

FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	Notes	2009 £'000	2008 £'000
Operating income	4	2,259	3,047
Total Income		2,259	3,047
Capital Project expenditure	3a	17,701	34,892
Administration expenditure	3b	21,253	9,359
Staff costs	16	2,348	2,831
Revenue Project expenditure	3b	617	724
Total Operating Expenditure		41,919	47,806
Net Operating Cost		(39,660)	(44,759)
Interest	4	106	38
Notional cost of capital	5	(1,187)	(733)
Net Expenditure on ordinary activities before taxation		(40,741)	(45,454)
Taxation	20	2	24
Net Expenditure on ordinary activities after taxation		(40,743)	(45,478)
Add back notional cost of capital	5	1,187	733
Net Expenditure for the period		(39,556)	(44,745)

All activities above derive from continuing operations.

Note: The Net Expenditure shown above is due to the accounting treatment of Government Grant in Aid funding received by LTGDC. Grant in Aid receipts are no longer treated as income in the annual accounts process but as a financing flow. These receipts are now credited directly to the General Reserve on the balance sheet.

STATEMENT OF RECOGNISED GAINS AND LOSSES

The notes on pages 37 to 53 form an integral part of these annual accounts

	2009 £'000	2008 £'000
Actuarial Pension (Loss)/Gain	(351)	989
Revaluation movement – Development Assets (note 6)	(48)	(293)
Gains and Losses since last Annual Report	(399)	696
Reconciliation:		
Grant in Aid credited to reserves – Note 2	50,000	44,000
Income and Expenditure net operating cost for the year	(39,556)	(44,745)
VAT adjustment on fixed asset	0	(10)
Total Movement	10,045	(59)

BALANCE SHEET AS AT 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	1,952	572
Intangible assets	7	2	14
		1,954	586
Debtors			
Amounts falling due more than one year	8	0	3
Current assets			
Stock of Development Assets	6	48,089	45,011
Debtors: Amount falling due within one year	8	1,604	397
Cash at Bank and in hand	17	10,079	26,439
Total current assets		59,772	71,847
Creditors			
Amounts payable within one year	9	16,231	37,889
Total Liabilities		16,231	37,889
Net current assets		43,541	33,958
Total assets excluding pension liabilities		45,495	34,547
Pension surplus / (Deficit)	21	(236)	113
Chair's pension liability		(69)	(66)
Provisions	22	(552)	0
Total assets less total liabilities		44,638	34,594
Reserves			
Pension reserve	21	(236)	113
General grant reserve	10	44,798	34,357
Revaluation reserve	11	76	124
Total capital employed		44,638	34,594

Signed by the Accounting Officer
PETER ANDREWS

Date: 9 July 2009

Chairman **BOB LANE**
On behalf of the Board

Date: 9 July 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	Notes	2009 £'000	2008 £'000
Net cash outflow from operating activities	(i)	(29,675)	(25,527)
Returns on investments and servicing of finance			
Interest received		106	38
Taxation		0	0
Capital expenditure			
Payments to acquire fixed assets		(1,627)	(133)
Payments to acquire development assets		(35,164)	(13,996)
Financing	(ii)		
Grant in Aid		50,000	44,000
(Decrease)/Increase in cash in the period	(iii)	(16,360)	4,382

NOTES TO THE CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	2009 £'000	2008 £'000
(i). Reconciliation of net operating cost to net cash outflow from operating activities		
Net Operating Cost for the financial year	(39,660)	(44,759)
Adjustment for non-cash transactions:		
Depreciation charges and revaluation provisions	15,922	4,257
Decrease/(Increase) in debtors	(1,204)	2,342
Decrease/Increase in creditor amounts payable within one year (see creditors reconciliation below)	(5,286)	12,548
Increase in pension liabilities	1	85
Increase in provisions	552	0
Net cash outflow from operating activities	(29,675)	(25,527)
Creditor's reconciliation		
Creditor balance – amounts payable within one year	16,231	37,889
Previous years Creditor balance	(37,889)	(18,996)
Movement	(21,658)	18,893
Corporation Tax accrual	(2)	(24)
Development Asset accrual – current year	(640)	(17,014)
Fixed Asset accrual – current year	(9)	(9)
Development Asset accrual – previous year	17,014	10,679
Fixed Asset accrual – previous year	9	24
Increase in creditor amounts payable	(5,286)	12,548
(ii). Analysis of financing		
Grant in Aid and revenue Grant received from DCLG	50,000	44,000
(iii). Reconciliation of net cash flow to movement in net funds		
Cash at bank and in hand at end of the year	9,579	6,243
Cash held by third parties	500	20,127
Cash in transit	0	70
Less: Cash at bank and in hand at beginning of year	(26,439)	(22,058)
Increase in cash in the year	(16,360)	4,382

1. ACCOUNTING POLICIES**Basis of Accounting**

The annual accounts of the LTGDC are drawn up in accordance with a direction given by the Secretary of State with consent of HM Treasury, a copy of which is included from page 56.

The financial statements are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury's Fees and Charges Guide, and the accounting and disclosure requirements given in Managing Public Money and in the Financial Reporting Manual (FRM), insofar as these are appropriate to the London Thames Gateway Development Corporation and are in force for the financial year for which the statements are prepared. The financial statements are prepared under the modified historical cost convention by the inclusion of fixed assets at their value to the business by reference to current costs.

Grants and Grant in Aid

LTGDC's activities are funded by way of grants provided by the Department for Communities and Local Government (DCLG), to cover expenditure incurred in meeting LTGDC's objectives.

Grant in Aid and grant received used to finance activities and expenditure which support the statutory and other objectives of LTGDC are treated as financing and are credited to the General Reserve, because they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to a government grant reserve. It is released to expenditure over the expected useful life of the asset it has been used to acquire and an equal amount transferred from the government grant reserve is released to Income.

During 2008/09 LTGDC received only Grant in Aid contributions.

Tangible Fixed Assets

Tangible fixed assets comprise furniture, fixtures and fittings, carpets and office equipment. Assets are valued at depreciated historic cost, which is not materially different from depreciated replacement cost. It is LTGDC's policy to capitalise individual items where related expenditure exceeds £2,500. Individual items below this value are expended to the Income and Expenditure Account during the period when incurred.

Intangible Fixed Assets

Intangible assets, consisting of software licenses, are valued at amortised historic cost which is not materially different from amortised replacement cost.

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets and intangible assets on a straight line basis over their expected useful lives at the following rates:

Tangible Fixed Assets:

Computer Equipment and non bespoke software development costs – three years
Furniture and Fittings – seven years

Intangible Fixed Assets:

Software Licences and bespoke software development costs – three years

Stock of Development Assets

Development assets, consisting of land and buildings, are shown at the lower of estimated replacement cost and estimated net realisable value. Any resulting write offs of these properties to open market value are accounted for annually and separately identified in the income and expenditure account. Any surplus on revaluation of these properties to open market value, and subsequent adjustments thereto, are credited to the Revaluation Reserve after eliminating the overall accumulated unrealised deficit, as originally charged, by revaluation adjustment, to the Income and Expenditure Account (write-back).

Valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The assets were valued at 31 March 2009 by an internal member of staff who is a qualified General Practice RICS Surveyor. Given the prevailing economic conditions, an independent Chartered Surveyor's valuation was also obtained to validate the numbers. Drivers Jonas, Chartered Surveyors carried out the desktop valuation exercise.

Cost of Capital

LTGDC is required to charge a notional cost of capital against the income and expenditure account to ensure it bears an appropriate charge for the use of capital in the business in the year. The charge is set at a rate of 3.5% of average net assets. After the surplus or deficit for the year reported in the Income and Expenditure Account there is an entry reversing this amount.

Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

Pensions

LTGDC staff that are on permanent contracts are entitled to join the Local Government Pension Scheme (LGPS) which is administered by the London Pension Fund Authority. Annual actuarial valuations are sought for this scheme and the costs are accounted for in accordance with FRS17 "Retirement Benefits" as disclosed in Note 21.

Operating Leases

Operating lease rentals payable are accounted for in the Income and Expenditure Account on a straight line basis over the term of the lease.

Value Added Tax

LTGDC is registered for VAT. It has agreed a VAT recovery position and is able to recover some input VAT charged on goods and services received. This partial recovery VAT calculation depends upon the split of expenditure between grants given and the amount spent on acquisition of sites. Full VAT recovery is made on sites that have been "opted to tax" whilst no VAT is recovered on planning activities or spend related to grants.

Financial Assets and Liabilities

LTGDC classifies its non-derivative financial assets as Loans and Receivables. Financial assets and liabilities are recognised at fair value (the transaction price plus any directly attributable transaction costs).

Financial Instruments

LTGDC does not use financial instruments such as swaps and options, or hedging facilities such as cashflow or fair value hedges.

Planning Fee income and Related planning expenditure

Large strategic planning applications that are within LTGDC's development area are dealt with by LTGDC. Planning applications have a statutory planning fee charge (under the relevant legislation) which is payable by the applicant. Planning Fees are payable by the applicant at the time of submitting a planning application and exclude VAT.

Local Authorities assist LTGDC by undertaking the administrative tasks associated with these large planning applications. Local Authorities charge LTGDC for providing this service. Their charges to the LTGDC reflect the amount of planning application fee that is payable by the applicant.

The amount of Fee which is recognised as income by LTGDC, is based on a percentage estimate of how far the planning application has progressed within the planning decision stage. This percentage estimate is applied to individual planning fees above £5,000. Any individual amounts below £5,000 are recognised in full. The LTGDC planning department calculate the estimate of how far the planning application has reached.

Any unrecognised income is treated by LTGDC as deferred income and shown in the balance sheet. Any deferred income will be matched to the related expenditure (in the Income and Expenditure account) at a later date, once the planning decision has been determined.

Related planning expenditure relates to the planning work done by the Local Authorities and also includes the VAT charged. The expenditure is recognised by LTGDC (in the Income and Expenditure account) on a matching basis to the income recognised.

Section 106 Planning Agreements

The power of LTGDC as local planning authority to enter into planning obligation with an owner of land in its area is set out in section 106 of the Town and Country Planning Act 1990 (as amended). LTGDC as the local planning authority for strategic applications can enter into section 106 planning agreements when determining planning applications. LTGDC recognises section 106 contributions as income only when the related expenditure is incurred. Until that time any section 106 contributions are treated as deferred income and shown in the balance sheet.

2. GRANT-IN-AID

Grant-in-aid is receivable from DCLG to fund revenue expenditure, the purchase of tangible fixed assets and capital projects.

	2009 £'000	2008 £'000
Grant in aid received from DCLG	50,000	44,000
Total Grant in aid receivable	50,000	44,000

No other grants were received from other government departments or from EC funds.

LTGDC utilised the Grant-in-aid received during the year in the following way:

- Payments to acquire development assets of £35,164,000 and to acquire fixed assets of £1,629,000 (see cashflow statement)
- At the Balance Sheet date, cash amounting to £10,079,228 was being held (see note 17).

3. OPERATING EXPENDITURE

	2009 £'000	2008 £'000
a. Capital Project Expenditure which comprises		
Capital Grants to Local Authorities	8,168	12,987
Capital Grants to Other Bodies	3,517	19,689
Other Capital project expenditure	5,604	2,216
Development staff time	412	0
	17,701	34,892
b. Administration Expenditure which comprises		
Board Members' Costs	221	236
Travel, Hospitality and Subsistence	54	39
Board and Staff Training, Conferences	86	294
Accommodation and other rental costs	300	280
IT Expenditure	182	235
Consultancy Fees		
– Strategy consultancy	237	568
– Planning Policy Documents	117	368
– Planning Support	1,237	646
Legal, Accountancy and Professional Fees	543	1,043
Publications, Events and Publicity	340	352
External Auditors Remuneration (Statutory fee)	25	23
External Auditors Remuneration (IFRS Compliance fee)	3	0
Internal Auditors Remuneration	18	7
Provisions (Note 22)	552	0
Depreciation and Amortisation costs (Note 7)	259	179
Planning Fees (Including VAT)	746	738
Estate Management costs	674	121
Development Assets Write Off (Note 6)	15,663	4,078
Bad debts	(4)	15
VAT adjustment	0	137
	21,253	9,359
Staff Salaries (Note 16)	2,263	2,748
Additional Pension Costs – FRS17 (Note 16)	(2)	69
Agency and Temporary Staff (Note 16)	87	14
	2,348	2,831
Project revenue costs	617	724
	24,218	12,914

The reduction in 3(a) capital project expenditure between 2008 and 2009 was due to a significant reduction in capital grants which were mainly related to Canning Town and Olympic Arc/Silvertown Way projects (see Analysis of Capital

Grant Expenditure – overleaf). The increase in 3(b) administration expenditure between 2008 and 2009 was due to the significant increase on development asset write-offs (see note 6).

Analysis of Capital Grant Project Expenditure

Local Authority	Project	2009 £'000	2008 £'000
LB of Newham	Canning Town	4,480	10,254
LB of Newham	Olympic Arc	140	0
LB of Barking & Dagenham	Barking Town	1,700	153
LB of Havering	Rainham Village	878	2,580
LB Tower Hamlets	Bromley by Bow	920	0
LB of Waltham Forest	Olympic Arc	50	0
Total Local Authority		8,168	12,987

Supplier	Project	2009 £'000	2008 £'000
British Waterways	Prescott Lock	25	2,205
London Development Agency	Olympic Arc/Silvertown Way & Ailsa Street	4	14,467
RSPB	London Riverside Parklands (Wildspace)	245	764
DLR Ltd	Olympic Arc	10	0
Leaside Regeneration	Olympic Arc	21	0
London International Festival of Theatre	LIFT	186	638
Transport for London	Barking Town	2,912	1,615
Poplar Harca	Bromley by Bow	114	0
Total		3,517	19,689

The change in capital grant project expenditure between 2008 and 2009 is reflective of LTGDC's programme of projects which is not uniform for each area and varies on an annual basis. The major differences are:

- A reduction in spend in Canning Town. In 2008 there was significant funding related to activities such as construction of The Place, along with demolition and refurbishment of tower blocks. However, in 2009 funding was mainly related to leasehold buy back activity.
- A significant reduction of grant funding for Olympic Arc/Silvertown Way and Ailsa Street projects. The LTGDC funded the Silvertown Way Compulsory Purchase Order (CPO) project in 2008. This 2008 funding concludes the LTGDC financial contribution.

4. INTEREST AND OPERATING INCOME

	2009 £'000	2008 £'000
Rental income	191	836
Contributions	1,417	869
Planning Application Fees Received	642	628
Recharges	9	19
Prior year VAT	0	695
	2,259	3,047
Bank Interest Received	106	38
	2,365	3,085

Rental Income is receivable under operating leases. This relates to four sites as follows:

Area	Amount £
West Rainham	81,370
Rainham Broadway	19,535
Barking	5,496
West Dagenham	84,269
	190,670

Contributions (Grants) were received as follows:

Contributors	Area	Amount £
London Development Agency	London Riverside Area	30,200
	Lea River Park	68,137
	Bromley by Bow Connections	37,789
English Partnerships (HCA)	Poplar Riverside	25,000
	Area Action Plan	56,265
Rail for London	LR Sustainable Logistics	25,000
Department for Communities and Local Government (DCLG)	Planning Performance	50,000
LB of Newham	Canning Town	903,969
Transport for London	A12 Study	45,000
LB of Hackney	Hackney Wick & Fish Island	54,457
LB of Tower Hamlets	Hackney Wick & Fish Island	54,457
	Bromley by Bow Connections	30,000
Design for London	Chrisp Street Link	36,679
		1,416,953

The following analysis of 2009 planning fees is provided for fees and charges purposes, not for SSAP 25 purposes.

Area	Amount Recognised 08/09	Amount b/f (from 07/08 deferred income)	Income (as shown)	Related Expenditure, Inc accruals and VAT (see note 3)	Deficit
LB of Havering	£64,617	£2,955	£67,572	£79,004	(£11,432)
LB of Barking and Dagenham	£121,703	£0	£121,703	£140,593	(£18,890)
LB of Newham	£389,542	£0	£389,542	£452,710	(£63,168)
LB of Tower Hamlets	£62,810	£0	£62,810	£73,422	(£10,612)
Total	£638,672	£2,955	£641,627	£745,729	(£104,102)

Planning Fee income relates to the statutory charge payable by applicants for making large, strategic planning applications which fall within LTGDC's geographical area. Fees are payable at the time of making a planning application. Planning Fees are determined by government legislation which is contained in the Town and Country Planning Regulations 2005.

The responsibility for determining large, strategic planning applications within the LTGDC area rests with LTGDC. Local Authorities provide a planning service to LTGDC to enable and assist them to determine planning applications and to carry out any other planning functions which have been bestowed upon LTGDC. Planning Application Fees are

intended to cover the costs involved in dealing with each type of planning application. (See Accounting Policies for LTGDC's recognition of Planning Fee income and expenditure).

Planning fees exclude VAT (as it is a statutory charge). Related planning services provided by the Local Authorities to LTGDC are subject to VAT.

The deficit on planning relates to the amount of VAT charged. All Planning applications have been dealt with under the due processes as laid down in the planning legislation. Some decisions are currently under appeal to the Secretary of State.

5. NOTIONAL COST OF CAPITAL

	2009 £'000	2008 £'000
At 3.5% on average of total assets less total liabilities during the period	1,187	733

6. STOCK OF DEVELOPMENT ASSETS

	2009 £'000	2008 £'000
Opening balance	45,011	29,050
Additions	18,789	20,332
Revaluations – write offs	(15,663)	(4,078)
Revaluations – written down	(48)	(293)
Closing Balance	48,089	45,011

Development Assets Write Offs occur as a result of the annual valuation (note 1). In 2009, LTGDC's assets were subject to a considerable write off reflecting the prevailing market and economic conditions. These were incurred on all but one of the sites owned by LTGDC. Significant write offs

were incurred at the following sites: West Rainham £6m and West Dagenham £3m. If in future market and economic conditions improve and the LTGDC still own these Development Assets, it could result in a revaluation write-back (note 1).

7. TANGIBLE FIXED ASSETS

Cost	Land and Buildings £'000	Furniture and Fittings £'000	Software and Computer Equipment £'000	Total £'000
At 1 April 2008	0	671	265	936
Additions	1,492	19	116	1,627
At 31 March 2009	1,492	690	381	2,563
Depreciation				
At 1 April 2008	0	226	138	364
Charge for year	53	98	96	247
At 31 March 2009	53	324	234	611
Net Book Value				
At 31 March 2009	1,439	366	148	1,953
At 31 March 2008	0	445	127	572

Software and computer equipment includes amounts expended on non-bespoke IT software development. Furniture and Fittings. Land and Buildings additions are

related to the acquisition of the Inward Investment Centre. This property was acquired in March 2009 for £1.5 million.

Intangible fixed assets

Cost	Software Licences £'000
At 1 April 2008	41
Additions	0
At 31 March 2009	41
Amortisation	
At 1 April 2008	27
Change for year	12
At 31 March 2009	39
Net Book Value	
At 31 March 2009	2
At 31 March 2008	14

8. DEBTORS

	2009 £'000	2008 £'000
Amount falling due within one year		
Planning Fees Recoverable	45	1
Trade Debtors	899	265
VAT	243	68
Prepayments	428	78
Bad debt reserve	(11)	(15)
	1,604	397
Amount falling due in more than one year		
Trade Debtors	0	3
	0	3
DEBTORS – INTRA-GOVERNMENT BALANCES		
Debtor falling due within one year		
Balances with other central government bodies	369	79
Balances with local authorities	450	97
	819	176
Balances with bodies external to government	785	221
	1,604	397
Debtors falling due more than one year		
Balances with bodies external to government	0	3
	0	3

9. CREDITORS

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade Creditors	63	0
Accruals	11,820	36,798
Deferred Income	4,273	994
Other tax and social security costs	75	97
	16,231	37,889
CREDITORS – INTRA-GOVERNMENT BALANCES		
Creditors due within one year		
Balances with other central government bodies	1,710	11,236
Balances with local authorities	5,182	6,270
Balances with public corporations and trading funds	0	2
	6,982	17,508
Balances with bodies external to government	9,339	20,381
	16,231	37,889

10. GENERAL GRANT RESERVE

	2009 £'000	2008 £'000
CREDITORS – INTRA-GOVERNMENT BALANCES		
Opening Balance	34,357	35,043
Grant in Aid received from DCLG	50,000	44,000
Net Expenditure	(39,556)	(44,745)
Fixed Assets revaluation	0	(10)
Net Operating Cost – transfer to Pension reserve	(2)	69
	44,799	34,357

11. REVALUATION RESERVE

	2009 £'000	2008 £'000
CREDITORS – INTRA-GOVERNMENT BALANCES		
Opening Balance	124	417
Revaluation movement – Development Assets	(48)	(293)
	76	124

12. MOVEMENT ON RESERVES

	General Reserve £'000	Revaluation Reserve £'000	Pension Reserve £'000	Total £'000
At 1 April 2008	34,357	124	113	34,594
Net Expenditure	(39,556)	0	0	(39,556)
Grant in Aid received towards resource expenditure	50,000	0	0	50,000
Revaluation movement	0	(48)	0	(48)
Actuarial Gain / (Loss) Recognised in SRGL	0	0	(351)	(351)
Income and Expenditure deficit – transfer to Pension reserve	(2)	0	2	0
At 31 March 2009	44,799	76	(236)	44,639

13. STATEMENT OF LOSSES AND SPECIAL PAYMENTS

LTGDC had no special payments or losses during the year.

14. CONTINGENT LIABILITIES

The Development site known as Land at Broadway/Ferry Lane has been valued as at 31 March 2009 at £500,000. This is based on the assumption that the site can be developed for a mixed used residential-led scheme including community uses and a public transport interchange. If the site was developed in this manner (subject to planning approval), and can achieve a value above £560,000 then

a clawback provision would apply. The clawback arrangement, agreed as part of the original purchase of the site, only applies if certain conditions are met in addition to the £560,000 valuation. No final decision about the use of this land has been made by LTGDC. Given the current valuation, no provision for any clawback has been made in the financial statements for 2008/09.

15. CAPITAL COMMITMENTS

As at 31 March 2009, the Capital Commitments that LTGDC had authorised and contracted for were as follows:

Organisation	Project	Amount £'000
Urban Practitioners	Sugar House Lane	24
SQW	Rainham Library	16
Atkins	Barking interchange Masterplan	150
Biggar Economic	Lea River Park	18
Latz and Partners	Lea River Park	221
Driver Jonas	Lea River Park	106
Northcroft	Lea River Park	47
Eversheds	Creative Industries Quarter	60
DLA Piper	Creative Industries Quarter	80
GVA Grimley	Creative Industries Quarter	50
Total		772

As at 31 March 2009 LTGDC had outstanding agreed grant contracts amounting to:

Organisation	Project	Amount £'000
London Borough of Newham	Demolition Phase 2 and 3	1,340
DLR	DLR Stratford High Street project	81
Leaside Regeneration	Floating Towpath	512
London Borough of Newham	LBN Stratford High Street project	307
Poplar Harca	Currie-Dunkeld Demolition	405
TfL	ELT Phase 1A	582
Total		3,227

These amounts have not been included in the income or expenditure in the current year.

16. STAFF COSTS AND RELATED PARTY TRANSACTIONS

Staff Costs	2009 £'000	2008 £'000
Full Time Staff Costs	2,137	1,990
Full Time Staff Social Security Costs	214	187
Full Time Staff Pension Current Service Costs	207	179
Seconded Staff	117	114
Contract Staff	0	278
	2,675	2,748
Development Staff Time	(412)	0
	2,263	2,748
Additional Pension Costs – FRS17	(2)	69
Agency and Temporary Staff	87	14
Total staff costs	2,348	2,831

At 31 March 2009 no employees of LTGDC had received a loan from LTGDC, other than travel season ticket loans. The balance owing on season ticket loans at 31 March 2009 was £13,363 relating to 11 members of staff (2008 balance was £9,639, 8 staff members).

LTGDC employed the following full time equivalent (fte) staff during the year:

Permanent staff – 38.09 fte (36.28 fte 2007/08)
Seconded staff – 2.25 fte (1.0fte 2007/08)
Contract, Agency and temporary staff – 2.49 fte (2.58 fte 2007/08)

Details of board members costs and costs of key managers can be found in the remuneration report on pages 22 and 23.

Related Party Transactions

LTGDC is a Non-Departmental Public Body sponsored by the DCLG, which is regarded as a related party, as are the other entities which DCLG sponsors. The Local Government Pension Scheme (LGPS), which is administered by the London Pension Fund Authority is also regarded as a related party.

During 2008/09, LTGDC assisted in the set up of The Thames Gateway Institute for Sustainability (TGIFs). The TGIFs is a charitable company. It was incorporated in March 2009. No payments were made to the TGIFs in 2008/09.

During the year the following payments were made to related parties:

Organisation	Amount Paid	Amount Accrued	Nature of transactions	Related Party Connection	LTGDC Position
BT Group	£654	£0	Rental charges	Mick McCarthy	Board Member
Centre for Engineering and Manufacturing Excellence	£791	£16,421	Room hire	Michael White	Board Member
LB of Barking and Dagenham	£1,809,379	£169,450	Planning expenditure, Rates, Capital grants (projects)	Mick McCarthy Sid Kallar	Board Member
LB of Havering	£1,944,102	£853,451	Planning expenditure, Rates, Capital grants (projects)	Michael White	Board Member
LB of Newham	£6,965,364	£2,539,504	Planning expenditure, Rates, Capital grants (projects)	Conor McAuley	Board Member
LB of Tower Hamlets	£166,323	£311,921	Office rates, Planning expenditure, Capital grants (projects) and Seconded costs	Ohid Ahmed	Board Member
LB of Hackney	£120	£0	Conference	Guy Nicholson	Board Member
SEEDA	£12,512	£0	Contribution re: OFFPAT	Imitiaz Farookhi	Board Member
Stratford Renaissance Partnership	£62,000	£0	Partnership grant aiding, Contribution towards Economic Visioning Study	Conor McAuley	Board Member
Leaside Regeneration Ltd	£7,050	£0	Planning consultancy works, Capital grants (projects)	John Biggs	Deputy Chair
DCLG	£17,053	£12,816	Internal audit cost and IT recharges	Sponsor dept	Sponsor Dept
PriceWaterhouse Coopers LLP	£9,275	£12,260	Tax services	Paul Clarke	Audit and Risk Committee Member
LPFA	£1,423	£0	Pension reports	Via sponsor dept	Pension provider
Institute for Sustainability	£0	£0	None	LTGDC	Member

17. FINANCIAL INSTRUMENTS

Under Treasury Guidance, the provisions of Financial Reporting Standard 25 and 26 are deemed to apply to LTGDC. Under those provisions disclosures are required in respect of the financial instruments (financial assets and financial liabilities) maintained by LTGDC, the risks associated with them and LTGDC's approach to that risk.

Except for short term debtors and creditors the only financial instrument maintained by LTGDC is cash held on current account.

Financial Assets by category

Financial Assets per balance sheet	Loans and Receivables £'000
Cash at bank and in hand	10,079
Trade Debtors	899
Total	10,978

The above figures exclude statutory debtors which related to VAT from HM Revenue and Customs. None of the Financial Assets have been subject to impairment.

At the Balance Sheet date the cash balances were £10,079,228 (2007/08 – £26,439,478) which comprised:

Cash balance held at Office of HM Paymaster General – £5,964,858.79 (2007/08 – £5,455,281.48)
 Cash balance held at HSBC – £3,614,369.26 (2007/08 £787,886.09)
 Cash held at solicitors – £500,000 (Pending site acquisition) (2007/8 – £20,126,580)
 Cash in transit – £nil (2007/08 – £69,730) relating to a planning fee application

There was no cash in hand. The LTGDC has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

An analysis of the ageing of the non-impaired trade debtors as at 31 March 2009 is shown below.

	0-30 days £'000	30-60 days and over £'000	Total £'000
Trade Debtors	621	278	899

Financial Liabilities by category

Financial Assets per balance sheet	Loans and Receivables £'000
Trade creditors	63
Accruals	11,820
Total	11,883

The above figures exclude statutory debtors which related to Tax and Social Security due to HM Revenue and Customs. All of the liabilities are payable within one year.

Credit Risk

LTGDC's financial assets include bank balances and trade receivables. These represent LTGDC's maximum exposure to credit risk in relation to financial assets. The credit risk is primarily attributable to its trade receivables.

Hedging

LTGDC does not partake in any hedging related transactions.

18. OPERATING LEASES

As at 31 March 2009, LTGDC was committed to making the following annual rental payments in respect of the following:

	Land and Buildings £'000	Other £'000
Operating lease expiring between 1-5 years	123	1
After 5 years	0	0
	123	1

Land and buildings relates to the office space in London whilst other relates to hire of the franking machine. LTGDC had no finance leases during the period.

19. POST BALANCE SHEET EVENT

LTGDC's financial statements are laid before the Houses of Parliament by the Secretary of State of Communities and Local Government. FRS 21 requires LTGDC to disclose the date on which the accounts are authorised for issue. This is the

date on which the certified accounts are despatched by LTGDC's management to the Secretary of State of Communities and Local Government. The authorised date for issue is 9 July 2009.

20. TAXATION

	2009 £'000	2008 £'000
Current year taxation charges	2	14
Taxation charges relating to previous years	0	10
Released to income and expenditure	2	24

Deferred Tax

There is no deferred tax liability for 2008/09. However, LTGDC estimate that a deferred tax asset of £12,183 is applicable as at 31 March 2009. This has been calculated at a tax rate of 21% and relates mostly to accelerated capital allowances.

This deferred tax amount is subject to the change in staff split (between taxable and non-taxable activities) in future periods which is the basis for the corporation tax calculation. All the tax amounts are still subject to confirmation from HMRC.

21. DEFINED BENEFIT PENSION SCHEME

Pension Reserve

	2009 £'000	2008 £'000
Opening Balance	113	(807)
Pension Reserve adjustment	0	0
Actuarial (Loss)/Gain Recognised in SRGL	(351)	989
Income and Expenditure deficit – transfer to Pension reserve	2	(69)
Closing Balance	(236)	113

Most of LTGDC's employees belong to the Local Government Pension Scheme, a defined benefit statutory pension scheme. The most recent full actuarial valuation of that scheme was undertaken on 31 March 2008, however in

order for LTGDC to ascertain its own actuarial liabilities under the scheme, a valuation for FRS 17 purposes was undertaken as at 31 March 2009. The following financial information and statistical data has been compiled in accordance with FRS 17 requirements:

Financial Assumptions

The financial assumptions used for the purposes of the FRS 17 calculations as at 31 March 2009 and 31 March 2008 are shown in the table below:

Assumptions as at	31 March 2009 (% p.a.)	31 March 2008 (% p.a.)
Inflation/Pension Increase Rate	3.1%	3.6%
Salary increase rate	4.6%	5.1%
Expected Return on Assets	6.4%	7.0%
Discount rate	6.9%	6.9%

Fair Value and Expected Return on Assets

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the period (i.e. as at 31 March 2009). The expected returns as at 31 March 2009 and 31 March 2008 are shown in the table below:

Asset Class	Expected Return at 31 March 2009 (% p.a.)	Asset Class	Expected Return at 31 March 2008 (% p.a.)
Equities	7.0%	Equities	7.5%
Target return funds	5.5%	Target return funds	6.3%
Alternate assets	6.0%	Alternate assets	6.7%
Cash	4.0%	Cash	4.8%

Balance Sheet

Net Pension Asset/(Liability) as at	31 March 2009 £'000	31 March 2008 £'000
Estimated Employer Assets	1,921	2,075
Present Value of Scheme Liabilities	(2,157)	(1,962)
Present Value of Unfunded Liabilities	0	0
Total Value of Liabilities	(236)	(1,962)
Net Asset/(Liability)	(236)	113

Movement in Surplus/Deficit During Year	Year to 31 March 2009 £'000
Surplus/(deficit) at beginning of the year	113
Current Service Cost	(178)
Interest Cost	(147)
Employer contributions	207
Contributions in respect of Unfunded benefits	0
Other income	0
Other outgoing (e.g. expenses etc)	0
Past service costs	(36)
Impact of settlement and curtailments	0
Expected Return on Assets	156
Actuarial gains/(losses)	(351)
Surplus/(deficit) at the end of year	(236)

Analysis of projected amount to be charged to operating profit for the year to 31 March 2010

Amount Charged to Operating Profit	Period to 31 March 2010 £'000	Period to 31 March 2010 % of Payroll
Projected Service Cost	142	8.6%
Interest on Obligation	158	9.6%
Expected Return on Plan Assets	(133)	(8.1%)
Past Service Cost	0	0%
Losses/(Gains) on Curtailments and Settlements	0	0%
Total Operating Charge	167	10.1%

22. PROVISIONS

	2009 £'000	2008 £'000
Opening balance	0	0
In-year provision	552	0
	552	0

The in-year provision relates to the future contractual obligation to convert the Inward Investment Centre accommodation back from non-residential to residential usage.

The refurbishment/restoration back to residential usage is expected to be completed by March 2014. The Inward Investment Centre is classified as a fixed asset and the cost associated with its acquisition is shown in note 7.

Disclosure of registered interests by Board Members and higher paid employees

The following interests have been properly declared for the period to 31 March 2009:

Board Members

Bob Lane – Chairman (from 01/11/08)

National Housing and Planning Advice Unit – Board Member
Homes and Communities Agency – Board Member
Corby City Academy – Trustee

Ohid Ahmed – Board Member

London Borough of Tower Hamlets – Councillor
Thames Gateway London Partnership – Board member
City Fringe Partnership – Board member
Tower Hamlets Homes (Shadow Board member)

Imtiaz Farookhi – Board Member

NHBC – Director
BBA Ltd – Director
Land Data – Board Member
SEEDA – Board Member

Ken Giles – Board Member

KRG Consulting Ltd – Own Company
Greater Manchester Passenger Transport Executive – Non-Executive Director
Oxford Infracare Lift Co – Non-Executive Director
Autism Speaks – Trustee

Stan Hornagold – Board Member

Marstan Group – Director
BDB Surveying Services – Partner

Conor McAuley – Board Member

Self Employed – Regeneration Consultant
London Borough of Newham – Councillor
Gateway to London Ltd – Non-Executive Director
Newham Primary Care Trust – Non-Executive Director
Olympic Delivery Authority – Planning Committee Member
Royal Docks Management Authority Ltd – Non-Executive Director
Stratford Renaissance Partnership
Newham Partnership Board

Guy Nicholson – Board Member

London Borough of Hackney – Councillor
Thames Gateway London Partnership – Board Member
City Fringe Partnership – Board Member
London European Social Fund Programme Monitoring Committee – Committee Member
Arts Council London Regional Council – Council Member
Hackney Empire Ltd – Board Member
Pro Active East London Partnership – Board Member
Cultural Industries Development Agency – Director
Gateway to London – Director
Tour East – Director
Shoreditch Trust NDC – Director
GLE – Local Authority Nominee
London Councils Culture, Tourism and 2012 Forum – Forum Member
London Councils Economic Development Forum – Forum Member
LGA Urban Commission – Commission Member
Community Union – Member
North London Strategic Alliance – Board Member
London, Stansted, Cambridge, Petersbrough (London) Group – Board Member

Dru Vesty – Board Member

Estea Ltd – Own Company
Olympic Delivery Authority – Planning Committee Member
Homes and Communities Agency – Board Member

Michael White – Board Member

London Borough of Havering – Elected Leader of Council
Thames Gateway London Partnership
IDeA
Centre for Engineering and Manufacturing Excellence – Non-Executive Board Member
Gateway to London
London Councils – Executive Member

Mick McCarthy – Board Member (from 01/12/08)

BT Group – Employee
London Borough of Barking & Dagenham – Shadow Board Member
Gateway to London
London Councils

Sheila Drew Smith – Board Member (from 01/02/09)

Self Employed – Consultancy
Audit Commission for England – Board Member
Tenant Service Authority – Board Member
Action for Bow (Charity) – Chair
Housing Corporation – Board Member (to Nov 08)

Sylvie Pierce – Board Member (from 01/02/09)

Fulcrum – Property Developer
CSG Lighting Consultancy Limited – Company Secretary
NIAT – National Inter-Action Trust Ltd – Director
Mossbourne Community Academy Limited – Director
Property Regeneration Co
Building Better Health Limited – Chief Executive Officer
Building Better Health - West London – Director
BBH – WL (Fundco Holdco Tranch 1) Limited – Company Director
BBH – WL Bid Cost HoldCo Limited – Company Director
BBH – WL (Fundco Tranche 1) Limited – Company Director
BBH – WL Bid Cost Limited – Company Director
BBH Developments Limited – Company Director
BBH Services Limited – Company Director
BBH – SWL (Fundco Holdco Tranch 1) Limited – Company Director
BBH – SWL Bid Cost Holdco Limited – Company Director
BBH – SWL Bid Cost Limited – Company Director
South West London Health Partnerships – Company Director
London Remade – Director
BBH – LSL (Fundco Holdco Tranch 1) Limited – Director
BBH – LSL (Fundco Tranch 1) Limited – Director
BBH – LSL Bid Cost Holdco Limited – Director
BBH – LSL Bid Cost Limited – Director
Building Better Health – Lambeth Southwark Lewisham Limited – Director
Building Better Health (White City) Limited – Director

Paul Clarke – Audit and Risk Committee Member (Co-opted)

PricewaterhouseCoopers LLP – Chartered Accountants

Alan Clark – Planning Committee Member (Co-opted)

Nottingham City Council – Councillor
Nottingham Regeneration Limited – City Council Appointee
Greater Nottingham Partnership – City Council Appointee
Institute of Community Cohesion, Coventry University – Consultant
Nottingham Waterside Ltd
Nottingham Development Enterprise – City Council Appointee
Open University – Associate Lecturer

Richard Turner – Planning Committee Member (Co-opted)

Commission for Integrated Transport – Commission Member
Road Safety Foundation – Trustee
Exel Foundation – Trustee
Institution of Highways and Transportation – Board and Council Member
FTA Pension Fund – Trustee

Lorraine Baldry – Chairman (to 31/10/08)

University of the Arts – Court of Governors
Tri-Air Development Ltd – Chairman
Olympic Delivery Authority – Board Member
Inventa Partners Ltd – Chairman
Central London Partnership – Chairman

John Biggs – Deputy Chair (to 31/10/08)

London Assembly – Elected Member for City and East London
London Development Agency – Board Member and Deputy Chair
Leaside Regeneration Ltd – Board Member

Sid Kallar – Board Member (to 31/10/08)

London Borough of Barking and Dagenham – Councillor
Adult College of Barking and Dagenham – Chair

John Worthington – Board Member (to 31/01/09)

DEGW – Employee and Shareholder
RIBA Building Futures – Steering Group Member
The Princes' Regeneration Trust – Advisory Group Member
University of Sheffield – Graham Willis Professorship
Pembroke College Cambridge – Visiting Scholar
DCLG, Thames Gateway 'Parklands' – Advisory Group Member
CABE Strategic Sub-regional Urban Planning, Advisory Group
Climate Change capital property investment fund – Member

Atul Patel – Board Member (to 31/01/09)

LHA-ASRA Group Ltd – Employee, Board Co-optee
ASRA Greater London Housing Association Ltd – Board Co-optee
Royal Victoria Docks Development Co Ltd: Board Director
HFHA (Walpole) Ltd – Board Director
N-Vision Consultancy Services Ltd – Board Member
Braunstone Regeneration Ltd – Board Member
HouseMark Ltd – Good Practice Validation Panel Member

Accounts direction given by the secretary of state with the consent of the treasury, in accordance with paragraph 10(3) of schedule 31 to the local government, planning and land act 1980

1. The annual accounts of London Thames Gateway Development Corporation (hereafter in this accounts direction referred to as 'LTGDC') shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for the 2006/07 and for subsequent years shall be prepared in accordance with:

(a) the accounting and disclosure requirements given in *Government Accounting* and in, *Government Financial Reporting Manual* issued by the Treasury ("the FReM"), as amended or augmented from time to time, and subject to Schedule 1 to this direction;

(b) any other relevant guidance that the Treasury may issue from time to time;

(c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the LTGDC and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.

3. This direction shall be reproduced as an appendix to the annual accounts.

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State



Date 30 March 2007

An officer in the Department for Communities and Local Government

Schedule 1

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.

2. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

Schedule 2

Additional disclosure requirements

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

1. The notes to the annual accounts

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:

- (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the LTGDC, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
- (ii) the total amount of loans to employees
- (iii) employee costs during the year, showing separately:
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs
 - (4) contributions to pension schemes
 - (5) payments for unfunded pensions
 - (6) other pension costs
 - (7) amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

- I employed directly by the LTGDC
- II on secondment or loan to the LTGDC
- III agency or temporary staff
- IV employee costs that have been capitalised);

(e) an analysis of liquid resources, as defined by accounting standards;

(f) in the note on debtors, prepayments and payments on account shall each be identified separately;

(g) a statement of debts written off and movements in provisions for bad and doubtful debts;

(h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of LTGDC's operations.

* (i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with LTGDC), between LTGDC and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to LTGDC by each individual board member or key manager
- (iii) the following are related parties:
 - (1) subsidiary and associate companies of LTGDC
 - (2) pensions funds for the benefit of employees of LTGDC or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
 - (3) board members and key managers of LTGDC
 - (4) members of the close family of board members and key managers
 - (5) companies in which a board member or a key manager is a director
 - (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
 - (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
 - (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
 - (9) settlements in which a board member or a key manager is a settlor or beneficiary

- (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
- (11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
- (12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
- (13) the Department for Communities and Local Government, as the sponsor department for LTGDC.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of LTGDC's management board.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.
- (iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at LTGDC meetings of the company.

* Note to Schedule 2 paragraph 1(j): under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.