Supplement Revenue Account	162
Glossary	163

Narrative Report

1. Introduction to the GLA's Annual Statement of Accounts

The Greater London Authority's (GLA) annual statement of accounts has been prepared in accordance with the 2018/19 Code of Practice on Local Authority Accounting and International Financial Reporting Standards. Changing requirements over several years have led to the increasing complexity and detail required in the accounts and one of the purposes of this narrative report is to provide a guide to the accounts and the most significant financial matters contained within the statements.

The **Group Accounts** comprise of:

- **GLA** (The Authority);
- **Greater London Authority Holdings Ltd** (GLAH) and its subsidiary:
 - **GLA Land and Property Ltd** (GLAP) whose principal activities are the purchase, sale and development of land and property, and the holding of land and property for capital growth or rental
- **London Legacy Development Corporation** (LLDC), which is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011. LLDC is a 'functional body' of the GLA and the Mayor appoints Members to its Board and allocates its budgets. E20 Stadium LLP is a subsidiary of LLDC that has as its main objective to ensure the long-term future of the London Stadium as a world-class multi-purpose venue;
- **Old Oak and Park Royal Development Corporation** (OPDC), a Mayoral Development Corporation, was established on 1 April 2015 and is a 'functional body' of the GLA. The Mayor appoints Members to its Board and allocates its budgets; and
- **SME Wholesale Finance Limited** (SMEWFL). SMEWFL's main objective is to bridge the funding gap for early stage small businesses in the capital through the provision of loan and equity financing. SMEWFL has two subsidiaries:
 - LCIF, which makes equity investments into early stage companies in the Science, Digital and Technology sectors
 - GLIF, which is a new company, and operates as a fund of funds.

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

- **Comprehensive Income and Expenditure Statement:** this records the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding;
- **Movement in Reserves Statement:** this is a summary of the changes to reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific accounting purposes rather than for investment or spending purposes;

- **Balance Sheet:** This is a ‘snapshot’ of the assets, liabilities, cash balances and reserves at the year-end date; and
- **Cash Flow Statement:** This shows the reason for changes in the cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

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

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

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

2. Financial Summary 2018/19

Revenue

Including activities carried out by GLAP, the GLA had net revenue expenditure of £194m in respect of its core services across the various directorates.

Directorate	2018/19 £m	2017/18 £m
Assembly and Secretariat	8	7
Communities and Intelligence	30	29
Corporate Management	2	1
Development, Enterprise and Environment	48	19
Elections	2	0
External Affairs	11	8
Housing and Land	21	20
Mayor’s Office	6	5
Resources	35	26
Corporate Items	31	37
Net Cost of GLA Services	194	152

Net revenue spending in the current year is higher than the previous year mainly as a result of a £23m GLA contribution to Transport for London to fund a diesel scrappage scheme to help London’s microbusinesses and charities scrap older, polluting vans and minibuses.

When compared with the budget for 2018/19 there was a favourable variance of £8m after allowing for transfers to earmarked reserves. The most significant elements of this favourable variance were in respect of the following items:

- £8m of unbudgeted government grants;
- £16m of additional interest income;

Offset by:

- (£5m) additional funding for LLDC revenue costs;
- (£9m) funding of GLA capital programmes; and
- (£6m) in higher than budgeted transfers to reserves.

As a result of the above variances, which have increased the GLA's General Fund Reserves (see below), there were also favourable variances in respect of the following items which have been transferred to earmarked reserves:

- £14m which was budgeted to be set aside to repay inherited debt transferred from the London Development Agency on 1 April 2012. This debt will be repaid from the proceeds of land development and disposals and the unused budget provision has been transferred to a newly established LLDC capital funding reserve; and
- £5m allocated to projects in 2018/19 which will now be carried forward into 2019/20.

As at 31 March 2019, the GLA's General Fund stood at £10m.

Capital

Including activities carried out by GLAP, the GLA had capital expenditure of £1,655m.

Capital Spending Plan	2018/19	2017/18
	£m	£m
Affordable Housing Programme	691	581
Crossrail	499	109
Northern Line Extension (NLE)	161	175
Housing Zones (Loans & Grants)	106	97
Land and Property	73	61
Aluminium Composite Material Cladding	35	0
London Housing Bank	27	0
Further Education Capital Programme	16	9
Growing Places Fund	13	24
Minor Programmes	8	5
London Regeneration Fund	7	7
Good Growth Fund	7	0
Woolwich	5	0
Skills for Londoners	5	0
Warmer Homes	3	0
Cleaner Heat Cashback	3	0
Mayor's Regeneration Fund	1	2
Other Regeneration Programmes	1	2
LLDC Loan	(6)	17
Capital Expenditure	1,655	1,089

Overall, capital expenditure was £566m (52 per cent) higher than the previous year and this was due to the acceleration in the delivery of the Affordable Housing Programme and an additional contribution to Crossrail.

Performance

Further information on the full range of activities carried out by the GLA, GLAP, LLDC and OPDC in 2018/19 can be found within:

- The Mayor's Annual Report for 2018/19:
<https://www.london.gov.uk/about-us/mayor-london/mayors-annual-report>
- LLDC's website:
<http://www.queenelizabetholympicpark.co.uk/>
- OPDC's website:
<https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc>

3. The GLA Group Balance Sheet

GLA Reserves

The net worth (total reserves) of the GLA is a £1bn deficit. This is split between usable reserves (£2.4bn) and unusable reserves (£3.4bn deficit). The main component of unusable reserves is the capital adjustment account which reflects the impact of its £3.2bn of outstanding borrowing for Crossrail using business rate supplement revenues where the asset is held by Transport for London and not the GLA.

At the year-end usable reserves were £937m higher than the level at 31 March 2018. This reflected an increase in the capital receipts reserve (+£92m), capital grants unapplied (+£627m) and an increase in General Fund Reserves (+£218m). The marked increase in the level of capital grants unapplied reflects a timing difference between the receipt and eventual spending of Affordable Housing grant.

The General Fund Reserves total £721m and include the following major earmarked reserves:

- **Business Rates Reserve** (£188m), which exists to manage any adverse impact on the GLA's finances following the introduction of the business rate retention scheme from 2013/14 and its volatility due to the level appeals by business ratepayers. In 2018/19 £11m has been drawn down from this reserve to fund LLDC revenue costs;
- **LLDC Capital Funding Reserve** (£126m), which is available to directly fund planned LLDC capital expenditure that is over and above its prudential borrowing limit. In 2018/19 this reserve increased by £62m.
- **Capital Programme Reserve** (£50m), which provides a source of funding for potential projects which fall outside of the Government funded schemes and avoids the need for further borrowing. In 2018/19 £13m has been drawn down from this reserve to fund planned capital projects.
- **Revenue Grants Unapplied Reserve** (£80m), which represents grants that have been received in advance of the expenditure being incurred;
- **Directorate (Programme)** (£62m), which represents accumulated underspends and the budgets are carried forwarded to fund projects that have been delayed;
- **Development Corporations Reserve** (£3m), which is applied to meet spend in the Mayoral Development Corporations;
- **New Homes Bonus LEP Grant Reserve** (£5m) which represents amounts to be spent by London Boroughs on regeneration schemes in future years from a one-off allocation made to the GLA in 2015/16;
- **Strategic Investment Fund** (£111m) which represents the Mayor's commitment to spend on strategic investment projects which will contribute to the sustainable growth of London's economy; and
- **Young Londoners' Fund** (£24m) which exists to support the Mayor's £45 million Young Londoners' Fund and is helping children and young people to fulfil their potential,

particularly those at risk of getting caught up in crime. It is supporting a range of education, sport, cultural and other activities for young Londoners.

LLDC long term assets

The majority of LLDC assets are being held for their income generating potential or for capital appreciation and are therefore classified as investment property, with valuations based on the potential income to be generated by the various assets. Overall the value of long-term assets has decreased by £60m from £246m at the end of last year to £186m as at 31 March 2019. This is mainly driven by planned disposals of investment properties; during the year LLDC received a total of £74m in capital receipts from the sale of properties on the Chobham Manor development and the University College London site as part of the East Bank project.

It also reflects a further reduction in the value of Rick Roberts Way value which is largely driven by the increase in affordable housing assumed on the site, consistent with the Mayor's policy on affordable housing.

The London Stadium

In 2019, LLDC took the significant step of acquiring the Stadium operator, London Stadium 185 Limited, via its controlled partnership, E20 Stadium LLP. This gives LLDC full control of stadium operations, enabling it to better maximise the commercial opportunities at the Stadium and reduce its operating costs. Accordingly, from the acquisition date to 31 March 2019, London Stadium 185 Limited is classified as a subsidiary of E20 Stadium LLP.

In November, LLDC settled a substantial legal dispute with West Ham United Football Club, the Stadium's key tenant throughout the Premier League season, and reached agreement on a number of outstanding commercial matters which will benefit both parties. This means that LLDC's time and energy can be better utilised improving the financial performance of the venue. In addition, an agreement in principle was reached with UK Athletics which will secure reductions in Stadium operating costs for the future and see more community activity in the Stadium. It provided funding to E20 Stadium LLP for its working capital requirements by way of a loan (£24.6m excluding interest). In light of the partnership's current long-term financial forecasts, LLDC currently holds its interest in the partnership at nil value.

E20 Stadium LLP's forecasts also impact upon the London Stadium's valuation as at 31 March 2019 (included within E20 Stadium LLP's accounts). The fair value of the Stadium is assessed on an annual basis by independent valuers and based largely upon E20 Stadium LLP's long-term forecasts. It is therefore subject to fluctuation each year, particularly as the commercial plans for the Stadium develop. As at 31 March 2019, the Stadium's fair value is assessed to be nil due to the level of costs included in E20 Stadium LLP's long-term forecasts.

LLDC funding and borrowing

As the ultimate funder of LLDC, the GLA is exposed to the financial risks of the E20 Stadium LLP. Additionally, the GLA is a significant funder of LLDC's East Bank development, LLDC's flagship project to deliver a world-class cultural and education district on the Park. Substantial progress was made during the year on East Bank – legal agreements have been

concluded with all partners and in November 2018 LLDC submitted a hybrid planning application for the Stratford Waterfront site. LLDC will procure and develop the cultural and educational buildings on Stratford Waterfront and by the end of 2018/19, LLDC had successfully procured five out of a current total of 27 works packages with a combined value of £43.4m. In 2019/20, the project will complete the final stages of design, procure the remaining works packages and increase its on-site construction activity. As a result, the GLA's funding will increase materially.

LLDC has a rolling loan facility with the GLA to finance LLDC's capital expenditure. As at 31 March 2019, LLDC had drawn down loan funding to the value of £319.6m. In 2018/19, LLDC made a £6.4m net repayment of loan funding. This consists of £72.9m loan funding drawn down during the year, offset by a £56.6m cash repayment in January 2019 and a £22.8m year-end reclassification of loan funding provided to E20 Stadium LLP (to revenue). The total outstanding loan balance as at 31 March 2019 is therefore £319.6m (from £326.0m as at 31 March 2018). This loan will be repaid from capital receipts generated from the development of the land owned by the LLDC on and around the Park. As with the GLA, LLDC's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing and the Mayor has capped LLDC's borrowing at £520m.

Borrowing

The GLA's long-term borrowing at 31 March 2019 is £4.3bn consisting of four elements: Crossrail of £3.2bn; the Northern Line extension to Battersea Power Station (NLE) of £0.7bn, inherited debt of £0.2bn transferred from the former London Development Agency for the 2012 Olympic and Paralympic Games and £0.2bn for Housing Zones and the Housing Bank.

The GLA's original commitment was to pay TfL £4.1bn towards the costs of Crossrail using Business Rate Supplement revenues (BRS), which was undertaken between 2010/11 and 2015/16. This was funded by £3.3bn of borrowing and £0.8bn as a direct contribution from BRS revenues. The BRS is a property-based tax levied on larger businesses within Greater London (i.e. those with a rateable value above £70,000), collected alongside business rates. As part of the funding solution to Crossrail's cost overruns the GLA has committed to pay TfL a further £1.4bn, under an agreement with the Department for Transport in December 2018, making the GLA's contribution to Crossrail £5.5bn. This additional contribution is to be funded and financed from the BRS and the Mayor's Community Infrastructure Levy (MCIL). The Mayor was granted the power to apply MCIL revenues for Crossrail financing costs in May 2019 under secondary legislation approved by Parliament, so this new power was not available in respect of 2018/19. Since 2012 the Mayor has also made a direct contribution from MCIL revenues towards the project which has been reflected in the GLA's accounts.

The GLA anticipates that after allowing for this additional payment, all Crossrail debt funded by BRS will be repaid as originally intended in 2037/38 and debt to be supported by MCIL will be repaid by 2029/30. In 2018/19 £365m of the additional £1.4bn facility has been paid to TfL.

The GLA is also committed to borrow up to £1bn to finance the NLE to Nine Elms and Battersea Power Station. The borrowing is being financed by developer contributions and the retention of all incremental business rates revenue growth in the area for a period of at least

25 years from April 2016 with the option of an extension in respect of the latter funding element for a further 5 years if required in line with the Designated Area regulations approved by Parliament in March 2015.

All the GLA's borrowing is undertaken within the tight regulatory framework for Prudential Borrowing. Standard & Poor's confirmed that it has maintained the GLA's credit rating at AA with a negative outlook. The negative outlook on the GLA reflects the rating agency's view on the UK.

Provisions

The Group balance sheet also includes provisions totalling £485m of which £281m is for non-domestic (business) rates appeals. This is in respect of the GLA's share of the 33 London billing authorities' estimates of the provision required for potential refunds relating to retrospective alterations to the rating list under the business rates retention scheme.

Pensions

Included within the unusable reserves section is the negative pensions reserve totalling £145m for the GLA (£164m for the Group). This matches the pension liability in the balance sheet as measured under International Accounting Standard 19 ("IAS 19"). The purpose of IAS 19 is to facilitate comparison of the pension obligations of employers. The IAS19 calculations are carried out using a prescribed method and some of the assumptions are also prescribed. As the method and assumptions underlying the calculations are different, the IAS19 calculations will produce different results from the formal funding actuarial valuation. In particular, the calculated deficit will likely be different from that published in the triennial valuation. Further details are set out in note 21 "Pensions".

4. Other significant issues

Funding allocations from sources over which the Mayor has direct control

In total, the Mayor allocated of £890m of council tax and £2.47bn retained business rates income (total £3.36bn) to the GLA and the functional bodies (TfL, London Fire Commissioner, Mayor's Office for Policing and Crime, LLDC and OPDC) in 2018/19.

The GLA continued to participate in pilot arrangements to retain an increased share of business rates, above the existing national scheme level of 50 per cent rates retention. In 2018/19 the GLA and the 33 London billing authorities retained 100 per cent of the additional business rates growth generated through a London-wide pilot which pooled business rates income and growth. As part of the pilot, the growth generated in the pilot was not subject to a levy payment by Government.

It was agreed that the GLA's element of the income generated as part of the pilot, which would not otherwise have been received, would be applied to a newly created Strategic Investment Fund. In 2018/19 £112 million was allocated to this Fund, as a result of growth in business rates income.

Pooling arrangements will continue in 2019/20, although at a lower rate of 75 per cent retention of additional growth, with the GLA's share of the additional income arising from

the benefit of pooling again being applied to the Strategic Investment Fund. There will continue to be no levy on additional growth.

Events after the reporting date

The LLDC's agreements for lease with the BBC and University of the Arts London (UAL) for the Stratford Waterfront site were conditional as at the balance sheet date; the key outstanding conditions being securing satisfactory planning permissions and conclusion of the financial viability assessments.

Planning approval was granted by LLDC's Planning Decisions Committee on 30 April 2019 (though is subject to GLA approval and conclusion of the Section 106 agreement); the financial viability assessments were concluded in May 2019. As a result, the long-term valuation of Stratford Waterfront is expected to materially increase in 2019/20 to reflect the financial contributions to the development from the BBC and UAL, which were not considered in the valuation as at 31 March 2019 due to the outstanding conditions.

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

Martin Clarke

Executive Director of Resources

Date: 29 July 2019

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 2018/19* (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 audited 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 2019 and its income and expenditure for the year ended 31 March 2019.

Martin Clarke CPFA

Executive Director of Resources

Date: 29 July 2019

Approval of the Statement of Accounts by the Mayor of London

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

Sadiq Khan

Mayor of London

Date: 29 July 2019

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

Opinion

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- related notes 1 to 54,
- Fund Account,
- Business Rates Supplement Revenue Account; and
- related note 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 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority and Group as at 31 March 2019 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 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue

to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> • Business rates appeals provision • E20 onerous contract provision • Property valuation • Pension liability valuation
Materiality	<ul style="list-style-type: none"> • Overall group materiality of £56m which represents 1% of group operating and capital expenditure.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Business Rates Appeal Provision		
Risk	Our response to the risk	Key observations communicated to the Mayor
<p>Significant changes in the arrangements for the distribution of business rates were made by the Government in April 2013 following the introduction of the 50% local rates retention scheme. As a result there was a requirement for individual authorities to make provision for potential refunds to ratepayers arising from successful appeals against their property valuations. Appeals are made to the Valuation Office (VOA), and authorities are required to make judgements on the likelihood of appeals being successful and the</p>	<p>We addressed our risk through substantive testing:</p> <ul style="list-style-type: none"> - We identified and assessed the steps taken by the Authority to ensure that the information provided by the London Billing Authorities has fully taken account of national trends concerning types and rates of appeals, as well as their settlement history where available. - We have reviewed the Authority's provision for business rate appeals to ensure it 	<p>The appeals provision estimate falls within an acceptable range overall, and the uncertainties associated with determining the value of the provision have been appropriately disclosed within the financial statements.</p>

<p>financial impact of those appeals. Authorities may therefore find it difficult to obtain sufficient information to establish a reliable estimate as they are ultimately subject to the decisions and actions of third parties. The Greater London Authority (GLA) relies on information from the London Billing Authorities to determine its accounting entries. 2018/19 is the first year that NDR pooling has been in place across London, administered by the City of London. The GLA will receive 36% of all business rates income in London and also record the same share of provisions, debtors and creditors on its balance sheet. Two other changes that took place in 2017/18 remain relevant to the level of risk associated:</p> <ul style="list-style-type: none"> • 2017/18 saw the introduction of a new three stage approach to business rates appeals – Check, Challenge, Appeal. This revised process has made the assessment of both the number and value of successful appeals not yet lodged more difficult. • The earlier deadline for the production and approval of financial statements introduced by the Accounts and 	<p>has been calculated on a reasonable basis and is compliant with the requirements of IAS 37. As part of this we ensured the provision is supported by appropriate evidence from the London Billing Authorities, specifically draft NDR3 returns and financial statements.</p> <ul style="list-style-type: none"> - For a sample of billing Authorities, we also obtained direct assurance from the London Billing Authorities either by performing work on their calculations to assess for reasonableness or making inquiries of their auditors. We paid particular attention to the provisions associated with the 2017 valuation listing since we assessed that this element of the provision was subject to a greater degree of estimation uncertainty. - We challenged the approach taken to determine a level of provision associated with appeals not yet lodged, and calculated a range of possible error in relation to differing approaches applied by billing Authorities. - We assessed the differences in approaches across London Boroughs to assess whether any systemic bias could 	
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<p>Audit Regulations 2015 requires the GLA to receive information on closing collection fund balances earlier from the London Billing Authorities.</p> <p>The provision figure is judgemental, and errors in the underlying data or judgements made by billing Authorities could result in material error in the GLA financial statements.</p> <p>For this reason, we consider that the appeals provision represents risk of material error.</p> <p>Refer to notes 5 and 41 in the statement of accounts.</p>	<p>occur.</p> <ul style="list-style-type: none"> - We tested the detailed accounting for business rates to ensure the Authority's accounts are materially accurate and compliant with the CIPFA Accounting Code in this area. 	
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E20 Onerous Contract Provision

Risk	Our response to the risk	Key observations communicated to the Mayor
<p>When the London Stadium commenced operations it became clear that for two of its three key contracts, the expenditure associated is likely to exceed the income received, rendering them onerous under IAS 37.</p> <p>A material provision has therefore been recognised. This provision is updated annually based on judgements made by management in the E20 ten year business plan. In 2018/19, this will necessarily reflect progress made against the LLP's</p>	<p>We addressed our risk through substantive testing:</p> <ul style="list-style-type: none"> - We reviewed the inputs into the provision calculation which were the E20 Stadium LLP 5 year business plan and the discount rate applied. - We tested assumed income within the business plan back to source documentation. - We identified and challenged key judgements within the 	<p>The onerous contract provision is a reasonable estimate of future losses without substantial changes to the business plan at this point in time. The uncertainties are appropriately disclosed in the financial statements.</p>

<p>restructuring plans and any future plans. As a material, judgemental balance, the provision is susceptible to misstatement.</p> <p>Refer to notes 5 and 41 in the statement of accounts.</p>	<p>plan.</p> <ul style="list-style-type: none"> - We also ensured that we understood the reason for the movement in the business plan as compared to the 2017/18 version. <p>We performed our own calculations of the provision varying the assumptions to assess the key sensitivities in the model.</p>	
Property valuation		
Risk	Our response to the risk	Key observations communicated to the Mayor
<p>The unique and material nature of the London Legacy Development Corporation's non-current assets and the basis on which they are valued, means that small changes in assumptions when valuing these assets can have a material impact on the financial statements.</p> <p>The level of affordable housing to be provided is a key assumption within the valuations, and is currently uncertain.</p> <p>A similar risk exists in relation to GLAP's property assets, which are classified as property plant and equipment, investment property or inventory. The classification and intended future use impacts directly on the valuation.</p>	<p>The following procedures were performed as part of our substantive testing:</p> <ul style="list-style-type: none"> - We met with GLA Group's external valuers and discussed the methodology applied and key assumptions used. - We validated the assumptions contained in the valuations with reference to source documentation including leases, tendering information and contracts where available. Where assumptions were based on Authority or Corporation plans, we ensured that these assumptions were up to date. - We reperformed valuation calculations for a sample of assets, verifying key inputs 	<p>We have concluded that property valuations are within an acceptable range, and that the assumptions and associated uncertainties are appropriate and appropriately disclosed.</p>

<p>Key assumptions lead to a high degree of judgement in order to value these assets.</p> <p>Refer to notes 5, 26 and 37 in the statement of accounts.</p>	<p>against source documents as part of this process.</p> <ul style="list-style-type: none"> - We used our internal valuation experts to assist in our review of whether the Group's key assumptions in relation to residual appraisals performed are within an acceptable range based on comparative market data for build costs. - We tested that property additions and disposals had taken place in the year, and that the valuation had been appropriately updated for them. - We obtained management representation as to the validity of the planned affordable housing assumptions with respect to key sites. 	
Pension liability valuation		
Risk	Our response to the risk	Key observations communicated to the Mayor
<p>The Group's current pension fund deficit is a material item (£164 million). The valuation of scheme liabilities is sensitive since small changes in assumptions can have a material impact on the financial statements. This estimation gives rise to a higher risk.</p> <p>The GLA records a small share of the overall pool of assets such that there</p>	<p>The following procedures were performed as part of our substantive testing:</p> <ul style="list-style-type: none"> - We used our pension experts to assist in our review of whether management's assumptions are within an acceptable range. - We have obtained information from GLA's pension scheme auditors, including their confirmation that the controls in place to 	<p>We have concluded that the assumptions used in determining the actuarial valuations are within an acceptable range and that they are appropriately disclosed in the financial statements.</p>

<p>would need to be a huge change in the value of assets to lead to a material error in the GLA accounts. We consider this to be unlikely as 82% of the scheme assets are level 1 and 2 assets which are easier to value. As such we consider the risk of error from the asset valuation to be low risk. The Code requires the Group to disclose this liability on the Group's Balance Sheet. The information disclosed is based on the IAS 19 report issued by the actuaries to the administering body, the London Pensions Fund Authority. Refer to note 21 in the statement of accounts.</p>	<p>determine the accuracy of asset data and completeness and accuracy of membership data submitted to the actuary.</p> <ul style="list-style-type: none"> - We have understood the composition of the pension fund assets, of which the GLA Group has a combined share of less than 6%. - We noted that of the total reported fund value of £5.8 billion, 61% of assets are level 1 (derived from quoted prices in active markets); 21% are level 2, and 18% are level 3 which require the greatest degree of judgement. - We have compared the reported return on investment to external benchmarks based on the assets held, and concluded that it sits within a reasonable range. - We have understood the procedures performed by the fund auditor in giving us the assurance over the values, assessed their competence, and reviewed their assurance reports to us. - We have ensured that the data submitted to the actuary is consistent with the payroll information which we have audited 	
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	<p>for the Greater London Authority and London Legacy Development Corporation, since these entities result in the majority of the group's pension deficit.</p> <ul style="list-style-type: none"> - We have audited the disclosure of the deficit and assumptions in the financial statements to ensure that it complies with disclosure requirements. - We have identified the impact of the McCloud/Sargent ruling on these valuations and confirmed that they are not material to the Group. We have audited the resulting adjustment and confirmed that it is appropriately reflected in the financial statements. 	
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An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Authority and Group, and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the ten reporting components of the Group, we selected eight components which represent 99% of the Group's gross expenditure, and 99% of the Groups' total assets

Of the six components we selected, we performed an audit of the complete financial information of two components ("full scope components") which were selected based on their size or risk characteristics. For the remaining six components "Specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £56 million (2018: £49 million), which is 1% (2018: 1%) of group operational and capital expenditure. The magnitude of capital expenditure means that we consider both revenue and capital expenditure to be of interest to the users of the financial statements.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £42 million (2018: £39 million). In setting performance materiality at this percentage we have considered previous year audit findings, and the historic trend of adjustments. Based on prior year audits, as well as our own work to date, we have found that there is a history of low instance of error.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Mayor and Executive Director of Resources that we would report to them all uncorrected audit differences in excess of £2.8 million (2018: £2.5 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Executive Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Greater London Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects

Responsibility of the Executive Director of Resources

As explained more fully in the Statement of the Executive Director of Resources' Responsibilities set out on page 12, 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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Executive Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Greater London Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Greater London Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

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

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

Delay in certification of completion of the audit

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

Use of our report

This report is made solely to the members of Greater London Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by

Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



Janet Dawson
Ernst & Young LLP

Janet Dawson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
6th August 2019

The maintenance and integrity of the Greater London Authority web site is the responsibility of the Authority; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Comprehensive Income and Expenditure Statement

2017/18	2017/18	2017/18		2018/19	2018/19	2018/19	
Gross Exp* £000	Gross Income £000	Net Exp* £000	Continuing operations	Note	Gross Exp* £000	Gross Income £000	Net Exp* £000
8,879	(874)	8,005	Assembly & Secretariat		8,714	(76)	8,638
40,167	(9,394)	30,773	Communities and Intelligence		38,629	(5,047)	33,582
1,417	(75)	1,342	Corporate Management		1,340	(540)	800
73,487	(6,367)	67,120	Development, Enterprise & Environment		125,828	(12,386)	113,442
98	-	98	Elections		1,613	-	1,613
10,758	(1,708)	9,050	External Affairs		12,269	(1,147)	11,122
654,033	(63,616)	590,417	Housing and Land		769,382	(14,065)	755,317
6,110	(166)	5,944	Mayor's Office		6,891	(384)	6,507
30,965	(3,998)	26,967	Resources		42,981	(2,368)	40,613
14,015	(7,902)	6,113	Olympic Legacy		45,488	(7,605)	37,883
862	(53)	808	Funding London SMEs		5,423	(890)	4,533
68,610	(778)	67,832	Corporate and Group Items		43,624	(3,405)	40,219
909,401	(94,931)	814,469	Cost Of Services		1,102,182	(47,913)	1,054,269
		3,095,439	Other Operating Expenditure	11			3,659,726
		107,625	Financing and Investment Income and Expenditure	12			108,994
		29,238	(Gain)/loss arising on acquisition of subsidiaries	5			-
		8,248	Movement in the fair value of investment properties	26			(4,825)
		(4,972,719)	Taxation and Non-Specific Grant Income	13			(5,398,437)
		(917,699)	(Surplus) or Deficit on Provision of Services				(580,273)
		10,031	Share of the (surplus) or deficit on the provision of services of associates and joint ventures	32			1,435
		6	Tax expenses of subsidiaries	53			(7,591)
		(907,662)	Group (Surplus) or Deficit				(586,429)
			Items that are or may be reclassified to the surplus or deficit on the provision of services				
		413	(Surplus) or deficit on revaluation of available-for-sale financial assets	30			-
		3,474	Net change in available-for-sale assets reclassified to the (surplus) or deficit	30			-
			Items that will never be reclassified to the surplus or deficit on the provision of services				
		(2,558)	(Surplus) or deficit on revaluation of non-current assets				(3,481)
		(29,125)	Remeasurements of the net defined benefit liability	21			(11,717)
		-	Increase/ (decrease) in Members Capital				-
		2,138	Tax on other comprehensive income	53			(353)
		-	Share of other comprehensive expenditure and income of associates and joint ventures				-
		(25,658)	Other Comprehensive Income and Expenditure				(15,551)
		(933,320)	Total Comprehensive Income and Expenditure				(601,980)

Authority Comprehensive Income and Expenditure Statement

2017/18 Gross Exp £000	2017/18 Gross Income £000	2017/18 Net Exp £000	Gross expenditure, gross income and net expenditure of continuing operations	Note	2018/19 Gross Exp £000	2018/19 Gross Income £000	2018/19 Net Exp £000
8,879	(874)	8,005	Assembly & Secretariat		8,713	(76)	8,637
40,167	(9,394)	30,773	Communities and Intelligence		38,629	(5,047)	33,582
1,417	(75)	1,342	Corporate Management		1,340	(540)	800
73,487	(6,367)	67,120	Development, Enterprise & Environment		125,828	(12,386)	113,442
98	-	98	Elections		1,613	-	1,613
10,758	(1,708)	9,050	External Affairs		12,269	(1,147)	11,122
613,848	(3,994)	609,854	Housing and Land		736,493	(8,299)	728,194
6,110	(166)	5,944	Mayor's Office		6,891	(384)	6,507
30,965	(3,998)	26,967	Resources		46,297	(2,368)	43,929
67,888	(4,744)	63,144	Corporate and Group Items		85,542	(5,846)	79,696
853,617	(31,320)	822,297	Cost of Services		1,063,615	(36,093)	1,027,522
		3,095,439	Other operating expenditure	11			3,659,726
		98,286	Financing and investment income and expenditure	12			80,250
		(4,958,055)	Taxation and non-specific grant income and expenditure	13			(5,393,105)
		(942,033)	(Surplus) or Deficit on Provision of Services				(625,607)
			Items that will be subsequently reclassified to the Surplus or Deficit on the Provision of Services				
		(121)	(Surplus) or deficit on revaluation of non-current assets				(232)
		(25,853)	Remeasurements of the net defined benefit liability	21			(11,193)
		(25,974)	Other Comprehensive Income and Expenditure				(11,425)
		(968,007)	Total Comprehensive Income and Expenditure				(637,032)

Group Movement in Reserves Statement

2018/19	Note	Non- Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Usable Unusable	Group Usable	Group Unusable	Total Reserves	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2018		(35,122)	(469,759)	(231,561)	(725,511)	(1,461,953)	3,054,188	1,592,235	(115,420)	161,570	(1,577,372)	3,203,932	1,626,560
Adjustment for the restatement of financial instruments		1,399	-	-	-	1,399	19,201	20,600	(23,240)	23,734	(21,841)	42,935	21,094
Restated Balance at 1 April 2018		(33,723)	(469,759)	(231,561)	(725,511)	(1,460,554)	3,073,389	1,612,835	(138,660)	185,304	(1,599,213)	3,246,867	1,647,654
Movement in reserves in year													
Comprehensive Expenditure and Income		(625,607)	-	-	-	(625,607)	(11,425)	(637,032)	38,830	(3,778)	(586,777)	(15,203)	(601,980)
Adjustment between authority accounts and group accounts		-	-	(12,751)	-	(12,751)	12,751	-	-	6	(12,751)	12,757	6
Adjustments between accounting basis and funding basis under regulations	9	407,841	-	(91,855)	(626,937)	(310,951)	310,951	-	(3,161)	3,161	(314,112)	314,112	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(217,766)	-	(104,606)	(626,937)	(949,309)	312,277	(637,032)	35,669	(611)	(913,640)	311,666	(601,974)
Transfers (to)/from Earmarked Reserves	10	241,489	(241,489)	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year		23,723	(241,489)	(104,606)	(626,937)	(949,309)	312,277	(637,032)	35,669	(611)	(913,640)	311,666	(601,974)
Balance at 31 March 2019		(10,000)	(711,248)	(336,167)	(1,352,448)	(2,409,863)	3,385,666	975,803	(102,991)	184,693	(2,512,853)	3,558,533	1,045,680

Group Movement in Reserves Statement

2017/18	Note	Non- Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's Usable	Authority's Share of Subsidiaries' and Joint Venture's Unusable	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017		(10,000)	(337,752)	(168,277)	(28,934)	(544,963)	3,105,204	2,560,241	(63,436)	74,901	(608,399)	3,168,278	2,559,879
Movement in reserves in year													
Comprehensive Expenditure and Income		(942,032)	-	-	-	(942,032)	(25,974)	(968,006)	34,438	248	(907,594)	(25,726)	(933,320)
Adjustments between accounting basis and funding basis under regulations	9	784,903	-	(63,284)	(696,577)	25,042	(25,042)	-	(86,421)	86,421	(61,378)	61,380	2
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(157,129)	-	(63,284)	(696,577)	(916,990)	(51,016)	(968,006)	(51,983)	86,669	(968,972)	35,654	(933,318)
Transfers (to)/from Earmarked Reserves	10	132,007	(132,007)	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year		(25,122)	(132,007)	(63,284)	(696,577)	(916,990)	(51,016)	(968,006)	(51,983)	86,669	(968,972)	35,654	(933,318)
Balance at 31 March 2018		(35,122)	(469,759)	(231,561)	(725,511)	(1,461,953)	3,054,188	1,592,235	(115,419)	161,570	(1,577,371)	3,203,932	1,626,561

Authority Movement in Reserves Statement

2018/19	Note	Non - Earmarked Reserves	Earmarked Reserves	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018		(35,122)	(469,759)	(504,881)	(254,163)	(725,512)	(1,484,554)	3,076,790	1,592,236
Adjustments for the restatement of financial instruments		1,399	-	1,399	-	-	1,399	19,201	20,600
Restated Balance at 1 April 2018		(33,723)	(469,759)	(503,482)	(254,163)	(725,512)	(1,483,155)	3,095,991	1,612,836
Movement in reserves during the year									
Total Comprehensive Expenditure and Income		(625,607)	-	(625,607)	-	-	(625,607)	(11,425)	(637,032)
Adjustments between accounting basis and funding basis under regulations	9	407,840	-	407,840	(91,855)	(626,937)	(310,952)	310,952	-
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(217,767)	-	(217,767)	(91,855)	(626,937)	(936,559)	299,527	(637,032)
Transfers (to)/from Earmarked Reserves	10	241,490	(241,490)	-	-	-	-	-	-
(Increase)/Decrease in year		23,723	(241,490)	(217,767)	(91,855)	(626,937)	(936,559)	299,527	(637,032)
Balance at 31 March 2019 carried forward		(10,000)	(711,249)	(721,249)	(346,018)	(1,352,449)	(2,419,714)	3,395,518	975,804

Authority Movement in Reserves Statement

2017/18	Note	Non - Earmarked Reserves	Earmarked Reserves	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017		(10,000)	(337,752)	(347,752)	(190,879)	(28,935)	(567,566)	3,127,807	2,560,241
Movement in reserves during the year									
Total Comprehensive Expenditure and Income		(942,033)	-	(942,033)	-	-	(942,033)	(25,974)	(968,007)
Adjustments between accounting basis and funding basis under regulations	9	784,903	-	784,903	(63,284)	(696,577)	25,044	(25,043)	1
Net (Increase)/ Decrease before Transfers to Earmarked Reserves									
		(157,130)	-	(157,130)	(63,284)	(696,577)	(916,989)	(51,017)	(968,006)
Transfers (to)/from Earmarked Reserves	10	132,007	(132,007)	-	-	-	-	-	-
(Increase)/Decrease in year		(25,122)	(132,007)	(157,130)	(63,284)	(696,577)	(916,989)	(51,017)	(968,006)
Balance at 31 March 2018 carried forward		(35,122)	(469,759)	(504,882)	(254,163)	(725,512)	(1,484,555)	3,076,790	1,592,235

Balance Sheet

		Authority	Group	Authority	Group
	Note	31 March 2019	31 March 2019	31 March 2018	31 March 2018
		£000	£000	£000	£000
Property, plant & equipment	25	4,411	86,914	3,683	57,137
Investment property	26	-	262,689	-	313,290
Intangible assets		2,311	2,495	1,856	1,873
Long term investments	29	223,948	582,964	-	153,967
Investment in Limited Partnership	49	-	-	-	1
Available for sale financial assets	29	-	-	229,562	272,186
Long term debtors	34	762,798	130,290	707,260	77,915
Finance lease receivables	35	-	82,019	-	84,230
Long Term Assets		993,468	1,147,371	942,361	960,599
Short term investments	50	1,586,359	1,586,936	1,303,098	1,303,513
Available for sale financial assets		-	-	7,563	7,563
Finance lease receivables	35	-	16,662	-	57,655
Inventories	37	-	246,544	-	258,484
Trade and other receivables	38	1,051,388	828,188	981,770	904,150
Cash and Cash Equivalents	39	941,433	1,017,685	633,609	660,918
Current Assets		3,579,180	3,696,015	2,926,040	3,192,283
Bank overdraft	38	-	-	-	(319)
Short term borrowing	50,51	(241,458)	(207,755)	(269,983)	(243,357)
Short term creditors	40	(464,084)	(551,841)	(473,579)	(541,843)
Receipts in advance - revenue	16	(4,516)	(5,355)	(1,301)	(2,048)
Receipts in advance - capital	16	(93,439)	(93,439)	(474,897)	(474,897)
Finance lease liabilities	35	-	(1)	-	(1)
Provisions	41	-	(26,992)	-	(19,751)
Current Liabilities		(803,497)	(885,383)	(1,219,760)	(1,282,216)
Long term creditors		(2,094)	(31,726)	(46)	(10,602)
Provisions	41	(280,818)	(457,580)	(310,034)	(497,467)
Long term borrowing	50,51	(4,314,642)	(4,314,641)	(3,789,622)	(3,789,622)
Finance lease liabilities	35	-	(37)	-	(38)
Net pensions liability	21	(145,495)	(163,856)	(139,630)	(155,578)
Receipts in advance - revenue	16	(362)	(362)	-	-
Receipts in advance - capital	16	(1,544)	(6,979)	(1,543)	(1,939)
Deferred tax liability	52	-	(28,502)	-	(41,981)
Long Term Liabilities		(4,744,955)	(5,003,683)	(4,240,875)	(4,497,227)
Net Assets		(975,804)	(1,045,680)	(1,592,235)	(1,626,561)
Usable reserves		(2,419,713)	(2,512,852)	(1,484,555)	(1,577,371)
Unusable Reserves	43	3,395,517	3,558,532	3,076,790	3,203,932
Total Reserves		975,804	1,045,680	1,592,235	1,626,561

Cash Flow Statement

	Note	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Net surplus or (deficit) on the provision of services		625,607	586,429	942,032	907,662
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	(412,662)	(264,670)	(656,775)	(575,213)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(1,174,460)	(1,179,454)	(749,390)	(768,162)
Net cash flows from Operating Activities		(961,515)	(857,695)	(464,133)	(435,713)
Investing Activities	46	773,829	580,797	510,608	436,868
Financing Activities	47	495,510	633,985	241,044	286,393
Net increase or (decrease) in cash and cash equivalents		307,824	357,087	287,519	287,548
Cash and cash equivalents at 1 April	39	633,609	660,598	346,090	373,050
Cash and cash equivalents at 31 March		941,433	1,017,685	633,609	660,598

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 IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from 1 April 2018.

(i) IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments, effective from 1 April 2018, comparatives have not been restated and any resulting change in net assets has been recognised in the retained earnings balance as at 1 April 2018.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets.

According to IFRS 9, financial assets should be classified as either amortised cost, fair value through other comprehensive income or fair value through profit and loss depending on the characteristic of the instrument and the business model for holding the instrument. The Group has assessed its holdings of financial instruments and the most significant impact has been the reclassification of some loan investments previously classified as loans and receivables at amortised cost to fair value through profit and loss, and available for sale assets have been reclassified as either fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL") based on the contractual cashflows and business model for holding the assets. Fair value movements are only recognised where material.

The Group has three types of financial assets that are subject to IFRS 9's new expected credit loss model (ECL) for calculating impairment on financial assets:

- Trade receivables
- Loan investments
- Lease receivables

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. Impairments are only recognised where material. For trade receivables, the Group applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance and the resulting changes to impairment loss were not material. For loan investments and lease receivables the Group used the general approach under which a credit risk status assessment is undertaken of financial assets to determine which one of three stages of credit deterioration should be applied to determine both the amount of ECL to recognise as well as how interest income should be recognised.

Reclassification and remeasurement of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 and the remeasurements of carrying amounts as at 1 April 2018.

Authority

Reclassification and remeasurement of financial assets at 1 April 2018

	Carrying amount brought forward at 1 April £000	Amortised cost £000	Fair value through other comprehensive income £000	Fair value through profit or loss £000	
Previous classifications					
Loans and receivables - Long-term	706,755	365,447		341,308	
Available for sale -Long-term	229,562	-	229,562	-	
Loans and receivables - Short-term	1,445,612	1,445,612			
Available for sale -Short-term	7,563	7,563	-	-	
Reclassified amounts at 1 April 2018	2,389,492	1,818,622	229,562	341,308	
					Impact on General Fund £000
Write down to fair value				(19,207)	19,207
Remeasured carrying amounts at 1 April 2018		1,818,622	229,562	322,101	

Effect of reclassification and remeasurement on the Balance Sheet

This note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

Authority

Effect of reclassification and remeasurement on the Balance Sheet

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Non- financial instrument balances	Total Balance Sheet carrying amount
	£000	£000	£000	£000	£000
Remeasured carrying amounts at 1 April 2018	1,818,622	229,562	322,101		
Long-term investments	-	229,562	-	-	229,562
Long-term debtors	365,447		341,308	505	707,260
Short-term Investments	1,310,661	-	-	-	1,310,661
Short-term debtors	142,514			839,256	981,770
	1,818,622	229,562	341,308	839,761	3,229,252

Application of classification requirements at 1 April 2018

The following judgements were made in reclassifying financial instruments at 1 April 2018.

- Residential Mortgage Backed Securities (RMBS) with a carrying amount of £229.6m were reclassified from available for sale to fair value through other comprehensive income as they are managed by fund managers who achieve their income targets by both collecting contractual cash flows and selling the securities.
- The loan to the London Legacy Development Corporation (LLDC) with a carrying value of £326.0m was reclassified from loans and receivables to fair value through profit and loss. Following a detailed review of the LLDC loan, management concluded that the GLA loan to LLDC is in effect the subordinated funding for the LLDC investments, therefore the ultimate return and amount recoverable on the loan is intrinsically linked with the value of the LLDC investment property. This is a situation specifically considered in IFRS 9 B4.1.16 and B4.1.17 and is sometimes referred to as the “non-recourse” guidance. In summary, this states that where the return on a loan is directly linked to the performance of some assets, this is not consistent with the solely payments of principal and interest test, and the financial asset has to be held at fair value.
- The loan to the London Co-Investment Fund (LCIF) with a carrying value of £15.3m was reclassified from loans and receivables to fair value through profit and loss as the returns are dependent on the performance of investments and not specifically principal and interest.
- A bond with a carrying amount of £7.6m was reclassified from available for sale to amortised cost, as the fact that it has a quoted market price is no longer relevant to its classification and it is being

held as part of a business model to collect contractual cash flows. No value adjustments were required following this reclassification as the bond was previously carried at cost as the fair value differential was immaterial.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts. The core principle of IFRS 15 is that revenue reflects the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled. The recognition of such revenue is in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

The Group assessed in detail the impact of IFRS 15 on the consolidated financial statements. The impact assessment covered the Group's income streams falling within the scope of IFRS 15, such as planning income, ticket sales for New Year's Eve, rental income and property disposals. The Group concluded that IFRS 15 has an immaterial impact on the existing accounting policies for revenue recognition. As most of the Group's transactions relate to activities with single performance obligations, the point at which control is transferred under IFRS 15 is the same as the point at which risks and rewards transferred under IAS 18. Accordingly, no adjustment to the opening balance sheet at 1 April 2018 has been recognised.

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 2018/19 financial year and its position at 31 March 2019. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code") and the International Financial Reporting Standards ("IFRS") adopted by the European Union ("Adopted IFRS").

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

ii. Basis of Accounting

The accounts are prepared as at 31 March.

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

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

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

iii. Basis of Preparation of Group Accounts

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

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

Subsidiaries

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

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, except for London Travel Watch and London Treasury Limited which have been excluded on materiality grounds. Material intragroup transactions and balances between GLA Group entities are eliminated.

The Authority's subsidiaries are:

Subsidiaries and sub-subsidiaries	Principal Activities
Greater London Authority Holdings Limited (GLAH)	Holding company
◦ GLA Land and Property Limited (GLAP)	Development, sale and rental of land and buildings
◦ London Treasury Limited (LTL)*	Fund management services
London Legacy Development Corporation (LLDC)	Regeneration of the Queen Elizabeth Olympic Park
◦ E20 Stadium LLP	Running the London Stadium
◦ Stratford East London Holdings Limited	Holding company and member of E20 Stadium LLP
Old Oak and Park Royal Development Corporation (OPDC)	Regeneration of Old Oak and Park Royal
SME Wholesale Finance Limited (SMEWFL)	Financing of small and medium businesses
◦ London Co-Investment Fund LLP (LCIF)	Financing of small and medium businesses
◦ Greater London Investment Fund Limited (GLIF)*	Financing of small and medium businesses
London Travel Watch (LTW)	Transport watchdog

On materiality grounds, LTL and LTW are not consolidated in the GLA's group accounts.

* LTL was acquired on 21 August 2018 and is a wholly owned subsidiary of GLAH. It is the fund manager for the GLA, providing Financial Services and Markets Authority (FSMA) authorised investment services to the GLA, GLAP and other members of the Group Investment Syndicate.

* GLIF was established in June 2018 and is a wholly owned subsidiary of SMEWFL. The aim is to establish a £100m fund to provide finance to small and medium sized enterprises with funding provided by the European Regional Development Fund, the European Investment Bank, London Waste and Recycling Board and SMEWFL.

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. The Authority's £0.96bn net liability position as at 31 March 2019 largely reflects the extent to which borrowing undertaken by the Authority to fund Crossrail exceeds cash and financial assets held, this position is expected to improve over time as the debt repayments are funded from the Crossrail Business Rate Supplements - an additional business rates levy on London businesses - which provide a secure income stream.

E20 Stadium LLP

As the ultimate funder of LLDC, the GLA is exposed to the financial risks of its subsidiary, E20 Stadium LLP. The GLA continues to be committed to meeting the funding requirements of E20 Stadium LLP. It has agreed funding for E20 for 2019/20 through the GLA statutory budget process and recognises funding within LLDC's plan until 2022/23. Given the commitment made to UK Athletics, the GLA expects that funding will be provided up to and including 2021/22.

Crossrail

As part of the funding solution to Crossrail's cost overruns the GLA has committed to pay TfL a further £1.4bn, under an agreement with the Department for Transport in December 2018, making the GLA's contribution to Crossrail £5.5bn. This additional contribution is to be funded and financed from the BRS and the Mayor's Community Infrastructure Levy (MCIL). The Authority anticipates that after allowing for this additional payment all Crossrail debt funded by BRS will be repaid as originally intended in 2037/38 and debt to be supported by MCIL will be repaid by 2029/30.

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

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

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

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

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

vi. Events after the Balance Sheet Date

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

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

vii. Accruals of income and expenditure

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

- Revenue is recognised when the Group has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation. Where payment is deferred the transaction price is adjusted for the time value of money.
- Development properties and land sales - Revenue is recognised in the income statement when control has been transferred to the purchaser. It is considered that control passes on legal completion. Revenue is recognised at the fair value of the consideration received or receivable on legal completion.
- Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet, see Inventories accounting policy xxii for further details;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, is applied and the resulting changes to impairment loss is written off to the CIES.

viii. Government Grants and Third-Party Contributions

Revenue grants

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

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

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

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

Where revenue grant income has been received that has no conditions attaching to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied, the Group recognises this income in the Comprehensive Income and Expenditure account and then earmarked until it is applied.

Capital grants

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

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

ix. Council Tax Accounting

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

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

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

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

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

x. Non-domestic rates

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

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

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

Under the rates retention scheme the GLA was a tariff authority in 2018/19, as its allocated share of business rates revenues is higher than its baseline funding set by the Secretary of State – the difference between these two amounts is the tariff payable. Where an authority's business rates income is lower than its baseline funding it receives a top up payment for the difference.

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

Since April 2017 the GLA has participated in business rates retention pilot arrangements. The GLA retains a higher share of business rates income than under the previous arrangements to replace funding formerly paid as grants from central government (TfL's capital investment grant, the revenue support grant for fire services and the GLA, and council tax freeze funding for the police).

For 2018/19, the Government extended pilot arrangement for London and approved a business rates retention pool pilot, involving the GLA and the 33 London billing authorities. This pilot enabled London government to share 100 per cent of the additional business rates growth generated through the pool, as it will be subject to no levy on any additional growth in revenues generated excluding the impact of the 2017 revaluation. In 2018/19 the GLA's share of retained rates collected in London is 36 per cent compared to 37 per cent in 2017/18.

As part of the pilot arrangements for 2018/19 it was agreed by the Mayor that the GLA's incremental revenue arising from the pilot, over what it would have received if this had not proceeded, will be

applied to fund strategic investment projects. In total the estimated net additional benefit to the GLA from the London 100 per cent retention pilot based on the agreed distribution model was £107 million and the Mayor agreed to top this up by a further £5 million to £112 million which was approved in a Mayoral Decision. This income has been transferred to a newly created Strategic Investment Fund reserve to fund projects. Of this £0.72 million was applied on strategic investment projects during the 2018-19 financial year. The provisional outturn for the London business rates retention pilot taking into account the 33 billing authority NNDR3 returns for 2018-19 suggests that the total sum which will need to be applied for strategic investment purposes in line with the pilot agreement is around £120 million which is around £8 million higher. This is consistent with the figure assumed to be distributed from the estimated collection fund surplus for 2018-19 approved in the Mayor's 2019-20 budget.

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

Under the business rates retention pilot the GLA also has a debtor position with the City of London – the lead authority for the London pool – as the net benefit from the pilot is higher than estimated at the start of the financial year.

The GLA acts as an agent of the City of London in respect of managing cashflows and transfers between billing authorities under the pilot agreement but at the financial year end only retains those sums due to the GLA for its purposes. The City of London makes the collective tariff payment for the pool – the sum by which the adjusted business rates baseline income for London exceeds the aggregate funding baseline for the 34 pool members including the GLA's element – directly to MHCLG

xi. Crossrail Business Rate Supplement

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

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

The GLA receives amounts in respect of BRS from billing authorities during the year based on a provisional estimate at the start of the year net of reliefs, borough collection costs and a 5%

contingency allowance. After the financial year-end each billing authority calculates the amount it has collected in BRS after allowing for collection and other costs. This uses a different methodology - as specified in section 7 to Schedule II of the BRS Transfers to Revenue Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009.

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

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

The GLA has recognised all revenue expenditure (including interest incurred on that element of its contribution financed by borrowing) relating to its contribution towards the Crossrail project as expenditure in the relevant service revenue account(s) as it is incurred. Its contributions paid to Transport for London in respect of Crossrail - which concluded in respect of the initial BRS funded element in 2015/16 - have been recognised as Revenue Expenditure Funded from Capital under Statute ("REFCUS").

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

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

The GLA transfers an amount equal to its income receivable in respect of the Crossrail project once recognised in the financial year (net of administrative expenses incurred by it and the 33 billing authorities in London) from its General Fund to its Business Rate Supplement Revenue Account. Any difference between the cumulative income transferred to the Business Rate Supplement Revenue

Account and the amount required by regulation to be transferred to that account (i.e. the amount reported by billing authorities as having been collected as specified in the BRS Transfers to Revenue Accounts regulations) is credited or debited to that account, with the corresponding debit or credit being made to the Collection Fund Adjustment Account.

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

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

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

As a result of the delay in completing the Crossrail project, the Mayor agreed, in December 2018, that the GLA would provide a further £1.4 billion contribution to the project, to be paid to TfL as a capital grant. This will be funded by £100 million using unapplied BRS revenues held as a provision against revaluation, financing cost and business rates appeals risks from prior years, and a £1.3 billion loan from the Department for Transport. This loan will be financed and repaid over an agreed period of 10 years using revenues from the Crossrail BRS and MCIL.

The GLA estimates that the BRS for the Crossrail project will need to run for a further three years compared to the position prior to the announcement of this additional contribution. In line with the final prospectus, it is estimated that the BRS for Crossrail will run for a period of 24 to 31 years with a current target end date of 2037-38 and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards Crossrail construction costs.

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.

xii. Community Infrastructure Levy ("CIL")

The Authority has elected to charge a CIL. The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Authority is the chargeable body and Transport for London receives the levy and the London Boroughs collect the levy on the Authority's

behalf from the collecting authorities – the 32 London boroughs and the Corporation of London. This income is paid into the Crossrail Sponsor Funding Agreement Account held by Transport for London before being applied by it to fund the Crossrail project. Under existing legislation, the GLA's CIL may only be applied to fund transport projects. The income from the levy is currently being used to fund Crossrail. A new charging schedule (MCIL2) came into effect on 1 April 2019 and supersedes MCIL1; in the medium-term it will continue to fund Crossrail for a period of up to 10 years.

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

xiii. Exceptional Items

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

xiv. Charges to Revenue for Non-Current Assets

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

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

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

xv. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service 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 Group 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

Group employees are members of the following pension schemes:

- *Local Government Pension Scheme (LGPS):* Authority, LLDC and OPDC staff
- *London Principal Civil Service Pension Scheme (PCSPS):* TravelWatch
- *AVIVA:* GLA Assembly members

The Local Government Pension Scheme

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

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

- Liabilities are discounted to their value at current prices, at a discount rate of 2.45%. An estimate of the Authority's future cashflows is made using notional cashflows based on an estimated service liability of 24 years. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). The assets of the LPFA pension fund attributable to the Authority, LLDC and OPDC are included in the Balance Sheet at their fair value as follows:
 - Quoted securities- bid value to bid value basis
 - Unquoted securities-professional estimate
 - Unitised securities- bid value to bid value basis
 - Property-market value

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

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

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

Discretionary benefits

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

The Principal Civil Service Pension Scheme

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

Greater London Authority AVIVA master trust scheme

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members. As it is 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 in the year. The scheme commenced on 1 March 2018.

xvi. Fair Value

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

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

xvii. Financial Instruments

Financial Liabilities

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

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. Where material, the Group has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVTPL), and
- fair value through other comprehensive income (FVOCI)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Group has made a number of loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost and at FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised,

losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Group has a portfolio of a significant number of loans to subsidiaries and property developers. Losses have been assessed on an individual instrument basis, excluding loans to other local authorities as the Code excludes loans to other local authorities from impairment assessments.

Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that are measured at FVTPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method and losses and impairment are recognised in the CIES. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to the CIES within Financing and Investment Income and Expenditure.

xviii. Cash and cash equivalents

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

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

xix. Foreign Currency Translation

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

xx. Interests in Companies and Other Entities

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

xxi. Inventories

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 control has been transferred.

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

xxii. Leases

Finance Leases (the Group as lessee)

Leased Assets

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

Lease Payments

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

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

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

Finance Leases (the Group as lessor)

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

Operating Leases (the Group as lessee)

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

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

Operating Leases (the Group as lessor)

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

xxiii. Intangible Assets

Expenditure, of £10,000 and above, on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible assets to the Group.

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

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

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

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

Software costs: Straight line - 3 to 5 years

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

xxiv. Property, Plant and Equipment

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

Recognition

Expenditure, of £10,000 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 £10,000 may be grouped and capitalised where practicable to do so.

De-recognition

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

Initial Measurement and Valuations

Assets are initially measured at cost, comprising:

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

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

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

Assets under construction are measured at cost less accumulated impairment losses.

Valuations

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is provided according to the following policy:

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

- Furniture, fixtures and fittings – 5 to 10 years
- Motor vehicles – 3 years

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

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

Disposals

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

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

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

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

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

Non-current assets held for sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had

they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

xxv. Heritage Assets

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

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

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

xxvi. Investment Property

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

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

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

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

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

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

xxviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

xxix. Reserves

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

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

xxx. VAT

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

xxxi. Corporation Tax

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

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

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

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

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

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

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

xxxii. Minimum Revenue Provision

A minimum revenue provision (MRP) is a requirement to spread the revenue cost of capital expenditure over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. 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 GLA's relevant capital expenditure currently relates to major infrastructure projects, namely Crossrail and the Northern Line Extension (NLE). Due to the scale of the GLA commitment to these projects (£5.5bn and £1bn respectively), the GLA considers it prudent to maintain ringfenced project accounts for each. In the case of Crossrail, the ringfencing is prescribed by statute.

In both cases, the GLA's expenditure takes the form of grants to TfL to fund all or part of the project costs. Various statutory or contractual income streams are available to the GLA to meet these costs and are credited to the relevant ringfenced project accounts, either to fund grants directly or meet associated financing costs, including repayment of borrowing.

- In the case of Crossrail, the principal income stream is Crossrail Business Rates Supplement (BRS), supplemented from 2019 by the Mayoral Community Infrastructure Levy (MCIL)
- For the NLE, the income relates to a share of the ring-fenced Business Rates growth in the Battersea and Nine Elms designated area and charges on developers in the area of the extension, collected by the London Boroughs of Lambeth and Wandsworth.

For each project, the annual MRP is set at the surplus of income credited to the project account over the net financing and other revenue expenditure, including the making good of prior year project account deficits. This is a prudent provision, since it will fully fund the costs attributable to each project over a period of time reasonably commensurate with the benefits of that project.

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

xxxiii. Events after the Balance Sheet Date

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

3. Accounting Standards issued but not yet effective

At the date of authorisation of the Group financial statements, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS 16 Leases

- IFRS 16 replaces IAS 17 Leases and it will be effective for annual periods beginning on or after 1 April 2020. The Group's accounting as a lessor will remain aligned to the current approach under IAS 17; however, for lessee accounting there will no longer be a distinction between finance and operating leases. The transition approach adopted by the Group will result in the recognition of right of use assets and lease liabilities in respect of leased properties previously accounted for as operating

leases; there will be no impact on the General Fund. Work is currently underway to quantify the lease liabilities. As permitted by the transition options under IFRS 16, comparative figures for the prior year will not be restated. Going forward, the Group will recognise a finance charge on the lease liability and a depreciation charge on the right-of-use asset, whereas previously the Group included lease rentals within the respective service area's expenditure. The Group intends to take advantage of the exemption to not recognise a lease liability and a right-of-use asset for leases for which the underlying asset is of low value.

4. Prior period restatements and reclassifications

There are no prior period restatements or reclassifications.

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:

Judgements

London Fire Commissioner (LFC)

In January 2016, the Government announced its decision to abolish the previous London Fire and Emergency Planning Authority (LFEPA) and make the Mayor directly responsible for fire and rescue services. The Policing and Crime Act 2017 replaces LFEPA with a London Fire Commissioner and a Deputy Mayor for Fire. The London Fire Commissioner was established as a corporation sole and new functional body from 1 April 2018. The Mayor appointed Dany Cotton as the first Commissioner and Fiona Twycross AM as Deputy Mayor for Fire and Resilience.

LFC is the fire and rescue authority for London. It is responsible for providing London's fire and rescue service, ensuring that it is effective and efficient. All formal decisions about London Fire Brigade (LFB) are approved by the LFC, though some decisions may need to receive prior approval from, or be consulted on, with the Deputy Mayor for Fire and Resilience or the Mayor of London.

A review of the governance arrangements was undertaken by management to determine whether the new arrangements meant LFC was now controlled by the GLA and, in accordance with IFRS 10, be consolidated in the GLA's group accounts. The review found that while the GLA has had more control over the LFB in the period since the change of governance arrangements on 1 April 2018 than it did previously, there are no direct benefits accruing to the GLA from this oversight, as the LFB primarily remains part of a nationwide fire service. Furthermore, operational control of the LFB clearly rests with the London Fire Commissioner rather than the GLA. While the GLA may provide some policy and resource oversight, as well as a challenge function, most of the LFB's activities continue as before – in an operational sense – without reference back to the GLA. In management's judgement the governance arrangements do not bring the LFC under the Authority's control and it will therefore not form part of the GLA's group accounts going forward.

London Treasury Limited (LTL)

London Treasury Limited is a private company limited by shares. On 21 August 2018, Greater London Authority Holdings Limited (GLAH) acquired the total shares issued by LTL.

LTL through an investment management agreement carries out investment services on behalf of the GLA and other organisations to which the GLA provides treasury management services. Specifically, it enables the GLA to share investment services with London Boroughs through London Treasury Limited having the Financial Services and Markets Act 2000 authorisation required specifically by the London Boroughs for any entity carrying out investments services on their behalf.

LTL will not be consolidated into GLA's group accounts on materiality grounds. The assessment considered LTL's net assets relative to the GLA's net asset position and also the nature of the service provided. At 31 March 2019 LTL's net assets total £0.2m, as compared to the Authority's net liability position of £0.9bn. LTL provide fund management services to the Group Investment Syndicate which is a service that could be procured from similarly Financial Services and Markets Act 2000 registered commercial organisations through the GLA's procurement process.

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.

Investment Property

IAS 40 Investment properties ("IAS 40"), requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value with movements in the fair value being recorded in the income statement this could have a significant effect on the reported surplus or deficit of the Group.

The carrying value of investment properties at Group level, at 31 March 2019, totalled £262.7m, see note 26 for further details.

Leases

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

At 31 March 2019, the carrying values of finance lease receivables at Group level were significant, totalling £98.7m, see note 35 for further details.

Determining whether an arrangement contains a lease

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

Financial instruments - Classification

The classification decision for non-equity financial assets under IFRS 9, is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

Determining the appropriate business model and assessing whether the cash flows generated by an asset consist solely payments of principal and interest requires management judgement and can affect whether the financial instrument is held at amortised cost or fair value and whether changes in fair value are recognised in the Income and Expenditure Account or in Other Comprehensive Income.

Estimates

E20 Stadium LLP Onerous Contract

The provision for onerous contracts is based largely upon E20 Stadium LLP's long-term forecasts. If actual results were to differ from the underlying assumptions then this could have a material impact upon the Group's share of reported losses. The provisions is currently estimated at £200m (Note 41).

Fair Value

A range of judgements are made when determining the fair values of property assets and financial instruments held at fair value.

Fair values of properties

The significant assumptions applied in estimating the fair values of properties are:

For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors. Following market practice they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;

- the assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation - Professional Standards UK January 2014 (revised April 2015). 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
- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This requires assumptions being made on the nature, size and specification of the modern equivalent building and all other necessary improvements; and calculating the cost of providing these by reference to published building cost data. Assumptions are also made on the percentage depreciation required to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued.

Fair values of financial instruments

Where quoted market prices are not available, valuation techniques are used to value financial instruments. These include models using both observable and unobservable market inputs. The valuation techniques involve judgement with regard to the valuation models used and the inputs to these models can lead to a range of plausible valuation for financial investments. Inputs include forecast cash flows, appropriate market interest rates and for property backed loans a key input is the underlying property valuation.

Inventory (Development Property)

The Group holds land and buildings for sale and also for development and subsequent sale as Inventory. 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.

Where the estimated net realisable value is less than the carrying value within the balance sheet, the Group has written down the land property and development in progress value.

In the period to 31 March 2019, this review resulted in a £24.5m write down to net realisable value and a reversal of previous write downs totalling £1.4m. See note 37 for further details.

Affordable housing assumptions

Property valuations are based on current intentions for assets, contracts and tendering activity. In particular, the asset valuations are subject to assumptions around the levels of affordable housing, which is a factor in valuing development property and in determining the highest and best use for investment properties. Current levels of assumed affordable housing are subject to uncertainty, since the developments are expected to be self-funding whilst supporting the London-wide ambition to achieve a level of 50% of affordable housing on new developments. The level assumed in the valuation at 31 March 2019 is therefore a judgement. As the London Plan is confirmed it is possible affordable housing levels on some sites might increase, which would lead to a decrease in value.

Property, plant and equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required

regarding the valuation of property, plant and equipment, the classification of specialist/non-specialist assets and in determining residual values.

The carrying value of property, plant and equipment at Group level, at 31 March 2019, totalled £91.3m, see note 25 for further details.

Fair value of Equity Mortgages

Equity Mortgages are held as non-current financial instruments valued at fair value through profit and loss. These are amounts receivable individually from the private owners of housing units when their properties are sold and are secured by a second charge over their property.

Equity mortgages are valued with reference to published house price indices (January 2019 data used as March 2019 were 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 Land Registry 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.

At 31 March 2019 the asset recognised on the balance sheet was £37.6m. See note 29 for further details.

Financial Instruments – Allowances for Impairment Losses

Expected credit loss allowances (ECL) reflect past performance, current conditions and the Group's view of economic conditions over the expected lives of financial assets, notably loan investments and trade receivables held at amortised cost.

Definition of default

The probability of default (PD) of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due or has failed to comply with key financial covenants and other performance obligations in development agreements

At 31 March 2019, no significant expected credit loss allowances were provided for against the Group's financial assets held at amortised cost.

Post-retirement benefits

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

assumptions made and sensitivity analysis, are provided in note 21. The carrying value of the pensions liability, at Group level, totalled £163.9m at 31 March 2019.

Council tax accounting

The Authority's share of the current year's council tax surplus is £13.3m. This is based on unaudited figures from the 32 London boroughs and the City of London Corporation. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

The *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* sets out the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is an estimate based on the demand/precept proportions for the next financial year.

Non-domestic rates accounting

In respect of business rates retention, the GLA's share of rates income, related section 31 grants, debtors, creditors, bad debt provisions and appeals provisions in 2018/19 was set at 36 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 and Levy and Safety Net) (Amendment) Regulations 2017. The Authority's share of the collection fund surpluses and deficits is also calculated in accordance with the same regulations, which set out a methodology that apportion the surpluses and deficits to take into account the change in the GLA's percentage share of non-domestic rates income between 2017-18 (37 per cent) and 2018-19 (36 per cent). The Authority's share of the current year's business rates net surplus is £19.7m. This is based on unaudited figures from the 32 London boroughs and the City of London Corporation. The final audited figures were not available when these accounts were approved.

The amounts recorded are derived from the draft National Non-Domestic Rates 3 outturn returns submitted to the GLA by each authority in April and May 2019 which will be materially consistent with the information reported in the collection fund statements within their draft statutory accounts. The final statutory accounts published by 31 July will incorporate, where practical, amendments made compared to these draft figures where these have been advised to the GLA on a timely basis in advance of this deadline. Any variations arising from the final NNDR3 returns not received by the date the authority's accounts are approved will generally be incorporated in the cumulative balances, accruals, non-domestic rating income figures and provisions in the following year's statutory accounts.

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

The most significant provision relates to the estimate for potential refunds to ratepayers arising from successful non-domestic rating appeals and other changes to the valuation list relating both to the 2018/19 financial year and for backdated amounts for prior accounting periods. In estimating their provision each London billing authority has had regard to the settlement rates of historical appeals and the level of appeals unresolved at the financial year end. Billing authorities have also generally

considered the case for incorporating an estimate for the potential impact of appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

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

In setting their baseline forecasts for business rates income at the start of the 2010 rating list the Office of Budget Responsibility and the then Department for Communities and Local Government assumed a 5% calibration adjustment factor for potential reductions to rates income due to factors such as rating appeals over the period of a rating list. The Government also applied a further adjustment factor of 3 per cent in calculating the business rates baselines for 2013/14 – the first year of the rates retention system – to allow for outlier authorities where the risk of appeals might be considered to be greatest. For those authorities accounting for the largest proportion of the GLA's income the provisions made exceed these percentage rates assumed by central government. For the new 2017 rating list which came into force on the 1 April 2017 the Government assumed an average 4.5 per cent reduction due to losses on appeals over the life of the list when setting the NNDR multiplier for 2017/18.

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 checks, challenges and assessment reviews against the 2010 and 2017 local rating lists at 31 March 2019, and that billing authorities have had regard to Accounting Standards and their knowledge of historic trends in relation to the variation in the rating list in preparing their estimates.

6. Authorisation of the Statement of Accounts

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

7. Expenditure and Income analysed by nature

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

	2018/19 £000	2017/18 £000
Expenditure		
Employee benefits expenses	80,139	65,950
Other service expenses	3,918,674	3,169,210
Depreciation, amortisation and impairment	2,074	1,166
Interest payments and similar charges	144,189	139,780
Precepts and levies	795,396	736,273
BRR* Levy Payment	(16,226)	52,139
BRR Tariff Payment	687,342	720,222
Total Expenditure	5,611,588	4,884,740
Income		
Government grants and other contributions	(1,845,765)	(1,640,730)
Income from council tax and non-domestic rates	(4,239,016)	(4,103,151)
Fees, charges and other service income	(88,476)	(41,398)
Interest and investment income	(63,938)	(41,494)
Total Income	(6,237,195)	(5,826,773)
(Surplus) or Deficit on Provision of Service	(625,607)	(942,033)

*BRR-Business Rates Retention

Note: The credit for the BRR Levy Payment for 2018/19 arises because the actual levy payable in respect of 2017/18 was £35.6 million around £16.2 million lower than accrued for in that year's accounts. The actual levy payment was calculated using an updated methodology.

8. Expenditure and Funding Analysis

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

Net Exp Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*
£000	£000	£000		£000	£000	£000
7,263	742	8,005	Assembly & Secretariat	7,794	843	8,637
28,573	2,200	30,773	Communities and Intelligence	30,651	2,931	33,582
1,165	177	1,342	Corporate Management	700	100	800
27,682	39,438	67,120	Development, Enterprise & Environment	55,042	58,400	113,442
96	2	98	Elections	1,610	3	1,613
8,473	577	9,050	External Affairs	10,518	604	11,122
17,363	592,491	609,854	Housing and Land	19,016	709,178	728,194
5,134	810	5,944	Mayor's Office	5,727	780	6,507
24,906	2,061	26,967	Resources	34,931	8,996	43,927
		-	Group Items			-
196,199	(133,055)	63,144	Corporate Items & Group Items	291,328	(211,630)	79,698
316,854	505,443	822,297	Net Cost of Services	457,317	570,205	1,027,522
(473,984)	(1,290,346)	(1,764,330)	Other Income and Expenditure	(675,083)	(978,046)	(1,653,129)
(157,130)	(784,903)	(942,033)	Surplus or Deficit	(217,766)	(407,841)	(625,607)
(347,752)			Opening General Fund Balance	(504,882)		
			Adjustments for the restatement of financial instruments	1,398		
(157,130)			Less/Plus Surplus or (Deficit)	(217,766)		
(504,882)			Closing General Fund Balance	(721,250)		

*Net expenditure in the Comprehensive Income and Expenditure Statement

8a. EFA – Adjustments between funding and accounting basis

Authority 2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes £000	Net change for the		Total Adjustments £000
		Pensions Adjustments £000	Other Differences £000	
Assembly & Secretariat	-	889	(46)	843
Communities and Intelligence	1,460	1,456	15	2,931
Corporate Management	-	95	5	100
Development, Enterprise & Environment	55,545	2,747	109	58,401
Elections	-	1	1	2
External Affairs	-	597	8	605
Housing and Land	704,864	1,125	3,188	709,177
Mayor's Office	-	834	(54)	780
Resources	3,316	5,682	(1)	8,997
Corporate and Group Items	2,073	4	(213,708)	(211,631)
Net Cost of Services	767,258	13,430	(210,483)	570,205
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,042,787)	3,628	61,113	(978,046)
Difference between surplus or deficit on the General Fund and the CIES	(275,529)	17,058	(149,370)	(407,841)

Authority 2017/18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes £000	Net change for the		Total Adjustments £000
		Pensions Adjustments £000	Other Differences £000	
Assembly & Secretariat	-	761	(19)	742
Communities and Intelligence	765	1,467	(32)	2,200
Corporate Management	-	175	2	177
Development, Enterprise & Environment	35,525	2,247	1,666	39,438
Elections	-	2	-	2
External Affairs	-	593	(16)	577
Housing and Land	583,465	1,171	7,855	592,491
Mayor's Office	-	782	29	811
Resources	-	2,068	(7)	2,061
Corporate and Group Items	1,167	50	(134,273)	(133,056)
Net Cost of Services	620,922	9,316	(124,795)	505,443
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,215,771)	4,193	(78,768)	(1,290,346)
Difference between surplus or deficit on the General Fund and the CIES	(594,849)	13,509	(203,563)	(784,903)

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

Group

2018/19

	USABLE RESERVES				Total Usable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/(from) the Pensions Reserve	(20,336)	-	-	-	(20,336)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,764	-	-	-	2,764
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	(67,039)	-	-	-	(67,039)
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(88)	-	-	-	(88)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(972,670)	-	-	-	(972,670)
Transfer of net income/expenditure to the BRS account	211,117	(211,117)	-	-	211,117
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	(211,117)	211,117	-	-	(211,117)
Total Adjustments to Revenue Resources	(1,057,369)	-	-	-	(1,057,369)
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	173,540	-	(99,641)	-	73,899
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,074,819	-	-	(1,074,819)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	202,102	-	-	-	202,102
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,588	-	-	-	11,588
Total Adjustments between Revenue and Capital Resources	1,462,049	-	(99,641)	(1,074,819)	287,589
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	447,882	447,882
Use of capital receipts reserve to finance capital expenditure	-	-	72,392	-	72,392
Cash receipts in relation to long term capital debtors	-	-	(64,606)	-	(64,606)
Total Adjustments to Capital Resources	-	-	7,786	447,882	455,668
Total Adjustments	404,680	-	(91,855)	(626,937)	(314,112)

Group (continued)

2017/18

	USABLE RESERVES				Total Usable Reserves £000
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/(from) the Pensions Reserve	(16,616)	-	-	-	(16,616)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	(4,003)	-	-	-	(4,003)
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	73,251	-	-	-	73,251
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	23	-	-	-	23
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(271,543)	-	-	-	(271,543)
Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	15,021
Transfer of net income/expenditure to the BRS account	157,177	(157,177)	-	-	157,177
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	(157,177)	157,177	-	-	(157,177)
Total Adjustments to Revenue Resources	(203,867)	-	-	-	(203,867)
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	67,602	-	(67,602)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	715,499	-	-	(715,499)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	157,177	-	-	-	157,177
Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	(44,587)	-	-	-	(44,587)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6,659	-	-	-	6,659
Total Adjustments between Revenue and Capital Resources	902,350	-	(67,602)	(715,499)	119,249
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	18,922	18,922
Use of capital receipts reserve to finance capital expenditure	-	-	33,801	-	33,801
Cash receipts in relation to long term capital debtors	-	-	(29,483)	-	(29,483)
Total Adjustments to Capital Resources	-	-	4,318	18,922	23,240
Total Adjustments	698,483	-	(63,284)	(696,577)	(61,378)

Authority

Adjustments between Accounting Basis and Funding Basis under Regulations

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

2018/19

	USABLE RESERVES				
	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/(from) the Pensions Reserve	(17,058)	-	-	-	(17,058)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,764	-	-	-	2,764
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	(67,039)	-	-	-	(67,039)
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(62)	-	-	-	(62)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(898,914)	-	-	-	(898,914)
Release of backdated appeals from the non-domestic rates appeals provision account	-	-	-	-	-
Transfer of net income/expenditure to the BRS account	211,117	(211,117)	-	-	-
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	(211,117)	211,117	-	-	-
Total Adjustments to Revenue Resources	(980,309)	-	-	-	(980,309)
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	99,641	-	(99,641)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,074,819	-	-	(1,074,819)	-
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	202,102	-	-	-	202,102
Voluntary provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	-	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,588	-	-	-	11,588
Total Adjustments between Revenue and Capital Resources	1,388,150	-	(99,641)	(1,074,819)	213,690
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	447,882	447,882
Cash receipts in relation to capital debtors	-	-	7,786	-	7,786
Total Adjustments to Capital Resources	-	-	7,786	447,882	455,668
Total Adjustments	407,840	-	(91,855)	(626,937)	(310,952)

Authority (continued)

USABLE RESERVES

	General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/(from) the Pensions Reserve	(13,510)	-	-	-	(13,510)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	(4,003)	-	-	-	(4,003)
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	73,251	-	-	-	73,251
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	45	-	-	-	45
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(154,450)	-	-	-	(154,450)
Release of backdated appeals from the non-domestic rates appeals provision account	15,021	-	-	-	15,021
Transfer of net income/expenditure to the BRS account	157,177	(157,177)	-	-	-
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	(157,177)	157,177	-	-	-
Total Adjustments to Revenue Resources	(83,646)	-	-	-	(83,646)
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	33,801	-	(33,801)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	715,499	-	-	(715,499)	-
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	157,177	-	-	-	157,177
Voluntary provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	(44,587)	-	-	-	(44,587)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6,659	-	-	-	6,659
Total Adjustments between Revenue and Capital Resources	868,549	-	(33,801)	(715,499)	119,250
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	18,922	18,922
Cash receipts in relation to capital debtors	-	-	(29,483)	-	(29,483)
Total Adjustments to Capital Resources	-	-	(29,483)	18,922	(10,560)
Total Adjustments	784,903	-	(63,284)	(696,577)	25,043

10. Transfers to/from Earmarked Reserves – Authority

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

	Balance at 1 April 2018 £000	Transfers In £000	Transfers Out £000	Balance at 31 March 2019 £000
GLA Reserves				
Assembly Development & Resettlement	1,639	5	(34)	1,610
Capital Programme	62,916	8,738	(21,371)	50,283
City Hall Lease Smoothing	3,143	-	-	3,143
Compulsory Purchase Orders	1,329	-	-	1,329
Development	916	2,337	(845)	2,408
Directorate (Programme reserve)	26,173	52,211	(16,366)	62,018
Election	8,089	6,375	(1,611)	12,853
Environment Drainage	266	88	-	354
Estates	4,965	2,903	-	7,868
LLDC Capital Funding Reserve	64,130	61,917	-	126,047
London and Partners	2,245	-	-	2,245
London Green Fund Reserve	1,307	110	(349)	1,068
Major Events	4,650	9,200	(2,855)	10,995
Mayoral Resettlement	77	-	-	77
New Homes Bonus LEP grant reserve	11,045	500	(6,382)	5,163
New Museum Project	4,000	4,000	-	8,000
Planning Smoothing	1,084	(303)	-	781
Pre-Application Planning	1,215	727	-	1,942
Revenue Grants Unapplied	39,287	44,868	(4,302)	79,853
Sport Unites	5,800	943	-	6,743
Young Londoners' Fund	-	23,939	-	23,939
Sub-Total	244,276	218,557	(54,115)	408,718
GLA Group Reserves				
Business Rates Reserve	199,361	-	(11,161)	188,200
Development Corporations	26,124	(22,988)	-	3,137
Strategic Investment Fund	-	111,916	(723)	111,193
Sub-Total	225,485	88,929	(11,884)	302,530
Total Earmarked Reserves	469,761	307,486	(65,999)	711,248

The purpose of each reserve is detailed below:

GLA Reserves

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

The **City Hall Lease Smoothing Reserve** is used to ensure that the fixed percentage increases in the City Hall operating lease are charged to the Comprehensive Income and Expenditure Account on a

straight-line basis over the lease term and to smooth the budgetary impact on the revenue account of the increase in lease payments.

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

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

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

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

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

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

The **LLDC Capital Funding Reserve** provides a source of funding for revenue grants to LLDC for the financing of future LLDC capital expenditure.

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

The **London Green Fund Reserve** holds the revenue returns from the £32m investment in the European backed London Green fund which invested in waste energy efficiency, decentralised energy and social housing projects. This fund was part of the Joint European Support for Sustainable Investment in City Areas (JESSICA) policy initiative of the European Commission.

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

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

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

The **New Museum Project Reserve** has been created to ensure adequate funding is accumulated to meet future costs relating to the proposed relocation of the Museum of London.

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 relevant project or initiative.

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

The **Young Londoners' Fund Reserve** exists to support the Mayor's £45 million Young Londoners' Fund is helping children and young people to fulfil their potential, particularly those at risk of getting caught up in crime. It is supporting a range of education, sport, cultural and other activities for young Londoners.

GLA Group Reserves

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

The **Development Corporation Reserve** has been created to ensure that adequate contingency funding is available for unexpected costs relating to Mayoral Development Corporations.

The **Strategic Investment Fund Reserve** exists to support the Mayor's commitment to spend additional income generated from the London business rates retention pooling arrangements in 2018/19 on strategic investment projects which will contribute to the sustainable growth of London's economy.

11. Other Operating Expenditure

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

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Precept payable to the Functional Bodies	795,396	795,396	736,273	736,273
Fire Services	250,445	250,445	244,162	244,162
Police Services	92,500	92,500	29,550	29,550
Transport Services	2,521,385	2,521,385	2,085,454	2,085,454
Total	3,659,726	3,659,726	3,095,439	3,095,439

12. Financing and Investment Income and Expenditure

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Interest payable and similar charges	140,561	140,156	135,586	135,588
Other investment Expenditure	-	170	-	-
Net interest on the net defined liability	3,628	4,108	4,194	4,715
Interest receivable and similar income	(56,414)	(41,392)	(41,494)	(26,572)
Net (gain)/loss from financial assets at fair value through profit and loss	(7,525)	(6,968)	-	(2,301)
Net (gain)/loss on disposal of available-for-sale financial assets reclassified from equity	-	-	-	(3,501)
Income and expenditure in relation to investment properties	-	12,920	-	(304)
Total	80,250	108,994	98,286	107,625

13. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Precept receivable from Council Tax payers	(879,023)	(879,023)	(828,601)	(828,601)
Non-domestic rate income	(3,089,847)	(3,089,847)	(2,999,681)	(2,999,681)
Non-domestic rate tariff payment	687,342	687,342	720,222	720,222
Non-domestic rate levy payment	(16,226)	(16,226)	52,139	52,139
Business Rate Supplement - Crossrail	(268,144)	(268,144)	(273,183)	(273,183)
Community Infrastructure Levy - Crossrail	(134,056)	(134,056)	(109,244)	(109,244)
Non-ringfenced revenue government grants (see Note 16)	(131,233)	(131,233)	(128,492)	(128,492)
Capital grants and contributions (see Note 16)	(1,561,918)	(1,567,250)	(1,391,216)	(1,405,880)
Total	(5,393,105)	(5,398,437)	(4,958,056)	(4,972,720)

14. Council Tax Precepts

The CIES contains the 2018/19 council tax precept issued by the Greater London Authority on the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of Council Tax. In the Movement in Reserves Statement the 2018/19 share of the council tax net surplus or deficit on their collection funds is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the cash received in 2018/19 for the Authority's estimated share of the 2017/18 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2018 – 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:

	2018/19 Precept Demand	2018/19 (surplus) /Deficit	Share of 2017/18 Estimated (Surplus) / Deficit	2017/18 Precept Demand	2017/18 (Surplus) /Deficit	Share of 2016/17 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(549)	(115)	(43)	(522)	(47)	(48)
Barking & Dagenham	(14,353)	2,901	(385)	(13,237)	(4,060)	(1,313)
Barnet	(41,757)	(345)	(1,875)	(38,937)	(396)	(1,211)
Bexley	(23,917)	(80)	(460)	(22,337)	(574)	(112)
Brent	(28,151)	110	(353)	(26,131)	(107)	(543)
Bromley	(38,251)	(1,548)	(1,974)	(35,989)	(1,715)	(1,649)
Camden	(26,186)	(47)	436	(24,768)	16	(94)
Croydon	(36,673)	(982)	(1,060)	(33,950)	(1,126)	(1,321)
Ealing	(33,271)	(761)	(700)	(31,119)	(596)	(1,559)
Enfield	(28,248)	(318)	(948)	(26,614)	(685)	(112)
Greenwich	(23,592)	(1,303)	(933)	(21,757)	(1,284)	(1,911)
Hackney	(20,933)	(673)	(1,054)	(19,153)	(961)	(955)
Hammersmith & Fulham	(22,908)	(765)	(723)	(21,264)	(109)	(412)
Haringey	(22,683)	(1,392)	(911)	(21,104)	(895)	(1,502)
Harrow	(24,852)	(650)	(677)	(23,382)	(651)	(776)
Havering	(25,700)	(312)	(38)	(24,312)	(90)	(479)
Hillingdon	(29,149)	(21)	(666)	(27,224)	(298)	(125)
Hounslow	(24,376)	(766)	(854)	(23,129)	(1,064)	(1,137)
Islington	(23,002)	(201)	(99)	(21,620)	(27)	(591)
Kensington & Chelsea	(28,345)	(329)	380	(26,805)	(371)	(521)
Kingston Upon Thames	(18,338)	38	(14)	(17,138)	(69)	(230)
Lambeth	(31,692)	385	(1,037)	(28,983)	(173)	(1,203)
Lewisham	(25,438)	(305)	(2,111)	(22,706)	(1,629)	(964)
Merton	(21,810)	(468)	(406)	(20,285)	(450)	(346)
Newham	(22,211)	(1,056)	(1,481)	(19,772)	(1,415)	(844)
Redbridge	(25,740)	(1,193)	(625)	(23,977)	(938)	(999)
Richmond Upon Thames	(26,119)	(112)	(361)	(24,687)	(163)	(370)
Southwark	(29,683)	(692)	(1,624)	(26,865)	(1,037)	(601)
Sutton	(21,401)	(44)	(291)	(20,012)	(196)	(80)
Tower Hamlets	(27,980)	176	(429)	(24,861)	(379)	(333)
Waltham Forest	(22,013)	(373)	(588)	(20,653)	(576)	(729)
Wandsworth	(38,451)	(1,329)	(1,416)	(35,927)	(1,222)	(1,264)
City of Westminster	(37,907)	(772)	(618)	(35,556)	(532)	(485)
Amounts receivable	(865,678)	(13,344)	(23,939)	(804,779)	(23,822)	(24,820)

15. 15. Non-Domestic Rates income (NDR)

The CIES contains the Authority's share of 2018/19 non-domestic rates collected by the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of non-domestic rates. In the Movement in Reserves Statement the 2018/19 share of the actual net surplus or deficit in respect of non-domestic rates is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2017/18 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2018 used for budgeting purposes - is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2018/19 NDR (Surplus) / Income	2018/19 Deficit	Share of 2017/18 Estimated (Surplus) / Deficit	2017/18 NDR (Surplus) / Income	2017/18 Deficit	Share of 2016/17 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(417,008)	(17,072)	(7,765)	(402,914)	(26,803)	(10,590)
Barking & Dagenham	(22,030)	(119)	(105)	(20,900)	(1,926)	214
Barnet	(40,000)	2,171	1,856	(42,853)	2,931	103
Bexley	(23,874)	(819)	2,165	(27,093)	304	(95)
Brent	(47,096)	(1,249)	(86)	(45,409)	1,923	1,049
Bromley	(33,957)	449	159	(33,666)	551	(115)
Camden	(220,002)	1,841	11,118	(231,258)	12,399	(8)
Croydon	(46,624)	(2,377)	(2,735)	(42,092)	2,395	1,452
Ealing	(55,411)	125	(1,315)	(56,700)	(1,738)	(1,095)
Enfield	(39,999)	606	626	(41,733)	3,693	509
Greenwich	(33,077)	(4,020)	(4,451)	(27,734)	(4,401)	(1,353)
Hackney	(49,316)	(3,862)	(4,705)	(43,428)	(1,371)	812
Hammersmith & Fulham	(67,792)	(1,187)	16,002	(89,153)	6,959	(2,790)
Haringey	(25,643)	(943)	556	(26,982)	723	(300)
Harrow	(22,333)	494	(2,961)	(18,159)	(2,366)	(342)
Havering	(28,384)	635	654	(29,821)	158	(98)
Hillingdon	(131,156)	(320)	331	(131,138)	754	(996)
Hounslow	(85,279)	7,222	(7,522)	(67,799)	(7,669)	207
Islington	(106,476)	(3,665)	(4,721)	(97,772)	(5,886)	(1,240)
Kensington & Chelsea	(120,807)	(1,541)	(1,603)	(117,956)	459	943
Kings ton Upon Thames	(31,600)	539	(533)	(30,432)	(1,845)	1,085
Lambeth	(63,487)	(3,728)	(4,724)	(54,160)	1,093	7,037
Lewisham	(22,087)	887	2,225	(25,667)	1,927	763
Merton	(30,533)	1,656	1,140	(32,815)	326	(254)
Newham	(51,145)	4,000	2,575	(52,806)	448	1,713
Redbridge	(21,041)	964	433	(21,748)	3,428	41
Richmond Upon Thames	(31,437)	(155)	849	(30,590)	(1,879)	1,000
Southwark	(125,644)	9,275	(7,178)	(104,594)	(11,295)	(3,030)
Sutton	(17,533)	(605)	1,788	(19,331)	1,825	453
Tower Hamlets	(153,237)	6,437	11,472	(165,761)	9,158	263
Waltham Forest	(25,795)	(43)	(1,774)	(22,605)	(1,371)	707
Wandsworth	(41,015)	(33)	1,627	(40,991)	857	1,210
City of Westminster	(858,233)	(15,311)	(77,211)	(729,378)	(30,639)	30,204
Amounts receivable	(3,089,051)	(19,748)	(73,813)	(2,925,438)	(46,878)	27,459

16. Grant Income

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

Credited to Taxation & Non Specific Grant Income	2018/19	2017/18
	£000	£000
Non-ringfenced government grants (Revenue):		
MHCLG - S31 grant NDR reliefs	121,392	122,520
MHCLG - New Homes Bonus (capital revenue swap)	500	89
MHCLG - Move-on funding	-	3,125
MHCLG -Right to Buy Revenue	7,278	217
MHCLG - Other revenue grants	2,063	2,541
	131,233	128,492
Capital grants and contributions:		
MHCLG - Capital grants (Housing)	1,308,279	1,259,305
MHCLG - New Homes Bonus (capital revenue swap)	(500)	(89)
MHCLG - Millennium Mills	99	59
MHCLG - Local Growth Fund	87,781	70,580
MHCLG - Growing Places Fund	-	13,398
MHCLG - Cladding remediation grant	35,383	-
DOH*- Care & Support Fund	30,748	-
DOH*- Homelessness Change & Platform	-	15,000
Housing Grant reclaims	99,362	32,410
LB* Lambeth and Wandsworth contributions for Elephant & Castle roundabout	163	552
Other Contributions	603	-
	1,561,918	1,391,215
Total	1,693,151	1,519,707
Credited to Services		
	2018/19	2017/18
	£000	£000
MHCLG Voluntary RtB Pilot Fund	-	383
MHCLG ERDF (Specific Grant)	1,492	1,328
DWP* - European Social Fund	966	903
London Boroughs contributions for Northern Line Extension	65,249	15,471
European Investment Bank	416	284
Fuel Cells & Hydrogen Joint Undertaking	2,883	21
Home Office	43	25
NHS Commissioning Board	58	350
European Commission - Horizon 2020	4,002	2,819
LB Newham - Royal Docks Enterprise Zones	2,007	1,910
Other contributions	7,717	3,778
Total	84,833	27,272

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)	2018/19	2017/18
	£000	£000
MHCLG - Growing Places Fund	59,395	59,395
MHCLG - Capital Grant Settlement	-	298,812
MHCLG - Move-on Funding	-	25,000
MHCLG - Right to Buy receipts grant	-	10,982
MHCLG - Millennium Mills Grant	-	99
MHCLG - Local Growth Fund	14,062	66,464
London Borough of Southwark-S106 Elephant & Castle	19,863	14,026
Other grants	119	119
Housing Action Trust dowry	1,543	1,543
	94,982	476,440

Grants Receipts In Advance (Revenue Grants)	2018/19	2016/17
	£000	£000
MHCLG - Homelessness grant	-	1,067
MHCLG - Controlling migration funding (funding rough sleeping)	1,210	-
Other grants and contributions	3,668	233
	4,878	1,300

*DECC -Dept of Energy and Climate Change; MHCLG -Ministry for Housing, Communities and Local Government; DOH -Dept of Health; DWP -Dept of Works and Pensions; NHS -National Health Service; DFEE -Dept for Education and Employment; DCMS -Dept for Culture, Media and Sport; LB -London Borough

17. Elections

The table below contains a summary of the expenditure and income incurred in year in preparation for the 2020 Elections.

	2018/19	2017/18
	£000	£000
Gross Expenditure		
Staff	60	15
Reimbursement of London Borough costs	-	83
Supplies and Services	1,551	(2)
Net Expenditure	1,611	96
Net contribution to/(from) Reserves	4,764	6,279
Amount to be met by Grant and Taxpayer	6,375	6,375

18. Operating Leases

Authority and Group as Lessee

The Group has the following operating leases:

Greater London Authority

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

London Legacy Development Corporation

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

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

	Authority 31 March 2019 £000	Group 31 March 2019 £000	Authority 31 March 2018 £000	Group 31 March 2018 £000
Not later than one year	7,972	9,602	7,988	9,217
Later than one year and not later than five years	44,561	48,006	33,404	37,438
Later than five years	16,658	52,155	35,418	72,473
	69,191	109,763	76,810	119,128

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

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Rent payable in year	7,996	9,645	7,977	9,626
	7,996	9,645	7,977	9,626

Authority and Group as Lessor

Details of properties leased out as operating leases include:

GLA Land and Property Limited

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

London Legacy Development Corporation

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

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

	Group 31 March 2019 £000	Group 31 March 2018 £000
Not later than one year	5,620	5,876
Later than one year and not later than five years	17,330	18,598
Later than five years	435,193	436,669
	458,143	461,143

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

	Group 2018/19 £000	Group 2017/18 £000
Rent receivable in year	6,600	6,477
	6,600	6,477

19. Mayor and Assembly Members' remuneration and expenses

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

		Salary	Employer Pension Contributions	Travel Card	Foreign Travel	Other	Total
		£	£	£	£	£	£
Mayor	Khan, Sadiq	149,740	-	-	521	383	150,644
Statutory Deputy Mayor	McCartney, Joanne	103,205	12,385	1,960	-	-	117,550
Current Assembly Members							
Assembly Member	Arbour, Tony	67,616	-	-	-	-	67,616
Assembly Member	Arnold, Jennette	68,848	8,262	2,492	-	-	79,602
Assembly Member	Bacon, Gareth	57,395	6,887	2,492	-	-	66,774
Assembly Member	Bailey, Shaun	57,395	-	2,492	-	-	59,887
Assembly Member	Berry, Sian	57,395	6,887	1,364	-	-	65,646
Assembly Member	Boff, Andrew	57,395	6,887	-	-	-	64,282
Assembly Member	Cooper, Leonie	57,395	6,887	1,960	-	-	66,242
Assembly Member	Copley, Tom	57,395	5,762	2,492	-	-	65,649
Assembly Member	Desai, Unmesh	57,395	6,887	2,492	-	-	66,774
Assembly Member	Devenish, Tony	57,395	6,887	1,364	-	-	65,646
Assembly Member	Dismore, Andrew	57,395	6,887	-	-	-	64,282
Assembly Member	Duvall, Len	57,395	6,887	2,492	-	-	66,774
Assembly Member	Eshalomi, Florence	57,395	6,887	1,960	-	-	66,242
Assembly Member	Gavron, Nicky	57,395	-	-	-	-	57,395
Assembly Member	Hall, Susan	57,395	6,887	-	-	-	64,282
Assembly Member	Kurten, David	57,395	6,887	2,492	-	-	66,774
Assembly Member	O'Connell, Stephen	57,395	6,887	2,492	-	-	66,774
Assembly Member	Pidgeon, Caroline	57,395	6,887	2,492	-	-	66,774
Assembly Member	Prince, Keith	57,395	6,887	541	-	-	64,823
Assembly Member	Russell, Caroline	57,395	6,887	1,364	-	-	65,646
Assembly Member	Sahota, Onkar	57,395	-	-	-	-	57,395
Assembly Member	Shah, Navin	57,395	6,887	-	-	53	64,335
Assembly Member	Twycross, Fiona*	108,263	12,992	2,492	-	-	123,747
Assembly Member	Wittle, Peter	57,395	6,887	2,492	-	-	66,774
Total 2018/19		1,702,967	156,480	37,925	521	435	1,898,329
Total 2017/18		1,609,572	112,799	39,504	782	1,096	1,763,753

*Fiona Twycross is also the Deputy Mayor, Fire and Resilience

20. Officers' Remuneration

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

2018/19

Post	Name of Post Holder	Salary (Including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
GLA Staff					
Chief Officer (from 10/09/2018)	Mary Harpley	106,083	-	12,730	118,813
Executive Director of Resources	Martin Clarke	150,364	-	18,044	168,408
Executive Director of Housing and Land	David Lunts	175,752	-	21,090	196,842
Executive Director of Secretariat	Ed Williams	137,243	-	16,469	153,712
Interim Executive Director of Development, Enterprise and Environment (from 04/02/2019) ^{Note 1}	Debbie Jackson	111,230	-	13,348	124,578
Monitoring Officer & Assistant Director of External Affairs/ Interim Executive Director of Communities and Intelligence (from 04/06/2018) ^{Note 2}	Emma Strain	145,478	-	17,457	162,936
Interim Executive Director of Communities and Intelligence (from 04/06/2018) ^{Note 3}	Sarah Mulley	88,894	-	10,667	99,561
Former GLA Staff					
Former Head of Paid Service & Executive Director of Communities & Intelligence & Greater London Returning Officer (up to 04/05/2018)	Jeff Jacobs	16,346	-	1,962	18,308
Former Executive Director of Development, Enterprise and Environment (up to 17/06/2018)	Fiona Fletcher-Smith	31,531	-	3,784	35,314
Former Interim Executive Director of Development, Enterprise and Environment (up to 16/03/2019)	Lucy Owen	106,453	-	12,871	119,324
Mayoral Team					
Statutory Deputy Mayor /Deputy Mayor, Education and Childcare	Joanne McCartney		See note 19		
Chief of Staff	David Bellamy	137,243	-	16,469	153,712
Deputy Mayor for Business	Rajesh Agarwal	130,063	-	15,608	145,671
Deputy Mayor for Housing and Residential Development	James Murray	131,000	-	15,608	146,607
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	130,063	-	15,608	145,671
Deputy Mayor for Environment and Energy	Shirley Rodrigues	130,063	-	-	130,063
Deputy Mayor for Social Integration, Social Mobility and Community Engagement (from 19/11/2018)	Debbie Weekes - Bernard	47,690	-	5,723	53,413
Deputy Mayor for Transport (from 11/06/2018)	Heidi Alexander	104,773	-	12,573	117,346
Deputy Mayor for Culture and the Creative Industries	Justine Simons	130,063	-	15,608	145,671
Deputy Mayor for Fire and Resilience (from 01/04/2018) ^{Note 4}	Fiona Twycross	108,263	-	12,992	121,254
Mayoral Director, Policy	Nick Bowes	114,633	-	13,756	128,389
Mayoral Director, Communications	Patrick Hennessey	124,860	-	14,983	139,843
Mayoral Director, External and International Affairs	Leah Kreitzman	114,633	-	13,756	128,389
Mayoral Director, Political and Public Affairs	Jack Stenner	114,633	-	13,756	128,389
Deputy Mayor for Policing and Crime	Sophie Linden	Remuneration paid by the Mayor's Office for Policing and Crime			
Former Mayoral Team					
Former Deputy Mayor for Transport (up to 08/06/2018)	Val Shawcross	24,086	-	2,890	26,976
Former Deputy Mayor for Social Integration, Social Mobility and Community Engagement (up to 09/11/2018)	Matthew Ryder	86,922	-	9,495	96,416

Note 1 Full year salary includes previous post as Assistant Director for Regeneration and Economic Development

Note 2 The post holder became Interim Executive Director of Communities and Intelligence from 04/06/2018 (job share)

Note 3 The post holder was Assistant Director for Communities and Social Policy up to 19/08/2018

Note 4 Salary also reported in Note 19

Post	Name of Post Holder	Salary (Including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
GLA Staff					
Head of Paid Service & Executive Director of Communities & Intelligence & Greater London Returning Officer	Jeff Jacobs	173,739	-	20,849	194,588
Executive Director of Resources	Martin Clarke	147,416	-	17,690	165,106
Executive Director of Housing and Land	David Lunts	170,159	-	20,419	190,578
Executive Director of Secretariat	Ed Williams	129,849	-	15,582	145,431
Executive Director of Development, Enterprise and Environment	Fiona Fletcher-Smith	149,308	-	17,690	166,998
Monitoring Officer & Assistant Director of External Affairs **	Emma Strain	118,031	-	14,164	132,195
Former GLA Staff					
Former Executive Director of Secretariat *	Mark Roberts	44,407	-	5,329	49,736
Mayoral Team					
Statutory Deputy Mayor	Joanne McCartney		See note 19		
Chief of Staff	David Bellamy	136,331	-	16,146	152,477
Deputy Mayor for Business	Rajesh Agarwal	127,513	-	15,302	142,815
Deputy Mayor for Housing and Residential Development	James Murrey	129,287	-	15,302	144,589
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	127,513	-	15,302	142,815
Deputy Mayor for Environment and Energy	Shirley Rodrigues	127,513	-	1,263	128,776
Deputy Mayor for Social Integration, Social Mobility and Community Engagement	Matthew Ryder	130,847	-	15,302	146,149
Deputy Mayor for Transport	Val Shawcross	127,513	-	15,302	142,815
Deputy Mayor for Culture and the Creative Industries	Justine Simons	127,513	-	15,302	142,815
Mayoral Director, Policy	Nick Bowes	110,641	-	13,222	123,863
Mayoral Director, Communications	Patrick Hennessy	122,412	-	14,689	137,101
Mayoral Director, External and International Affairs	Leah Kreitzman	110,641	-	13,222	123,863
Mayoral Director, Political and Public Affairs	Jack Stenner	110,182	-	13,222	123,404
Deputy Mayor for Policing and Crime	Sophie Linden	Remuneration paid by the Mayor's Office for Policing and Crime			

* The former Executive Director of Secretariat left this post on 30 September 2017

** The Assistant Director of External Affairs became Monitoring Officer from September 2017

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	2018/19	2017/18
£	Number of Employees	Number of Employees
50,000 - 54,999	115	88
55,000 - 59,999	78	56
60,000 - 64,999	37	26
65,000 - 69,999	19	24
70,000 - 74,999	26	19
75,000 - 79,999	14	11
80,000 - 84,999	13	12
85,000 - 89,999	9	5
90,000 - 94,999	4	8
95,000 - 99,999	-	1
100,000 - 104,999	2	2
105,000 - 109,999	2	3
110,000 - 114,999	5	2
115,000 - 119,999	2	6
120,000 - 124,999	2	-
125,000 - 129,999	1	-
130,000 - 134,999	1	-
135,000 - 139,999	-	-
140,000 - 144,999	1	-
145,000 - 149,999	-	-
150,000 - 154,999	-	1
155,000 - 159,999	-	-
160,000 - 164,999	-	-
165,000 - 169,999	-	-
170,000 - 174,999	1	-
175,000 - 179,999	-	-
180,000 - 184,999	-	-
185,000 - 189,999	1	-
	333	264

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 2021/18/19, incurring liabilities of £373,308 (£299,660 in 2017/18). This money was paid to thirteen officers from several directorates.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019 £	2017/2018 £
£0 - £20,000	1	2	3	6	4	8	20,792	62,169
£20,001 - £40,000	-	-	5	3	5	3	156,265	76,686
£40,001 - £60,000	1	-	3	1	4	1	196,251	40,521
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	1	-	1	-	120,284
Total amount included in the CIES	2	2	11	11	13	13	373,308	299,660

21. Pensions

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

Local Government Pension Scheme

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

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2016 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2017 to 31 March 2020.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The value of in-year employer contribution and the applicable contribution rates are set out in the table below.

	2018/19	2017/18	Contribution rate for period 1 April 2017 to 31 March 2019	Contribution rate for period 1 April 2014 to 31 March 2017
	£m	£m	%	%
GLA	5.20	4.45	12	12
OPDC	0.20	0.15	12	12
LLDC	1.10	1.13	12	12

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	Authority £000	Group £000	Authority £000	Group £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	14,465	17,970	13,358	17,197
Administration Fee	321	347	306	329
(Gain)/loss from settlements	3,842	4,414	100	100
	18,628	22,731	13,764	17,626
Financing and Investment Income and Expenditure				
Net Interest Expense	3,628	4,108	4,193	4,716
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	22,256	26,839	17,957	22,342
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)	(15,743)	(16,923)	(6,537)	(6,858)
Actuarial (gains)/losses arising on changes in financial assumptions	24,419	27,657	(19,316)	(22,328)
Actuarial (gains)/losses arising on changes in demographic assumptions	(22,338)	(24,920)	-	-
Deferred tax asset on the net defined benefit liability	-	-	-	68
Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement	8,594	12,653	(7,896)	(6,776)
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	(22,256)	(26,839)	(17,957)	(22,342)
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to the Local Government Pension Scheme	5,198	6,503	4,447	5,329

Pensions Asset and Liabilities recognised in the Balance Sheet

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

	2018/19 Authority	2018/19 Group	Restated 2017/18 Authority	Restated 2017/18 Group
	£000	£000	£000	£000
Present value of the defined benefit obligation	(418,398)	(464,264)	(388,810)	(428,330)
Fair Value of scheme assets (bid value)	272,903	296,936	246,711	267,152
Deferred tax asset on the defined benefit obligation	-	3,472	-	3,124
Net liability arising from defined benefit obligation	(145,495)	(163,856)	(142,099)	(158,054)

The service cost includes the estimated impact (£4.3m) on the Group's pension liabilities for the recent McCloud judgement, which found that changes made by the government to the pensions of judges and firefighters were unlawful on the grounds of age discrimination. This ruling applies to all public sector pension schemes, including the LGPS. It may be appealed, but at present the Group has made a provision for the estimated costs in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

	2018/19 Authority	2018/19 Group	Restated 2017/18 Authority	Restated 2017/18 Group
	£000	£000	£000	£000
Opening fair value of scheme assets	246,711	267,152	235,197	252,671
Interest Income	6,470	7,025	6,602	7,121
<i>Remeasurement gain/(loss):</i>				
Return on plan assets less interest	15,743	16,923	4,068	4,389
Administration expenses	(321)	(347)	(306)	(329)
Contributions from employer	5,198	6,503	4,447	5,726
Contributions from employees into the scheme	3,617	4,469	3,112	3,954
Benefits paid	(4,515)	(4,789)	(6,409)	(6,380)
Closing fair value of scheme assets	272,903	296,936	246,711	267,152

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

	2018/19 Authority £000	2018/19 Group £000	2017/18 Authority £000	2017/18 Group £000
Opening balance at 1 April	(388,810)	(428,330)	(387,170)	(423,950)
Current service cost	(14,465)	(17,970)	(13,358)	(17,197)
Interest cost	(10,098)	(11,133)	(10,795)	(11,837)
Contributions from scheme participants	(3,617)	(4,469)	(3,112)	(3,954)
<i>Remeasurement gains and (losses) :</i>				
Actuarial gains/(losses) arising from changes in demographic assumptions	22,338	24,920	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(24,419)	(27,657)	19,316	22,328
Past service costs, including curtailments	(3,842)	(4,414)	(100)	(100)
Estimated benefits paid net of transfers in	4,515	4,789	6,409	6,380
Closing balance at 31 March	(418,398)	(464,264)	(388,810)	(428,330)

Local Government Pension Scheme assets comprised (Bid value):

Authority		2018/19 Authority Quoted Prices £000	%	2018/19 Authority Unquoted Prices £000	%	2018/19 Total Authority Quoted Prices £000	2017/18 Authority Unquoted Prices £000	2017/18 Authority Unquoted Prices £000	2017/18 Total Authority Unquoted Prices £000
Equities									
Segregated:									
Real Estate	1.4%	3,912	0.0%	-	-	3,912	2,990	-	2,990
Consumer	11.1%	30,174	0.0%	-	-	30,174	28,407	-	28,407
Energy	0.6%	1,625	0.0%	-	-	1,625	1,495	-	1,495
Financials	5.4%	14,746	0.0%	-	-	14,746	14,951	-	14,951
Health Care	3.3%	9,081	0.0%	-	-	9,081	7,475	-	7,475
Industrial	5.2%	14,261	0.0%	-	-	14,261	14,452	-	14,452
Technology	6.7%	18,233	0.0%	-	-	18,233	21,679	-	21,679
Materials	1.3%	3,502	0.0%	-	-	3,502	3,987	-	3,987
Communications	2.4%	6,560	0.0%	-	-	6,560	2,243	-	2,243
Utilities	1.0%	2,611	0.0%	-	-	2,611	2,492	-	2,492
Trade Cash/Pending	2.2%	6,404	0.0%	-	-	6,404	7,226	-	7,226
Synthetic Equity	0.8%	2,077	0.0%	-	-	2,077	3,239	-	3,239
Private Equity	0.0%	-	9.8%	26,744	-	26,744	-	26,413	26,413
Fixed Income	4.5%	12,393	0.0%	-	-	12,393	-	-	-
Total Return									
Investment/Hedge funds and Unit trusts	13.3%	36,339	0.0%	-	-	36,339	27,659	10,964	38,623
Credit	0.0%	-	7.6%	20,831	-	20,831	-	12,210	12,210
Infrastructure	0.0%	-	5.7%	15,486	-	15,486	-	10,964	10,964
Property Fund/Real Estate	0.0%	-	9.0%	24,510	-	24,510	-	17,941	17,941
Cash									
Cash at bank	2.8%	7,528	0.0%	-	-	7,528	5,482	-	5,482
LDI	5.7%	15,654	0.0%	-	-	15,654	45,600	(26,911)	18,689
Currency (forward contracts)	0.0%	-	0.1%	211	-	211	-	3,239	3,239
BlackRock DDG									
Equities	0.0%	21	0.0%	-	-	21	1,993	-	1,993
Bonds	0.0%	-	0.0%	-	-	-	1,744	-	1,744
Cash	0.0%	-	0.0%	-	-	-	1,246	-	1,246
Total	67.7%	185,121	32.2%	87,782	-	272,903	194,360	54,820	249,180

Group	2018/19 Group Quoted Prices £000	2018/19 Group Unquoted Prices £000	2018/19 Total £000	2017/18 Group Quoted Prices £000	2017/18 Group Unquoted Prices £000	2017/18 Total £000
Equities						
Seggregated:						
Real Estate	4,249	-	4,249	3,236	-	3,236
Consumer	32,736	-	32,736	30,738	-	30,738
Energy	1,769	-	1,769	1,618	-	1,618
Financials	16,043	-	16,043	16,178	-	16,178
Health Care	9,874	-	9,874	8,089	-	8,089
Industrial	15,486	-	15,486	15,638	-	15,638
Technology	19,699	-	19,699	23,458	-	23,458
Materials	3,814	-	3,814	4,314	-	4,314
Communications	7,161	-	7,161	2,427	-	2,427
Utilities	2,851	-	2,851	2,696	-	2,696
Trade Cash/Pending	6,933	-	6,933	7,819	-	7,819
Synthetic Equity	2,221	-	2,221	3,505	-	3,505
Private Equity	-	29,183	29,183	-	28,581	28,581
Fixed Income	13,523	-	13,523	-	-	-
Total Return						
Investment/Hedge funds and Unit trusts	39,715	-	39,715	29,929	11,864	41,793
Credit	-	22,729	22,729	-	13,212	13,212
Infrastructure	-	16,928	16,928	-	11,864	11,864
Property Fund/ Real Estate	-	26,781	26,781	-	19,413	19,413
Cash						
Cash at bank	8,057	-	8,057	5,932	-	5,932
LDI	16,904	-	16,904	49,340	(29,120)	20,220
Currency (forward contracts)	-	259	259	-	3,505	3,505
BlackRock DDG						
Equities	21	-	21	2,157	-	2,157
Bonds	-	-	-	1,887	-	1,887
Cash	-	-	-	1,348	-	1,348
Total	201,056	95,880	296,936	210,310	59,318	269,628

Basis for Estimating Assets and Liabilities

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

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

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

	2018/19 Authority	2018/19 Group	2017/18 Authority	2017/18 Group
Expected return on assets	2.45%	2.8%	2.6%	2.6%
Mortality Assumptions				
Longevity at 65 for current pensioners:	Years	Years	Years	Years
Men	21.0	21.0 - 21.5	22.0	22.0 - 22.5
Women	23.6	23.6 - 23.8	24.7	24.7 - 24.8
Longevity at 65 for future pensioners:				
Men	22.8	22.8 - 23.3	24.4	24.4 - 24.8
Women	25.3	25.3 - 25.7	26.9	26.9 - 27.1
Rate of inflation - RPI	3.40%	3.35% - 3.40%	3.30%	3.3%
Rate of inflation - CPI	2.40%	2.35% - 2.40%	2.30%	2.3%
Rate of increase in salaries	3.90%	3.85% - 3.90%	3.80%	3.8%
Rate of increase in pensions	2.40%	2.35% - 2.40%	2.30%	2.3%
Rate for discounting scheme liabilities	2.45%	2.45%	2.60%	2.6%

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2019 is estimated to be 8%, the actual return on fund assets may be different.

Sensitivity Analysis

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

	Increase in Assumption £000	Actual £000	Decrease in Assumption £000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)			
Greater London Authority	(408,531)	(418,398)	(428,513)
Old Oak and Park Royal Development Corporation	(2,460)	(2,560)	(2,664)
London Legacy Development Corporation	(42,107)	(43,306)	(44,540)
GLA Group	(453,098)	(464,264)	(475,717)
Rate of increase in salaries (increase or decrease by 0.1%)			
Greater London Authority	(419,476)	(418,398)	(417,330)
Old Oak and Park Royal Development Corporation	(2,564)	(2,560)	(2,556)
London Legacy Development Corporation	(43,456)	(43,306)	(43,157)
GLA Group	(465,496)	(464,264)	(463,043)
Rate of increase in pensions (increase or decrease by 0.1%)			
Greater London Authority	(427,430)	(4,418,398)	(409,584)
Old Oak and Park Royal Development Corporation	(2,660)	(2,560)	(2,464)
London Legacy Development Corporation	(44,390)	(43,306)	(42,254)
GLA Group	(474,480)	(4,464,264)	(454,302)
Longevity (increase or decrease in 1 year)			
Greater London Authority	(432,947)	(418,398)	(404,338)
Old Oak and Park Royal Development Corporation	(2,648)	(2,560)	(2,475)
London Legacy Development Corporation	(44,802)	(43,306)	(41,860)
GLA Group	(480,397)	(464,264)	(448,673)

Impact on future cash flows

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2020 is £6.6m.

Greater London Authority AVIVA master trust scheme

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members.

Employer contributions are payable at 12% of pensionable pay. A total of £0.2m employer contributions were paid in the period April 2018 to March 2019 (£0.1m for 2017/18).

Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme, details can be found in the resource accounts of the Cabinet Office: Civil Superannuation <https://www.civilservicepensionscheme.org.uk/>

In 2018/19, London TravelWatch paid £0.1m (2017/18 - £0.1m) at one of four rates (20.0% to 24.5%) of pensionable pay to the Principal Civil Service Pension Scheme.

Homes and Communities Agency Pension Scheme

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

Contributions on behalf of the one employee who is a member of the above scheme are accounted for in operating costs and amount to £0.02m (2017/18 - £0.03m).

22. External Audit Costs

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

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/ 18 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	99	298	110	316
Fees payable in respect of other services provided by the external auditors during the year	2	2	10	10
	101	300	120	326

23. Agency arrangements

The GLA is the designated Intermediate Body (IB) for the management and administration of the European Regional Development Fund (ERDF) programmes in London and carries out the function on behalf of MHCLG under Article 123 of EC Regulation 1303/2013. In carrying out this function, the GLA acts as MHCLG's agent, making funding decisions and entering into contracts on behalf of MHCLG.

London Green Fund (LGF) (formerly 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 (MHCLG 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, MHCLG's ERDF investment has been matched funded by the London Waste and Recycling Board (LWARB) and the London Development Agency (LDA). In October 2009, the LDA, LWARB and the EIB signed a funding agreement for the purpose of establishing the JESSICA

Holding Fund, also known as the London Green Fund. On 1 July 2011, when the operational responsibilities for the ERDF transferred to the GLA, the responsibility for MHCLG's ERDF contribution transferred also.

At 31 March 2019, £110m has been invested and comprises £60m of ERDF, £18m of LWARB and £32m of GLA (formerly LDA) funds. The LGF provides funding for three urban development funds that invest directly in waste, energy efficiency, decentralised energy and social housing programmes.

The Authority manages the fund on behalf of itself, LWARB and the ERDF (EU Commission). During the year, the Authority received £0.4m (£1.5m in 2017/18) in interest on the balances invested and part payment of the original investment, net of fund manager fees; at 31 March 2019 the Authority is holding ERDF cash of £8.6m (£6.9m at 31 March 2018) on behalf of the MHCLG.

Mayor of London's Energy Efficiency Fund (MEEF)

The Mayor of London's Energy Efficiency Fund (MEEF) is a new low carbon infrastructure fund providing repayable finance to viable projects across London. The Authority, in its role as Intermediate Body and MHCLG's agent, committed £43m of ERDF funding to the MEEF and on 29 June 2018 was admitted as a limited partner in the MEEF Limited Partnership.

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

In 2012, the Mayor agreed his CIL charging schedule to be applied to developments consented on or after 1 April 2012, and was 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 was charged on most developments in London at the following rates, which were subject to annual indexation, in line with the Tender Price Index:

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

Mayoral CIL has raised £117 million in 2018-19, with all money being directed to Crossrail. In total, MCIL has raised £608 million from 1 April 2012.

On 1 April 2019, following successfully passing an Examination in Public, MCIL2 replaced MCIL and the Crossrail Section 106 charge on office, retail and hotel development in certain parts of London.

The new MCIL2 charges, which will also be subject to annual indexation, are as follows:

Zone 1 boroughs - £80 per square metre

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

Zone 2 boroughs - £60 per square metre

Barnet, Brent, Bromley, Ealing, Enfield, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets, Waltham Forest, London Legacy Development Corporation (LLDC), Old Oak and Park Royal Development Corporation (OPDC)

Zone 3 boroughs - £25 per square metre

Barking and Dagenham, Bexley, Croydon, Greenwich, Havering, Newham, Sutton

MCIL2 charging rates for office, retail and hotel in Central London and Isle of Dogs:

Office - £185 per square metre

Retail - £165 per square metre

Hotel - £140 per square metre

Following the agreement of a supplementary funding package, described in the Executive Director of Resources summary, from 2019-20 onwards MCIL proceeds are assumed to be used to repay some of the additional borrowing for Crossrail for 10 years.

Although MCIL has been used to finance Crossrail, 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 2018/19, £134.1m income (2017/18 - £109.2m), after the deduction of £7.7m administration fees (2017/18 - £6.8m), 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

	2018/19				2017/18			
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
Balances at 1 April	22,771	17,215	30,715	70,701	22,491	15,289	15,591	53,371
Additions	309	5,669	25,087	31,065	-	1,926	15,124	17,050
Revaluation increases/(decreases) recognised in the revaluation reserve	1,045	-	-	1,045	315	-	-	315
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(124)	-	-	(124)	(35)	-	-	(35)
Derecognition- other	-	-	-	-	-	-	-	-
At 31 March	24,001	22,884	55,802	102,687	22,771	17,215	30,715	70,701
Accumulated Depreciation and Impairment								
Balances at 1 April	(521)	(13,043)	-	(13,564)	(101)	(12,125)	-	(12,226)
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(3,167)	(1,478)	-	(4,645)	(2,663)	(918)	-	(3,581)
Depreciation written out to the Revaluation Reserve	2,436	-	-	2,436	2,243	-	-	2,243
At 31 March	(1,252)	(14,521)	-	(15,773)	(521)	(13,043)	-	(13,564)
Net Book Value								
At 1 April	22,250	4,172	30,715	57,137	22,390	3,164	15,591	41,145
At 31 March	22,749	8,363	55,802	86,914	22,250	4,172	30,715	57,137

Revaluations

Valuations were undertaken by external valuers, GL Hearn Ltd. at 31 March 2019.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation - Professional Standards UK January 2014 (revised April 2015), 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 2018/19 £000	Group 2017/18 £000
Balance acquired at 1 April	313,290	352,143
<i>Additions:</i>		
Subsequent expenditure	18,473	10,107
Disposals	(73,899)	(40,711)
Net gains/(losses) from fair value adjustments	4,825	(8,248)
Balance at 31 March	262,689	313,290

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

Revaluations

Valuations were undertaken by external valuers, GL Hearn Ltd. at 31 March 2019.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards UK January 2014 (revised April 2015), by valuers who conform to the requirements thereof. The valuations were undertaken by currently registered RICS Valuers.

See Note 5 for key assumptions in relation to asset valuations and sources of estimation uncertainty.

Fair value hierarchy

The Group's classification of investment properties in the fair value hierarchy as at 31 March 2019 is as follows:

Recurring fair value measurements using:	Quoted prices in	Other significant	Significant	Fair Value as at 31 March 2019 £000
	active markets for identical assets Level 1 £000	observable inputs Level 2 £000	unobservable inputs Level 3 £000	
London Legacy Development Corp.				
Commercial units	142,936	32,375	6,320	181,631
Other assets	4,175	-	-	4,175
GLA Land and Property Ltd.				
Commercial units	-	-	76,473	76,473
Residential properties	-	-	410	410
Balance at 31 March 2019	147,111	32,375	83,203	262,689

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2018 £000
London Legacy Development Corp.				
Commercial units	194,865	36,325	7,130	238,320
Other assets	7,875	260	200	8,335
GLA Land and Property Ltd.				
Commercial units			66,225	66,225
Residential properties			410	410
Balance at 31 March 2018	202,740	36,585	73,965	313,290

Transfers between levels of the fair value hierarchy

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

Valuation techniques used to determine fair values

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

Highest and best use

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

Quantitative information about Fair Value measurement of Investment Properties

GLA Land and Property Ltd

2018/19

Input	Range	Weighted Sensitivity Average	
Rental income less irrecoverable costs	£20,000 - £334,000	£200,602	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	4.0% - 8.0%	6.34%	

2017/18

Input	Range	Weighted Sensitivity Average	
Rental income less irrecoverable costs	n/a	£220,517	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	6.0% - 9.0%	6.72%	

Valuation techniques

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

27. Intangible Assets

At 31 March 2019, the Group does not hold a material amount of intangible assets and so this disclosure is not material to the financial statements.

28. Heritage Assets

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

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

The "Quantum Cloud" was last surveyed in January 2017 and some routine maintenance work was undertaken. No major restoration costs were incurred during 2018/19.

29. Long term investments

	Authority 31 March 2019 £000	Group 31 March 2019 £000	Authority 31 March 2018 £000	Group 31 March 2018 £000
Loans to joint venture	-	34,706	-	33,807
Loan to Limited Partnership	-	29,067	-	4,793
Infrastructure loans	-	226,209	-	76,086
Fund investments	2,015	33,462	-	39,281
Equity mortgages	-	37,587	-	42,624
Residential Mortgage Backed Securities	221,933	221,933	229,562	229,562
Investment in Limited Partnerships	-	2	-	1
Total	223,948	582,965	229,562	426,154

30. 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 Authority's investment in GLAH is held at cost as it is an unquoted equity investment in a subsidiary.

London Treasury Limited - On 21 August 2018 GLAH acquired London Treasury Limited and is the sole shareholder, at 31 March 2019 GLAH had a £125,000 shareholding in London Treasury Limited. On materiality grounds GLAH has not consolidated London Treasury Limited.

31. Investments in Subsidiaries – SMEWFL

SMEWFL's main objective is to bridge the London funding gap for early stage businesses through the provision of loan and equity financing. On 31 October 2017, the Authority became the sole member of SME Wholesale Finance Limited (SMEWFL) thereby gaining full control of this entity. Prior to this date, the Authority held a maximum of 19.9 per cent of the total number of votes exercisable by members in general meeting. SMEWFL is accounted for as a subsidiary in the Authority's group accounts.

LCIF makes equity investments into early stage companies in London's strategic sectors of Science, Digital and Technology, thereby addressing the funding issues faced by such companies. SMEWFL is a member of the London Co-Investment Fund LLP (LCIF), it has 100% economic interest and controls LCIF. The Authority controls LCIF via its control of SMEWFL and has accounted for LCIF as a subsidiary in the Authority's accounts.

GLIF was established in June 2018 and is a wholly owned subsidiary of SMEWFL. The aim is to establish a £100m fund to provide finance to small and medium sized enterprises with funding provided by the European Regional Development Fund, the European Investment Bank, London Waste and Recycling Board and SMEWFL. The Authority controls GLIF via its control of SMEWFL and has accounted for GLIF as a subsidiary in the Authority's accounts.

32. Investments in Subsidiaries - LLDC

LLDC is a Mayoral Development Corporation controlled by the Authority and is consolidated as a subsidiary in the Authority's accounts. LLDC prepares group accounts for its subsidiaries E20 Stadium LLP and London Stadium 185 Limited and as the GLA consolidates LLDC's group accounts, these subsidiaries are also included in the GLA's group accounts.

E20 Stadium LLP

LLDC is a member of E20 Stadium LLP, a former joint venture with Newham Legacy Investments Limited. The E20 Stadium partnership is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works and ongoing operations required to deliver a multi-use sporting venue, which is the permanent home of West Ham United Football Club and the national competition centre for UK Athletics.

On 30 November 2017, LLDC took full control of E20 Stadium LLP; accordingly, from 1 December 2017, E20 Stadium LLP became classified as a subsidiary of LLDC.

E20 Stadium LLP is therefore consolidated into the Group accounts (from 1 December 2017 in the prior year comparators) by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

London Stadium 185 Limited

In January 2019, LLDC took the significant step of acquiring the Stadium operator, London Stadium 185 Limited, via its controlled partnership, E20 Stadium LLP. The amount paid by E20 Stadium LLP to acquire London Stadium 185 Limited was £1.0m, of which £0.3m related to the settlement of existing relationships between the parties. Notwithstanding that the company is loss-making, after careful consideration the acquisition was considered to be value for money as it gives LLDC full control of the Stadium operations and removes contractual complexity, thereby enabling it to better maximise the commercial opportunities at the Stadium (including sponsorship and marketing in the wider Park context) and reduce its operating costs. Accordingly, the financial results of London Stadium 185 Limited from the acquisition date to 31 March 2019 are consolidated into the LLDC's Group Accounts (via the E20 Stadium LLP accounts) and via LLDC are incorporated into the GLA's Group Accounts.

	E20 Stadium LLP	London Stadium 185 Ltd	E20 Stadium LLP Group*
	£000	£000	£000
Revenue	(5,721)	(3,831)	(5,714)
Cost of sales	17,493	1,231	15,458
Other operating expenses	5,361	2,750	8,099
Operating Loss	17,132	150	17,843
Depreciation and impairment	3,048	149	2,637
Financing costs	2,256	-	2,256
Exceptional costs	4,869	308	5,912
Total Loss for the year	27,306	607	28,648

* Note this excludes intra-group transactions, so this is not a sum of the two entities' respective figures

Within Exceptional costs above are legal fees in relation to the West Ham seating capacity court case (which concluded during 2018/19), costs relating to restructuring activities (including a restructuring specialist) and the price paid by E20 Stadium LLP to acquire London Stadium 185 Limited and other costs associated with this transaction. These are not deemed to be business-as-usual costs and are therefore disclosed separately from the Stadium's underlying operating loss.

33. Non-current Assets held for sale

At 31 March 2019, the Group did not hold any property, plant or equipment for sale.

34. Long-term debtors

The long-term debtors, with the exception of prepayments are financial instruments and are classified as financial assets at amortised cost. Long-term debtors comprise:

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2019	2019	2018	2018
	£000	£000	£000	£000
Loans to third parties for capital purposes	762,144	128,624	706,344	76,020
Rent deposits	317	317	317	317
Other debtors	-	1,012	94	1,073
Prepayments	337	337	505	505
	762,798	130,290	707,260	77,915

35. Finance leases

Group as Lessor - Finance lease receivables

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

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

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

	Group	Group
	31 March	31 March
	2019	2018
	£000	£000
<i>Finance lease debtor (net present value of minimum lease payments):</i>		
Current	16,662	57,655
Non-current	82,019	84,230
Unearned finance income	9,071	13,518
Gross investment in the leases	107,752	155,403

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

	Group	Group
	31 March	31 March
	2019	2018
	£000	£000
Minimum lease payments		
Not later than one year	16,912	58,533
Later than one year and not later than five years	87,783	93,592
Later than five years	3,057	3,278
	107,752	155,403

	Group	Group
	31 March	31 March
	2019	2018
	£000	£000
Finance lease debtor		
Not later than one year	16,662	57,655
Later than one year and not later than five years	80,627	82,714
Later than five years	1,392	1,516
	98,681	141,885

Group as Lessee - Finance lease liabilities

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

GLA Land and Property Limited

Held as Property, Plant and Equipment:

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

Held as Inventory:

- The long leasehold interest in the Olympia Industrial Estate from the London Borough of Haringey which has a term of 125 years expiring in 2105;
- A long-term lease of 99 years with Network Rail, expiring in 2069, for the land and railway arches at Stephenson Street (ex-Parcelforce Site) in West Ham providing part of the access to the larger freehold adjoining property belonging to the Group;
- Two long leases (60 and 99 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 2026 and 2070 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 2019 £000	Group 31 March 2018 £000
Other Land and Buildings	21,415	21,320
Investment Property	24,190	23,405
Development Properties	11,216	11,258
	56,821	55,983

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

	Group 31 March 2019 £000	Group 31 March 2018 £000
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	1	1
Non-current	37	38
Finance costs payable in future years	47	49
Minimum lease payments	85	88

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

	Group	Group
	31 March	31 March
	2019	2018
	£000	£000
Not later than one year	3	3
Later than one year and not later than five years	11	11
Later than five years	71	74
	85	88

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

	Group	Group
	31 March	31 March
	2019	2018
	£000	£000
Not later than one year	1	1
Later than one year and not later than five years	5	5
Later than five years	32	33
	38	39

36. Capital Expenditure and Financing – Authority

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

	2018/19 £000	2017/18 £000
Opening Capital Financing Requirement at 1 April	3,800,438	3,621,609
Capital Investment in year		
Property, Plant, Equipment and Intangibles	3,026	3,283
Loans to external organisations for capital purposes	268,830	161,059
REFCUS*-grant payments to external organisations for capital purposes	765,185	619,755
REFCUS- Payment to TfL for Crossrail	365,000	-
REFCUS-Payment to TfL for Crossrail (funded by Community Infrastructure Levy)	134,056	109,244
REFCUS- Payment to TfL for the Northern Line extension	161,493	174,892
REFCUS- Payment to TfL for Elephant & Castle roundabout	163	553
Release of CPO* provision	(18)	-
Repayment of Fresh Wharf Loan	-	(625)
Sources of Finance		
Government grants and other contributions	(835,178)	(660,286)
Section 106 contributions	(163)	(553)
Community Infrastructure Levy income	(134,056)	(109,244)
Capital receipts	(72,393)	-
Sums set aside from revenue		
Minimum revenue provision - Crossrail	(153,883)	(157,177)
Minimum revenue provision - Northern Line Extension	(48,219)	-
Voluntary revenue contributions	-	44,587
Revenue financing of capital for GLA capital spend	(11,588)	(4,099)
Revenue financing of capital for Northern Line Extension	-	(2,560)
Closing Capital Financing Requirement at 31 March	4,242,693	3,800,438

Explanation of movements in year		
Opening Capital Finance Requirement	3,800,438	3,621,609
Minimum Revenue Provision	(202,102)	(157,177)
Voluntary revenue provision for the repayment of debt	-	44,587
Release of the CPO provision & Loan repayment	(18)	(625)
Increase / (decrease) in underlying need to borrow _ NLE	161,493	172,332
Increase / (decrease) in underlying need to borrow _ Loans to Third Parties	482,882	119,712
Closing Capital Financing Requirement at 31 March	4,242,693	3,800,438

*CPO – Compulsory Purchase Order

* REFCUS – Revenue Expenditure Funded by Capital Under Statute (grants paid to third parties for capital purposes)

37. Inventories

Inventories comprise land and buildings held for sale by GLA Land and Property Limited. See Note 5 for key assumptions in relation to asset valuations, and sources of estimation uncertainty.

	Group	Group
	31 March	31 March
	2019	2018
	£000	£000
Balance at 1 April	258,484	219,207
Purchases	13,531	55,813
Recognised as an expense in the year	(2,384)	(12,146)
Write down to net realisable value	(24,533)	(7,815)
Reversals of write-offs in previous years	1,446	3,425
Balance at 31 March	246,544	258,484

38. Debtors

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2019	2019	2018	2018
	£000	£000	£000	£000
Central government bodies	68,115	77,803	57,056	59,247
Local Authorities & Functional Bodies	570,855	571,853	622,739	623,150
NHS bodies	-	-	89	89
Public corporations and trading funds	1	57	34	34
Subsidiary/Parent	266,262	7	123,085	258
Other entities and individuals	146,155	178,468	178,767	221,372
Total	1,051,388	828,188	981,770	904,150

39. Cash and Cash Equivalents

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

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2019	2019	2018	2018
	£000	£000	£000	£000
Bank current accounts	369,265	435,982	261,286	288,580
Other deposits	572,169	581,704	372,323	372,338
Bank overdraft	-	-	-	(319)
Total	941,433	1,017,685	633,609	660,599

40. Creditors

	Authority 31 March 2019 £000	Group 31 March 2019 £000	Authority 31 March 2018 £000	Group 31 March 2018 £000
Central government bodies	(11,710)	(20,831)	(60,388)	(71,001)
Local Authorities & Functional Bodies	(142,785)	(157,247)	(102,123)	(105,601)
NHS bodies	(367)	(6,205)	(150)	(150)
Public corporations and trading funds	(35)	(35)	(13)	(13)
Other entities and individuals	(300,707)	(380,433)	(306,797)	(364,910)
Subsidiary/Parent	(8,480)	12,910	(4,108)	(168)
Receipts in advance - Revenue	(4,516)	(5,355)	(1,301)	(2,048)
Receipts in advance - Capital	(93,439)	(93,439)	(474,897)	(474,897)
Total	(562,039)	(650,635)	(949,777)	(1,018,788)

41. Provisions

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

Group

	E20 LLP Onerous Contracts £000	Other Provisions £000	NDR* Appeals £000	CPO * £000	Total £000
Balance at 1 April 2018	(200,002)	(6,286)	(310,034)	(895)	(517,217)
Additional provisions made	(25,014)	(1,100)	(66,221)	-	(92,335)
Amounts used	25,014	4,289	87,740	-	117,043
Unused amounts reversed	-	240	-	-	240
Corrections to opening balance primarily reflecting revised 36% retention share of NDR	-	-	7,697	-	7,697
Balance at 31 March 2019	(200,002)	(2,857)	(280,818)	(895)	(484,572)

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

Greater London Authority

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. The GLA's share of the London wide provision decreased from 37% to 36% as a result of the new business rates retention pilot pool in 2018-19.

The in-year movement in this provision has been analysed between amounts charged to the provision during the year to reflect changes to ratepayers liabilities following alterations to the non domestic rating list which have previously been provided for (a net reduction of £87.7 million) and additional

provisions made during the year which take into account an assessment of future risks of losses in rating income (a net increase of £66.2 million). The closing balance on the appeals provision at 31 March 2019 is £280.8m.

Group

Other provisions

Millfield Transfer Station – GLA Land and Property Ltd., along with the London Borough of Hackney, has an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a landfill site relocation for the 2012 Olympics. Following a review, this provision has been released in full as the probability of expenditure occurring is now remote.

S106 Obligation – GLA Land and Property Ltd. has settled a legal obligation under a S106 agreement to a London borough for transport related works. The provision is now nil as expenditure of £1.9m was charged against it in year.

Uncertain tax position provision - The treatment of certain items, in particular equity mortgages, for corporation tax purposes is uncertain. Although the treatments adopted by considered to be reasonable and defensible they may be disputed by HMRC. In the circumstances, it is considered prudent to make a tax provision of £2.9m for prior years.

E20 Stadium LLP Onerous Contracts – Forecasts of the E20 Stadium LLP's financial outlook, particularly in relation to the cost of hosting West Ham and the cost of moving the relocatable seats between pitch (football) and athletics modes, has required an assessment of whether any of its contracts are now deemed to be onerous (loss-making). An assessment of its main contracts (in line with IAS 37) concluded that two of these are deemed to be onerous. Consequently, E20 Stadium LLP recognised a provision for these losses. The provision was calculated based upon E20 Stadium's latest forecasts and therefore contains a number of assumptions and estimates that are subject to change.

Whilst progress has been made during the year on improving the E20 Stadium's future financial position, there is no change to the onerous contracts conclusion in 2018/19. It is currently estimated to be up to £200m.

42. Usable Reserves

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

43. Unusable Reserves

	Authority	Group	Authority	Group
	31 March	31 March	31 March	31 March
	2019	2019	2018	2018
	£000	£000	£000	£000
Revaluation Reserve	(353)	(28,839)	(121)	(25,353)
Capital Adjustment Account	3,510,264	3,810,363	3,261,508	3,561,750
Deferred Capital Receipts Reserve	(300,000)	-	(300,000)	-
Pensions Reserve	145,495	167,328	139,630	158,702
Collection Fund Adjustment Account-Council tax	(29,384)	(29,384)	(39,979)	(39,979)
Collection Fund Adjustment Account-Non Domestic rates	(16,329)	(16,329)	(72,774)	(72,774)
Accumulated Absences Account	1,138	1,303	1,075	1,215
Available for Sale Financial Instruments Reserve	-	-	-	(23,734)
Financial Instruments Adjustment Account	15,502	15,502	18,266	18,266
Merger Reserves	69,185	(361,410)	69,185	(374,161)
Total Unusable Reserves	3,395,518	3,558,533	3,076,790	3,203,932

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	Group	Authority	Group
	2018/19	2018/19	2017/18	2017/18
	£000	£000	£000	£000
Balance at 1 April	(121)	(25,353)	-	(22,706)
Upward revaluation of assets	(232)	(3,481)	(121)	(2,558)
Deferred tax on revaluation gains	-	(5)	-	(89)
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	(232)	(3,486)	(121)	(2,647)
Balance at 31 March	(353)	(28,839)	(121)	(25,353)

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, amortisation and revenue spend financed by capital. The Account is credited with the amounts set aside by the Authority and Group as finance for the costs of acquisition, construction and

enhancement. Where spend is incurred in advance of financing being received (as is the case with Crossrail expenditure) this results in a deficit balance on the reserve.

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Balance at 1 April	3,261,508	3,573,577	3,215,746	3,444,523
Adjustment for the restatement of financial instruments	19,201	19,201		
Restated Balance at 1 April 2018	3,280,709	3,592,778		
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	1,164	1,543	642	983
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	-	6,859	-	81,650
Amortisation of intangible assets	910	910	524	524
Revenue expenditure funded from capital under statute	1,425,896	1,418,418	904,442	914,390
Fair value through profit and loss adjustments	(7,525)	(7,525)		
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	-	-	-	-
Capital receipts received during the year	-	(73,921)	-	(33,801)
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account	-	(13,539)	-	(6,684)
Corporation Tax liability for the year	-	6,581	-	1,012
Release of CPO provision and creditor	(18)	(18)	-	-
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	-	73,921	-	33,801
	1,420,427	1,413,229	905,608	991,875
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(72,393)	(72,393)	-	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(521,514)	(521,531)	(765,552)	(780,354)
Application of grants to financing from the Capital Grants Unapplied Account	(447,882)	(452,637)	(4,529)	(4,529)
Statutory provision for the financing of capital investment charged against the General Fund	(202,102)	(202,102)	(157,177)	(157,177)
Voluntary provision for the financing of capital investment charged against the General Fund	-	-	44,587	44,587
Capital expenditure charged against the General Fund	(11,588)	(11,588)	(6,659)	(6,659)
Repayment of long term capital debtors	64,607	64,607	29,484	29,484
	(1,190,872)	(1,195,644)	(859,846)	(874,648)
Balance at 31 March	3,510,264	3,810,363	3,261,508	3,561,750

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.

The balance on this reserve relates to the Authority only and at 31 March 2019 remains at £300m.

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 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Balance at 1 April	139,630	158,702	151,972	171,278
Actuarial (gains) / losses on pension assets and liabilities	(11,193)	(11,710)	(25,852)	(29,192)
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	22,256	26,839	17,957	22,342
Employer's pensions contributions and direct payments to pensioners payable in the year	(5,198)	(6,503)	(4,447)	(5,726)
Balance at 31 March	145,495	167,328	139,630	158,702

Collection Fund Adjustment Account – Council Tax

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

	Authority 2018/19 £000	Authority 2017/18 £000
Balance at 1 April	(39,979)	(40,978)
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	10,595	999
Balance at 31 March	(29,384)	(39,979)

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 2018/19 £000	Authority 2017/18 £000
Balance at 1 April	(72,774)	1,476
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	56,445	(74,250)
Balance at 31 March	(16,329)	(72,774)

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 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Balance at 1 April	1,075	1,215	1,120	1,237
Settlement or cancellation of accrual made at the end of the preceding year	(1,075)	(1,198)	(1,120)	(1,237)
Amounts accrued at the end of the current year	1,138	1,278	1,075	1,215
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	63	80	(45)	(22)
Balance at 31 March	1,138	1,295	1,075	1,215

Available for Sale Financial Instruments Reserve

Due to the adoption of IFRS 9 Financial Instruments on 1 April 2018, the balance on this reserve has been transferred to retained earnings as the financial assets to which this reserve relates have been reclassified as fair value through profit and loss. Future increases and decreases in fair value of these assets will be recognised in the income and expenditure account as they arise.

	Group 2018/19 £000	Group 2017/18 £000
Balance at 1 April	(23,734)	(29,848)
Net change in fair value for the period	-	413
Tax on fair value movement	-	2,227
Net change in fair value reclassified to profit or loss	23,734	3,474
Balance at 31 March	-	(23,734)

Financial Instruments Adjustment Account

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

	Authority 2018/19 £000	Authority 2017/18 £000
Balance at 1 April	18,266	14,263
Write down of soft loans to fair value charged to the Comprehensive Income and Expenditure Statement	3,162	9,520
Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement	(5,926)	(5,517)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,764)	4,003
Balance at 31 March	15,502	18,266

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 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Balance at 1 April	69,185	(374,161)	69,185	(374,161)
Movement in year	-	12,751	-	-
	69,185	(361,410)	69,185	(374,161)

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

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Depreciation of property, plant and equipment , amortisation of intangibles	2,073	5,801	1,167	4,221
Carrying amount of non-current assets held for sale sold or derecognised	-	73,899	-	33,801
Change in fair value on equity mortgages	-	1,043	-	-
Change in fair value of investment property	-	(4,825)	-	8,248
Reversal in fair value through profit and loss movements	(7,525)	(7,253)	-	-
Reversal of net charges for post employment benefits	22,256	26,211	17,957	21,830
Cash payments for employer's contributions to pension funds and direct payments to pensioners	(5,198)	(5,875)	(4,447)	(5,214)
Reversal of accrued surplus/(deficit) on Collection Fund -Council Tax	(13,344)	(13,344)	(23,822)	(23,822)
Reversal of accrued surplus/(deficit) on Collection Fund -NDR	(17,370)	(17,370)	(46,791)	(46,791)
Collection Fund (surplus)/deficit received/paid as per regulation -Council Tax	23,939	23,939	24,821	24,821
Collection Fund surplus/(deficit) received/paid as per regulation-NDR	73,814	73,814	(27,457)	(27,457)
Reversal of write down to fair value of soft loans	3,414	3,414	10,458	10,458
Write down of loan interest to fair value	-	(679)	-	1,817
Increase/ (decrease) in creditors	(383,947)	(349,940)	(584,593)	(559,336)
(Increase)/decrease in debtors	(96,884)	(96,920)	(31,141)	(39,580)
Increase/(decrease) in impairment provision for bad debts	78	53	28	46
(Increase)/ decrease in stock	-	11,940	-	(39,277)
Increase/ (decrease) in provisions	-	(3,223)	(2,850)	(1,897)
Tax expense	-	(2,961)	-	2,996
(Increase)/decrease in interest receivable	(16,536)	(18,263)	(8,956)	(10,025)
Increase/(decrease) in finance lease receivables	-	43,204	-	5,751
Increase/(decrease) in interest payable	(2,452)	(971)	12,825	14,256
Other non cash movements	5,020	6,827	6,026	5,761
Increase/ (decrease) in deferred tax liability	-	(13,191)	-	(6,752)
(Gain)/loss arising on acquisition of subsidiaries	-	-	-	40,902
Reversal of share of loss or profit on joint venture	-	-	-	10,030
	(412,662)	(264,670)	(656,775)	(575,213)

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

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
(Gain)/loss on financial instruments held at FVTPL	-	375	-	-
(Gain)/loss on available for sale assets	-	-	-	(3,500)
(Gain)/loss on sale of investment property	-	-	-	(470)
Reversal of capital grants recognised in the income and expenditure statement	(1,174,460)	(1,179,774)	(749,390)	(764,192)
Other investing or financing cash flows	-	-	-	-
	(1,174,460)	(1,179,399)	(749,390)	(768,162)

The cash flows for operating activities include the following items

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Interest paid	(142,462)	(142,462)	(122,759)	(122,761)
Interest received	50,515	42,371	51,360	32,174
Taxation paid	-	(3,055)	-	(2,750)

46. Cash Flow Statement – Investing Activities

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Purchase of property, plant and equipment, investment property and intangible assets	(3,025)	(55,476)	(3,282)	(36,135)
Purchase of short-term and long-term investments	(11,841,497)	(12,006,302)	(9,471,098)	(9,536,528)
Other movements on investing activities	-	10,437	-	-
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	-	-	7,381
Capital grants received	1,174,460	1,184,797	749,390	764,588
Proceeds from short-term and long-term investments	11,443,891	11,444,046	9,235,598	9,235,598
Proceeds from the sale of financial instruments held at FVTPL	-	3,295	-	-
Proceeds from the sale of available for sale financial assets	-	-	-	6,870
Investments in joint venture	-	-	-	(4,906)
Net cash flows from investing activities	773,829	580,797	510,608	436,868

47. Cash Flow Statement – Financing Activities

	Authority 2018/19 £000	Group 2018/19 £000	Authority 2017/18 £000	Group 2017/18 £000
Cash receipts of short and long-term borrowing	896,016	1,034,750	667,146	724,542
Other receipts from financing activities	-	(259)	-	-
Repayments of short and long-term borrowing	(402,089)	(402,089)	(433,110)	(441,054)
Other receipts/(payments) for financing activities	1,583	1,583	7,008	2,905
Net cash flows from financing activities	495,510	633,985	241,044	286,393

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 in this note.

Central Government

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

Transactions with public bodies

During the year amounts payable to related parties totaled:

	£000
Local Government	153,991
Public Corporations	190
Hospitals	732

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

During the year amounts receivable from related parties totaled:

	£000
Central Government	66,108
Local Government	7,360
Public Corporations	10

For amounts owed to the Authority by related parties, see Debtors note 38.

Grants receivable by the Group are disclosed in the Comprehensive Income and Expenditure Account and the Grant Income, note 16.

Transactions with subsidiaries

Greater London Authority Holdings Limited (“GLAH”)

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

- In 2018/19 the GLA charged GLAP £5.6m for staff, accommodation and other overhead costs (£4.3m in 2017/18);
- At 31 March 2019, £535m was outstanding on loans advanced by GLA to GLAP. In 2018/19 GLAP paid £14.7m interest to the GLA;
- At 31 March 2019, GLA Land and Property Limited had £33.7m invested with the GLA.

London Treasury Ltd (“LTL”)

LTL which was acquired by the GLAH in August 2018 and operates under the Financial Services and Markets Act 2000 authorisation. It provides treasury management services to the GLA, its functional bodies (except TfL) and to London boroughs.

- In 2018/19 the GLA paid £ 334k to LTL; and
- at 31 March 2019, LTL’s net asset totalled £146k.

The Authority acquired the Company from the GLA's Chief Investment Officer at cost of £10,000 which reflects the amount the Chief Investment Officer had invested in establishing the company in anticipation of it being purchased by 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 14.9 full time equivalent staff. Its legal status is set out in the Greater London Authority Act 1999 as amended by the Railways Act 2005.

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

On the grounds of materiality, London TravelWatch is no longer consolidated as a subsidiary of the Authority in the consolidated financial statements.

- In 2018/19 the Authority provided LTW with funding of £1.0m (£1.1m – 2017/18); and
- at 31 March 2019, LTW's net assets totalled £0.04m

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 2018/19 consolidated financial statements.

- In 2018/19 the Authority paid LLDC revenue grant totalling £51.6m and a capital grant of £3.3m; net loan repayments totalled £6.4m bringing the total loan balance to £319.6m at 31 March 2019; interest receivable on the loan totalled £10.9m.
- The Hackney Wick loan balance stands at £2.5m at 31 March 2019; a repayment of £2.0m was made in year.

E20 Stadium LLP

E20 Stadium LLP is a wholly owned subsidiary of LLDC. The Mayor obtained full control in December 2017 after the agreed retirement of Newham Legacy Investments Ltd. from the E20 Stadium partnership. There have been no direct related party transactions during the year.

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

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

During 2018/19 the GLA provided grant funding of £7.7m (£7.1m in 2017/18).

Other Parties

- The Deputy Mayor for Business is a board member of MedCity. During 2018/19, the GLA provided grant funding of £0.3m to MedCity (£0.5m in 2017/18)
- The Deputy Mayor for Planning, Regeneration, and Skills is a director of Public Practice. During 2018/19, the GLA provided grant funding of £73k to Public Practice, (£62k in 2017/18)
- The Executive Director Housing and Land is a director in Future of London. During 2018/19, the GLA paid of £47k to Future of London, for Sponsorship of a Council led housing forum, membership fees, course fees & presentational skills workshops (£37k in 2017/18).

49. Interests in Other Organisations

Museum of London

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

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

- In 2018/19, the GLA provided £8.6m funding (£8m – 2017/18) 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 2018/19, the GLA made payments of £13.7m (£12.3m – 2017/18) to London & Partners.

London Waste and Recycling Board

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

In 2018/19 the Authority did not make any material payments or grant funding to LWARB.

Royal Docks Management Authority Limited

The Royal Docks Management Authority Limited (RoDMA), established in 1990, holds a 225-year lease of the water areas and associated marine infrastructure of the Royal Docks and is responsible for their control and management.

At 31 March 2019 GLA Land and Property Ltd holds 96.4% of the RoDMA shares and 38.02% of the voting rights. The Department for Environment Food and Rural Affairs holds a special share which gives it control over key decisions; GLA Land and Property Ltd therefore has significant influence but does not control RoDMA. RoDMA is held as an associate in the GLA Land and Property Ltd's accounts but, as it was acquired at nil cost, there is no carrying value.

During 2018/19, £0.5m was payable to RoDMA for service charges and insurance.

Greenwich Peninsula Estate Management Limited

Greenwich Peninsula Estate Management Limited was established to manage, maintain and administer the Greenwich Peninsula estate. GLA Land and Property Ltd. appoints one out of seven directors.

There were no transactions between the Group and Greenwich Peninsula Estate Management Limited in the year ended 31 March 2019.

Real Lettings Property Fund 2 LP (RLPF2)

RLPF2 was registered as a limited partnership in December 2016 and the fund was launched in January 2017 with LB Croydon, LB Lambeth and LB Westminster joining as limited partners and committing a total of £45m of investment. The target size for the RLPF2 is over £100m up to a maximum of £200m by January 2019. A fund of £100m should allow the purchase, refurbishment, letting and management of around 330 affordable homes.

On 26 March 2018, GLA Land and Property became a limited partner and at 31 March 2019 GLAP had made a capital contribution of £1.5k and an interest free loan of £14.8m.

Barking Riverside Limited

Barking Riverside Limited is a joint venture between London & Quadrant New Homes Limited and GLA Land and Property Limited.

The joint venture company is leading on the delivery of the new Barking Riverside neighbourhood. The site is being remediated and site wide infrastructure developed to allow the release of plots for residential and commercial development.

GLAP holds 49% of the share capital and 50% of the voting rights. The Executive Director of Housing and Land at the Greater London Authority, the Deputy Mayor, Housing and Residential Development and a Senior Area Manager from the GLA's Housing and Land directorate are three of the six directors of Barking Riverside Limited.

On 1 April 2012, loan investments advanced by the Homes and Communities Agency transferred to GLAP and at 31 March 2019, loan advances plus rolled-up interest totalled £34.7m.

- In year, £0.6m interest receivable was rolled-up and added to the loan principal on the loan investment, and
- A loan facility of £48m was approved to part-fund rail infrastructure at the Barking Riverside development site; of this £5.7m was advanced on 29 March 2019

50. Financial Instruments

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

50a. Group Categories of Financial Instruments

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

Long-Term	Authority		Group	
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£000	£000	£000	£000
Investments-Long term				
Financial assets at amortised costs	-	260,914	-	-
Loans and receivables at amortised costs	-	-	-	114,686
Financial assets at FVOCI	221,933	221,933	-	-
Financial assets at FVTPL	2,015	53,630	-	-
Available-for-sale financial assets	-	-	229,562	272,186
Financial assets at fair value through profit and loss	-	46,487	-	39,281
Total investments	223,948	582,964	229,562	426,153
Debtors-Long Term				
Financial assets at amortised costs	723,265	90,903	-	-
Loans and receivables at amortised costs	-	-	706,755	77,410
Financial assets at FVTPL	39,197	39,197	-	-
Finance lease receivables	-	82,019	-	84,230
Total Debtors	762,462	212,119	706,755	161,640
Borrowings-Long term				
Financial liabilities at amortised costs	(4,314,642)	(4,314,641)	(3,789,622)	(3,789,622)
Total borrowings	(4,314,642)	(4,314,641)	(3,789,622)	(3,789,622)
Creditors and Other Long Term Liabilities -Long term				
Financial liabilities at amortised costs	(47)	(195,156)	(46)	(86)
Finance lease liabilities	-	(37)	-	(38)
Total creditors	(47)	(195,193)	(46)	(124)
Current				
	Authority		Group	
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£000	£000	£000	£000
Investments				
Financial assets at amortised costs	1,586,359	1,586,936	-	-
Loans and receivables at amortised costs	-	-	1,303,098	1,303,513
Available-for-sale financial assets	-	-	7,563	7,563
Total investments	1,586,359	1,586,936	1,310,661	1,311,076
Debtors				
Financial assets at amortised costs	342,883	90,482	-	-
Loans and receivables at amortised costs	-	-	142,514	49,531
Finance lease receivables	-	16,662	-	57,655
Total Debtors	342,883	107,144	142,514	107,186
Cash and cash equivalents	941,433	1,017,685	633,609	660,918
Borrowings				
Bank overdraft	-	-	-	(319)
Financial liabilities at amortised costs	(241,458)	(207,755)	(269,983)	(243,357)
Total borrowings	(241,458)	(207,755)	(269,983)	(243,676)
Creditors				
Financial liabilities at amortised costs	(98,667)	(125,863)	(78,319)	(88,503)
Finance lease liabilities	-	(1)	-	(1)
Total creditors	(98,667)	(125,864)	(78,319)	(88,504)

50b. Material soft loans made by the Authority

The Authority has made the following significant soft loans to support the provision of housing development and related infrastructure.

- Network Homes -£21.0m
- LB Ealing - £3.4m
- Big Issue - £5.1m
- LB Barking and Dagenham -£10m
- LLDC - £2.5m
- LB Kingston - £26.6m
- LB Westminster - £2.0m
- LB Lambeth - £2.63m

	Authority 31 March 2019 £000	Authority 31 March 2018 £000
Opening balance at 1 April	72,464	55,054
Nominal value of new loans granted in year	11,760	36,897
Loan reclassified to FVTPL	(15,296)	-
Fair value adjustment on initial recognition	(3,423)	(9,521)
Loans repaid	(2,000)	(15,483)
Increase in discounted amount	2,208	5,517
Other changes	(8,209)	-
Closing balance at 31 March	57,504	72,464
Nominal value at 31 March	73,217	90,731

Valuation Assumptions

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

50c. Group Income, Expense, Gains and Losses

	2018/19				Total
	£000				
	Financial Liabilities measured at amortised costs	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	
Interest expense	139,104	-	-	-	139,104
Finance lease interest	2	-	-	-	2
(Gains)/Losses on initial recognition	-	3,162	-	1,970	5,132
Reduction in fair value	-	-	-	72	72
Impairment losses/(reversals)	-	(6)	-	-	(6)
Fee expense	136	-	221	1,188	1,545
Total expense in (Surplus) or Deficit on the Provision of Services	139,242	3,156	221	3,230	145,849
Interest income	407	(25,861)	(3,488)	(912)	(29,854)
Finance lease interest	-	(4,446)	-	-	(4,446)
(Increase)/Decrease in fair value	615	(38)	-	(7,948)	(7,371)
Unwind of discount on loan	-	(425)	-	(6,259)	(6,684)
(Gains)/losses on derecognition	-	-	-	375	375
Total income in (Surplus) or Deficit on the Provision of Services	1,022	(30,770)	(3,488)	(14,744)	(47,980)
Net (gain)/loss for the year	140,264	(27,614)	(3,267)	(11,514)	97,869

	2017/18				Total
	£000				
	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and Liabilities at Fair Value through Profit and	
Interest expense	135,218	-	-	-	135,218
Finance lease interest	2	-	-	-	2
(Gains)/Losses on initial recognition	-	11,336	-	-	11,336
Impairment losses/(reversals)	-	59	26	-	85
Fee expense	124	-	217	-	341
Total expense in (Surplus) or Deficit on the Provision of	135,344	11,395	243	-	146,982
Interest income	-	(12,835)	(2,786)	-	(15,621)
Finance lease interest	-	(5,141)	-	-	(5,141)
Increase in fair value	-	-	-	(725)	(725)
Unwind of discount on loan	-	(5,810)	-	-	(5,810)
Gains on derecognition	-	-	(3,501)	-	(3,501)
Services	-	(23,786)	(6,287)	(725)	(30,798)
Net change in fair value of available-for-sale financial assets	-	-	413	-	413
Net change in fair value of available-for-sale financial assets reclassified to (surplus) or deficit	-	-	3,474	-	3,474
(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	3,887	-	3,887
Net (gain)/loss for the year	135,344	(12,391)	(2,157)	(725)	120,071

50d. Authority Income, Expense, Gains and Losses

2018/19

	Financial Liabilities measured at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at FVOCI £000	Financial Assets at FVTPL £000	Total £000
Interest expense	139,104	-	-	-	139,104
Losses on initial recognition	-	3,162	-	-	3,162
Impairment losses	-	82	-	-	82
Fee expense	136	-	221	1,018	1,375
Total expense in (Surplus) or Deficit on the Provision of Services	139,240	3,244	221	1,018	143,724
Interest income	-	(46,182)	(3,488)	(818)	(50,488)
(Increase)/decrease in fair value	-	-	-	(7,525)	(7,525)
Unwind of discount on loan	-	-	-	(5,926)	(5,926)
Total income in (Surplus) or Deficit on the Provision of Services	-	(46,182)	(3,488)	(14,269)	(63,939)
Net (gain)/loss for the year	139,240	(42,938)	(3,267)	(13,250)	79,785

2017/18

	Financial Liabilities measured at amortised costs £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
Interest expense	135,218	-	-	135,218
Losses on initial recognition	-	9,520	-	9,520
Impairment losses	-	28	-	28
Fee expense	124	-	217	341
Total expense in (Surplus) or Deficit on the Provision of Services	135,342	9,548	217	145,108
Interest income	-	(33,191)	(2,786)	(35,977)
Unwind of discount on loan	-	(5,517)	-	(5,517)
Total income in (Surplus) or Deficit on the Provision of Services	-	(38,708)	(2,786)	(41,494)
Net (gain)/loss for the year	135,342	(29,160)	(2,569)	103,614

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

Financial assets and liabilities measured at fair value

Equity Mortgages are carried at fair value and gains and loss are recognised in the income and expenditure account as they arise. They are valued with reference to published house price indices – the Land Registry house price index for the London region - these are Level 2 fair value measurements (see accounting policy xvii for an explanation of the fair value levels). They are long term investments which are classified as Fair Value through Profit and Loss (see Note 50a) and at 31 March 2019 totalled £37.6m.

Residential Mortgage Backed Securities (RMBS) investments fall under the ‘Mixed’ model, meaning that the classification will be Fair Value through Other Comprehensive Income (FVOCI), this is because

of the securities' nature of 'holding to collect cash flow' and the occasional sale of securities as deemed fit by Investment managers. However, RMBS investments are held in 2018/19 at amortised cost because the fair value movement decrease of £0.519m (-0.23%) was not significant enough to warrant restatement of the £221.9m RMBS carrying value as at 31 March 2019.

The Fund Investment in Beechbrook falls under the 'Strategic Investment' model and classification would be Fair Value through Profit/Loss (FVTPL). It's carrying value of £2.015m has a fair value movement increase of £0.016m (0.79%) as at year-end, i.e. a Net Asset Value (NAV) of £2.031m. However, this increase is not significant enough to warrant restatement of the £2.015m carrying value as at 31 March 2019.

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

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

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

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

Financial assets and liabilities measured at amortised costs

Except for the financial assets carried at fair value (described in note 50e) all other financial liabilities and financial assets are classified as amortised cost and creditors and are carried in the Balance Sheet at amortised cost.

Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For long-term Public Works Loans Board ("PWLB") borrowings – the fair value for PWLB Borrowings in note 50g is based on the PWLB new borrowing rate; for long term bonds, market data relating to the relevant bonds are used to determine the fair value of this loan; interest rates at 31 March 2019 used for discounting, ranged from 1.87% to 4.62%;
- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value;
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

Bonds - The carrying value of Corporate Bonds held as at 31 March 2019 was £104.7m. The assets are all short-term investments and are mainly held for the purpose of collecting cash flows, and are therefore recorded at Amortised cost.

50g. Fair Value for financial assets and liabilities

	Authority 31 March 2019 Carrying value £000	Authority 31 March 2019 Fair Value £000	Group 31 March 2019 Carrying value £000	Group 31 March 2019 Fair Value £000
Borrowing - non-current and current	(4,556,100)	(5,090,462)	(4,522,396)	(5,056,758)
Investments - non-current and current at amortised cost	1,586,359	1,586,359	1,894,337	1,894,337
Financial assets at fair value through other comprehensive income	221,933	221,414	221,933	221,414
Financial assets at fair value through profit and loss	2,015	2,031	53,630	53,646

	Authority 31 March 2018 Carrying value £000	Authority 31 March 2018 Fair Value £000	Group 31 March 2018 Carrying value £000	Group 31 March 2018 Fair Value £000
Borrowing - non-current and current	(4,059,605)	(4,504,848)	(4,033,298)	(4,478,541)
Investments - non-current and current	1,303,098	1,303,098	1,457,480	1,457,480
Available for sale financial assets - non-current and current	237,125	237,125	279,749	279,749

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 2019) arising from a commitment to pay interest to lenders above current market rates.

Investments consist of money market instruments maturing within 12 months, they are held at cost and fair value has not been calculated because the carrying amount is a reasonable approximation of the fair value. The financial assets at fair value consist of residential mortgage backed securities and long-term equity mortgages.

Nature and Extent of Risks arising from Financial Instruments

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

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

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2018/19 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 2019, 18% 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 72% were placed with institutions with at least an BBB+ credit rating. The long-term loans to GLA Land and Property Limited and the London Legacy Development Corporation are not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default. The Authority does not therefore expect any losses from any institutions in relation to investments placed.

Exposure to credit risk

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

Liquidity Risk - Group

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

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

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

The maturity analysis of financial liabilities is as follows:

Borrowing	Authority	Group	Authority	Group
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£000	£000	£000	£000
Less than one year	(241,458)	(207,755)	(269,983)	(243,676)
Between one and two years	(98,300)	(98,300)	(15,000)	(15,000)
Between two and five years	(892,500)	(892,500)	(607,300)	(607,300)
Between five and ten years	(1,321,700)	(1,321,700)	(1,081,800)	(1,081,800)
More than ten years	(2,002,142)	(2,002,142)	(2,085,522)	(2,085,522)
Total	(4,556,100)	(4,522,397)	(4,059,605)	(4,033,298)

Creditors	Authority	Group	Authority	Group
	31 March 2019	31 March 2019	2018	31 March 2018
	£000	£000	£000	£000
Less than one year	(98,667)	(125,863)	(78,319)	(88,455)
Between one and two years	(47)	(195,156)	(46)	(13,252)
Total	(98,714)	(321,019)	(78,365)	(101,707)

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 low, the Authority's Treasury function places great emphasis on matching the maturity profile of borrowings to prudent forecasts of future income to reduce the likelihood of needing to refinance borrowings at potentially unfavourable future rates. The Authority may also arrange borrowings or investments in advance at prior agreed rates as a means of managing short-term interest rate exposures.

51. Contingent liabilities and assets

Contingent 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.

Contingent liabilities of some £52.1m relate to a number of potential claims, rights of use, restrictive covenants or dependencies on planning permission in relation to land assets hence their possible outcome - the following balance summarises all those where the likelihood of occurrence is considered possible and quantifiable.

S106 Agreements

Planning obligations are created under Section 106 of the Town and Country Planning Act 1990. They are legally binding obligations that are attached to a piece of land and are registered as local land

charges against that piece of land. Planning obligations enable a council to secure contributions to services, infrastructure and amenities in order to support and facilitate a proposed development.

The Group 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 2019.

ArcelorMittal Orbit Loan

LLDC continues to recognise a contingent liability in relation to a loan of £12.8m (principal £9.2m plus unpaid interest), which was used to part fund the construction of the ArcelorMittal Orbit and is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated (firstly against interest on the loan then 50% against the principal thereafter). A discounted projected cash flow is used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains due to its cumulative deficit position.

Non-domestic rates appeals

In 2016, several NHS trusts wrote to their billing authorities in London and elsewhere seeking charitable relief which would in effect see their business rates bills reduced by 80 per cent. They also requested the granting of the relief be backdated to the start of the 2010 rating list. This claim has been rejected by the billing authorities which have received this claim.

A formal legal challenge was launched in March 2018 and this case is expected to be considered in the High Court in November 2019. The estimated cost of granting this request has been estimated to over £2 billion across England were this to be backdated to April 2010 with an ongoing loss annually of around £300 million to local authorities. Based on legal advice secured by the Local Government Association the decision of local authorities to reject this claim is soundly based. London billing authorities - while recognising the issue - have not generally made provisions for any potential liability in their 2018/19 accounts. This matter is also being considered by the Department of Health and Ministry of Housing, Communities and Local Government.

Crossrail Funding

In order to assist the completion of Crossrail, in February 2019 the GLA started drawing on a £1.3bn loan facility negotiated with the Department for Transport. This additional loan by the GLA for Crossrail will be financed from the Business Rates Supplement and the Mayor's Community Infrastructure Levy (MCIL). In 2018/19 £365m of this facility was drawn down and passed by way of grant to TfL towards the costs of the Crossrail Project. The Authority assumes that the balance of the facility of £935m will be utilised, largely in 2019/20.

Contingent Assets

Contingent rent

Lease receivables from a lease with Excel Exhibition Centre have been treated as a contingent asset. The lease expires in 2199 and the annual lease receivable is based on the corresponding annual turnover of the centre the value of the lease is uncertain. The net present value of the estimated cash flows is considered to be between £10m and £22m and £0.98m was receivable in 2018/19.

52. Taxation-Group

Tax recognised in the Group Surplus or Deficit

	Group 2018/19 £000	Group 2017/18 £000
Corporation tax on profits for the year	5,532	3,935
Prior year adjustment	350	1,662
Total Corporation tax on profits for the year	5,882	5,597
Deferred tax	(13,474)	(5,591)
Tax recognised in surplus/deficit	(7,592)	6
Net (surplus)/deficit on provision of services	47,082	8,617
Items taken to OCI	(872)	(3,272)
Non taxable income/non deductible expenditure	(112,614)	(41,178)
Adjustments in relation to equity mortgages	(89)	4,818
(Profits)/losses chargeable to corporation tax (pre-losses)	(66,493)	(31,015)
Losses brought forward	37,376	10,296
Profits chargeable to corporation tax	(29,117)	(20,719)
Corporation tax at 19% (year to 31 March 2018 19%)	5,532	3,937
Prior year adjustments	350	1,660
Corporation tax at 19% (year to 31 March 2018 19%)	5,882	5,597

Movement in deferred tax assets and liabilities

	Group		
	1 April 2018	Movement in	31 March
	£000	year	2019
	£000	£000	£000
Deferred tax assets			
Investment properties	1,537	127	1,664
Capital losses carried forward	1,700	-	1,700
Pension	3,124	348	3,472
Total deferred tax assets	6,361	475	6,836
Deferred tax liabilities			
Development stock	(3,143)	141	(3,002)
AFSFA	(2,227)	2,094	(133)
Trading losses	1,572	(73)	1,499
Accelerated capital allowances	(13)	(43)	(56)
Net deferred tax on trading items	(3,811)	2,119	(1,692)
Investment properties	(36,116)	7,686	(28,430)
Property plant and equipment	(5,291)	3,547	(1,744)
Total deferred tax liabilities	(45,218)	13,352	(31,866)
Net deferred tax liabilities recognised in the surplus on provision of services after tax	(37,600)	14,396	(26,353)
Net deferred tax liabilities recognised in Other Comprehensive Income	(1,257)	(569)	1,323
Deferred Tax Liability	(41,981)	13,479	(28,502)
Deferred Tax Asset	3,124	348	3,472

	Group		
	1 April 2017*	Movement in year	31 March 2018
	£000	£000	£000
Deferred tax assets			
Investment properties	1,265	272	1,537
Capital losses carried forward	1,700	-	1,700
Total deferred tax assets	2,965	272	3,237
Deferred tax liabilities			
Development stock	(2,954)	(189)	(3,143)
Available for sale financial assets*	-	(2,227)	(2,227)
Trading losses *	2,954	(1,382)	1,572
Accelerated capital allowances	(8)	(5)	(13)
Net deferred tax on trading items	(8)	(3,803)	(3,811)
Investment properties	(43,639)	7,523	(36,116)
Property plant and equipment	(4,745)	(546)	(5,291)
Intangible assets	(7)	7	-
Total deferred tax liabilities	(48,399)	3,181	(45,218)
Net deferred tax liabilities recognised in the surplus on provision of services after tax	(43,191)	5,591	(37,600)
Net deferred tax liabilities recognised in Other Comprehensive Income	(2,243)	(2,138)	(4,381)
Deferred Tax Assets			
Pension	3,192	(68)	3,124
Total deferred tax assets recognised in Other Comprehensive Income	3,192	(68)	3,124
Unrecognised deferred tax assets	31 March 2019	31 March 2018	
	£m	£m	
GLAH	165	167	
LLDC	46	46	
OPDC	-	-	

53. Northern Line Extension Income and Expenditure Account

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

	2018/19	2017/18
	£000	£000
Balance at 1 April	417,176	244,844
INCOME		
Amounts transferred by the London Borough of Lambeth	-	(691)
Amounts transferred by the London Borough of Wandsworth	(65,248)	(14,779)
Interest receivable on contributions received	(1,355)	(564)
Total income	(66,603)	(16,034)
EXPENDITURE		
Transport payments to Transport for London for NLE project	161,493	174,892
Interest payable on project related borrowing	11,255	6,157
Other expenses including brokerage and bond fees	7,129	7,317
Total Expenditure	179,878	188,366
Net deficit for the year	113,275	172,332
Deficit carried forward at 31 March	530,450	417,176

During 2018/19, £161.5 million was payable to Transport for London (TfL) in respect of the development and construction costs for the Northern Line extension. This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account – and reported as expenditure in the Comprehensive Income and Expenditure Statement. The GLA also incurred interest payable on its borrowing of £11.3 million. A further £7.1 million of expenditure was incurred by the GLA in respect of brokerage costs and fees including the loan guarantee provided by HM Treasury.

The GLA also received £65.2 million in contributions from the London Borough of Wandsworth and nil from the London Borough of Lambeth towards the project in 2018/19 under the agreement signed between both boroughs, the Greater London Authority and Transport for London in January 2014. In addition, £1.4 million of interest was receivable on the balances held in respect of the project.

54. Post balance sheet event

There are no significant events, post 31 March, that require disclosure.

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 – which ceased for the GLA in 2017-18 under its business rates retention pilot - and retained business rates as well as specific grants paid for the purposes of the GLA which are directly controlled and allocated by the Mayor and form part of the CIES.

	2018/19 £000	2017/18 £000
Income		
Fire Grants ⁽¹⁾		
Fire specific revenue grants	(12,263)	(11,534)
Fire capital grant	-	(321)
Subtotal Fire Grants	(12,263)	(11,855)
Policing Grants		
Home Office police general grants ⁽²⁾	(1,762,393)	(1,762,393)
Local Council Tax Support grant for policing ⁽²⁾	(119,676)	(119,676)
Home Office core capital grant	(12,177)	(12,177)
Home Office other specific grants ⁽³⁾	(496,110)	(476,396)
Subtotal Policing Grants	(2,390,356)	(2,370,641)
Transport (TfL) grants ⁽⁴⁾		
GLA Transport grant - general (revenue) ⁽⁵⁾	-	(228,000)
GLA Transport grant - investment (capital) ⁽⁶⁾	-	-
Other DfT specific grants ⁽⁷⁾	(47,006)	(43,071)
Subtotal Transport Grants	(47,006)	(271,071)
Total Income	(2,449,625)	(2,653,567)
Expenditure		
London Fire Commissioner ⁽¹⁾	12,264	11,855
Mayor's Office for Policing and Crime	2,390,355	2,370,641
Transport for London	47,006	271,071
Total Expenditure	2,449,625	2,653,567

Notes

(1) On 1 April 2018 the London Fire and Emergency Planning Authority was abolished and replaced by the London Fire Commissioner as the functional body overseeing the work of the London Fire Brigade. The fire revenue specific grant figure includes fire revenue grant, PFI grant and funding from central government for the Merton fire control centre.

Fire formula grant has been paid via the business rates retention system and revenue support grant since 2013-14 and is therefore shown in the GLA's CIES. LFC's council tax precept payments are also recorded in the GLA's CIES.

(2) The core Home Office police grant in 2018-19 includes £173.6 million in respect of the National and International Capital Cities (NICC) grant, £849.5 million in general police core grant and £739.3m in former MHCCLG formula funding approved by Parliament in the 2018-19 Police Grant Report. Local council tax support funding for MOPAC was also approved via the Police Grant Report. MOPAC also receives additional funding approved by the Mayor which is paid to it by the GLA through retained business rates and payments from the Mayor's council tax precept which are both recorded in the GLA's CIES

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

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

(5) In line with its 2015 Spending Review settlement TfL received £228 million in GLA transport grant for general purposes in 2017-18. This revenue stream ended from 1 April 2018 and its core funding is now provided through retained business rates.

(6) From 1 April 2017 TfL's capital investment funding (£976 million in 2018-19 and £960 million in 2017-18) is being paid by the GLA to TfL through the business rates retention system via the GLA's CIES rather than as a specific grant from the Department for Transport. This figure is therefore zero in both years.

(7) The DfT other specific grant figure for 2018-19 includes £27.1 million in respect of London Overground grant as well as funding to support smart ticketing and the ongoing development of the business case for the Crossrail 2 project.

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.

	2018/19 £000	2017/18 £000
Balance at 1 April	-	-
INCOME		
Amounts transferable by billing authorities as calculated under the BRS regulations	(268,144)	(273,183)
Interest Receivable (in respect of the Crossrail BRS and related balances)	(919)	(211)
Total income	(269,063)	(273,394)
EXPENDITURE		
Administrative expenses incurred by billing authorities		
Further administrative expenses (billing authority cost of collection allowance)	440	463
Other billing authority collection costs and prior year adjustments	(97)	(70)
	343	393
Expenditure incurred by GLA in respect of the Crossrail Project		
Transport payments to Transport for London in respect of the Crossrail project	365,000	-
Interest Payable on Crossrail related borrowing	114,333	115,435
Other expenses including brokerage fees	504	389
	479,837	115,824
Total Expenditure	480,180	116,217
Transfers to/(from) General fund - Surplus/(Deficit) on BRS Account and MRP*	(211,117)	157,177
Balance at 31 March	-	-

*Minimum revenue provision

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 £70,000 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. The rateable value threshold was increased to £70,000 from £55,000 on 1 April 2017 in line with the methodology set out in the final Crossrail BRS prospectus applying in a revaluation year.

On the basis of the final returns received in respect of 2018/19 billing authorities determined that they had collected BRS gross revenue of £268.1 million of which the GLA was due to receive £267.7 million after allowing for borough collection allowances and other costs. The gross income from the BRS was around £5 million lower in 2018/19 than in 2017/18 reflecting the impact of successful appeals on the 2010 rating list and adjustments being made by the Valuation Office Agency to the 2017 rating list.

The GLA also incurred interest payable on its borrowing of £114.3 million and £0.9 million of interest was receivable on the balances held in respect of the BRS. A further £0.5 million was charged to the BRS revenue account in respect of other costs incurred by the GLA in respect of the management and administration of the BRS and the GLA's associated borrowing including brokerage fees.

GLOSSARY

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

Accounting Period

The length of time covered by the accounts, in the case of these accounts the year from 1 April 2017 to 31 March 2018.

Accrual

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

Actuarial Gains and Losses

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

Balances

These represent the accumulated surplus of revenue income over expenditure.

Capital Expenditure

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Collection Fund

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

Council tax Requirement

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

Creditors

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

Debtors

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

Depreciation

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

Fees and Charges

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

Financial Instrument

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

Fixed Asset

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

Functional Body

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

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

IAS 19 Employee Benefits

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

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

Materiality

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

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

A property tax based on notional rental (rateable) values levied on non-domestic hereditaments. The tax is set by central government and collected by Local Authorities. Under the business rates retention system this income was allocated in 2017/18 in London to Central Government, Local Billing Authorities and the GLA in the ratio of 33:30:37 (these shares apply to 2017/18 only). 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. In 2018/19, due to the establishment of the London Business Rates Pool agreed with Government income will be allocated between the London Billing Authorities and the GLA in the ratio of 64:36.

Precept

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

Prepayment

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

Provisions

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

Reserves

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

Revenue Expenditure

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

Revenue Support Grant

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

Specific Government Grants

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

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