

Thurrock Thames Gateway Development Corporation
Annual Report and Accounts 2005/06



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Annual Report and Accounts presented to Parliament by the Secretary of State for Communities and Local Government in pursuance of paragraph 13(3) of Schedule 31 to the Local Government, Planning and Land Act 1980.

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General Information



Board

William McKee (Chair)
Andrew Smith (Deputy Chair) (to 31 December 2005)
Yash Gupta (to 30 April 2005)
Rosaleen Kerslake
Sunny Crouch
Christopher Paveley
William Samuel
John Kent (to 31 December 2005)
Robert Chilton (to 31 December 2005)
Valerie Liddiard
Martin Leigh-Pollitt
Grahame Thomas
Benjamin Stoneham
Garry Hague (from 1 October 2005)

Chief Executive and Accounting Officer

Niall Lindsay

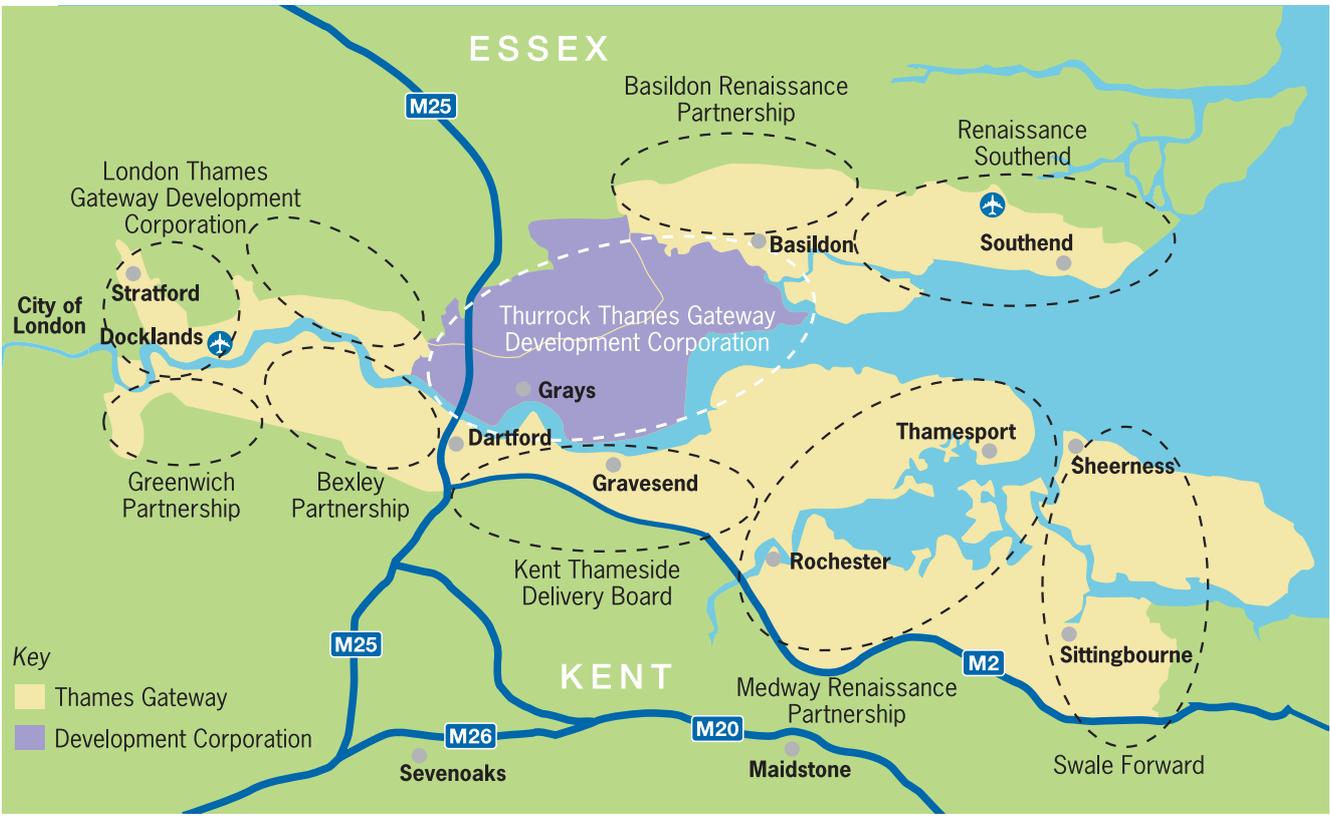
Principal Office

Thurrock Thames Gateway Development Corporation
Gateway House
Stonehouse Lane
Purfleet
Essex
RM19 1NX

External Auditor

The Comptroller and Auditor General

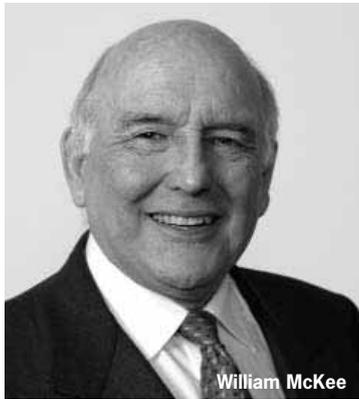
Delivery Organisations in Thames Gateway



Area covered by the Thurrock Thames Gateway Development Corporation







This has been a busy twelve months for the Corporation. At April 2005 we had two permanent members of staff, the Corporation was located in temporary offices in London, it had yet to receive its planning powers, it had negligible fixed assets, no projects and had no policy framework in place. By 31 March 2006, the Corporation had:

- recruited its staffing complement with fully fledged functions for planning, project delivery, land assembly, property management, as well as for the effective internal running and accountability of the Corporation.
- moved to permanent offices in Purfleet giving direct public access.
- become a strategic planning authority (from October 2005), begun determining strategic planning applications and had in place a service level agreement with Thurrock Council for administering planning applications.
- acquired land will be key to the delivery of one of its primary development projects.
- began funding projects ranging from the RSPB visitors centre at Purfleet to a recording studio for the Tilbury Youth Centre.
- consulted and approved a Regeneration Framework for Thurrock, drafted and completed the first round of consultations for a borough-wide Spatial Plan and an Area Master Plan for Purfleet, as well as drafted and issued for consultation, Area Master Plans for Grays Town Centre and West Thurrock/Lakeside.

This year represented the transition from setting up the Corporation to the threshold of the delivery phase.

The Corporation looks forward to continuing and increasing this momentum into 2006/07. We will move ahead with further acquisitions of key properties and completion of our strategic policy framework with an approved spatial plan and area master plans for each of Thurrock's main settlements. Also, we will be seeking to strengthen and improve our dialogue with partners and especially with the people and communities which make up Thurrock. By the end of the year our aim is to have completed the creation of a clear foundation to deliver the goals we have been set of an additional 18,500 homes and 26,000 jobs by the target date of 2021. Most importantly, we want to have maintained and accelerated the delivery of projects on the ground for the people of Thurrock which will deliver the regeneration the area needs and deserves.

A handwritten signature in black ink that reads 'William McKee'.

William McKee C.B.E.

Chair

Thurrock Thames Gateway Development Corporation

29 June 2006



Statutory Background

The Thurrock Thames Gateway Development Corporation was established by Statutory Instrument (2003 No. 2896) on the 29 October 2003 pursuant to the provisions of sections 134 and 135 of, and Schedule 26 to, the Local Government Planning and Land Act 1980 to bring about the regeneration of Thurrock. The Thurrock Development Corporation (Area and Constitution) Order also determined the Corporation's operational boundary as being coterminous with that of Thurrock Council and the broad composition of the Corporation's Board (thirteen members including Chair and Deputy Chair).

The statutory objectives and powers of the Corporation are set out in section 136 of the Local Government, Planning and Land Act 1980. The Corporation's broad statutory objective is to secure the regeneration of its area, by:

- bringing land and buildings into effective use;
- encouraging the development of existing and new industry and commerce;
- creating an attractive environment; and,
- ensuring that housing and social facilities are available to encourage people to live and work in the area.

For the purpose of achieving the regeneration of its area, the Corporation may:

- acquire, hold, manage, reclaim and dispose of land and other property;
- carry out building and other operations;
- seek to ensure the provision of water, electricity, gas, sewerage and other services;
- carry on any business or undertaking for the purposes of regenerating its area; and,
- generally do anything necessary or expedient for this purpose, or for purposes incidental to those purposes.

Within the founding legislation, the First Secretary of State has defined the overall objective of the Thurrock Development Corporation as:



Thurrock Lakeside Shopping Centre

“To promote and deliver the sustainable regeneration and growth of Thurrock, within the context of the national policy set out in the Sustainable Communities Plan, the plans for the wider Thames Gateway sub-region, and for the eastern region as a whole.”

The Board of the Thurrock Thames Gateway Development Corporation is made up of 13 members (including Chair and Deputy Chair). All members were selected through a competitive process supervised by the Office of the Commissioner for Public Appointments (OCPA) and appointed by the First Secretary of State. Details of the Board’s membership can be found on page 2 of the Report and Accounts. Board Members are collectively responsible for the conduct of all business undertaken by the Corporation. Consequently, in addition to the statutory powers and duties of the Corporation, members have both fiduciary duties and general duties of skill and care. This means that they are not only responsible for the Board’s strategic direction and policies but also for ensuring that it is properly and effectively managed. In particular, members are responsible for the stewardship of the public funds entrusted to the Board. The Board meets on a six-weekly cycle.

The Board

Vision and Strategic Goals

The primary role of the Corporation is to bring forward the development and regeneration of Thurrock and to create a thriving climate of investment across the borough. The Corporation aims to achieve this through carefully targeted strategic and local interventions that will provide the catalyst for change. These will inform the extent, quality and nature of its strategic and local interventions.

Vision

“To secure the comprehensive and sustainable housing and economic growth of Thurrock, through the structured development and regeneration of the borough for the benefit of new and existing communities and for visitors to the area.”

Strategic Goals

The Corporation has 9 Strategic Goals as set out in its adopted Regeneration Framework entitled “Transforming and Revitalising Thurrock – A Framework for Regeneration and Sustainable Growth” published Autumn 2005:

1. Contribute to the provision of sufficient capacity to meet strategic growth targets including 26,000 new jobs and 18,500 new homes in a sustainable way by 2021
2. Increase participation and attainment in life long education and skills development
3. Create a wide range of jobs with a future
4. Increase the choice and quality of housing provision for everyone
5. Provide modern community infrastructure and service delivery
6. Enhance the quality and use of valuable green space
7. Increase opportunities for entertainment, leisure and culture
8. Ensure that all parts of Thurrock are accessible to, from and within the Borough
9. Ensure that development and regeneration take place in an environmentally sensitive way



Lakeside Shopping Centre



Riverside housing, Grays

Review of Principal Activities in 2005/06

The key achievement for the Corporation over the last year was to move from the establishment of its operational capability to the delivery and implementation phase of the Corporation's life cycle.

As reported in last year's Annual Report, a prime objective was to secure office premises for the Corporation in Thurrock. In August 2005 the Corporation's team moved from their temporary offices in Canary Wharf to the Corporation's new headquarters at Gateway House in Purfleet and became fully operational.

In addition to its development agency role, planning is a key function for the Corporation. During the year, a Service Level Agreement was completed with Thurrock Council to manage the administration of the Planning and Development Control process ahead of the Corporation assuming its planning jurisdiction in October.

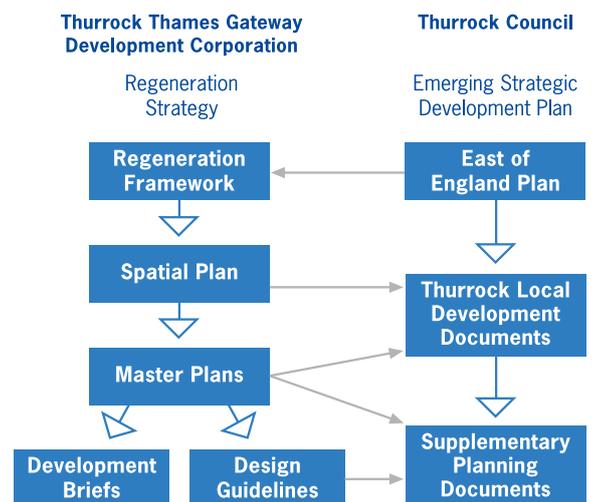
Establishing the Corporation's planning policy context has been a key priority over the last year, and this will continue over the next 12 months.

The Corporation has been working closely with the Council in order to ensure that when the Council publishes the Borough's Local Development Framework and supporting Local Development Document there is policy convergence. This is likely to occur sometime during 2009.

As stated to the right, the Corporation has now formally adopted its Regeneration Framework after extensive stakeholder and community consultation.

During the year consultants were appointed to assist the Corporation in developing its Spatial Plan options on how the housing and employment targets should be distributed around the Borough. The Corporation is now undertaking a second and final round of public consultation on the preferred option for the Spatial Plan.

In parallel with the spatial planning work, the Corporation has instructed consultants to prepare Area Master Plans for Grays Town Centre and for West Thurrock & the Lakeside Basin. The Draft Area Master Plan for Purfleet is nearing completion and will be adopted shortly following a second round of public consultation.



Throughout the year the Corporation's Delivery Team has worked with a wide range of public sector, voluntary and charitable organisations in the development of capital projects linked to the organisation's vision and strategic goals. Consequently, the Corporation has committed funding in excess of £7 million in support of projects which will deliver real improvements to Thurrock's social and physical infrastructure and will support softer regeneration projects which focus on the development of Thurrock's communities.

The Corporation completed its first strategic site acquisition in Purfleet in March 2006 and negotiations are well advanced on a number of other site acquisitions and Joint Ventures in order to support the implementation proposals for the emerging area master plans.

Building Relationships with Stakeholders

To assist the Corporation's integration into the Thurrock area, and as part of its open approach to policy development and delivery, the organisation has developed close working relationships with community representatives and other key stakeholders. To this end the Corporation has held a variety of community and stakeholder events including public exhibitions, development workshops and tailored seminars to meet the specific requirements of Thurrock's diverse communities. In addition, the Corporation has contributed towards the work of the Local Strategic Partnership in the development of the Borough's Community Strategy.

The Corporation fully recognises the benefits of collaborative working and will continue to develop its approach to stakeholder and community engagement, maximising the opportunities for constructive participation.

Future Developments

The Corporation will seek to complete the Master Plans for Grays Town Centre, West Thurrock/Lakeside and Purfleet and will begin to develop supporting implementation plans for these areas. In addition, the Corporation intends to commission Master Plans in respect of:

- Aveley & South Ockendon
- Tilbury, Chadwell St Mary, East Tilbury & Linford and
- Stanford-Le-Hope & Corringham

with the aim of completing its Master Plans for the main settlements in the Borough by March 2007.



In tandem with the development of its Master Plans the Corporation will also prepare a detailed economic development strategy and further develop its land acquisition programme in order to facilitate delivery. The organisation will also explore the opportunities to create innovative investment and development vehicles utilising the Corporation's capital (and other public assets) as leverage to maximise the provision of private sector investment.

The Corporation submitted its draft Corporate Plan in December 2005 to its sponsor, The Office of the Deputy Prime Minister (now replaced by the Department for Communities and Local Government - DCLG). The Corporate Plan sets out in detail the Corporation's strategy and programme for the next 3 years and will be published when the Plan has been finalised with DCLG.

A handwritten signature in black ink that reads "Niall Lindsay".

Niall Lindsay
Chief Executive
Thurrock Thames Gateway Development Corporation
29 June 2006

Management Commentary

Format of Accounts

The accounts on pages 28 to 43 have been prepared in a form notified by the Secretary of State with the consent of HM Treasury in accordance with the Local Government; Planning and Land Act 1980.

Background Information

As part of its broad delivery agenda for the Thames Gateway, the Government set out proposals in the Communities Plan (February 2003) to establish a Development Corporation in Thurrock, to oversee the regeneration and development of the borough. The Thurrock Development Corporation was established by Statutory Instrument (2003 No. 2896) on the 29 October 2003.

Principal Activities of the Corporation

The Corporation is a Non-Departmental Public Body, which is sponsored by the Department for Communities and Local Government. The principal activities of the Corporation during the period from 1 April 2005 to 31 March 2006 are detailed under "Review of Principal Activities" within the Corporation's Annual Report.

Changes in Fixed Assets

The movement in tangible and intangible fixed assets is shown in Notes 9 and 10 to the Annual Accounts.

Research and Development

During the period under review, the Corporation completed and adopted a Regeneration Framework which proposes the strategic directions that regeneration needs to follow in Thurrock, if it is to be sustainable. This work informed the drafting of the Spatial Plan and local area masterplans that underwent first stage consultation in 2005/06.

Results

The deficit for the period to 31 March 2006 was £448,000. The deficit arises principally because of government accounting rules in relation to the treatment of income and costs. In addition as explained in Note 20 the Corporation reached agreement with HM Revenue and Customs following the year end which resulted in irrecoverable VAT being added back to expenditure in the year. Without these adjustments the Corporation would have broken even in the period. There was no Corporation Tax Liability.

Pension Scheme and Pension Liabilities

The Corporation offers membership of the Local Government Pension Scheme (LGPS) to all permanent and temporary staff. More information on pensions and pension liabilities can be found in the Remuneration Report and in Note 15 to the Accounts.

The Corporation is wholly funded through grant-in aid by the DCLG. A key strength of the Corporation is the professional skills of its workforce.

The period to 31 March 2006 continued the focus on the foundation and set up of the Corporation. The Corporation's forward work programme is detailed under "Future Developments" within the Corporation's Annual Report.

As explained in Note 20 to the accounts, the Corporation reached agreement with HM Revenue and Customs in May 2006 on a basis for recovering "input" VAT on purchases. This agreement results in a liability to repay £251,000 of VAT recovered since the Corporation registered as an intending trader on 1 April 2004. All adjustments necessary to reflect this agreement have been made in the accounts.

The Corporation has approved a risk management policy and adopted a strategy to deal with the key risks it faces. The principal risks and uncertainties include dependency on DCLG funding, the possibility that such funding levels will be insufficient to support the Corporation's regeneration programme and that the limited lifespan of the Corporation will prevent the attainment of planned goals.

As part of the process of creating its strategic plan framework the Corporation has consulted extensively with stakeholders including the local community. All plans forming part of the strategic plan framework undergo a sustainability appraisal and strategic environmental assessment.

During the period under review, the Corporation made and received no charitable donations.

Membership of the Corporation's Board is detailed under "General Information" on page 2 of the Corporation's Annual Report.

The responsibilities of the Corporation's Board members are to:

- contribute to the direction of the Corporation to ensure that regeneration is achieved, while having regard to the need to ensure the highest standards of regularity, propriety and value for money in the use of public funds;

Resources Available

Review of Development of Business and Future Developments

Post Balance Sheet Events

Principal Risks and Uncertainties

Social and Community Issues

Charitable Donations

Board Membership

Board Member Responsibilities

Management Commentary

- contribute to the formulation of strategies and programmes to achieve regeneration;
- contribute to the direction of the Corporation in the production of the corporate plan strategy which will make economic and effective use of public funds;
- represent the Corporation in public, promote its interests and communicate its aims to the DCLG, Corporation staff and others;
- make full use of any property or commercial experience, special local knowledge or other relevant skills in reaching decisions;
- help to ensure the Corporation's activities conform with legislative requirements and bear in mind the collective responsibility of the Board for the conduct of Corporation business;
- help to ensure the Corporation achieves maximum value for money from its administrative expenditure; and
- avoid bringing discredit to the Corporation or its relations with Government.

Employer Responsibilities and Employee Relations

The Corporation aims to be a responsible employer and to this end has produced and distributed a guidance document (the Corporation's Employee Handbook) modelled on the terms and conditions of employment of other Non-Departmental Public Bodies and the DCLG.

The Corporation is fully committed to a policy of equal opportunities in all respects of employment.

The aim of the policy is to ensure that all job applicants and employees receive fair treatment regardless of their gender, sexual orientation, race, nationality, ethnic origin, colour, creed, disability, mental status, trade union membership, religious or political beliefs.

Payment Policies

The Corporation's policy is to pay a supplier within 30 days of the submission date of a valid invoice unless the terms of contract stipulate otherwise. During the period under report the Corporation performed within this policy and did not incur any interest charges with respect to late payments against submitted invoices (as defined by the Payment of Commercial Debts (Interest) Act 1988).

Environmental Issues

The Corporation is committed to creating a sustainable and green environment in the Thurrock area both in the delivery of its front line services and within the administration of the Corporation itself. This approach is reflected in the Corporation's work on the Regeneration Framework, Spatial Plan and area master plans, each of which have been subject to a sustainability appraisal and a strategic environmental assessment.

The Corporation developed its key corporate policies and implemented an internal audit programme, which will be provided under a service contract by the internal audit division of the DCLG and carried out according to Government Internal Audit Standards. The Corporation has set up an Audit Committee.

A Risk Management Strategy has been developed and approved. The Corporation has produced a comprehensive Governance Statement following best practice that was adopted by the Board in November 2005.

A Register of Interests is maintained by the Corporation which is open to the public and can be obtained from the Principal Office of Thurrock Thames Gateway Development Corporation.

Corporate Governance

Register of Interests

- a) so far as the Accounting Officer is aware, there is no relevant audit information of which the Corporation's auditors are unaware and
- b) the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Corporation's auditors are aware of that information.

Disclosure

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the Local Government; Planning and Land Act 1980 and the Government Resources and Accounts Act 2000.

The cost of work performed by the auditors in respect of the year ended 31 March 2006 is as follows:

Audit Fee £13,000



Signed by Accounting Officer
Niall Lindsay

Chief Executive
29 June 2006



and on behalf of the Board
William McKee

Chair
29 June 2006

Auditors

Statement of the Board's and Accounting Officer's Responsibilities

The Accounts were prepared on the 31 March 2006 in accordance with the Accounts Direction provided by the First Secretary of State. A copy of the Accounts Direction is provided on pages 44 to 48 of this document.

On the 29 October 2004, Niall Lindsay was appointed as Chief Executive and the designated Accounting Officer. The relevant responsibilities of the Accounting Officer, including the responsibilities for the propriety and regularity of the public finances for which an Accounting Officer is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.

The accounts were prepared on an accruals basis and show a true and fair view of the Corporation's state of affairs at the period-end and of its income and expenditure and cash flows for the financial period.

In drawing up these accounts the Board is required to:

- observe the Accounts Direction issued by the First Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare financial statements on a going concern basis, unless it is inappropriate to presume that the Corporation will continue in operation.

Statement on Internal Control/Corporate Governance

As Accounting Officer, and Chief Executive of the Corporation, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in Government Accounting. The Accounting Officer of the Department for Communities and Local Government (DCLG) has delegated to me the responsibility for management of the Corporation. I am accountable both to the Accounting Officer of the DCLG and, in my Accounting Officer role, directly to Parliament.

1. Scope of responsibility

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Corporation for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

During 2005/06 the Corporation developed and approved a risk management policy and strategy for identifying, mitigating and managing key risks. This included the creation of a corporate risk register with assigned responsibilities and a process of risk assessment for all projects that the Corporation undertakes. All reports to the Board and its committees require consideration of risk and indicate whether an assessment of risk has been undertaken.

As Accounting Officer, I have ultimate responsibility for the risk management process. The responsibility for the risk management process, on an ongoing basis, is included within the Terms of Reference of the Resources and Co-ordination Committee. The Corporate Risk Register is monitored by the Resources and Co-ordination Committee on a quarterly basis and annually reviewed each autumn.

2. The purpose of the system of internal control

3. Capacity to handle risk

Statement on Internal Control/Corporate Governance

In turn the risk management process is audited by the Audit Committee. During 2005/06 risk management in the Corporation was reviewed through a process of interviews with key Board Members and officers followed by a workshop to agree on a risk management approach for the Corporation including the creation of the corporate risk register with agreed actions and responsibilities for mitigation and management.

All reports to the Board and committees require a statement of confirmation that a proper risk assessment has been undertaken. All staff members are aware of this requirement. In addition, all projects involving significant expenditure include an individual project risk register. A template of this project risk register has been produced and all appropriate staff members have been trained and appraised of the requirement to complete this template which identifies the key risk headings that have to be considered.

4. The risk and control framework

The risk management policy and strategy, including the way in which risk (or change in risk) is identified, evaluated and controlled, is reviewed and audited by the Audit Committee. This role is included in the Audit Committee's Terms of Reference and forms a key part of the assurance framework for the Corporation. The Audit Committee approved a risk management policy and strategy at its meeting in June 2005. This risk management policy and strategy has since been further developed.

The framework which provides evidence to support this statement on internal control includes:

- preparation of monthly management accounts for examination by the executive. This ensures the Corporation's finances are within acceptable parameters and identifies any areas of concern requiring attention;
- regular reporting of the Corporation's financial position to the Resources and Co-ordination Committee;
- a Governance Statement including a Code of Conduct and a Statement of Roles and Responsibilities was approved by the Board in November 2005;
- an Audit Committee which reviews the risk management process regularly and receives the reports of the internal auditors; and
- an internal audit function (part of the DCLG) which sets its work programme based on an analysis of risks and which reports on its findings directly to the Audit Committee.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

5. Review of effectiveness

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Corporation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Resources & Co-ordination Committee (the Committee responsible for risk management) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has responsibility for the Corporation's strategic and financial policies and oversees the effective corporate governance of the Corporation.

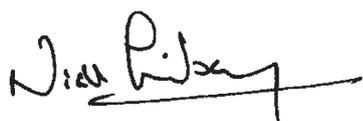
The Resources & Co-ordination Committee is responsible for all financial aspects of the Corporation's business including risk management and regularly monitors the financial performance of the Corporation.

The Audit Committee reviews the Corporation's financial management arrangements including the corporate risk register.

The Head of Internal Audit of the DCLG provides me with an opinion on the overall arrangements for gaining assurance through the assurance framework and on the controls reviewed as part of the internal audit work. The Director of Resources who has responsibility for the development and maintenance of the system of internal control provides me with assurance. The assurance framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the DCLG and the National Audit Office (NAO).

There are no significant control issues to report on this occasion.

6. Significant control issues



Signed by the Accounting Officer

Niall Lindsay
Chief Executive
29 June 2006

Remuneration Report

The remuneration of the Chair and Board is set by the Corporation's sponsor, The Department for Communities and Local Government. The terms and conditions of employment of the Chief Executive Officer and Directors are determined by the Board and subject to the approval of the Secretary of State for Communities and Local Government.

In reaching its determination the Board has regard to the following considerations:

- the need to recruit, retain and motivate suitably qualified people to exercise their different responsibilities
- the regional/local labour market and its effect on the recruitment and retention of staff
- Government policies for improving public services including the requirement to meet output targets for the delivery of the Corporation's objectives
- The funds available to the Corporation as outlined by the sponsor's resource allocations

Board appointments are for a fixed term (three years for the Chairman and from one to three for other members). Four members of the Board serve on the Board as nominees of Thurrock Council. All the other members are recruited independently through DCLG who by means of interview assess candidates' suitability for the post following public advertisement in accordance with commonly accepted best practice in Corporate Governance.

The Chief Executive and Directors are appointed on permanent contracts of employment. These contracts contain a performance element which is dependent upon the achievement of objectives set each year by the Chairman with advice, in the case of the Directors, from the Chief Executive.

Board members commit to devoting 3 days of their time per month with the exception of the Chair and deputy Chair whose commitment is 2 days per week. Most board members - and committee Chairs in particular - significantly exceeded this commitment during the year.

The following table shows the salaries of the members during the year under review. There were no payments of benefits in kind. No board member received any performance pay, bonus or other allowance during the year.

| Salary | note | 2006 £ | 2005 £ |
|--------------------------|------|-----------|-----------|
| William McKee (Chair) | | 46,690 | 45,419 |
| A J Smith (Deputy Chair) | 1 | 26,306 | 34,119 |
| Yash Gupta | 2 | 984 | 11,484 |
| Robert Chilton | 2 | 8,854 | 11,484 |
| Graham Thomas | | 11,806 | 11,484 |
| Chris Paveley | | 11,806 | 11,484 |
| Valerie Liddiard | | 11,806 | 11,484 |
| William Samuel | | 11,806 | 11,484 |
| Martin Leigh-Pollitt | | 11,806 | 11,484 |
| Ros Kerslake | | 11,806 | 11,484 |
| Benjamin Stoneham | | 11,806 | 11,484 |
| Sunny Crouch | | 11,806 | 11,484 |
| John Kent | 2 | 8,854 | 11,484 |
| Garry Hague | 2 | 5,903 | - |
| Totals | | 192,039 | 205,862 |

1. Figure quoted is for the period 1 April 2005 to 31 December 2005.

2. Members' salaries were £11,806 for the year. Where reduced amounts are shown the members concerned were not employed throughout the year and their salaries were earned pro-rata to this figure.

No member of the board accrued pension benefits during the year except the Chairman. Employers' pension contributions of £7,050 were accrued during the year and paid into a personal pension scheme in the name of the Chairman. Personal pension schemes are defined benefit-type schemes which do not accrue liabilities in respect of future benefits payable to scheme members. The disclosure provisions of Financial reporting Standard (FRS) 17 therefore do not apply.

Salaries of the directors are shown in the following table. 'Salary' includes gross salary and performance-related bonus earned during the year. No benefits in kind were paid or payable during the year.

The Director's bonus scheme provides for the payment of up to 10% of salary subject to the achievement of set objectives identified at the start of the year.

The Directors' contracts of employment provide for 6 month's notice by both employer and employee. The terms of any compensation for early termination of employment are determined by the LGPS and depends upon the age and length of service of the employee at the point of termination.

Remuneration Report

| Directors: | | 2005-06 | | 2004-05 | |
|----------------|--------------------------------|------------------|------------------------------|------------------|------------------------------|
| | | Salary £000's | Full Yr Equivalent £000's | Salary £000's | Full Yr Equivalent £000's |
| Niall Lindsay | <i>Chief Executive Officer</i> | 145-150 | | 50-55* | 120-125 |
| Sean O'Donnell | <i>Director of Resources</i> | 85-90* | 95-100 | | |
| Peter Bassett | <i>Director of Planning</i> | 95-100 | | 5-10* | 90-95 |
| Tom Gardiner | <i>Director of Delivery</i> | 80-85 | | 75-80 | |

*Denotes part year

The 2005/06 salary of the Chief Executive Officer includes the performance related bonus for 2004/05 as well as that for 2005/06. No performance related bonuses were payable to the other directors in 2004/05.

The Director of Marketing, Ken Tracy was not an employee during the year. Ken Tracy was retained on an agency basis from 1 October 2005. Between October and the year end total fees exclusive of VAT and expenses for this post amounted to £42,500 (full year equivalent £85,000).

With the exception of the Director of Marketing, the Directors are entitled to join the Local Government Pension Scheme (LGPS) along with all other members of staff on temporary and permanent contracts of employment.

The LGPS is a funded "final salary" pension scheme, meaning that the scheme's liabilities are backed by investment assets. The Corporation and its employees pay contributions into the fund at rates intended to meet the growth in pension liabilities over the longer term. In accordance with the requirements of the Department for Communities and Local Government the scheme is subjected to an independent, annual valuation conducted by the scheme's actuaries. The main features of the scheme are outlined in Note 15 to the accounts.

The following tables shows the accrued pension entitlements, Cash Equivalent Transfer Values and related information in respect of each of the Directors as at 31 March 2006. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The figures shown represent the values that would be paid by the LGPS should the member leave and choose to transfer his or her accrued benefits into another pension scheme. The figures include amounts accrued as a result of the individual's total membership of the scheme, not just their service in the capacity to which the disclosure applies.

| | Niall Lindsay £000s | Sean O'Donnell £000's | Peter Bassett £000's | Tom Gardiner £000's |
|--|------------------------|--------------------------|-------------------------|------------------------|
| Accrued pension at age 65 as at 31 March 06 | 0-5 | 25-30 | 20-25 | 15-20 |
| <i>Accrued related lump sum</i> | 5-10 | 80-85 | 65-70 | 50-55 |
| Real increase in pension over the year | 0-2.5 | 2.5-5.0 | 0-2.5 | 0-2.5 |
| <i>Real increase in related lump sum over the year</i> | 2.5-5.0 | 7.5-10.0 | 0-2.5 | 5.0-7.5 |
| CETV at 31 March 2006 | 21 | 437 | 396 | 223 |
| CETV at 31 March 2005 | 6 | 344 | 371 | 188 |
| Real Increase in CETV | 7 | 44 | 5 | 19 |

The real increase in pension and related lump sum figure represents the increase in the value of the pension over the year after taking into account the effect of inflation.

The real increase in the CETV figure represents the increase in the value of the CETV over the year after taking account of the effect of inflation, investment returns and contributions made by the member and by the employer.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Thurrock Development Corporation for the year ended 31st March 2006 under the Local Government, Planning and Land Act 1980. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Thurrock Development Corporation Board, Accounting Officer and Auditor

The Thurrock Development Corporation Board and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government, Planning and Land Act 1980 and the directions made thereunder by the First Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the First Secretary of State. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if Thurrock Development Corporation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on page 19 - 21 reflects Thurrock Development Corporation's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of Thurrock Development Corporation's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chair's Introduction, Chief Executive's Report, Management Commentary, Statement of the Board's and Accounting Officer's Responsibilities and the unaudited part of the Remuneration Report. I consider the implications for my

report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Thurrock Development Corporation and Chief Executive and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Corporation's circumstances, consistently applied and adequately disclosed.

Basis of audit opinion

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the First Secretary of State, of the state of Thurrock Development Corporation's affairs as at 31 March 2006 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the First Secretary of State; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General
National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP
4 July 2006

Opinions

The maintenance and integrity of the Thurrock Development Corporation's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

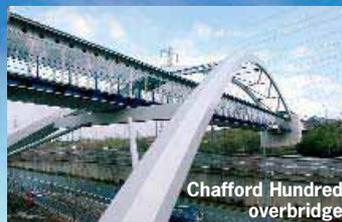
Income and Expenditure Account

| | notes | 2005-06 £000s | 2004-05 restated £000s |
|---|-------|------------------|------------------------------|
| Income | | | |
| Grant-in Aid Applied | 2 | 7,288 | 1,116 |
| Transferred from Gov't Grant Reserve | 16 | 106 | 1 |
| Total Income | | 7,394 | 1,117 |
| Expenditure | | | |
| Salaries and Wages | 3 | 1,650 | 528 |
| Grants Paid | 4 | 3,632 | - |
| Other Administrative Expenditure | 5 | 895 | 260 |
| Programme Expenditure | 6 | 1,674 | 322 |
| Total Expenditure | | 7,851 | 1,110 |
| Operating (Deficit)/Surplus | | (457) | 7 |
| Interest Receivable | 7 | 9 | 1 |
| Notional Cost of Capital | 8 | (21) | - |
| Deficit on Ordinary Activities before Tax | | (469) | 8 |
| Taxation | | - | - |
| Deficit on Ordinary Activities after Tax | | (469) | 8 |
| Reversal of Notional Cost of Capital | | 21 | - |
| (Deficit)/Surplus for the period | | (448) | 8 |
| Statement of recognised gains and losses | | | |
| Actuarial loss on pension scheme valuation: | | (108) | - |

All activities derive from continuing operations

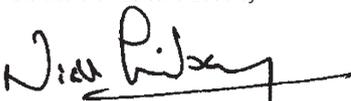
Comparator figures for 2004-05 have been restated to differentiate between expenditure incurred in furtherance of the Corporation's objectives ("Programme Expenditure") and Other Administrative Expenditure. In addition the comparator figures for 2004-05 are rounded to the nearest thousand pounds as are the 2005-06 figures. In the 2004-05 Annual Report figures were rounded to the nearest pound.

Balance Sheet (as at 31 March 2006)



| | notes | 2005-06 £000s | 2004-05 £000s |
|--|-------|------------------|------------------|
| Fixed Assets | | | |
| Tangible Fixed Assets | 9 | 864 | 10 |
| Intangible Fixed Assets | 10 | 78 | - |
| Totals | | 942 | 10 |
| Current Assets | | | |
| Stocks | 11 | 6,840 | - |
| Debtors & Prepayments | 12 | 89 | 60 |
| Cash at Bank and In Hand | | 3,280 | 250 |
| Totals | | 10,209 | 310 |
| Creditors due within 1 Year | | | |
| Trade & Other Creditors | 13 | 1,284 | 225 |
| Deferred Income | 14 | 46 | - |
| Government Grant Creditor | | 2,486 | 85 |
| Totals | | 3,816 | 310 |
| Net Current Assets | | 6,393 | - |
| Creditors due after 1 Year | | | |
| Pensions Liability | 15 | 102 | - |
| Total Assets Less Total Liabilities | | 7,233 | 10 |
| Reserves | | | |
| Pensions Reserve | 15 | (102) | - |
| Government Grant Reserve | 16 | 7,783 | 10 |
| Income & Expenditure account | 17 | (448) | - |
| Total Capital Employed | | 7,233 | 10 |

Approved on behalf of the Board on 29 June 2006 by


Chief Executive / Accounting Officer


Chairman

Cash Flow Statement

| | 2005-06 £000s | 2004-05 £000s |
|---|------------------|------------------|
| Cash Receipts from Grant in Aid | 7,782 | 1,290 |
| Cash Payments | (3,723) | (1,053) |
| Net Cash Inflow from Operating Activities | 4,059 | 237 |
| Returns on Investment: | | |
| Interest Received | 9 | 1 |
| | 4,068 | 238 |
| Purchase of Fixed Assets | (1,038) | (4) |
| Increase in Cash in the Period | 3,030 | 234 |
| Reconciliation of Operating (Deficit)/Surplus to Net Cash Inflow | | |
| Operating Deficit | (457) | 7 |
| Depreciation | 106 | 1 |
| (Increase) / Decrease in Debtors | (29) | 22 |
| (Increase) in Stocks | (6,840) | - |
| Increase in Creditors due within 1 year | 3,506 | 201 |
| Increase in Creditors due after 1 year | 102 | - |
| (Increase) in Pensions Reserve | (102) | - |
| Increase in Government Grant Reserve | 7,773 | 6 |
| Net Cash Inflow from Operating Activities | 4059 | 237 |



| | 2005-06 £000s | 2004-05 £000s |
|---|------------------|------------------|
| Reconciliation of Net Cash inflow to Movement in Net Funds | | |
| | 2005-06 £000s | 2004-05 £000s |
| Cash & Bank at the End of the Year | 3,280 | 250 |
| Cash & Bank at the Start of the Year | (250) | (16) |
| Increase in the Year | 3,030 | 234 |

The notes on pages 32 to 43 form an integral part of these accounts.

1. Accounting Policies

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost.

1.2 Basis of Accounting

The financial statements of the Corporation have been prepared in accordance with the Government Financial Reporting Manual (FREM) and the accounts direction issued by the First Secretary of State with the approval of HM Treasury. The accounting policies contained in the FREM follow UK generally accepted accounting practice for companies to the extent that it is meaningful and appropriate to the public sector.

1.3 Tangible Fixed Assets

Tangible Fixed Assets are valued at depreciated historic cost, which is not materially different from depreciated replacement cost. It is the Corporation's policy to capitalise individual items or groups of items with a cost of £2,500 or more. Individual items below this value are expended in the Income & Expenditure Account during the period when incurred.

1.4 Intangible Fixed Assets

Purchased computer software licences and the associated costs of implementation are capitalised as intangible fixed assets where expenditure of £2,500 or more is incurred. Software licences are amortised over the useful economic life of the licence unless the term of the licence is shorter.

1.5 Depreciation

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

| | | |
|---|---|----------------------------|
| Leasehold Improvements | – | over the life of the lease |
| Fixtures & Fittings | – | 5 years |
| Office Equipment | – | 4 years |
| Information Technology Equipment and Software | – | 3 years |

1.6 Government Grants

The Corporation's activities are funded primarily by way of grant-in aid provided by the Corporation's sponsor, the DCLG. No grants were received from other sources during the year.



In accordance with HM Treasury guidance grant-in aid is credited to the Income & Expenditure account to cover operating costs and grants paid to third parties, but only insofar as the expenditure has been both incurred and paid during the year.

Grants utilised for the purchase of fixed assets and stock are credited to the Government Grant Reserve and released to the Income & Expenditure Account over the expected useful lives of the relevant assets. On the disposal of a fixed asset funded by government grant an amount equal to the profit or loss on disposal is transferred from the Government Grant Reserve to the Income & Expenditure Account.

1.7 Cost of Capital

The Corporation is required to charge a notional cost of capital charge against the Income & 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% applied to the value of total assets less total liabilities (2005: 3.5%).

1.8 Stocks

Land and buildings purchased for resale are treated as stock in the accounts and are held at the lower of net replacement cost and net realisable value.

1.9 Pensions

Corporation staff on permanent contract are entitled to join the Local Government Pension Scheme (LGPS) which is administered on the Corporation's behalf by Essex County Council. In accordance with the requirements of the sponsor the scheme is subjected to an annual actuarial valuation. Pension costs are accounted for in accordance with Accounting Standard FRS 17 "Retirement Benefits" as disclosed in Note 15.

1.10 Leases

The total cost of operating lease rentals are charged to Income & Expenditure Account over the period of the lease on a straight line basis. There are no finance leases.

1.11 Value Added Tax

The Corporation's activities comprise those which are fully VAT-recoverable as well as those which are deemed to be exempt from VAT and those which are outside the scope of VAT. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.12 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.

2. Grant-in Aid

Grant-in aid in the year was funded entirely from The Department for Communities and Local Government. Total allocated grant-in aid for the year was £18,507,000.

| | notes | 2005-06 £000s | 2004-05 £000s |
|--|-------|------------------|------------------|
| Grant in Aid Received | | 17,819 | 1,290 |
| Opening Grant Deferred Debtor | | - | (82) |
| Opening Grant Deferred Creditor | | 85 | - |
| Grant Used to Offset VAT Liability | 20 | (251) | - |
| Closing Grant Deferred Creditor | | (2,486) | (85) |
| Total Grant-in Aid for the Year | | 15,167 | 1,123 |
| GIA Recognised in I & E Account | | 7,288 | 1,116 |
| GIA Credited to GGR | | 7,879 | 7 |
| Total Grant-in Aid for the Year | | 15,167 | 1,123 |

3. Staff Costs and Numbers

| | employed staff £000s | 2005-06 interim staff £000s | total £000s | 2004-05 total £000s |
|-------------------------|----------------------------|--------------------------------------|----------------|---------------------------|
| Wages and Salaries/Fees | 1,011 | 464 | 1,475 | 480 |
| Social Security Costs | 103 | | 103 | 31 |
| Pension Costs | 72 | | 72 | 17 |
| Totals | 1,186 | 464 | 1,650 | 528 |

No loans were advanced to any employee during the year (2005 - £Nil).

Average numbers of staff employed during the year were:

| | employed staff | 2005-06 contractors | totals | 2004-05 totals |
|----------------------------|-------------------|------------------------|-----------|-------------------|
| Executive | 4 | 1 | 5 | 3 |
| Executive Support | 3 | 0 | 3 | 0 |
| Resources | 4 | 2 | 6 | 2 |
| Planning | 3 | 1 | 4 | 2 |
| Delivery | 2 | 2 | 4 | 1 |
| Marketing | 0 | 0 | 0 | 0 |
| Full time equivalent | 16 | 6 | 22 | 8 |
| Board* | 12 | 0 | 12 | 13 |
| Total Staff numbers | 28 | 6 | 34 | 21 |

*Board members' commitment is to work 2 days per week (Chair and Deputy Chair) or 3 days per month (other members).

4. Grants Paid

During the year Grants were paid to 11 (2005 - Nil) third parties in respect of projects which were deemed to meet the Corporation's strategic objectives for the regeneration of Thurrock, as follows:

| | 2005-06 £000s |
|---|------------------|
| Statutory bodies including Thurrock Council | 2,376 |
| Private Sector organisations | 492 |
| Voluntary Sector organisations | 764 |
| Totals | 3,632 |

At 31 March 2006 the Corporation had £3,300,740 in grant commitments not yet paid to third parties.

5. Other Administrative Expenditure

Other administrative expenditure incurred during the year comprised:

| | 2005-06 £000s | 2004-05 £000s |
|----------------------|------------------|------------------|
| IT Costs | 188 | 16 |
| Office Costs | 341 | 39 |
| Professional Fees | 98 | 15 |
| Staff Recruitment | 186 | 164 |
| Staff Training | 21 | 11 |
| Travel & Subsistence | 55 | 15 |
| Other Costs | 6 | - |
| Totals | 895 | 260 |

Operating Surplus is arrived at after charging:

| | 2005-06 £000s | 2004-05 £000s |
|--------------------------|------------------|------------------|
| Auditor's Remuneration | 13 | 10 |
| Depreciation | 106 | 1 |
| Operating Lease Rentals: | | |
| Head Office Rent | 114 | 9 |
| Vehicles | 5 | - |

6. Programme Expenditure

Programme expenditure comprises expenditure incurred directly in pursuit of the Corporation's objectives. During the year programme expenditure comprised the following:

| | 2005-06 £000s | 2004-05 £000s |
|-------------------------------------|------------------|------------------|
| Consultancy Costs | 223 | 90 |
| Exhibitions & Sponsorship | 51 | - |
| Legal & Professional | 584 | 232 |
| Other Marketing Costs | 68 | - |
| Plans and Master Plans | 500 | - |
| Public Consultation | 138 | - |
| Publicity Materials | 54 | - |
| Subscriptions to Partnership Bodies | 56 | - |
| Totals | 1,674 | 322 |

7. Interest Receivable

Interest receivable relates to bank interest earned on overnight and other short-term deposit accounts.

8. Notional Cost of Capital

The notional cost of Capital is charged at 3.5% (2005: 3.5%) on the average of total assets less total liabilities during the year. The figure is notional because it is both deducted and added back on the face of the Income & Expenditure Account.

| 9. Tangible Fixed Assets | leasehold improvements £000s | fixtures & fittings £000s | office equipment £000s | IT equipment £000s | totals £000s |
|---------------------------------|---------------------------------|------------------------------|---------------------------|-----------------------|-----------------|
| Cost at 1 April 2005 | - | 3 | - | 8 | 11 |
| Additions in the Year | 599 | 133 | 53 | 165 | 950 |
| At 31 March 2006 | 599 | 136 | 53 | 173 | 961 |
| Depreciation at 1 April 2005 | - | - | - | 1 | 1 |
| Charge for the Year | 37 | 16 | 9 | 34 | 96 |
| At 31 March 2006 | 37 | 16 | 9 | 35 | 97 |
| Net Book Value | | | | | |
| At 31 March 2005 | 0 | 3 | 0 | 7 | 10 |
| At 31 March 2006 | 562 | 120 | 44 | 138 | 864 |

10. Intangible Fixed Assets

| | software licences £000s |
|------------------------------|----------------------------|
| Cost at 1 April 2005 | - |
| Additions in the Year | 88 |
| At 31 March 2006 | 88 |
| Depreciation at 1 April 2005 | - |
| Charge for the Year | 10 |
| At 31 March 2006 | 10 |
| Net Book Value | |
| At 31 March 2005 | - |
| At 31 March 2006 | 78 |

11. Stocks

Stocks comprise land and buildings acquired for the purpose of land assembly and subsequent resale. To comply with the terms of the Accounts Direction determined by DCLG acquisition costs of £349,900 were written off during the year. The total cost of land acquired net of these costs was £6,840,000.

12. Debtors

| | 2005-06 £000s | 2004-05 £000s |
|---|------------------|------------------|
| Other Debtors | 24 | 54 |
| Prepayments | 65 | 6 |
| | 89 | 60 |
| Intra-Government Balances | £000s | £000s |
| Balances with central government bodies | 24 | 54 |
| Balances with non-government bodies | 65 | 6 |
| | 89 | 60 |

No debts were provided for or written off during the period (2005 - £Nil).

13. Creditors due within one year

| | 2005-06 £000s | 2004-05 £000s |
|---|------------------|------------------|
| Trade and Other Creditors | 464 | 6 |
| Other Tax and Social Security Costs | 112 | 20 |
| Accruals | 708 | 199 |
| | 1,284 | 225 |
| Intra-Government Balances | 2005-06 £000s | 2004-05 £000s |
| Balances with central government bodies | 655 | 26 |
| Balances with local authorities | 16 | 112 |
| Balances with non-government bodies | 613 | 87 |
| | 1,284 | 225 |

14. Deferred Income

Deferred Income comprises contributions from other statutory agencies towards Corporation projects due for completion in 2006/07 plus rent in advance deducted from the purchase of land acquired shortly before the year end.

15. Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a “final salary” pension scheme, meaning that benefits are normally based upon the salaries achieved in the last year of active service of members before retirement. In order to fund current and future benefits it is necessary to build a portfolio of investments and to compare investment performance over time with current and estimated future calls made upon those investments to ensure schemes remain fully funded throughout the lives of the membership.

The Corporation is a “scheduled” ie admitted body to the Essex County Council LGPS, which administers the scheme on its behalf and appoints independent actuaries to calculate the required total contribution rates.

In 2005-06 employer’s contributions amounting to £64,000 were made on behalf of participating employees at a contribution rate of 10.32% of gross salaries exclusive of bonus (2004-05: £10,000 at a contribution rate of 10.32%). Total pension costs charged to the Income & Expenditure Account amounted to £72,000 (2004-05 £17,000) which included payments made to defined contribution schemes on behalf of certain employees not eligible for entry to the LGPS.

As required by FRS 17 the following table shows the difference between the amounts charged to the Income & Expenditure Account and the actuarially calculated operating cost of providing retirement benefits during the year:

| Operating & Finance Costs | 2005-06 £000s |
|--------------------------------|------------------|
| Current Service Costs | (98) |
| Past Service Gain | 39 |
| Operating Loss | (59) |
| Expected Return on Assets | 53 |
| Interest on Scheme Liabilities | (52) |
| Net Finance Gain | 1 |
| Net Revenue Cost | (58) |

The Pension Liability and Pension Reserve Accounts in the balance sheet show the difference between the actual cost of pensions payable and the expected future liabilities and assets calculated by the actuary on the basis of existing assumptions in accordance with FRS 17. In practice before these balances crystallise any net liability will be made good by increased employer contributions over the remaining working lives of the employees.

The following information reflects the position of the scheme as at 31 March 2006 as outlined by the disclosure requirements of FRS 17:

| Split of assets between investment categories | at 31 March 2006 | | at 31 March 2005 | |
|---|------------------|-------|------------------|-------|
| | £000's | % | £000's | % |
| Equities | 1,271 | 70.5% | 8 | 68.9% |
| Government Bonds | 187 | 10.4% | 1 | 11.0% |
| Other Bonds | 101 | 5.6% | 1 | 5.9% |
| Property | 209 | 11.6% | 1 | 11.4% |
| Cash/Liquid Assets | 34 | 1.9% | - | 2.8% |
| Other | - | | - | |
| Total assets | 1,802 | | 11 | |
| Liabilities | (1,904) | | (11) | |
| Surplus / (Deficit) | (102) | | - | |

The movement in the net pension liability for the year ended 31 March 2006 is as follows:

| | 2005-06 £000s |
|----------------------------------|------------------|
| Net Liability as at 1 April 2005 | - |
| Current Service Cost | (98) |
| Employer Contributions | 64 |
| Past Service Settlement Gain | 39 |
| Net Return on Assets | 1 |
| Actuarial Loss | (108) |
| Net Liability at 31 March 2006 | (102) |

The actuarial loss shown in the above table arises from the following differences:

| | 2005-06 £000s |
|---|------------------|
| Differences between actual and expected returns on assets | 126 |
| Differences between actuarial assumptions and experience | (1) |
| Changes in demographic and financial assumptions used to estimate liabilities | (233) |
| Actuarial Loss | (108) |

The assumptions used by the actuary in valuing the scheme are as follows:

| Financial Assumptions | 2005-06 | 2004-05 |
|------------------------------|---------|---------|
| Rate of inflation | 2.9% | 2.9% |
| Rate of increase in salaries | 4.4% | 4.4% |
| Rate of Increase in pensions | 2.9% | 2.9% |
| Discount rate | 5.7% | 6.4% |

Expected rate of return on assets

| | | |
|------------------|------|------|
| Equities | 7.0% | 7.5% |
| Government Bonds | 4.3% | 4.7% |
| Other Bonds | 4.9% | 5.4% |
| Property | 6.0% | 6.5% |
| Cash/Liquidity | 4.5% | 4.8% |

16. Government Grant Reserve

| | 2005-06 £000s | 2004-05 £000s |
|---|------------------|------------------|
| Balance Brought Forward | 10 | 4 |
| Amounts used to acquire Fixed Assets & Stock | 7,879 | 7 |
| Less transfer to Income & Expenditure Account | (106) | (1) |
| | 7,783 | 10 |

Notes to the Accounts

17. Income & Expenditure Account

| | 2005-06 £000s | 2004-05 £000s |
|------------------------------|------------------|------------------|
| Balance Brought Forward | - | (8) |
| Retained Surplus / (Deficit) | (448) | 8 |
| Balance Carried Forward | (448) | - |

There were no losses or “special payments” as defined within the Corporation’s Accounts Direction, made or incurred during the year.

18. Operating Leases

As at 31 March 2006 the Corporation had annual commitments under operating leases as follows:

| | vehicles £000s | head office £000s | totals £000s |
|----------------------------|-------------------|----------------------|-----------------|
| Leases Expiring: | | | |
| Between one and five years | 8 | - | 8 |
| In over five years | - | 128 | 128 |
| | 8 | 128 | 136 |

Rental costs of operating leases are charged to the Income & Expenditure Account on a straight line basis over the term of the leases.

19. Contingent Liabilities

There are no contingent liabilities at the balance sheet date (2005 - £Nil).

20. Post Balance Sheet Events

The Corporation registered as an intending VAT trader on 1 April 2004. Between 1 April 2004 and 31 March 2006 the Corporation recovered all VAT on purchases and by the year end the total amount of VAT recovered over the two years exceeded £649,000. In May 2006 the Corporation reached agreement with HMRC on a basis for partially recovering input VAT which results in a liability to repay £251,000 of VAT previously recovered. The Corporation’s sponsor, DCLG, has provided a provisional undertaking to meet this liability from departmental funds and as a result the figure has been aggregated with the Government Grant Creditor and not added to Other Creditors in the Balance Sheet.

21. Capital Commitments

There were no capital commitments at 31 March 2006 (2005 - £Nil).

22. Financial Instruments

Under Treasury Guidance, the provisions of Financial Reporting Standard 13 are deemed to apply to the Corporation. Under those provisions disclosures are required in respect of the financial instruments (financial assets and financial liabilities) maintained by the Corporation, the risks associated with them and the Corporation's approach to that risk.

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

At the Balance Sheet date cash balances were £3,280,494 (2005 : £250,107). Cash not required for immediate use is placed on overnight treasury deposit. The only risk is the exposure to interest rate fluctuations, which is regarded as minimal.

23. Related party transactions

The Corporation is a Non-Departmental Public Body sponsored by the DCLG. The DCLG is regarded as a related party, as are other entities that it sponsors.

No Board Member or key management staff or other related parties have undertaken any material transactions with the Corporation during the period.

24. Key Performance Indicators

As the Corporation becomes established the Board will develop key performance indicators to monitor progress against targets to be established.

Accounts Direction given by the First 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 Thurrock Thames Gateway Development Corporation (hereafter in this accounts direction referred to as “the Corporation”) 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 2005/06 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 First Secretary of State;

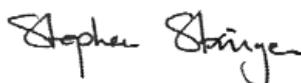
insofar as these requirements are appropriate to the Corporation and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the First Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

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 First 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 that dated 5th April 2004.

Signed by authority of the First Secretary of State



An officer in the Office of the Deputy Prime Minister

30.03.06

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. Central government grants used to pay for fixed assets, stocks or work in progress shall be credited to a grant reserve. This is different from the requirement in accounting standards that such grants must be credited to deferred income.
3. With one exception, revaluation gains on fixed assets, stocks or work in progress, to the extent that the assets were financed by central government grants, shall be taken to the grant reserve in the balance sheet, without passing through the income and expenditure account. To the extent that the assets were financed by funds from other sources, revaluation gains shall be taken to the revaluation reserve in the balance sheet. This is different to the requirement of the Companies Act that all revaluation gains must be taken to one separate reserve. The exception is that any revaluation gain that reverses a previous revaluation loss should be taken to the income and expenditure account to the extent that the previous loss was itself taken to the income and expenditure account.
4. On the disposal of fixed assets, stock or work in progress, any amount in the grant reserve relating to the assets shall be transferred directly to the general reserve in the balance sheet, without passing through the income and expenditure account.
5. On the disposal of a fixed asset financed wholly by central government grants, the profit or loss on disposal shall be offset in the income and expenditure account by an equal and opposite amount transferred to or from the general reserve. Where central government grants were only used to finance a part of the cost of the asset, the amount of the transfer to or from the general reserve shall be reduced in proportion.
6. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

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) For grants from the Office of the Deputy Prime Minister, the following information shall also be shown:
 - (i) the amount that the Corporation is entitled to receive for the year
 - (ii) the amount received during the year
 - (iii) the amount released to the income and expenditure account for the year
 - (iv) the amount used to acquire or improve fixed assets in the year
 - (v) movements on amounts carried forward in the balance sheet

and the note should make it possible to reconcile any of the amounts in (i) to (v) above, to each of the other amounts;

- (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
- (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 Corporation, 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 Corporation
- II on secondment or loan to the Corporation
- 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 the Corporation'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 the Corporation), between the Corporation 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 the Corporation by each individual board member or key manager

(iii) the following are related parties:

(1) subsidiary and associate companies of the Corporation

(2) pensions funds for the benefit of employees of the Corporation or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)

(3) board members and key managers of the Corporation

Schedule 2

- (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 Office of the Deputy Prime Minister, as the sponsor department for the Corporation.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Corporation'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 Corporation meetings of the company.

* Note to Schedule 2 paragraph 1(i): under the Data Protection Act 1998 and the Human Rights Act 1998, the Corporation needs to obtain consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, or if for any other reason information is not available, this shall be stated in the note.

Notes

Notes



Photography by Ian Billingham from Thurrock Council and Richard Heeps

