Greater London Authority Holdings Limited

Annual Report and Financial Statements

1 April 2013 to 31 March 2014

Registered Office
Windsor House
42-50 Victoria Street
London SW1H 0TL

Registered in England and Wales
07923665

Contents

Directors' Report

Introduction

The directors present their report on the affairs of Greater London Authority Holdings Limited (the "Company") (registration number 07923665) and its subsidiary GLA Land and Property Limited ("GLAP", together the "Group") together with the group financial statements for the Company and Group's accounting period of 1 April 2013 to 31 March 2014 ("accounting period").

The Group has prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and has also elected to prepare the parent Company's financial statements in accordance with IFRS.

Principal activities

The principal activities of the Group are the purchase, sale and development of land or property, and the holding of land or property for capital growth or rental.

Other than the £1 shareholding in GLA Land and Property Limited, Greater London Authority Holdings Limited did not undertake any transactions in the period. All transactions reported in the period relate to GLA Land and Property Limited activity.

Share capital

The Company had one share in issue at 1 April 2013 and 31 March 2014.

Articles of Association

The Articles of Association set out the basic management and administrative structure of the Company. They regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, Board and shareholder meetings, powers and duties of Directors and borrowing powers. In accordance with the Articles of Association, Directors can be appointed or removed by shareholders in a general meeting.

The Articles may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary and are also available from Companies House.

Directors

The directors who served during the accounting period were:

Martin Clarke
David Lunts
Edward Udny-Lister

None of the directors had any beneficial interest in the shares of the Company or its subsidiary.

Risk management

The Group has a risk management process and arrangements which enable it systematically to identify, assess, manage and monitor business risks.

Directors' Report

Employees

The Group has no directly employed staff. Staff employed by the Greater London Authority perform duties on behalf of the GLA Land and Property Limited and their time and related overheads are recharged at cost.

Charitable and political donations

No charitable or political donations were made during the accounting period.

Dividends

It is not proposed to declare a dividend for the period 1 April 2013 to 31 March 2014.

Corporate governance

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to a Director's resolution, the Company appointed Ernst & Young as external auditors.

Martin Clarke
Director

M.J. Clarke

25 September 2014

Strategic Report

The Group inherited 635 hectares of land in April 2012 with a value at the time of £365m. In its first year of trading, around 100 hectares was contractually committed for development delivering £1 billion of gross development value.

The most significant single development that the Group owns is Greenwich Peninsula which, in recognition of the level of national investment in the site, is subject to a receipt-sharing agreement with the Department for Communities & Local Government. The joint venture with which GLA Land and Property has a development agreement was acquired fully by Knight Dragon Development Ltd (a Chinese-owned company) during the year. A new agreement was reached which will see the development of 11 plots initially, with a further 631 homes to be completed in 2014/15. A full review of the Masterplan will also take place during 2014/15.

Master Development Agreements were signed during the year for two major sites in the Royal Docks – Silvertown Quays and Royal Albert Dock.

Silvertown Quays Agreement was reached with The Silvertown Partnership to develop this important site with a scheme centred on 'brand pavilions' which would include the development of Millennium Mills and the construction of a pedestrian bridge across the dock, landing beside the ExCel Centre. A revised business plan has been submitted which, if approved, will enable a planning application to be submitted in September or October 2014.

Royal Albert Dock Agreement was reached with ABP (London) Investment Ltd – a subsidiary of Dauphin Holdings Group Ltd, a major Chinese developer – to develop this site primarily for business use and some ancillary residential accommodation, in order to attract Chinese businesses who wish to trade with the UK and Europe. A planning application has been submitted which, if approved in July or September 2014, would permit a start on site in June 2015.

The majority of the Group's land interests are held as development stock, at the lower of cost or net realisable value. Investment stock and financial instruments are held at fair value.

During the period, the Group has performed broadly in line with expectations. The Group's policy of entering into development agreements, rather than outright sales, in order to ensure that sites are developed in line with the Mayor of London's priorities means that losses are expected to continue until such time as deferred receipt arrangements achieve a critical mass. While the development of Greenwich Peninsula has been slow, the acquisition by Knight Dragon is seen as a positive development and the Royal Albert Dock developer continues to meet challenging deadlines for the development of this site.

In 2014/15 the Group intends to bring further sites to market, including two key sites – totalling 40 hectares on Stephenson Street, in Newham and Beam Park, in Barking & Dagenham. Tenders have also been sought to build a 'floating village' in Royal Victoria Dock.

The Group plans to continue to develop its land and property with the primary aims of creating jobs and housing in London. The Group is committed to having an exit strategy in place for all of its current landholdings by 2016.

The principal risks and uncertainties facing the Group relate to the state of the economy in general, and London in particular, and continuing challenges in the housing market in London.

Statement of Directors' Responsibilities

In respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with Adopted IFRSs; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of Greater London Authority Holdings Limited for the year ended 31 March 2014 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statements of Changes in Equity, the Group Statement of Cash Flow and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of its group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25th September 2014

Statement of Comprehensive Income

	Notes	2013/14 £000	2013/14 £000	Restated 2012/13* £000	Restated 2012/13* £000
Continuing operations					
Income from property disposals		(18,410)		(63,463)	
Rental and other property income		(6,859)	(25,269)	(7,119)	(70,582)
Cost of sales	5,17	15,751		56,932	
Estate management costs		9,994	25,745	9,460	66,392
Gross (profit) / loss			**476**		**(4,190)**
Compulsory purchase order costs			4,161		21,528
Professional fees and other costs			3,170		5,374
Administrative expenses			5,299		5,713
Other expenses	6		(527)		2,804
(Profit) /loss from operations			**12,579**		**31,229**
Other income	7		(4,867)		(5,473)
Finance income	8		(2,014)		(1,643)
Finance costs	8		10,081		10,006
(Profit)/loss before tax			**15,779**		**34,119**
Tax	16		1,030		18
(Profit)/loss for the period			**16,809**		**34,137**
Other comprehensive (income)/expense:					
Items that will never be reclassified to profit and loss					
Revaluation of property, plant and equipment			(3,014)		(1,801)
Deferred tax on revalued property, plant and equipment			209		83
Finance lease income credited to pooling of interests reserve			(2,630)		-
Items that are or may be reclassified to profit and loss					
Net change in fair value of available-for-sale financial assets			(9,636)		(2,472)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss			2,631		7,408
Other comprehensive (income)/expense, net of tax			**(12,440)**		**3,218**
Total comprehensive (income)/expense recognised for the period			**4,369**		**37,355**

*See Note 4

Statement of Financial Position

	Note	31 March 2014 £000	Restated 31 March 2013 £000
Non-current assets			
Property, plant and equipment	10	16,190	14,326
Investment property	11	37,326	34,956
Loan investments - Non Current	12	34,651	33,693
Available for sale financial assets	13	60,287	54,117
Finance lease receivables -Non Current	14	25,469	15,690
Trade and other receivables - Non Current	15	-	12,644
Total Non-current assets		**173,923**	**165,426**
Current assets			
Inventories	17	255,399	259,033
Loan investments - Current	12	-	1,842
Finance lease receivables - Current	14	5,313	7,255
Trade and other receivables - Current	15	19,381	11,841
Cash and cash equivalents	18	1,859	34,748
Total current assets		**281,952**	**314,719**
Total assets		**455,875**	**480,145**
Current liabilities			
Borrowings and overdrafts	18		(336)
Trade and other payables - Current	19	(16,084)	(39,612)
Finance lease liabilities - Current	20	(1)	(1)
Provisions - Current	23	(18,755)	(1,150)
Deferred income / revenue		-	-
Total current liabilities		**(34,840)**	**(41,099)**
Non-current liabilities			
Borrowings	21,2	(300,000)	(300,000)
Trade and other payables - Non Current	19	(791)	(297)
Finance lease liabilities - Non Current	20	(328)	(329)
Provisions - Non Current	23	(6,154)	(21,528)
Deferred tax liability	16	(2,838)	(1,599)
Total non-current liabilities		**(310,111)**	**(323,753)**
Total liabilities		**(344,951)**	**(364,852)**
Net assets		**110,924**	**115,293**
Equity			
Revaluation reserve	28	(12,450)	(9,645)
Fair value reserve	28	(26,205)	(19,200)
Pooling of interests reserve	28	(120,745)	(118,115)
Retained earnings		48,476	31,667
Total equity		**(110,924)**	**(115,293)**

The Company has one £1 share which is held by the Greater London Authority and also has a £1 investment in GLA Land and Property Limited.

The financial statements were approved by the Board and authorised for issue on 27 June 2014. The financial statements also comprise the notes on pages 14 to 56.

M. D. Clarke

Martin Clarke
Director

Statement of Changes in Equity

The Company has issued one £1 share which is held by the Greater London Authority
* The Retained Earnings as at 31 March 2013 have been restated, see note 4.

as at 31 March 2014

	Share capital £000	Pooling of interests reserve £000	Fair Value reserve £000	Revaluation Reserve £000	Retained earnings* £000	Total equity £000
Restated balance as at 31 March 2013	**-**	**(118,115)**	**(19,200)**	**(9,645)**	**31,667**	**(115,293)**
(Profit)/loss for the year	**-**	**-**	**-**	**-**	**16,809**	**16,809**
Revaluation of property, plant and equipment	-	-	-	(3,014)	-	**(3,014)**
Finance lease income credited to pooling of interests reserve	-	(2,630)	-	-	-	**(2,630)**
Net change in the fair value adjustments on available-for-sale financial assets	-	-	(7,005)	-	-	**(7,005)**
Tax on items above	-	-	-	209	-	**209**
Total comprehensive (income)/expense recognised for the year ended 31 March 2014	**-**	**(2,630)**	**(7,005)**	**(2,805)**	**-**	**(12,440)**
At 31 March 2014	**-**	**(120,745)**	**(26,205)**	**(12,450)**	**48,476**	**(110,924)**

The Company has issued one £1 share which is held by the Greater London Authority
* The Retained Earnings as at 31 March 2013 have been restated, see note 4.

Statement of Changes in Equity

as at 31 March 2013 - Restated

	Share capital £000	Pooling of interests reserve £000	Fair Value reserve £000	Revaluation Reserve £000	Restated Retained earnings* £000	Restated Total equity £000
At 16 Jan 2012	-	-	-	-	-	-
Balances acquired on 1 April 2012	-	(119,613)	(24,136)	(7,927)	(2,470)	**(154,146)**
Adjustment to opening balances for deferred tax on Crystal Palace		1,498				**1,498**
Restated (Profit)/loss for the period	-	-	-	-	34,137	**34,137**
Revaluation of property, plant and equipment	-	-	-	(1,801)	-	**(1,801)**
Net change in the fair value adjustments on available-for-sale financial assets	-	-	4,936	-	-	**4,936**
Tax on items above	-	-	-	83		**83**
Total comprehensive (income)/expense recognised for the period ended 31 March 2013	**-**	**-**	**4,936**	**(1,718)**	**34,137**	**37,355**
Issue of shares	-	-	-	-	-	-
Restated balance as at 31 March 2013	**-**	**(118,115)**	**(19,200)**	**(9,645)**	**31,667**	**(115,293)**

The Company has issued one £1 share which is held by the Greater London Authority.
* The Retained Earnings as at 31 March 2013 have been restated, see note 4.

Statement of Cash Flows

For the period ended 31 March	Notes	2014 £000	Restated* 2013 £000
(Profit)/loss for the year		16,809	34,137
Adjustments to profit or loss for non-cash movements	27	19,620	(61,260)
Adjustments for items included in the profit or loss that are investing and financing activities	27	1,236	8,159
Net cash flows from Operating Activities		**37,665**	**(18,964)**
Investing Activities	27	(5,112)	(15,446)
Net (increase) or decrease in cash and cash equivalents		**32,553**	**(34,410)**
Cash and cash equivalents at the beginning of the reporting period		(34,412)	(2)
Cash and cash equivalents at the end of the reporting period		**(1,859)**	**(34,412)**

*See Note 4

Notes to the Financial Statements

1. Reporting entity
Greater London Authority Holdings Limited (the "Company") is a company domiciled in the United Kingdom. The Company's registration number is 07923665 and its registered office is Windsor House, 42-50 Victoria Street, London, SW1H 0TL.

2. Changes in accounting policies
Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Group has adopted the following new standards and amendments to standards with a date of initial application in the Group's financial statements of 1 April 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

It replaces and expands the disclosure requirements about fair value measurements in other IFRSs. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. As a result, the Group has included additional disclosures in this regard (see Notes 10 and 11).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Presentation of Items of Other Comprehensive Income (Amendments to IAS1)
As a result of changes to IAS 1, the Group has modified the presentation of items of Other Comprehensive Income (OCI) in the statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

Notes to the Financial Statements

3. Statement of accounting policies

This section explains the Group's main accounting policies.

a) Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The unaudited financial statements were authorised for issue by the Board of Directors on 27 June 2014.

Basis of measurement

The accounts are made up to 31 March and have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are sufficiently 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 Group's financial performance.

b) New standards and interpretations

Standards and interpretations issued by the International Accounting Standards Board ('IASB') are only applicable if endorsed by the EU.

The following revisions to IFRS will be applicable to the Group in future periods, subject to endorsement where applicable. The Group does not plan to adopt these standards early:

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

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments clarify the circumstances in which recoverable amounts of assets are required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs to disposal) is determined using a present value technique. The amendments to IAS 36 require retrospective application, but will not impact the amounts recognised in the financial statements or disclosures as there are no impairments of Property, Plant and Equipment in the current financial year. In future years, the main impact will be the additional disclosures required under IAS 36. The amendments to IAS 36 are applicable to Group's financial statements from 2014/15 onwards.

IFRS 9 Financial Instruments (2010) modifies the classification and measurement of certain classes of financial assets and liabilities. The most significant change is to rationalise the primary categories of financial assets to amortised cost and fair value through profit and loss, and to allow an entity to elect to present in Other Comprehensive Income changes in fair value of equity instruments that are not held for trading. The new standard could change how the Group classifies financial instruments and recognises changes in fair value. The most significant impact would be on equity mortgages that are currently classified as available for sale with changes in fair value reported in Other Comprehensive Income. Under IFRS 9 the equity mortgages would be classified as fair value through profit and loss and this would increase the volatility of the reported profit or loss as changes in value would be taken to the profit or loss at the end of each reporting period rather than on disposal of the financial instrument. At present these is a tentative decision that the new standard will be applicable to the Group's financial statements from 2018/19 onwards.

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

c) Uses of estimates and judgements

The preparation of the financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is disclosed below:

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

By its nature, this process involves a significant amount of estimation uncertainty, particularly given the complexity of some of the Group's properties, and the current market conditions. Valuations are performed by qualified independent external valuers. The methods used by the valuers in determining realisable value are listed below. All rely heavily on the use of assumptions and judgements.

- Comparison method – used when there is market evidence of land sale prices for sites with broadly similar development characteristics. Adjustments are then made for timing of the comparable transaction, size of the site, location, ground conditions and planning;

- Residual method - the valuers assess the gross development value of an assumed completed scheme and make deductions of the estimated future costs of development (including developer's profit, remediation costs and finance) to arrive at the underlying residual site value;

- Income approach – used for sites subject to a Development Agreement with contracted receipts to the Group. On this valuation basis the receipts are discounted to arrive at the present value at a rate of return which represents the time value of money and the relative risks of the capital receipt.

Where the estimated net realisable value is less than its carrying value within the Statement of Financial Position, the Group impairs the carrying value. In the period to 31 March 2014, this review resulted in an £11m impairment charge (2012/13 - £11m restated) See note 17 for further details.

Notes to the Financial Statements

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

The assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation – Professional Standards January 2014 ("the Red Book" (9th edition)). Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the valuers will generally set out the reasons for this in their report.

Fair value of vacant buildings - In addition to the above methodology, the fair value of vacant buildings may also be valued and analysed on a comparison method with other capital value transactions where applicable.

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

Fair value of available for sale financial assets - Available for sale financial assets relate mainly to Equity Mortgages - 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 (February 2014 data used as March 2014 was unavailable when the financial statements were being prepared). For equity interests in housing units, the fair value at the Statement of Financial Position date is calculated using movements in the Office for National Statistics house price index for the London region, this being the most relevant available observable market data. However these only provide an estimate of the fair value of these assets because house price indices cannot accurately predict the value of individual units and disposal proceeds to date, although a good indicator of market performance may not occur at the same level in the future as disposals to date represent only a small portion of the portfolio.

At 31 March 2014 the asset recognised on the Statement of Financial Position was £60.3m (£54.1m at 31 March 2013). See note 13 for further details.

Depreciation of property, plant and equipment - Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in accounting policy (i). The selection of these residual values and estimated lives requires the exercise of management judgement. See note 10 for further details.

Leases - In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held by the Group. Given that finance leases are recognised as liabilities, and operating leases are not, this can have a significant effect on the reported financial position of the Group. See notes 14 and 20 for further details.

Notes to the Financial Statements

Determining whether an arrangement contains a lease - When determining whether an arrangement contains a lease, as required by IFRIC 4, judgement needs to 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 Statement of Financial Position this can have a significant effect on the reported financial position of the Group.

Provisions - Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the Company. This can be very complex, especially when there is a wide range of possible outcomes. See note 23 for further details.

Classification of investment properties - IAS 40 *Investment properties* ("IAS 40") requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties in accordance with IAS 40. As investment properties are valued at fair value, with movements in the fair value being recorded in the Statement of Comprehensive Income, this could have a significant effect on the financial performance of the Company.

d) Going concern
The financial statements have been prepared on a going concern basis, notwithstanding the Company's loss for the period of £17.3m (£34.1m loss for period ended 31 March 2013); the directors believe this basis to be appropriate for the following reasons:

The Greater London Authority has provided written assurances to the Company's directors that, so long as the Company is a subsidiary of the GLA, the GLA will continue to make sufficient monies available to the Company to enable it to meet all its debts as they fall due.

The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

e) Revenue
Revenue comprises the fair value of the consideration received or receivable, net of value added tax.

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

Rental income

Notes to the Financial Statements

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.

f) Leases

Leases (the Group as lessee)

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance 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.

Other leases are operating leases and the leased assets are not recognised in the Group's Statement of Financial Position.

Lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income 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.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

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.

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

Notes to the Financial Statements

g) Financing income and expenses
Financing and investment income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Comprehensive Income, using the effective interest rate method.

Financing and investment costs comprise interest expense on borrowings and the finance lease liabilities. Borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest rate method.

h) Taxation
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

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; and
- 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. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority and the Group intends to settle the current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

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.

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

Expenditure 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 Group and the cost of the item can be measured reliably. 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.

Measurement
Assets are initially measured at cost, comprising the purchase price and 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.

Assets are then carried in the Statement of Financial Position using the following measurement bases:

Property - fair value, 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.

Non-property assets that have short useful lives or low values (or both) - depreciated historical cost basis as a proxy for fair value.

Assets included in the Statement of Financial Position at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. 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 no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down and charged to the Statement of Comprehensive Income .

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 and charged to the Statement of Comprehensive Income .

Where an impairment loss is reversed subsequently, the reversal is credited in other comprehensive income and increases the revaluation surplus for that asset. However, if the previous impairment loss was previously recognised in profit or loss, the reversal is recognised in profit or loss, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Notes to the Financial Statements

Depreciation
Depreciation applies to all items of property, plant and equipment whether held at historical cost or revalued amount, with the exception of land where it can be demonstrated that the asset has an unlimited useful life.

The depreciation charge is based on the depreciable amount allocated over an asset's useful life. The methods of depreciation that reflect the pattern in which the future economic benefits or service potential of different assets are expected to be consumed, are determined as follows:

- Buildings: Straight-line allocation over the life of the property, generally between 10 and 60 years; and
- Vehicles, plant and equipment: Straight line allocation over the life of the asset generally between 3 and 30 years.

Depreciation ceases at the earlier of the date that items of property, plant and equipment are classified as held for sale and the date they are derecognised. Depreciation begins at the date of acquisition and is reset on revaluation.

The residual value of an item of property, plant and equipment, its useful life and depreciation method are reviewed at least at each financial year end and, if expectations differ from previous reviews or there has been a significant change in the pattern of consumption of future economic benefits or service potential, the change is accounted for as a change in accounting estimate.

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

Component Accounting
Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Where there is more than one significant part of the same asset which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods.

Disposals
When an asset is disposed of or decommissioned, the carrying amount of the asset in the Statement of Financial Position is written off to Statement of Comprehensive Income as part of the gain or loss on disposal. Receipts from disposals are credited to the Statement of Comprehensive Income 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 Retained Earnings.

j) 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 and subsequently measured at fair value with any changes therein recognised in the Statement of Comprehensive Income .

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in Other Income in the Statement of Comprehensive Income . When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

If the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification will become its cost for subsequent accounting.

Investment properties held at fair value are not subject to depreciation.

Properties are valued annually by external professionally qualified surveyors in accordance with Royal Institution of Chartered Surveyors (RICS) Guidelines.

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised is inventory when the significant risks and rewards of ownership have been transferred to the Group.

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

l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m) Contingent liabilities and assets

The Group recognises contingent assets and liabilities in line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contingent liability - A possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably.

Notes to the Financial Statements

Contingent liabilities are not recognised in the Statement of Financial Position but disclosed in a note to the accounts.

Contingent asset - A possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Statement of Financial Position but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

n) Reserves
Retained earnings represent the accumulated surplus or deficit to date.

o) Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the instruments.

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

- Financial assets at fair value through profit and loss;
- loans and receivables; or
- available for sale financial assets.

Financial liabilities within the scope of IAS 39 are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

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

Financial assets at fair value through profit and loss (held for trading)
Financial assets are classified as held for trading if they are acquired for sale in the short term. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in profit or loss.

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

Loans
Loans are shown at amortised cost using the effective interest rate and are included within non-current assets.

Notes to the Financial Statements

Trade and other receivables
Trade and other receivables are measured at amortised cost less a provision for impairment. The provision is based on objective evidence that the group will not be able to recover all amounts due, through a review of all accounts and experience of collecting outstanding balances. The net of these balances are classified as 'trade and other receivables' in the Statement of Financial Position.

Available for sale financial assets
Equity Mortgages
The Group provides financial assistance to home buyers to buy a share in a new build home. The buyer must take out an affordable mortgage, which along with any deposit, must make up a minimum of 50% of the full purchase price of the property. In return the Group will assist with up to 50% of the full property price. The assistance is paid to the participating housebuilder, not the buyer.

However, as part of the sales agreement, the Group has an entitlement to a share of the future sales proceeds which will be equal to the initial percentage contribution. This is secured by a second charge on the property. The Group's entitlement to the future sale proceeds on these properties is classified as being available for sale and is stated at fair value.

Equity Mortgages are valued with reference to published house price indices (February 2014 indices). For equity interests in housing units, the fair value at 31 March is calculated using movements in the Office for National Statistics house price index for the London region, this being the most relevant available observable market data. However these only provide an estimate of the fair value of these assets because house price indices cannot accurately predict the value of individual units and disposal proceeds to date, although a good indicator of market performance, may not occur at the same level in the future, as disposals to date represent only a small portion of the portfolio.

Equity Investments
Investments in private sector developments, where the returns are based on a share of the profitability of the scheme, are classified as available for sale and are stated at fair value.

Other equity investments that are not accounted for using the equity method are classified as available-for-sale financial assets where there is currently no intention to sell these financial assets. They are carried at cost in the consolidated financial statements if there is no active market for those companies and fair values cannot be reliably ascertained without undue cost or effort. Impairments are recognized if there are indications that fair value is lower than cost.

Gains or losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses for which any cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Where the financial asset is disposed of, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated equity is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturity of less than or equal to ninety days.

Financial liabilities measured at amortised cost
All non-derivative financial liabilities are classified as financial liabilities measured at amortised cost.

Notes to the Financial Statements

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

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Interest bearing loans and borrowings
All loans and borrowings are classified as financial liabilities measured at amortised cost.

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

Impairment of financial assets
Financial assets are assessed at each Statement of Financial Position date to determine whether there is any objective evidence of impairment. Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

4. Prior year adjustment

Information has come to light in the current financial year regarding the disposal, in 2012/13, of a property that transferred to the Company on 1 April 2012 from the Homes and Communities Agency. The disposal of this development property on a finance lease was omitted from the prior period's financial statements. The property was leased out on a 999 year lease in October 2013 for a discounted deferred lease premium of £8.9m and the carrying value of the property was £10.2m. The financial statements for the period ended 31 March 2013 had included a £7.0m reduction in net realisable value for this property which has been reversed in the restated figures.

The Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Shareholder's Equity, Cash Flow, Expenditure by type, Note 5 and Inventories, Note 17 have been restated and the figures for the period ended 31 March 2013 now reflect the disposal and the retained earnings loss at 1 April 2013 has decreased by £5.7m.

The table below sets out the amendments made to the prior year figures:

Restated Statement of Comprehensive Income

Period 16 January 2012 to 31 March 2013	**Audited**	**PYA* Lease disposal**	**Restated**
	£000	**£000**	**£000**
Continuing operations			
Income from property disposals	(54,587)	(8,876)	(63,463)
Rental and other property income	(7,119)	-	(7,119)
	(61,706)		**(70,582)**
Cost of sales	53,736	3,196	56,932
Estate management costs	9,460	-	9,460
	63,196		**66,392**
Gross (profit) / loss	**1,490**	**(5,680)**	**(4,190)**
Compulsory purchase order costs	21,528	-	21,528
Professional fees and other costs	5,374	-	5,374
Administrative expenses	5,713	-	5,713
Other expenses	2,804		2,804
(Profit) /loss from operations	**36,909**	**(5,680)**	**31,229**
Other income	(5,473)	-	(5,473)
Finance income	(1,643)	-	(1,643)
Finance costs	10,006	-	10,006
(Profit)/loss before tax	**39,799**	**(5,680)**	**34,119**
Tax	18	-	18
(Profit)/loss for the period	**39,817**	**(5,680)**	**34,137**
Other comprehensive (income)/expense, net of tax	**3,218**	**-**	**3,218**
Total comprehensive (income)/expense recognised for the period	**43,035**	**(5,680)**	**37,355**

*PYA - Prior year adjustment

Notes to the Financial Statements

Restated Statement of Financial Position

	31 March 2013 £000	PYA - Lease Disposal £000	Restated 31 March 2013 £000
Non-current assets			
Property, plant and equipment	14,326	-	14,326
Investment property	34,956	-	34,956
Loan investments	33,693	-	33,693
Available for sale financial assets	54,117	-	54,117
Finance lease receivables	6,814	8,876	15,690
Trade and other receivables	12,644	-	12,644
Total Non-current assets	**156,550**	**8,876**	**165,426**
Current assets			
Inventories	262,229	(3,196)	259,033
Loan investments	1,842	-	1,842
Finance lease receivables	7,255	-	7,255
Trade and other receivables	11,841	-	11,841
Cash and cash equivalents	34,748	-	34,748
Total current assets	**317,915**	**(3,196)**	**314,719**
Total assets	**474,465**	**5,680**	**480,145**
Total current liabilities	**(41,099)**	-	**(41,099)**
Total non-current liabilities	**(323,753)**	-	**(323,753)**
Total liabilities	**(364,852)**	-	**(364,852)**
Net assets	**109,613**	**5,680**	**115,293**
Equity			
Revaluation reserve	(9,645)	-	(9,645)
Fair value reserve	(19,200)	-	(19,200)
Pooling of interests reserve	(118,115)	-	(118,115)
Retained earnings	37,347	(5,680)	31,667
Total equity	**(109,613)**	**(5,680)**	**(115,293)**

Notes to the Financial Statements

5. Expenditure by type

Period ended 31 March	2014	Restated 2013
The operating profit or loss is stated after charging:	**£000**	**£000**
Cost of inventory sold	9,974	45,563
Write down of inventory to net realisable value	5,777	11,369
Compulsory purchase order provision	4,161	21,528
Estate management costs	9,994	9,460
Administrative costs recharge from the GLA	3,682	4,516
Agents fees - mortgages	270	1,680
Depreciation expense	1,150	995
Auditor's fees for the audit of these financial statements	112	112
Other administrative expenses	3,255	3,784
Total cost of sales and administrative expenses	**38,375**	**99,007**

6. Other expenses

Period ended 31 March	2014	2013
	£000	**£000**
Impairment loss on loans and receivables	347	1,808
Loss on intital recognition of loans and receivables	-	1,193
Impairment loss on finance lease receivables	-	143
Impairment loss /(reversal) on available for sale financial assets	(874)	(340)
Total other expenses	**(527)**	**2,804**

7. Other income

Period ended 31 March	2014	2013
	£000	**£000**
Net (gain)/loss on sale of investment property	(485)	(220)
Net (increase)/decrease in fair value of investment property	(2,385)	2,814
Net (gain)/loss on disposal of available-for-sale financial assets reclassified from equity	(751)	(7,938)
Fees and charges	(181)	(113)
Other income	(1,065)	(16)
Total other income	**(4,867)**	**(5,473)**

Notes to the Financial Statements

8. Financial Instruments – Income, expenses, gains and losses

Year ended 31 March 2014	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
	£000	£000	£000	£000
Interest expense	10,067	-	-	**10,067**
Finance lease interest	14	-	-	**14**
Impairment losses/(reversals)	-	347	(874)	**(527)**
Total expense reported in profit or loss	**10,081**	**347**	**(874)**	**9,554**
Interest income	-	(871)	-	**(871)**
Finance lease interest	-	(906)	-	**(906)**
Gains on derecognition	-	-	(750)	**(750)**
Unwind of discount on non-interest bearing loan	-	(237)	-	**(237)**
Total income reported in profit or loss	**-**	**(2,014)**	**(750)**	**(2,764)**
Net change in fair value of available-for-sale financial assets	-	-	(9,636)	**(9,636)**
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	2,631	**2,631**
(Gains)/ losses on financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**(7,005)**	**(7,005)**
Net (gain)/loss for the period	**10,081**	**(1,667)**	**(8,629)**	**(215)**

Notes to the Financial Statements

Financial instruments - income, expenses, gains and losses (continued)

Period 16 January 2012 to 31 March 2013	Financial Liabilities measured at amortised costs	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
	£000	£000	£000	£000
Interest expense	10,004	-	-	**10,004**
Loss on initial recognition	-	1,193	-	**1,193**
Impairment losses/(reversals)	-	1,951	(340)	**1,611**
Fee expense	2	-	-	**2**
Total expense reported in profit or loss	**10,006**	**3,144**	**(340)**	**12,810**
Interest income	-	(1,411)	-	**(1,411)**
Gains on derecognition	-	-	(7,938)	**(7,938)**
Unwind of discount on non-interest bearing loan	-	(232)	-	**(232)**
Total income reported in profit or loss	**-**	**(1,643)**	**(7,938)**	**(9,581)**
Net change in fair value of available-for-sale financial assets	-	-	(2,472)	**(2,472)**
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	7,408	**7,408**
(Gains)/ losses on financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**4,936**	**4,936**
Net (gain)/loss for the period	**10,006**	**1,501**	**(3,342)**	**8,165**

Notes to the Financial Statements

9. Operating leases

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

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

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

	31 March 2014 £000	31 March 2013 £000
Not later than one year	766	858
Later than one year and not later than five years	1,263	812
Later than five years	1,845	650
	3,874	**2,320**

The income credited to the Statement of Comprehensive Income during the year in relation to these leases was:

	2013/14 £000	2012/13 £000
Rent receivable in year	1,265	1,091
	1,265	**1,091**

Notes to the Financial Statements

10. Property, plant and equipment

Movements in	2013/14 Other Land and Buildings £000	2012/13 Other Land and Buildings £000
Cost or Valuation		
At 1 April	**14,330**	**13,520**
Revaluation increases/(decreases) recognised in the revaluation reserve	1,860	810
At 31 March	**16,190**	**14,330**
Accumulated Depreciation and Impairment		
At 1 April	**(4)**	**-**
Depreciation charge	(1,150)	(995)
Depreciation written out to the Revaluation Reserve	1,154	991
At 31 March	**-**	**(4)**
Net Book Value		
At 1 April	**14,326**	**13,520**
At 31 March	**16,190**	**14,326**

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

Valuations
The valuations were carried out by external valuers, Jones Lang Lasalle and GVA Grimley at 31 March 2014. Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors ("the Red Book" (9^{th} edition)) and IFRS 13; by valuers who conform to the requirements thereof. The valuations were undertaken by currently Registered RICS Valuers.

Fair values for the assets held by the Group as Property, Plant and Equipment are calculated using the Depreciated Replacement Cost method due to the specialised nature of the properties and the limited relevant market evidence. This results in these measurements being classified as Level 3 in the fair value hierarchy.

The Depreciated Replacement Cost method involves assessing all the costs of providing a modern equivalent asset using pricing at the date of valuation. In order to assess the price that the buyer would bid for the actual asset, depreciation adjustments have to be made to the gross replacement cost to reflect the differences between it and the modern equivalent. These differences can reflect factors such as the comparative age or remaining economic life of the actual asset, the comparative running costs and the comparative efficiency and functionality.

Significant unobservable inputs in Level 3 valuations of property, plant and equipment are the average costs per square foot for a modern equivalent of the Crystal Palace National Sports Centre, the stadium and the lodge. The costs were taken from the Building Cost Information Service provided by the Royal Institution of Chartered Surveyors, and the average square footage (sq ft) used ranged from £9 to £180 per sq ft.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers in or out of Level 3 fair value measurements for property, plant and equipment during the period.

Crystal Palace is held at fair value and at 31 March 2014 had a carrying value of £16.2m, for information if the Company held this asset at cost, the carrying value would have been £11.5m.

Fair value gains or losses
In the year ended 31 March 2014 the Group recognised £3m of revaluation gains in the Other Comprehensive Income.

11. Investment properties

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

	2013/14 £000	2012/13 £000
Balance at 1 April	**34,956**	**37,800**
Disposals	(15)	(30)
Gains and losses included in net income:		
Increase/(decrease) in fair value of investment properties	2,385	(2,814)
Balance at 31 March	**37,326**	**34,956**

All valuations were carried out by independent external valuers, Jones Lang Lasalle and GVA Grimley at 31 March 2014. Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors ("the Red Book" (9th edition)) and in accordance with IFRS 13, by valuers who conform to the requirements thereof. The valuations were undertaken by currently Registered RICS Valuers.

Fair values for investment properties with an income stream are calculated using the direct income capitalisation method, which results in these measurements being classified as Level 3 in the fair value hierarchy. In applying the direct income capitalisation method the rental income less irrecoverable costs of each property is divided by an appropriate capitalisation rate.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers in or out of Level 3 fair value measurements for investment properties during the period.

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Significant unobservable inputs in Level 3 valuations are as follows:

Investment Property IFRS 13 Disclosure re unobservable inputs

Input	Range	Weighted Average
Rental income less irrecoverable costs	n/a	£280,428
Capitalisation rate	4.37% - 10.00%	7.59%

12. Loan Investments

	31 March 2014 £000	31 March 2013 £000
Loans to joint venture	30,636	29,872
Other loans	4,015	5,663
At 31 March	**34,651**	**35,535**

	2014 £000	2013 £000
At 1 April	**35,535**	**52,428**
Interest receivable	721	737
Repayments	(1,842)	(16,327)
Discount Unwinding	237	232
Impairments		(1,535)
At 31 March	**34,651**	**35,535**

13. Available for sale financial assets

Available for sale financial assets are stated at fair value and include the Group's entitlement to future income arising from financial assistance provided to homebuyers to enable them to buy homes and other equity investments in external organisations.

Available for Sale Financial Assets	31 March 2014 £000	31 March 2013 £000
At 1 April	**54,117**	**49,107**
Additions	321	11,700
Disposals	(2,030)	(2,094)
Fair value adjustment	7,005	(4,936)
Impairment reversals	874	340
At 31 March	**60,287**	**54,117**

Equity Mortgages are all valued with reference to published house price indices; these are Level 2 fair value measurements. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes to the Financial Statements

The fair value gains or losses recognised in profit or loss for the period total £2.6m; Other Comprehensive Income includes £9.6m of unrealised gains or losses.

14. Finance lease receivables

Group as lessor

Gross investment in the lease is made up of the following amounts:	**31 March 2014**	**Restated 31 March 2013**
	£000	**£000**
Finance lease debtor (net present value of minimum lease payments):		
Current	5,313	7,255
Non-current	25,469	15,690
Unearned finance income	5,404	5,594
Unguaranteed residual value of property	-	-
Gross investment in the lease	**36,186**	**28,539**

The gross investment in the lease and the minimum lease payments will be received over the following periods:	**31 March 2014**	**31 March 2013**
	£000	**£000**
Not later than one year	5,498	7,444
Later than one year and not later than five years	23,843	14,004
Later than five years	6,845	7,090
	36,186	**28,539**

	£000	**£000**
Not later than on year	5,313	7,255
Later than one year and not later than five years	23,061	13,191
Later than five years	2,408	2,499
	30,782	**22,945**

In 2013/14, £12.6m, has been reclassified from non-current trade receivables to non-current finance lease receivables. This relates to a disposal in the period ended 31 March 2013 that was classified as a freehold sale rather than a leasehold disposal. This reclassification has had no impact on the totals reported in the Statement of Financial Position for non-current assets or net worth.

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;

Notes to the Financial Statements

- A 99 year lease until 2082 with The Drum Group Limited for a plot of land at Charles Street, London E16;
- A 101 year lease ending in 2110 with London City Airport to allow the installation of airport landing lights at Albert Island, London E16; and
- A 125 year lease with Siemens until 2136 for the exhibition centre located at the Landmark Site in London E16. The lease permits the exhibition centre to be initially used to showcase and/or promote sustainable technologies and products and/or a conference centre.

15. Trade and other receivables

	31 Mar 2014 £000	31 Mar 2013 £000
Current		
Trade receivables due from related parties	23	1,213
Other trade receivables	11,050	1,444
Accrued income	8,157	9,184
Prepayments	151	-
	19,381	**11,841**
Non-current		
Amounts due from third parties	-	12,644
	0	**12,644**

16. Taxation

Tax recognised in profit and loss

For the period ended 31 March	**2014 £000**	**2013 £000**
Corporation tax rate on profits for the year	23%	24%
Corporation tax on profits for the year	-	-
Deferred tax	1,144	3,518
Prior year adjustment	6	-
Less tax losses recognised	(20)	(3,499)
	1,130	19
Effect of reduction in corporation tax rate	(100)	(1)
Tax expense from continuing operations	**1,030**	**18**

Notes to the Financial Statements

Tax recognised in other comprehensive income

For the period ended 31 March	2014 £000	2013 £000
Corporation tax on income for the year	-	-
Deferred tax	209	83

For the period ended 31 March	2014		
	Before tax £000	Tax £000	After tax £000
Revaluation of property plant and equipment	(3,014)	209	(2,805)
Net change in value of available for sale financial assets	(9,636)	-	(9,636)
Net change in value of available for sale financial assets reclassified to profit or loss	2,631	-	2,631
Finance lease income credited to pooling of interests reserve	(2,630)	-	(2,630)
	(12,649)	**209**	**(12,440)**

For the period ended 31 March	2013		
	Before tax £000	Tax £000	After tax £000
Revaluation of property plant and equipment	(1,889)	83	(1,806)
Net change in value of available for sale financial assets	(2,474)	-	(2,474)
Net change in value of available for sale financial assets reclassified to profit or loss	7,408	-	7,408
	3,045	**83**	**3,128**

Notes to the Financial Statements

Reconciliation of tax charge

For the period ended 31 March	2014 £000	Restated* 2013 £000
Loss before tax	**15,779**	**34,119**
Loss before tax multiplied by standard rate of corporation tax in the UK of 23% (24%)	**(3,629)**	**(8,189)**
Effects of:		
Historic tax basis in development properties	(94)	(14,230)
Loss on appropriations of development properties to investments	-	(2,188)
Disallowable items	290	208
Brought forward losses utilised	-	(152)
Indexation allowance	(130)	(38)
Recognition of previously unrecognised deferred tax	20	3,651
Unrecognised losses	4,673	20,957
	1,130	**19**
Reduction in tax rate	(100)	(1)
Total tax charge for the year	**1,030**	**18**

* See Note 4

Recognised deferred tax liabilities

	1 April 2013 £000	PYA* £000	Movement in year £000	Reduction in tax rate £000	31 March 2014 £000
Development stock	3,499	-	20	(306)	3213
Trading losses	(3,499)	-	(20)	306	(3,213)
Net deferred tax on trading items	-	-	-	-	-
Property, plant and equipment	1,581	(6)	385	(170)	1,790
Investment properties	18	6	1,092	(97)	1,019
Other investments	-		32	(3)	29
Total deferred tax liabilities	**1,599**	**-**	**1,509**	**(270)**	**2,838**

*Prior year adjustment

Notes to the Financial Statements

	1 April 2012	Movement in year	Reduction in tax rate	31 March 2013
	£000	£000	£000	£000
Development stock	-	3,651	(152)	3,499
Trading losses	-	(3,651)	152	(3,499)
Net deferred tax on trading items	-	-	-	-
Property Plant and Equipment	1,498	152	(69)	1,581
Investment Properties	-	19	(1)	18
Total deferred tax liabilities	**1,498**	**171**	**(70)**	**1,599**

The UK Government announced its intention to reduce the rate of corporation tax to 21% for the year beginning 1 April 2014 and 20% for the year beginning 1 April 2015. These rates were enacted on 17 July 2013. At the rate of tax prevailing for the year beginning 1 April 2015, the value of the deferred tax liability at 31 March 2014 will decrease to the following amount:

		£000
Deferred tax liability at	31 March 2015	2,702

Unrecognised deferred tax asset

	2014	**Restated* 2013**
	£000	**£000**
Trading and other losses	125,089	139,265

See Note 4

A significant part of these deferred tax assets (£109.4m), represent trading losses inherited from the predecessor bodies under the Localism Act 2011. A sizeable part of these losses has not been agreed with HMRC and could be subject to significant change. Restrictions are likely to arise on the future use of these losses. As noted above, the Finance Act 2013 has enacted a reduction in the rate of corporation tax to 21% for the year beginning 1 April 2014 and to 20% for the year beginning 1 April 2015. At this rate the value of the un-provided deferred tax asset will decrease to the following amounts:

	£000
31 March 2015	119,133

Notes to the Financial Statements

17. Inventories

	31 Mar 2014 £000	Restated 31 Mar 2013 £000
Property/development assets:		
Land and buildings	255,399	259,033
	255,399	**259,033**
Balance at 1 April	**259,033**	**309,054**
Additions in year	12,117	6,911
Included in Cost of Sales:		
Cost of property sold	(9,974)	(45,563)
Write down to net realisable value	(9,861)	(11,369)
Reversal of write downs	4,084	-
Balance at 31 March	**255,399**	**259,033**

Cost of inventory sold
Inventory consists of property/development assets. Disposals during the year amounted to £9.9m (2012/13 - £45.6m restated) and this amount is offset against disposal proceeds received.

Write down to net realisable value
Where the market value of a property/development asset is lower than costs incurred on that asset, the reduction is written off to profit or loss within Cost of Sales. Write downs during the period amounted to £10.9m (2012/13 - £11.4m restated), £4.6m that had been written down in previous periods was reversed in year due to increases in the net realisable value of some development stock assets.

Valuation
The realisable value of the Group's development properties at 31 March 2014 has been based on a valuation carried out at that date by external valuers, Jones Lang Lasalle and GVA Grimley. An estimate of selling costs has been deducted from the valuation to determine the net realisable value.

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

Notes to the Financial Statements

18. Cash and cash equivalents

	31 Mar 2014 £000	31 Mar 2013 £000
Bank current accounts	329	(336)
Other deposits	1,530	34,748
	1,859	**34,412**

19. Trade and other payables

	31 Mar 2014 £000	31 Mar 2013 £000
Current		
Trade payables due to related parties	(9,664)	(31,483)
Other trade payables	(3,495)	(5,825)
Accrued expenses	(2,925)	(2,055)
Deferred income	-	(249)
	(16,084)	**(39,612)**

Non-current		
Trade payables due to related parties	(728)	(234)
Deferred income	(63)	(63)
	(791)	**(297)**

20. Finance lease liabilities

Group as lessee
The Group holds a proportion of its property, plant and equipment and inventory under finance lease arrangements.

The assets acquired under these leases are carried in the Statement of Financial Position at the following net amounts:

Carrying value of assets	31 March 2014 £000	31 March 2013 £000
Other Land and Buildings	16,190	14,326
Development Properties	2,450	2,925
	18,640	**17,251**

The Company is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired and finance costs that will be payable in future years while the liability remains outstanding.

Notes to the Financial Statements

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

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

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

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

Finance Lease Liabilities

	31 March 2014 £000	31 March 2013 £000
Not later than on year	1	1
Later than one year and not later than five years	4	5
Later than five years	324	324
	329	**330**

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

Held as Property, Plant and Equipment on the Statement of Financial Position:

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

Held as Inventory on the Statement of Financial Position:

- 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 Company. Two long leases (57 and

60 years long) the Group took out with the London Borough of Newham at Thames Wharf as part of the larger property. Both leases expire in 2026;

- 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.

Notes to the Financial Statements

21. Financial instruments

Categories of financial instruments
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Carrying Value 31 March 2014 £000	Restated Carrying Value 31 March 2013 £000
Investments-Non-current		
Loans and receivables at amortised costs	34,651	33,693
Available-for-sale financial assets	60,287	54,117
Total investments	**94,938**	**87,810**
Receivables Non-current		
Loans and receivables at amortised costs	-	12,644
Finance lease receivables	25,469	15,690
Total Receivables	**25,469**	**28,334**
Borrowings-Non current		
Financial liabilities at amortised costs	(300,000)	(300,000)
Total borrowings	**(300,000)**	**(300,000)**
Other Non current Liabilities		
Finance lease liabilities	(328)	(329)
Total other Non current liabilities	**(328)**	**(329)**
Payables Non-current		
Financial liabilities at amortised costs	(728)	(234)
Total Payables	**(728)**	**(234)**

Notes to the Financial Statements

	Carrying Value 31 March 2014 £000	Carrying Value 31 March 2013 £000
Investments Current		
Loans and receivables at amortised costs	-	1,842
Available-for-sale financial assets	-	-
Total investments	**-**	**1,842**
Receivables Current		
Loans and receivables at amortised costs	19,229	11,263
Finance lease receivables	5,313	7,255
Total Debtors	**24,542**	**18,518**
Cash and cash equivalents	**1,859**	**34,748**
Borrowings		
Financial liabilities at amortised costs	-	(336)
Total borrowings	**-**	**(336)**
Other Current Liabilities		
Finance lease liabilities	(1)	(1)
Total other current liabilities	**(1)**	**(1)**
Payables Current		
Financial liabilities at amortised costs	(14,362)	(39,366)
Total Payables	**(14,362)**	**(39,366)**

Unquoted equity investments at cost
The Greater London Authority transferred its share holdings in RoDMA to the Company for nil consideration on 3 October 2013. As RoDMA shares are not quoted on an active market the fair value of the shares cannot be measured reliably and the investment is held at nil cost.

The Company disposes of shares in RoDMA as and when leases are granted by RoDMA to new leaseholders.

Notes to the Financial Statements

Fair values of assets and liabilities

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

- Published market data for comparable instruments at 31 March 2014 are used to obtain discount rates for long term borrowings, or if higher, the amount payable to a lender on early redemption in order to prudently reflect the maximum liability;
- Where borrowing will mature within 12 months, carrying amount is assumed to approximate to fair value;
- The discount rates used to determine the net present values of investments are the market rates available as at 31 March 2014 for new instruments equivalent to those under consideration. For investments maturing within 12 months or with rates programmed to vary with an underlying interest rate measure (such as base rate) where the next rate revision will occur within 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables and payables due within 12 months is taken to be the invoiced or billed amount.

Fair values of assets and liabilities

	31 March 2014 Carrying amount	31 March 2014 Fair Value	31 March 2013 Carrying amount	31 March 2013 Fair Value
	£000	£000	£000	£000
Borrowing Non-current	(300,000)	(319,770)	(300,000)	(344,760)

	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Loan Investments Non-current and current	34,651	34,651	35,535	35,535
Available for sale financial assets Non-current	60,287	60,287	54,117	54,117

The fair value of borrowing represents the amount payable to the lender were the debt repaid on the Statement of Financial Position date. This would lead to a notional loss since the fair value is more than the carrying amount - a consequence of the interest rate payable being higher than the prevailing rates at the Statement of Financial Position date.

The Group's investments materially consist of transferred loans made in respect of development agreements entered into by the Homes and Communities Agency in London. All interest bearing instruments either mature with 12 months of the Statement of Financial Position date or are subject to a revision of interest rate within this period so the carrying amount approximates the fair value. One agreement is an interest free loan which has been impaired to reflect the Group's view of collectability and discounted by an appropriate rate. In the absence of any market comparator for such an arrangement, the carrying value is assumed to approximate the fair value.

22. Financial risk management

Notes to the Financial Statements

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

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

These risks are considered by the directors and managed as set out below. Day to day management of the Group's cash position is delegated to the ultimate parent, the Greater London Authority, which maintains a professional group treasury team.

Credit risk

The Group's policy is to place all funds surplus to the current account balance required to make payments on callable deposit with its ultimate parent, the Greater London Authority. The GLA has exceptionally high credit standing (AA+ Stable) and high levels of central government support. Therefore the Group considers credit risk arising from cash and short term deposits to be adequately minimised. There has been no historical experience of default by a UK local authority.

The Group is exposed to risk of default on the loan investments referred to in Note 12. None of the counterparties currently hold credit ratings, nor has the group experienced default from similar instruments in the past, so it is not possible to quantify the current exposure. The agreements and the financial standing of the counterparties are routinely monitored by the ultimate parents group treasury team with a view to early management of any risks arising.

The maximum exposure to credit risk on trade receivables at 31 March 2014 is £19.3m (£15.3m - 31 March 2013).

Liquidity risk

All of the Group's cash is accessible immediately being held on callable deposit with the ultimate parent or in the Group's current account with its bankers. The ultimate parent's group treasury team monitor the current account and release funds from deposit as required.

The Group's cash flow requirements are forecast and planned as part of a comprehensive, group-wide process, with the ultimate parent having exceptional access to liquidity.

There is no significant risk of the Group being unable to meet its financial obligations as they fall due.

The maturity structure of financial liabilities is set out below.

	Interest rate	31 Mar 2014 £000	31 Mar 2013 £000
Non-current			
Amounts due to ultimate parent	3.33%	(300,000)	(300,000)
		(300,000)	**(300,000)**

Notes to the Financial Statements

The maturity analysis of financial liabilities is as follows:

	31 Mar 2014 £000	31 Mar 2013 £000
Between one and two years	-	-
Between two and five years	55,000	35,000
Between five and ten years	200,000	210,000
More than ten years	45,000	55,000
	300,000	**300,000**

Market risk

The Group has no exposure to negotiable or quoted instruments and is not exposed to any losses as a result of market movements.

Loan investments
£21.5m of the Group's investments attract interest on a variable rate basis. A 1% rise in interest rates would deliver an additional £0.2m in interest receivable whereas a fall would lead to a reduction in receipts of £0.1m. The amounts are not equal because the current relevant rates are below 1%.

Equity mortgages
At 31 March 2014, if UK house prices had been 1% lower and all other variables were held constant, the Group's house price linked financial assets, which are solely available for sale financial assets, would decrease in value, excluding the effects of tax, by £0.5m, with a corresponding reduction in both the result for the year and equity.

23. Provisions

	Other Provisions £000	CPO Provisions £000	Total £000
Balance at 1 April 2013	(1,150)	(21,528)	**(22,678)**
Additional provisions made during the period	(3,900)	(7,697)	**(11,597)**
Amounts used in year	-	5,830	**5,830**
Unused amounts reversed in year		3,536	**3,536**
Unwinding of discounting in year			-
Balance at 31 March 2014	**(5,050)**	**(19,859)**	**(24,909)**

Compulsory purchase orders (CPO)
The CPO provision is the forecast of liabilities for which a binding commitment has been made as at 31 March. The provision amount has been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case by case basis. Due to the nature of the liability and the need to negotiate settlement amounts, there is considerable uncertainty on when the CPO cases

will be settled and payments made. At present it is expected that payments will be made over the period 2014/15 to 2016/17.

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

Thames Wharf drainage works - a provision of £0.75m is included in the closing balance for costs in relation to Thames Wharf development property. The drainage works were not undertaken in 2013/14 and are now expected to be undertaken in 2014/15, in phases. The costs are indicative and GLA Land and Property Limited is working with consultants to firm up the costs.

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

Millfield transfer Station – GLA Land and Property Limited, 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. The works are expected to be completed in 2014/15 and are expected to cost £0.3m.

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

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

24. Contingent liabilities and assets

Contingent liabilities
GLA Land and Property Limited 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 any uncertainty and likelihood of occurrence.

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

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

Contingent assets which are considered only possible (not probable) have not been disclosed or recognised in the financial statements.
S106 Agreements
Planning obligations are created under Section 106 of the Town and Country Planning Act 1990. They are legally binding obligations that are attached to a piece of land and are registered as local land charges against that piece of land. Planning obligations enable a council to secure contributions to services, infrastructure and amenities in order to support and facilitate a proposed development.

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

25. Contingent rent

Lease receivables from a lease with ExCel Exhibition Centre have been treated as a contingent asset. As the lease has a remaining life of 186 years before it is due to expire and the annual lease receivable is based on the corresponding annual turnover of the centre the value of the lease is uncertain. The net present value of the estimated cash flows is considered to be between £7m and £20m and £0.9m was receivable in 2013/14.

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26. Contractual commitments

Contractual commitments in respect of works on properties are as follows:

Project description	31 March 2014 £000	31 March 2013 £000
Kidbrooke Regeneration	5,372	-
Greenwich Square	3,125	-
LSIP North Infrastructure	1,128	1,286
Greenwich Peninsula	1,867	654
Gallions Park	-	68
LSIP Southern Access Road	1,552	60
Newington Butts	-	60
Barking Riverside	83	52
Ditchburn Street	-	48
Royal Albert Docks	20	21
Silvertown Quays	-	20
Rowan Park	-	15
Thames Wharf	-	11
Catford Stadium	-	9
Cane Hill	-	9
St Clements Hospital	-	8
Lymington Fields	-	7
Courier Road Beam Reach	-	6
Brenley Park	-	5
Cane Hill Wells Cottages	-	5
Manor Road Retail Park	-	5
Greenwich District Hospital	-	4
Amberley Residential	-	3
East India Dock	-	3
St Andrews Hospital	-	1
White Hart Triangle	-	1
Dagenham Docks	-	1
	13,147	**2,362**

Notes to the Financial Statements

27. Cash Flow

Adjustments to profit and loss for non-cash movements:

For the period ended 31 March	2014	Restated* 2013
	£000	£000
Depreciation of property, plant and equipment	(1,150)	(995)
Impairment of loan investments	0	(1,535)
Impairment of available for sale financial assets	874	340
Change in fair value of investment property	2,385	(2,814)
Movement in interest receivable	721	737
Movement in interest payable	(77)	0
Other non cash movements	237	232
(Increase)/ decrease in payables	23,111	(10,039)
Increase/(decrease) in receivables	7,851	17,685
Increase/ (decrease) in inventory	(3,634)	(50,021)
(Increase)/ decrease in provisions	(2,231)	(21,528)
Increase/(decrease) in finance lease receivables	(7,437)	6,696
Tax expense	(1,030)	(18)
	19,620	(61,260)

*See Note 4

Notes to the Financial Statements

Adjustments to profit and loss for investing and financing activities:

For the period ended 31 March	2014	2013
	£000	£000
Gain/(loss) on available for sale financial assets	751	7,939
Gain/(loss) on sale of investment property	485	220
	1,236	**8,159**

Cash Flow Statement – included in operating activities

For the period ended 31 March	2014	2013
	£000	£000
Interest received	(226)	(1,411)
Interest paid	10,004	10,004

Cash Flow Statement – Investing Activities

For the period ended 31 March	2014	2013
	£000	£000
Purchase of available for sale financial assets	321	11,163
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(500)	(250)
Proceeds from the sale of available for sale financial assets	(3,091)	(10,032)
Proceeds from short-term and long-term investments	(1,842)	(16,327)
Net cash flows from investing activities	**(5,112)**	**(15,446)**

28. Capital and Reserves

Ordinary shares
On incorporation the Company issued one share of £1 and this is held by the parent, Greater London Authority.

Nature and purpose of reserves

Pooling of interests reserve
The Pooling of interests reserve comprises the consolidation adjustments that arise when accounting for business combinations under the pooling of interest method

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the assets are derecognised or impaired.
Revaluation reserve
The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired or when assets are disposed of and the gains are realised.

29. Ultimate parent undertaking

Greater London Authority Holdings Limited is a wholly owned subsidiary of the Greater London Authority. The board members are appointed by the Mayor of London. Copies of the Greater London Authority's accounts are available from City Hall, More London, London, SE1 2AA.

30. Related Parties

Transactions with ultimate parent

In 2013/14 the Greater London Authority (GLA) charged GLA Land and Property Limited £3.7m for staff, accommodation and other overhead costs (£4.5m -2012/13).

On 1 April 2012 the GLA made a loan of £300m to GLA Land and Property Limited, in the year 2013/14, £9.9m interest was paid to the GLA (£9.9m – 2012/13) (see notes 21 and 22 for further details).
At 31 March 2014, GLA Land and Property Limited had £1.4m invested with the GLA and received £0.1m of interest in relation to loan investments placed during the year.

Due to the late payment of amounts owed to the GLA, £0.08m of interest is payable to the GLA.

The balances owed by and to the GLA, at 31 March 2014, are reported in notes 15 and 19.

Transactions with joint venture

Barking Riverside Limited
Barking Riverside Limited is a joint venture between the Bellway Homes PLC and GLA Land and Property Limited. The company was set up to lead the delivery of the Barking Riverside neighbourhood. The site is being remediated and site wide infrastructure developed to allow the release of plots for residential and commercial development.

GLA Land and Property Limited holds 49% of the share capital and 50% of the voting rights.

GLA Land and Property Limited acquired, from the Homes and Communities Agency, loan investments provided to Barking Riverside Limited (see note 12) and has provided a statement of intent letter to Barking Riverside Limited that it does not intend to exercise its right to on-demand repayment of the loan balance outstanding for one year from the date of the letter, and that it will continue to provide financial and other support to Barking Riverside Limited for the next twelve months to enable it to continue to trade.

- Other than the capitalisation of £0.5m interest receivable on the loan investment, there were no transactions between the Company and Barking Riverside Limited in the period ended 31 March 2014.

Transactions with Associates

Royal Docks Management Authority Limited

Notes to the Financial Statements

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.

On 3 October 2013 the GLA transferred its RoDMA shares to GLA Land and Property Limited at nil consideration. At 31 March 2014, GLA Land and Property Limited holds 96.5% of the RoDMA shares and 40.9% of the voting rights. The Department for Environment and Rural Affairs holds a special share which gives it control over key decisions, GLA Land and Property Limited therefore has significant influence but does not control RoDMA. RoDMA is held as an associate in GLAP's financial statements, but as it was acquired at nil cost there is no carrying value in the Company's Statement of Financial Position.

During 2013/14, £0.5m was payable to RoDMA for service charges and insurance.

Other related parties

Barking Riverside Community Development C.I.C
Barking Riverside Community Development C.I.C's activities are to provide benefit to those living and/or working at the Barking Riverside development through the provision of housing and community facilities and services. The company is also responsible for the long term stewardship of the development following the first occupation. The directors of the Barking Riverside Community Development C.I.C's are also members of the company and each member has provided a £1 guarantee in the event of the company being wound up.

There are four directors, two of which are can be appointed by Barking Riverside Limited. At 31 March 2014, one GLA staff member had been appointed as a director.

- There were no transactions between the Group and Barking Riverside Community Development C.I.C in the year ended 31 March 2014.

GMV Management Limited
GMV Management Limited's sole purpose is to provide management services to Greenwich Millennium Village. The Company appoints one out of eleven directors.

- There were no transactions between the Group and GMV Management Limited in the year ended 31 March 2014.

Greenwich Peninsula Estate Management Limited
Greenwich Peninsula Estate Management Limited was established to manage, maintain and administer the Greenwich Peninsula estate. The Company appoints one out of eight directors.

- There were no transactions between the Group and Greenwich Peninsula Estate Management Limited in the year ended 31 March 2014.

31. Events occurring after the reporting date

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