LONDON THAMES GATEWAY

Regeneration for East London

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LONDON THAMES GATEWAY DEVELOPMENT CORPORATION

Annual Report and Accounts 2010 > 2011

MAINTAINING MOMENTUM: London's hotspot: EAST LONDON

Canning Town

London Thames Gateway Development Corporation

Annual Report and Accounts 2010/11
Final Accounts for the year ended 31st March 2011

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FOREWORD BY CHAIRMAN BOB LANE:

East London is truly the power behind London’s economy - contributing an additional £21 billion a year to London’s economy and creating an extra 300,000 jobs

Chairman, Bob Lane

What a difference a year makes!

In the foreword to the annual report last year, I commented on the tact, skills and dedication with which our staff and board faced the challenge of economic turbulence and recession to deliver above expectations on the projects and developments vital to east London's continued growth.

This year the achievements have been considerable again, yet the environment that we have delivered against has been equally turbulent. The change of Government and the priority to reduce the deficit has prompted alterations to the delivery arrangements for regeneration in east London and these changes bring both opportunities and challenges.

Proposals for a new Mayoral Development Corporation to galvanise the potential of the Olympic Park development for the regeneration of east London after the London 2012 Games are welcome, as is the announcement in the Budget that the Royal Docks will be the site for London's Enterprise Zone. The prospects for encouraging increased private sector participation and, crucially, increased private investment must be the hope – and the outcome – of the London Local Enterprise Partnership now being established.

The challenges remain to ensure that all these initiatives have the cumulative result of maintaining the momentum that east London needs and that London and the UK as a whole rely on and will benefit from.

I make this last point in full view of the facts about the critical relationship that east London has with London's continued global pre-eminence and UK growth. Research from Oxford Economics on the area's potential confirm that it created 1 in every 4 new jobs in the capital – creating more jobs over the last decade than Manchester, Edinburgh and Birmingham combined. A fully regenerated east London would contribute an additional £21billion a year to London's economy and create an extra 300,000 jobs. East London is truly the power behind London's economy.

This is why any new arrangements for delivering this growth are so important.

This year, as in previous years, our investments have been aimed at creating the right conditions for strong growth to ensue. Reading this report it is highly creditable to see how frequently the phrase 'now on site' is reported. It indicates our seriousness about delivery and getting the job done. As east London's only dedicated resource for regeneration funding and with the skills, experience and expertise of a multi disciplinary team we are making a difference and will continue to do so right up to the time that new delivery arrangements are in place.

Dru Vesty's and Ken Giles' Board appointments came to an end during 2010. I thank them for the commitment they have always displayed to east London as well as the benefit that their vast professional experience has brought to bear on the Corporation's approach.

Bob Lane OBE
Chairman

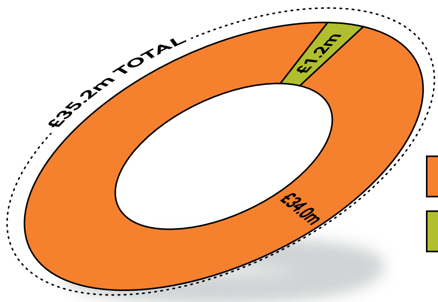
The challenge is to maintain the pace of regeneration and attract the investment that is required

Peter Andrews, Chief Executive

Our investments this year totalled £35.2 million funded by capital Grant-in-Aid of £33.95 million from Communities and Local Government (CLG) and £1.2 million of grants and contributions from partners.

Of the total invested, we provided grants of £25.8 million to partners (mostly local authorities) to deliver projects and invested £9.4 million directly. The breakdown of these investments is provided opposite:

Income Sources



Expenditure breakdown

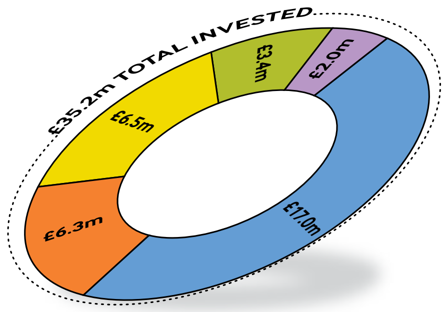
Public Realm	£9.6m
Town Centre Redevelopment	£5.5m
Transport/pedestrian linkages	£5.5m
Education/Community facilities	£4.8m
Land acquisition	£4.0m
Project design and development	£3.7m
Site works	£1.7m
Sustainability	£0.4m
Grand Total	**£35.2m**

Total expenditure by Borough and by our 8 key project areas is detailed opposite:

As I outlined last year, there has been a planned transition of focus away from London Riverside to the Lower Lea Valley to coincide with the emerging clarity on the Olympic legacy plans. 72% of our capital investment was in the Lower Lea Valley this year ensuring that infrastructure is in place and sites are brought forward for development to complement the legacy plans for the Olympic Park.

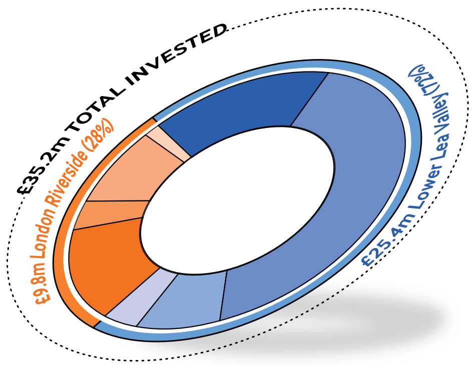
During the year we granted 190 planning consents which have the capactity to deliver 4,196 homes and 1,335 jobs.

Expenditure by Borough



LB Hackney	6%
LB Newham	48%
LB Tower Hamlets	18%
LB Barking and Dagenham	18%
LB Havering	10%

LTGDC Investments



Lower Lea Valley	72%
Canning Town	£6.0m
Olympic Arc	£15.0
Bromley by Bow	£3.1m
Lea River Park	£1.3m
London Riverside	28%
Barking Town	£5.0m
London SIP	£1.3m
Rainham Village	£3.1m
London Riverside Parklands	£0.4m

DEVELOPMENT HIGHLIGHTS

0410
- £24.8m Rokeby School opens in Canning Town
- £10m Stratford High Street public realm works start
- Completion of 1st phase of £950,000 Eastbury School refurbishment

0510
- Bromley by Bow district centre planning consent - 454 homes, new supermarket, retail units, library and school

0610
- Start of renovation by Rooff Ltd of Granary Building - 2nd phase of Creative Industries Quarter at Barking Town
- Planning consent for the 2 mile Lea Riverside Park linking the Olympic Park with the River Thames

0710
- Acquisition of 0.85 acre Leycol site ensuring the development of Bromley by Bow
- Acquisition of 7 land plots totalling 1.6 acres at Hackney Wick to improve access to Hackney Wick Station and development of a new business hub
- Planning consent for £7.5m Rainham Library development with 16 new homes
- Planning consent for £75m Thames Gateway Power waste-to-energy plant at London SIP
- Land Prop acquisition of 10 acre Sugar House Lane site for mixed use development with potential to deliver 1,500 homes
- Start on site of Wildspace business units in Rainham providing 5 units totalling 40,000 sq ft

0910
- Morrisons Supermarket secured as anchor retail tenant for £600m Canning Town centre development

The year has seen further advances in the progress of our development activity and I have had the satisfaction of seeing both starts on site and completed projects coming about as a result of our direct interventions and facilitation. The highlights are set out above:

1010
- Announcement of water bus service from Limehouse Basin to the Olympic Park with new moorings at Three Mills
- Start on site of 300 homes at Barking Riverside secured by LTGDC £8.5m investment

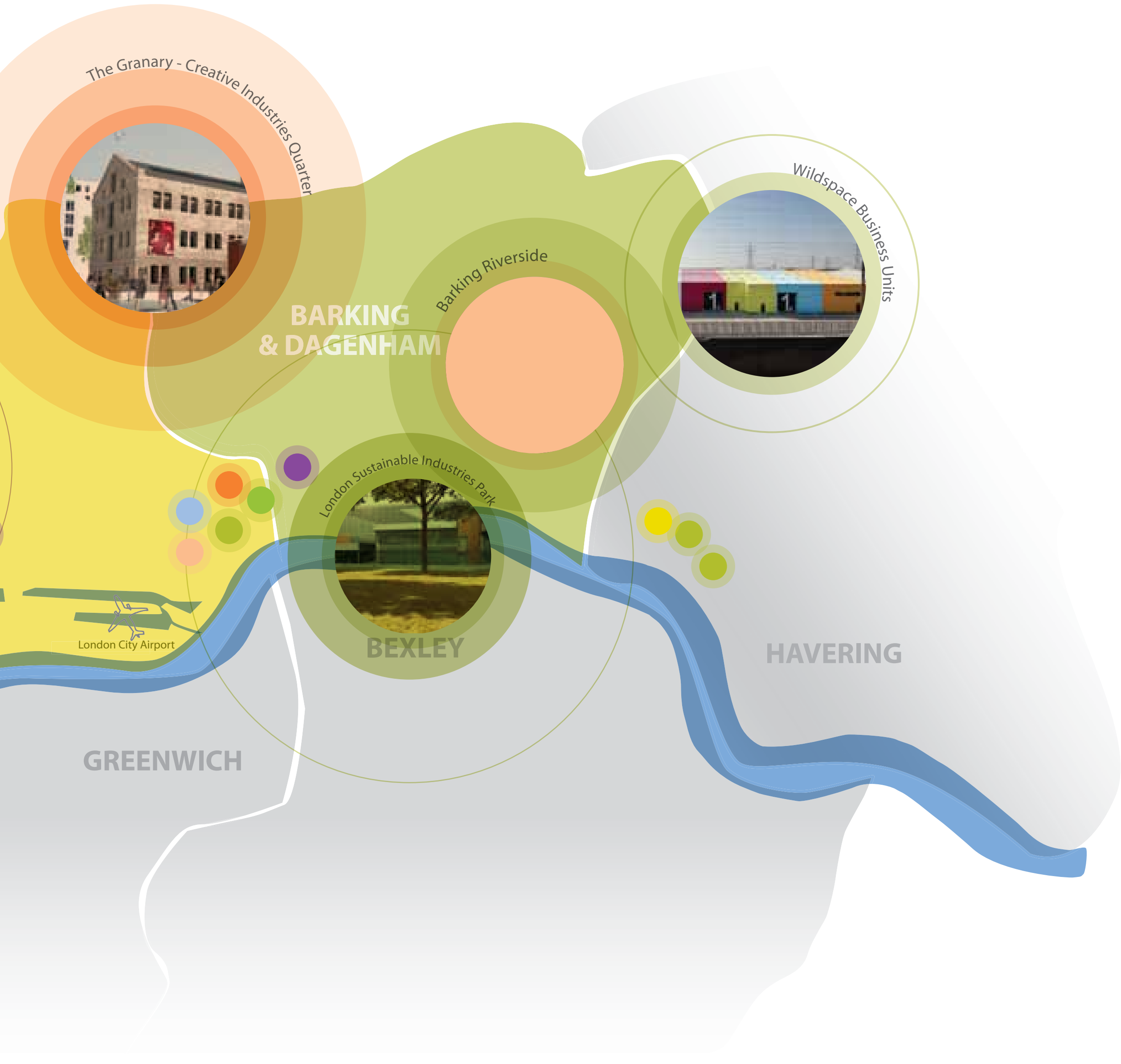
1110
- House Mill secures £2.65m Heritage Lottery Fund grant through jointly funded LTGDC feasibility study
- Work commences on new road junction on A12 at Lochnagar Street providing first pedestrian crossing over A12

1210
- Start on site by English Cities Fund of 1st phase of £180m Rathbone Market scheme comprising 270 new homes and retail
- The TEG Group to develop anaerobic digestion plant at London SIP supported by £1.9m from Mayor of London

0111
- Start on site of £2.4m scheme for new bridge and suspended pathway at Bow creating a continuous north south route along River Lee Navigation
- Closed Loop Recycling announce £12m expansion of food grade plastic recycling at London SIP

0211
- Planning consent for 15 acre development of car showrooms and industrial premises at Jenkins Lane, Newham

0311
- LTGDC complete sale to Havering College of 5 acre site at Rainham for new College campus
- Completion of Wildspace business units at Rainham



LTGDC has granted consents for over 8,000 jobs and 6,000 homes in London Riverside

Planning Powers

The arrival of the new Coalition Government brought with it new policies including the localism agenda to decentralise decision making and devolve power to the lowest possible level. As a consequence, the government decided to return our planning powers in London Riverside to the local authorities on 1 April 2011.

During the 5½ years we were the decision making authority for all major applications in London Riverside, we granted consents allowing over 8,000 jobs and over 6,000 homes to be created. Planning agreements linked to these consents secured financial commitments of over £20 million which are set to deliver lasting community benefits. Our positive approach to planning has made London Riverside the beneficiary of a strong development platform that will benefit its continued regeneration and we continue to play an active role in the area delivering key regeneration projects.

Personnel

As a result of the return of the planning powers in London Riverside and the cuts in public expenditure we have reduced our headcount to 37 full time equivalent (FTE) employees. Two members of my executive team left at the end of the year.

Kevin Whittle's (Head of Policy) secondment from the London Borough of Tower Hamlets ended and Ian Short (Deputy Chief Executive) is now directly employed by the Institute for Sustainability as its Chief Executive where previously he was seconded by us. Both made a considerable contribution to the work of the Development Corporation and I wish them every success in their future careers.

I would also like to record my thanks to all members of staff who have worked so hard over the past 12 months during a time of great uncertainty about the organisation's future.

The future – realising east London's potential

The next two years provide a moment of opportunity and challenge for east London. The opportunity comes in fully exploiting the 2012 London Olympic and Paralympic Games to stimulate a renewed wave of investment and growth in the region. The challenge is to ensure that the new delivery arrangements maintain the pace of regeneration and attract the investment that is required.

These new delivery arrangements will see the Mayor of London being handed greater powers with the expectation in 2012 of a new Mayoral Housing and Regeneration Directorate and a Mayoral Development Corporation to cover the Olympic Park and the immediately surrounding area bringing together the activities of the Olympic Park Legacy Company, the Olympic Delivery Authority and London Thames Gateway Development Corporation. Subject to the passage of the Localism bill, this merger will result in a phased handover of activities in this part of the Lower Lea Valley by us to the Mayoral Development Corporation during 2012. Outside of this area our remaining planning powers will be handed back to the local authorities while we will continue to deliver regeneration across the rest of the Lower Lea Valley and London Riverside through to the end of 2012.

The final two years of this organisation's life are vitally important to ensure that we complete our planned regeneration programme and that the progress we have made over the last six years is not diminished. This aspiration is made all the more difficult because of cuts in public expenditure which mean no further capital funding from our sponsor department, Communities and Local Government. In response we plan to work our existing portfolio of land assets hard, generating the receipts that will enable our programme of investment to continue. While ensuring our regeneration programme continues to be delivered, we will work closely with Communities and Local Government and the Greater London Authority (GLA) to ensure that there is a seamless transition of activities to successor bodies, that our extensive knowledge and expertise is preserved and that there is no loss of momentum in the regeneration of east London.

Peter Andrews
Chief Executive

Our investment programme seeks to unlock the potential of the Lower Lea Valley and London Riverside. As distinct areas with their own character and potential our approach has been to recognise and build on their distinctive strengths:

Lower Lea Valley

With nearly four miles of tidal and non-tidal rivers and canals criss-crossing the Lower Lea Valley, water sits at the heart of our approach to the Valley's regeneration. Strengthening and adding to the network of waterways and parkland and creating a new urban realm that will be unique to London, with 250 hectares of new and improved public space linking the Lea Valley Regional Park to the Thames has been a key aim. Encouraging development at Stratford, Canning Town, Bromley by Bow and Hackney Wick to create a thriving centre with new homes and access to schools healthcare leisure and shopping. New office and retail developments will create a working Valley with 50,000 new jobs along with programmes to help people take advantage of new opportunities. Improving connections across and through the Lower Lea Valley with new bridges, improved pathways and roads to ensure movement in and through but also to the growth drivers. With the Olympic Park to the north we aim to capitalise on the benefit that the 2012 London Games will bring ensuring that it is extended over a wider area and has a long term impact.

New bridges, improved pathways and roads in the Lower Lea Valley

Canning Town

Canning Town

At the southern end of the Lower Lea Valley, Canning Town and Custom House form the centre of the UK's 6th largest regeneration scheme. LTGDC is helping to transform this deprived but well connected area which during the next 15 years will see over £3.7 billion invested in its renewal. Our extensive involvement and investment has ensured starts on sites that will deliver up to 10,000 new and refurbished homes and over 3,500 new jobs along with a vibrant town centre, leisure and retail facilities, higher quality green space and greater opportunities for new and existing residents.

At the heart of the development is the £600 million scheme led by Bouygues UK at Canning Town which will create 1,100 mixed tenure homes and 60,000 square metres of retail, offices and leisure facilities. Morrisons were secured this year as anchor retailer for the first phase made up of a 7,200 square metre supermarket development and 170 residential units. With its emphasis on sourcing produce from UK suppliers and making fresh food in store, the potential for local job creation is substantial. With a planning application recently submitted construction work is expected to start early in 2012 with completion expected in summer 2014.

LTGDC has worked with Newham and English Cities Fund on the neighbouring Rathbone Market scheme, a crucial element in delivering wider regeneration of the area. The 70,000 sq m scheme includes a 22 storey residential tower, retail, cafes, and a market square with improved pedestrian links and over 650 new homes. The first phase of 270 homes and ground level retail is on site and due to be completed in 2012. Working with the Mayor for London and the Homes and Communities Agency, LTGDC's £1.5 million investment enabled the £180 million scheme to start.

LTGDC's £2 million investment in clearance at Fife Road has maintained momentum in the redevelopment. Here, Countryside Properties has started on the development of 600 homes together with a primary school, community facilities and high quality open space.

Work is also well advanced on improving pedestrian access between Canning Town Station and Barking Road by remodelling the Canning Town roundabout. It was through LTGDC's involvement in project management, design and support in securing CIF funds, as well as a significant contribution of section 106 funds, that saw work on this scheme commence and will see completion by December 2012.

During the next 15 years Canning Town will see over £3.7 billion invested

Olympic Arc - Stratford

During the year Stratford has benefited from concerted LTGDC investment and intervention on many fronts. Our £10 million investment to dramatically improve Stratford High Street that commenced in March 2010 was completed on time and on budget this year. Marking one of the largest public realm investments in the area outside of the Olympic Park, Stratford High Street with its new pavements, lighting, improved street furniture, new shrubs and trees is now a fitting global advertisement of the areas worth to the international audience watching the 2012 Games, as well as an early legacy benefit to the local community. Additionally in November work started on the refurbishment of the former Stratford Market station building. The refurbishment will bring the Victorian station building back into use and provide a vital link to the new Stratford High Street DLR station being constructed nearby.

The £33 million University Square Stratford scheme that will see Birkbeck and University of East London combine to provide higher education courses to 3,400 students gained planning consent in November. At 8,500 square metres the innovative coming together of two distinct institutions has been credited by the Higher Education Funding Council for its alignment of educational delivery with regeneration aims to both re-skill and up-skill students to enhance employment opportunities. LTGDC provided substantial funding and guidance for the project. Building will begin on site in July 2011 and is scheduled for completion in summer 2013.

Making Stratford a destination of choice after the London 2012 Games will include refining and promoting its cultural offer. An initiative launched by LTGDC aims to do just this by bringing together Stratford's cultural assets – Stratford Picture House, Theatre Royal, Stratford Circus and the new Stratford University Square – to create a vibrant cultural quarter at Theatre Square . The vision for Theatre Square and the wider Cultural Quarter was produced by Make Architects with LTGDC funding and an initial phase of 'quick win' public realm projects have been completed.

Our £10 million investment has dramatically improved Stratford High Street

Olympic Arc - Hackney Wick

Hackney Wick is a prime location that can play a linking role connecting the Olympic Park to the existing communities of Hackney and Tower Hamlets. Three miles from Canary Wharf and less than a mile from Stratford, this area, comprising under used industrial land and some residential, is ripe for transformation into a thriving hub for creative businesses, building on the concentration of creative industries that are already there. With Hackney Wick to the north of the Hertford Union Canal and Fish Island to the south, the area is surrounded by canals, dissected by the London Overground line and circled by the A12.

LTGDC's recent acquisition of seven land plots and buildings around Hackney Wick Station will be developed to generate new housing, business space for creative industries, improved connections within the area, new public space and better station facilities.

Working with Hackney Council, Tower Hamlets Council and British Waterways, LTGDC has injected £3 million into improving access through Hackney Wick and Fish Island. Focusing on pedestrians and cyclists, the investment will see neglected alleyways and paths widened, under passes resurfaced, road layouts altered and towpaths improved.

LTGDC has injected £3 million into improving access through Hackney Wick and Fish Island

Olympic Arc - Bromley by Bow

LTGDC is working to realise Bromley by Bow's potential. Embarking on land assembly in strategic locations – aided by our compulsory purchase powers – and driving improvements for access across the A12 and the river, our vision is to link residential communities while creating the right environment to secure investment in new homes, workspace, schools and neighbourhood facilities.

At Imperial Street/Hancock Road planning consent was secured for a new district centre comprising a Tesco superstore, independent retail units, a primary school, a library, a hotel, 454 homes and open space. Tesco entered into an indemnity agreement to cover the costs of LTGDC using its CPO powers to assemble land to support comprehensive development of the area. A decision by the Secretary of State on the CPO is awaited. Improved access is also a key feature of the development with a new all movements junction on the A12 incorporating a pedestrian crossing and improvements to the Bromley by Bow station subway.

To the north of the Tesco scheme we continue to work with East Thames and Southern Housing Group on their mixed use residential development. Acquiring the Leycol printer's site in the northern boundary of the district centre scheme, LTGDC aims to ensure complementary development. A planning application is currently being prepared for the area and will be submitted in summer 2011.

With the addition of the St Andrew's Hospital development already under construction, Bromley by Bow is set to experience heightened development and a corresponding increase in demand for local transport services. Working with Transport for London, London Underground, Tower Hamlets Council and Design for London, LTGDC is bringing forward plans for improving Bromley by Bow station. Providing step free access and station design to accommodate the forecasted increase in passenger usage later phases aim to bring about a new station entrance and public square.

Work on delivering the first new signalled road junction and pedestrian crossing on the A12 at Lochnagar Street commenced in November 2011. Delivered by Transport for London with LTGDC funding, the scheme will unlock the potential of sites in Poplar Riverside and provide a shorter and safer link to currently isolated communities. Completion is expected to be in July 2011.

LTGDC is working to realise Bromley by Bow's potential

Lea River Park

The Lea River Park is at the heart of LTGDC's ambitions to transform the Lower Lea Valley with new, high quality parklands and enhanced waterway access. The first phase will create a two mile park heading south from the Olympic Park to the Thames at East India Dock re-connecting communities and unlocking the development potential of neighbouring sites. Acting as the Park's backbone the linear route will incorporate footpaths, cycle ways and bridges in a £15 million development by LTGDC to improve north south travel in the Lower Lea Valley. The parkland route received planning consent in July 2010 and subject to confirmation by the Secretary of State of the compulsory planning order to assemble the land and rights needed for the route, construction is expected to start this year.

The impoundment works at Three Mills Wall River and Prescott Lock delivered by LTGDC with the ODA, TfL and British Waterways were aimed at creating a permanent navigable water level that would allow for the take up of commercial water freight and also increased leisure activities along the River Lea. In consequence of this investment, British Waterways successfully staged a competitive tender for a water bus operator to service the Olympic Park and surrounding area and LTGDC with British Waterways and the Olympic Delivery Authority have funded new moorings at Three Mills and Old Ford Lock to allow the new boat service to start operating between Limehouse Basin, Three Mills and Old Ford Lock in summer 2011.

The construction of the Olympic Park and proposed major new residential developments at Sugar House Lane and Bromley by Bow has prompted the recognition for improved crossings as well as driving a renaissance in waterside development. LTGDC has been fully engaged in making these connections and driving the regeneration of east London's waterways. Our plans for a new bridge and suspended pathway under the Bow roundabout will connect the River Lea towpath and create a continuous and safe route for pedestrians and cyclists. The £2.4million development is well underway and will be completed in July 2011 and enable walkers and cyclists to travel uninterrupted from the River Thames and over 28 miles to the Hertfordshire countryside.

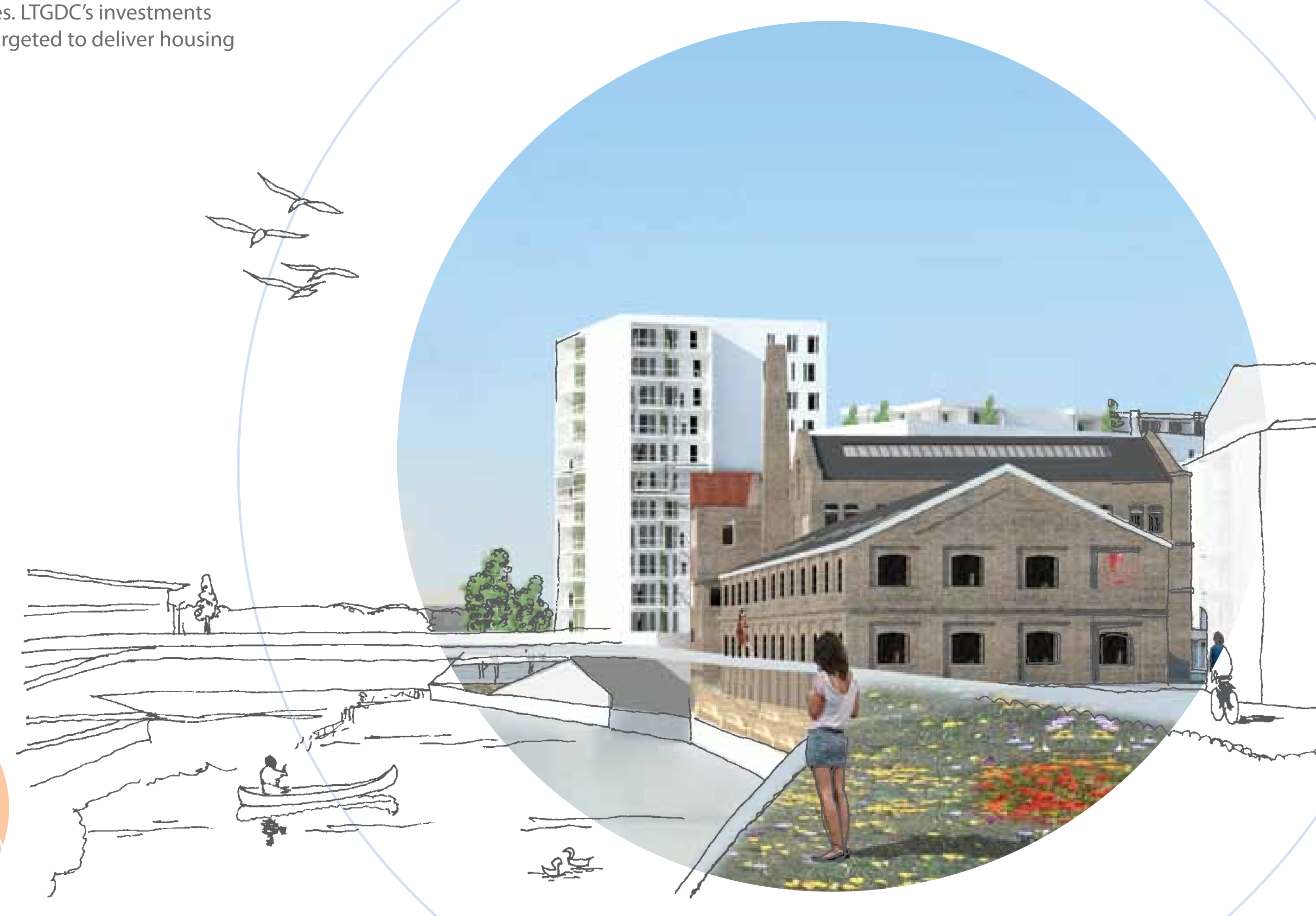
A new bridge and suspended pathway will connect the River Lea towpath and create a continuous route for pedestrians and cyclists

London Riverside

London Riverside has land to accommodate 20% of London's projected housing growth to 2016. It also contains 223 hectares of brownfield land available for development and employment use and is set to contribute 10% of London's jobs growth. Home to 645 hectares of protected natural habitat in Rainham Marshes it hugs the Thames in the east with over 19 miles of river frontage. London Riverside sits in a strategic location not only to east London but for the whole of the Thames Gateway.

LTGDC's activities aim to create a thriving, distinctive and integrated region with lively residential neighbourhoods, vibrant town and village centres, and industrial and mixed use quarters combined with attractive green and open spaces. LTGDC's investments are targeted to deliver housing growth in the form of well designed sustainable homes to meet local and regional needs. At Dagenham, Beam Reach and Ferry Lane we have been investing to create the conditions for new jobs in sustainable technologies, business services, logistics and creative industries.

London Riverside contains 223 hectares of brownfield land available for development and employment use



Barking Riverside

With east London expected to provide close to half of the capital's housing capacity by 2016, the challenge for London Riverside is both to attract more economically active people and to improve the offer to existing residents. Our investment this year in Barking Riverside (a joint venture between Bellway and the HCA) has kick started the delivery of the first homes in the 10,800 home scheme. Bellway started construction on one of their first sites earlier in the year and LTGDC will be starting on the direct development of 64 new family homes - half of which will be provided for affordable tenures by Southern Housing Group - with completion targeted for March 2012. Along with the start of house building on site, LTGDC's investment has prompted progress on the Rivergate Centre, a new community hub facility housing an exemplar three form entry primary school that is due to open this autumn. In addition, LTGDC provided £500,000 to London Borough of Barking and Dagenham to provide new pedestrian links for the existing community at Barking Riverside to ensure that the new facilities benefit the whole area.

Our investment in Barking Riverside has kick started the delivery of the first homes in the 10,800 home scheme

Barking Town

Barking has suffered under investment and competition from other centres yet its town centre has excellent public transport links with central London, a rich history and a broad cultural offer. LTGDC's interventions have helped provide new retail and leisure provision, space for creative and cultural industries, new housing and improved public realm. Together these interventions are revitalising the town.

At Abbey Road, to the west of the town centre, our efforts to add much needed character to the area and attract new businesses has continued to progress well.

The Malthouse, which we refurbished, continues to house successful creative businesses – Arc Studio, 5 Arts Drama Company, visual artists and photographers.

We sold the Granary Building in 2009 after a programme of remediation to Rooff (building contractors) on the undertaking that they restore the building for their own occupation and add a modern extension for letting to creative industries. The building works will be completed by July 2011 and are to a high standard.

The remainder of the site has been assembled through negotiation and compulsory purchase. The Compulsory Purchase Order was confirmed during the year which will enable the acquisition of the final two remaining properties, owned by RS Foods and Wigzells, to be completed and demolition works to commence. The next phase in the development will see the construction of four new buildings yielding 800 square metres of commercial space for creative industries and 270 new homes. Bouygues UK were selected to develop the site after a lengthy procurement process which began at the low point of the market. Advancing to this stage is a significant achievement marking the success of LTGDC's approach in land assembly, design and planning consent to provide shovel ready development opportunities for private investment.

In September 2010 we obtained planning consent for the development of our 6 hectare site at Jenkins Lane on the junction of the A13 and the A406 (North Circular). The consent provides for 15,000 sq metres of industrial/warehousing accommodation and 3 car showrooms. Following a marketing campaign an exclusivity agreement for the sale and development of the site was entered into with Kier Developments in partnership with Bournelodge Developments. We anticipate that contracts will be exchanged before the end of 2011 with a start on site early in 2012.

LTGDC has helped provide new retail and leisure provisions

London Sustainable Industries Park

Analysis suggests that 40% of jobs growth to 2014 in London will be driven by low carbon environmental goods and services. Capturing a significant proportion of this growth for east London could generate over 6,000 additional jobs for local people and is the basis behind our ambitious plans for developing the London Sustainable Industries Park (London SIP) at Dagenham Dock. LTGDC continues to progress the development of this 25 hectare site which will accommodate a range of environmental technology businesses, sustainable green industries and high technology investors. Planning permission has now been secured for new road infrastructure and landscaping, with works programmed to start in summer 2011. Closed Loop, the world's first food grade and mixed plastics recycling plant, announced the £12million expansion of their plant which will double their plastics recycling capacity to 65,000 tonnes. Construction is expected to begin this autumn.

Thames Gateway Power, who will provide sustainable energy to tenants on the park and local households, gained planning approval and an Environmental Permit during the year to build a state of the art gasification plant. Completion of the site sale and start on site is scheduled for October 2011. It signals a £75million investment to east London and 35 permanent jobs.

Agreement was reached during the year with adjoining occupier CEMEX to swap land parcels to consolidate our land holdings south of Choats Road and enable the construction of a new access road into the site. Following this transaction we secured planning permission and agreed terms with the TEG Group for the sale of a 2.5 hectare site. To help attract this occupier to the site a £1.9 million injection of funding was secured from the London Waste and Recycling Board. The new anaerobic digestion plant will convert 70,000 tonnes of food waste into electricity and biogas. LTGDC is also close to agreeing terms with other businesses that are keen to exploit the location benefits that the London SIP affords.

The majority of the LTGDC write offs for 2010/11 has been incurred on the London SIP sites. The rationale for LTGDC intervention at Dagenham Dock is to bring forward the London SIP based on both a market failure argument and on a social equity rationale. Without public sector intervention to bring forward the London SIP it is likely that the private sector would over time develop the site for open storage, distribution and lower added value, general industrial uses.

The planning permission approval for the London SIP design of the infrastructure and landscaping which includes extensive environmental assessment requirements for flood attenuation and ecology has enabled LTGDC to determine the net developable area of the LondonSIP sites. Due to these requirements this developable area is now less than previously estimated. This has impacted on the site valuations.

The agreed land terms referred to above have also set the guide land valuations for the overall scheme. In this regard, the LondonSIP focuses on the emerging sector for environmental technologies and whilst there is increasing interest in the sector and demand is growing, banks and other funding institutions continue to treat it as novel and this sets a cautious approach with the application of slightly lower yields and resultant lower land values. This coupled with the reduction in developable area has determined the applicable amount of write off for the London SIP sites.

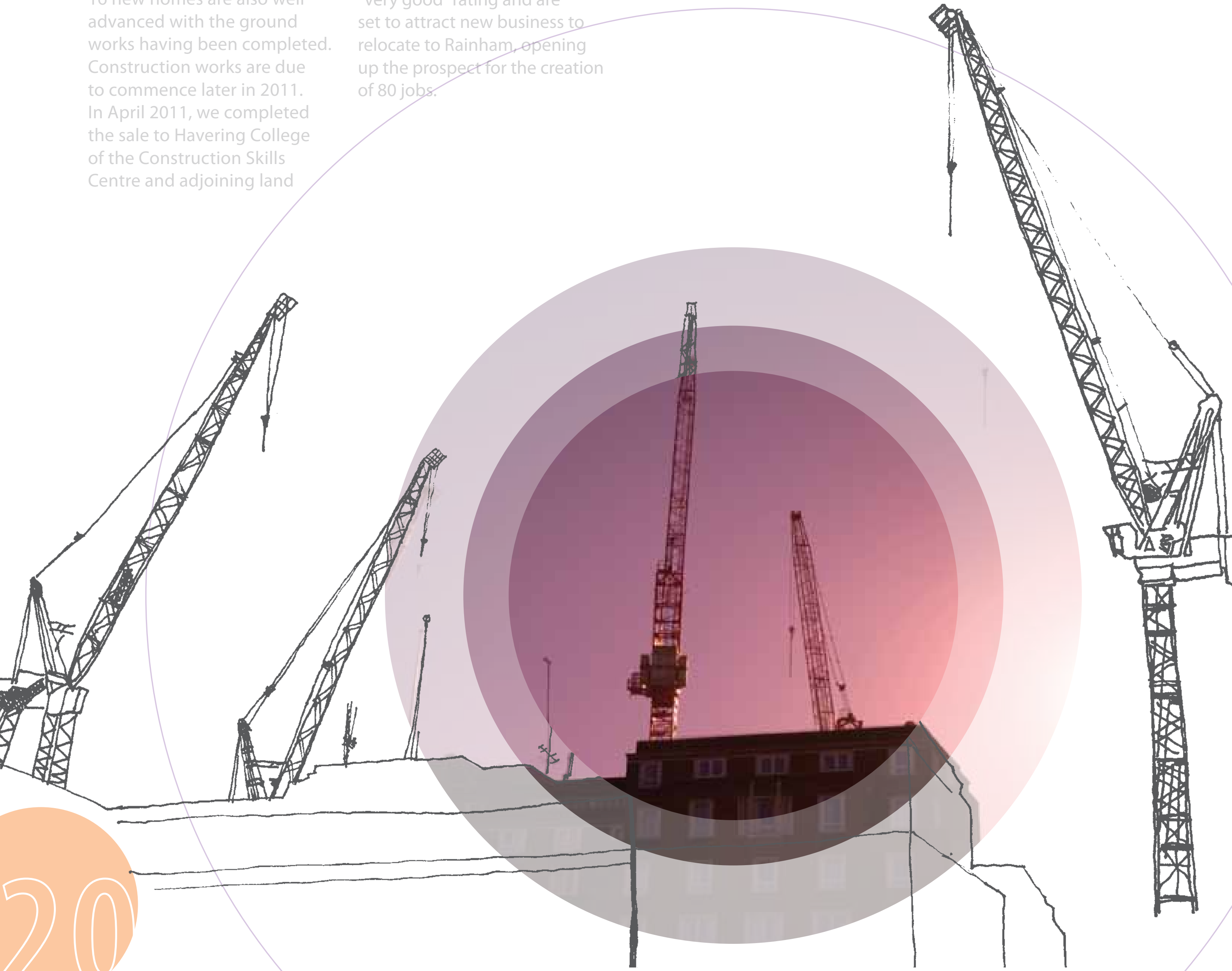
In general, whilst there has been some growth in commercial property values in Central London, the property market elsewhere remains weak and valuers continue to take a cautious approach. In certain areas such as potential residential sites, where hope values had been incorporated previously into site valuations, the valuers have now moved back to valuing sites on an existing use basis. This has also impacted on the resultant write-offs incurred by LTGDC sites during 2010/11.

Rainham

Rainham Village retains much of its historic character but requires investment to reach its potential as a desirable centre for the local community.

The new bus-rail transport interchange at Rainham Station was completed early in 2011 with funding from Transport for London and LTGDC and will open later in the year. On the adjoining site, plans for a new £7.5million library and community building with 16 new homes are also well advanced with the ground works having been completed. Construction works are due to commence later in 2011. In April 2011, we completed the sale to Havering College of the Construction Skills Centre and adjoining land for the development of a new campus. There is one portion of land remaining in our ownership where we are currently seeking a residential development partner.

At Lamson Road we reconstructed a previously derelict warehouse and created five new self contained high quality and well designed business units which were completed in April 2011. Overlooking Rainham Marshes, the units are built to BREEAM "very good" rating and are set to attract new business to relocate to Rainham, opening up the prospect for the creation of 80 jobs.



Education and Skills

Investing in education is vital if we want to see the genuine transformation of east London and a long term legacy. Over the last 5 years LTGDC has committed 5% of its capital programme towards school building programmes, a £9.5 million investment. Allied to this LTGDC has delivered £2 million in revenue grants to schools to raise pupil attainment and aspiration especially by providing employment skills and bringing them in direct contact with businesses. LTGDC's investment is paying real dividends with the best improvement in GCSE results in the five Boroughs where LTGDC programme has focused and closing the gap with exam results to other parts of London. GCSE results in Barking and Dagenham, Hackney, Newham and Tower Hamlets were all higher than the national average.

Schools that have benefited from LTGDC's support continue to make outstanding progress.

Schools that have benefited from LTGDC's support continue to make outstanding progress. Rokeby School in Newham – the first recipient of LTGDC funding and support – opened a new £28 million school building this year. The new building features wider corridors, brighter classrooms and both a high specification and large sports hall. Academic achievement have been improving year on year increasing the number of student gaining A-C grades from 18% to 64% this year.

A £950,000 refurbishment at Eastbury School in Barking and Dagenham has seen classrooms transformed into cutting edge laboratories for sports science and maths as well as a state of the art learning resource centre to improve teaching. Over half of Eastbury pupils achieved 5 GCSE A-C, a rise of 10% on the previous year.

St Paul's Way Trust School in Tower Hamlets opened its new £36million facility this year including the new science facilities delivered with a £1 million grant from LTGDC. The school has been awarded Faraday status for its science curriculum and is now attracting sponsorship from business. In 2010 46% of students achieved 5 GCSE A-C grades compared to only 29% in 2009.

Cuts in public expenditure have meant that revenue funding is no longer sufficient to provide further revenue grant to schools, but the capital programme continues.

Planning

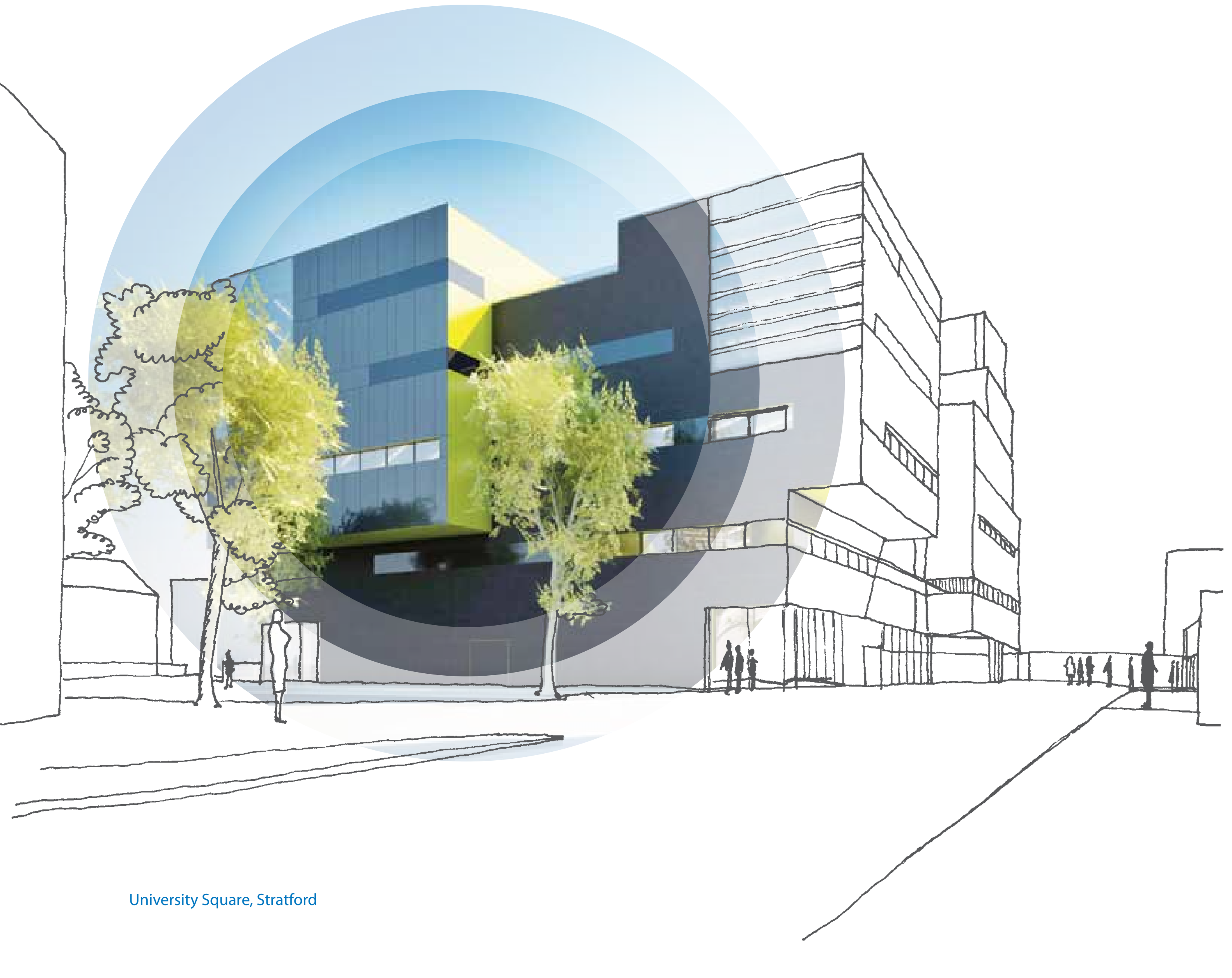
During the year, LTGDC received 181 planning applications and determined 193. Of these we approved 190 which have the capacity to deliver 4,196 new homes (broadly comparable with the previous year), of which 410 will be affordable. We have also approved applications which, when implemented, should deliver 1,335 jobs. Cumulatively, LTGDC has agreed developments which will generate 17,896 residential units (including 4,048 affordable units) and commercial developments which will generate almost 14,500 jobs.

Through our Planning Obligations and Community Benefits Strategy we have continued to implement our locally based tariff for financial contributions to infrastructure provision.

To date we have agreed more than £120 million of contributions to infrastructure. We have received almost £6 million in planning tariff and other planning obligation contributions (section 106 agreements) and have started to invest it in energy, environmental and highway infrastructure. Agreements signed during the past year will generate £37 million in planning obligation payments.

With the return of planning powers back to local councils making up London Riverside our positive planning approach will leave a legacy of high quality mixed use developments and attached infrastructure funding in Barking and Dagenham and Havering. In Newham a major investment at Beckton Sewage Treatment Works will significantly reduce the odour contour opening up development opportunities in Gallions Reach as well as making planned residential development at Barking Riverside even more attractive.

To date we have agreed more than £120 million of contributions to infrastructure



University Square, Stratford

Statutory Background

The LTGDC was established under the provisions of Schedule 26, sections 134 and 135 of the Local Government Planning & Land Act 1980 to bring about the regeneration of the Lower Lea Valley and London Riverside.

LTGDC came into existence on 26th June 2004 as a result of the London Thames Gateway Development Corporation (Area & Constitution) Order, Statutory Instrument 2004 No.1642, and became operational on the appointment of the Chairman and Board Members on 1st November 2004.

The LTGDC is the planning authority for relevant applications under the provision of s.149 of the Local Government, Planning & Land Act 1980.

Aims and Objectives of the Development Corporation

The aim of LTGDC is to promote and deliver sustainable regeneration and growth of the London Thames Gateway within the context of the national policies set out in the Department for Communities & Local Government's Sustainable Communities Plan, the strategies for the wider Thames Gateway sub-region and the Spatial Development Strategy for Greater London ("London Plan")

LTGDC's statutory objectives are to:

- bring land and buildings into effective use
- encourage the development of existing and new industry and commerce
- create an attractive environment
- ensure housing and social facilities are available to encourage people to live and work in the area.

In order to pursue these duties the LTGDC has the following powers:

- to 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
- generally do anything necessary or expedient to meet this purpose.

LTGDC's Operational Area

LTGDC's designated boundary is split into two areas and includes land in six boroughs - the Lower Lea Valley (London Boroughs of Hackney, Newham, Tower Hamlets, and Waltham Forest), and London Riverside (London Boroughs of Barking & Dagenham, Havering, and a different part of Newham).

It is a limited life organisation, wholly financed by the Department for Communities & Local Government with a Board of Directors appointed by the Secretary of State.

The aim is to promote and deliver sustainable regeneration and growth of the London Thames Gateway

Statement of Board and Members' responsibilities

The Chairman and Board Members have overall responsibility for the conduct of the business of LTGDC, both for ensuring that it meets the statutory responsibilities and for the quality of its management. This includes responsibility for the stewardship of public funds so as to ensure the highest standard of regularity, propriety, and value for money from all financial transactions. Members are responsible, subject only to the directions of the Secretary of State and the advice of the Accounting Officer, for determining the Development Corporation's strategy and for developing its policies and programmes.

The Financial Memorandum to the Development Corporation, together with the internal delegations, set out a number of matters that require specific Board and Departmental approval and authorisation limits. In addition, the Board has agreed a Code of Practice for Board Members based on the Cabinet Office guidance.

The Development Corporation has formally appointed a Resources Committee, an Audit and Risk Committee, and a Planning Committee.

Board Composition and Committee Memberships

The Development Corporation was established with a Board of 13 Members. As part of the Government's alterations to the delivery arrangements for regeneration in east London, the size of the LTGDC Board was reduced over the year to 11 members – there is currently one vacant post for a representative from the London Borough of Tower Hamlets. The Board Chairman, Bob Lane, is an ex officio member of both the Audit and Risk and Resources Committees.

The Board Members provide the Development Corporation with a strong connection with the principal stakeholders within the local communities, and the private and public sectors.

The Resources Committee of the Board is responsible for approving material and contentious expenditure and advising the LTGDC Board on budgets, management systems, financial policies, and human resource policies. The Resources Committee met 6 times between 1 April 2010 and 31 March 2011.

The Audit and Risk Committee of the Board advises the Accounting Officer and the Board on the adequacy of the Corporation's risk management and internal control arrangements. The Audit and Risk Committee met 4 times between 1 April 2010 and 31 March 2011.

The primary function of the Planning Committee is to be the decision maker on all planning applications to be determined by the Development Corporation and applications to be considered by the Mayor or Secretary of State. It considers, and also advises the Board, on strategic planning and planning policy issues and the preparation of planning and regeneration plans and frameworks within the UDC area. It met 12 times between 1 April 2010 and 31 March 2011.

The Executive

The Executive is led by Peter Andrews who is the Chief Executive and Accounting Officer.

The Executive is responsible for delivering the strategy set by the Board.

Board Composition and Committee Memberships during 2010/11

	Audit and Risk	Planning	Resources
Current Board Members			
Bob Lane (Chairman)	✓	-	Deputy Chair
Sheila Drew Smith	✓	-	✓
Imtiaz Farookhi	Chair	-	✓
Stan Hornagold	-	-	Chair
Conor McAuley	-	Chair	-
Mick McCarthy	-	✓	-
Guy Nicholson	-	-	✓
Sylvie Pierce	-	✓	-
Michael White	Deputy Chair	-	-
Roger Evans	-	-	-
Board Members Who Left During 2011			
Ohid Ahmed	✓	-	-
Ken Giles	✓	-	-
Dru Vesty	-	Deputy Chair	-
Non Board Members			
Paul Clarke (co-opted)	✓	-	-
Alan Clark (co-opted)	-	✓	-
Richard Turner (co-opted)	-	✓	-
Malcolm Chumbley (co-opted)	-	✓	-
Neil Deely (co-opted)	-	✓	-
Dru Vesty (co-opted) – New Appointment	-	Deputy Chair	-

Attendance at meetings

Name	Board	Audit and Risk	Planning	Resources
Current Board Members				
Bob Lane (Chairman)	9:9	4:4	-	5:6
Sheila Drew Smith	7:9	1:1	-	3:6
Imtiaz Farookhi	7:9	4:4	-	5:6
Stan Hornagold	9:9	-	-	6:6
Conor McAuley	9:9	-	10:12	-
Mick McCarthy	5:9	-	4:12	-
Guy Nicholson	7:9	-	-	5:6
Sylvie Pierce	7:9	-	8:12	-
Michael White	6:9	0:4	-	-
Roger Evans	7:9	-	-	-
Board Members Who Left During 2011				
Ohid Ahmed	0:2	0:1	-	-
Ken Giles	3:4	1:2	-	2:3
Dru Vesty	5:5	-	12:12	-

Note: Further information about the periods of appointment is contained in the Remuneration Report at Page 30.

Format of the Financial Statements

The Financial Statements for the year to 31 March 2011 have been prepared in accordance with the Accounts Direction issued on 31 March 2010 by the Secretary of State, with the consent of HM Treasury and in accordance with paragraph 10(3) of schedule 31 to the Local Government, Planning and Land Act 1980.

Employee Relations

LTGDC is an equal opportunities employer. All applicants are given full and fair consideration and are judged on the merit of their qualifications and experience in relation to the particular requirements of the post.

The LTGDC aims to promote and maintain good relations with staff through an open management style and with informal and regular consultation at all levels.

The LTGDC incurred 138.50 days of staff sickness absence from its 42.90 FTEs (see note 4) during 2010/11. This equates to an average of 3.2 days per FTE for 2010/11.

Better Payment Practice Code / Trade Creditors

The LTGDC supports the Better Payment Practice Code and aims to pay all undisputed invoices within the due date and wherever possible within 10 working days from the receipt of invoice. For the 12 months to 31 March 2011 35% of undisputed invoices were paid within 10 days and 89% within 30 days.

Expressed as a number of days, the proportion that is the aggregate amount owed to trade creditors at the year end compared with the aggregate amount invoiced by suppliers during the year, is 75 days.

It is the LTGDC's policy to agree the terms of payment with suppliers when contracts are signed and pay invoices in accordance with the contract.

Open Government and Freedom of Information

As a public body, the LTGDC is committed to the principles of open government, customer service information provision and value for money.

LTGDC complies with the Freedom of Information Act 2000.

The LTGDC has an Information Risk Management Policy, which has been developed using guidelines and best practice from the government.

Sustainable Development Policy

The LTGDC's Sustainable Development Strategy and policy has been implemented which sets out the environmental, social and economic requirements and standards for developments that the LTGDC is promoting.

For development of its sites, or where it provides funding, LTGDC requires minimum standards in line with those set by the GLA and the Homes and Communities Agency under the Code for Sustainable Homes (residential developments) and BREEAM (non-residential developments) have been set to be in line with those set by the GLA, the Homes and Communities Agency which are higher than the building regulations. However, The LTGDC will look to work with developers to exceed these minimum standards.

Key Performance Indicators

The LTGDC has agreed with CLG that its performance will be measured on the outputs delivered as a result of its project activities. The core output measures are:

- Housing Units
- Permanent FTE Jobs
- Private Sector Investment
- Brownfield Land remediated
- Commercial floor space
- Green or Open space created

Output Type	Definition	Calculation Method/ Assumptions
Housing Units	**Number of new housing units** includes private sector housing and non grant funded affordable housing. One discrete housing unit (e.g. house, flat) comprises one housing output regardless of size.	• Actuals counted on physical completion of the individual unit or, in the case of flats, on physical completion of the block. The property must be habitable. • If density is unknown at the time of forecasting an average density of 115 units per hectare is assumed with a private/ affordable housing split of 65%/35%
Permanent FTE Jobs	**Number of FTE jobs created** includes permanent (post exists for one year or more), full time or equivalent jobs that arise as a result of LTGDC funding. A full-time job is defined as one that involves working a standard 30 hour week or longer (excluding breaks) and is filled. Part time jobs should be converted to full time equivalent jobs on a pro rata basis with anything over 30 hours treated as full time.	• Actuals counted when permanent, full time or equivalent jobs have been filled for one year. • For forecasting purposes a calculations of future job outputs can be made from floorspace densities set for different types of commercial development. • The unit of measurement is the job and not its occupant, therefore, if more than one person occupies the job within a year it can only be claimed once.
Private Sector Investment	The amount of **Private Sector Investment** in the project from the private sector as a result of the initial LTGDC funding. Includes direct contributions from the private sector plus the gross development value of completed commercial space and housing units.	• Actuals counted on practical completion of the property to which the PSI relates unless the developer provides interim reports of expenditure levels. There must be no double counting where both types are counted. • For forecasting purposes the Gross Development Value can be calculated from the average expected sale value of residential units and commercial space (based on yields)
Brownfield Land remediated	Amount of **land remediated**, where **remediation** is making the land fit for use by removing physical constraints to development or improving the land for a soft end use. This could include dealing with contamination, existing surface and buried structures, stabilisation, levelling, provision of flood defences, and the provision of other significant infrastructure without which the land could not be re-used.	• Actuals counted on practical completion of the works. Where a site is serviced in phases the area is counted when each phase is completed.
Commercial floor space	LTGDC use the following 3 sub groups to categorise **commercial floor space**: **Retail**: In general these are premises which provide 'off-street' goods and services to the public. They include banks, local post offices, restaurants, cafes, corner shops, super stores, launderettes, dry cleaners, photo developers, takeaways and many others. **Office**: Includes purpose-built office buildings, offices over shops, light storage and light industrial activities. Larger banks, building societies and post offices containing substantive office space may be in this class rather than the shop class. **Industrial**: Includes Warehouse and Factory. Industrial ranges from small storage units and depots to very large distribution warehouses. Factory range from small workshops to very large manufacturing units. **Other**: Includes facilities such as Hotels that do not fit into the other commercial space categories and are not being counted as leisure space.	• Actuals counted on practical completion of the building, the space should be ready for occupation. • Retail and Office Space are measured by Net Internal Area (NIA), Industrial Floor space by Gross Internal Area (GIA) • Achievement of LTGDC's standard set out in the Sustainable Development Strategy is desirable and should be included as part of the negotiations, but is not mandatory for the purposes of claiming outputs.
Green or Open space created or enhanced	**Green space** defined as parks and gardens, urban green spaces, green corridors - including river and canal banks, cycleway, and rights of way, amenity green space. **Open space** defined as hard landscaped space for the general amenity of an area including public squares and other shared surfaces. Space is counted as **Enhanced** when it has undergone physical improvements such as resurfacing, new street furniture or lighting, signage, or landscaping or has been made accessible by new or improved access routes.	• Actuals counted as new space created when the green or open space is made accessible to the public. • Counted as enhanced space when physical improvements have been completed to the area or existing space made accessible by new or improved access routes. • Green or Open space cannot be counted as enhanced within 3 years of being created or more than once in a 3 year period.

Many of the outputs will be delivered in future years and beyond the life of the organisation. The majority of work undertaken by the LTGDC in 2010/11 focused on developing sites in LTGDC ownership and supporting our partners in delivering regeneration schemes through grant funding. The investment in 2010/11 will enable the LTGDC to deliver against its core output targets in the forthcoming years and ultimately achieve the desired longer term outcomes for the Lower Lea Valley and London Riverside areas.

For 2010/11 LTGDC is able to report the following outputs have been delivered:

Output type	Output delivered
Private Sector Investment	£6.4 million
Brownfield Land Remediated	4.4 hectares
Commercial Floor Space	3,600 sq m
Green And Open Space created or enhanced	4,900 sq m

LTGDC also delivered 6,000 sq m of new community or leisure floor space, 3 km of new pedestrian routes and 3.6 km of new and upgraded roads.

Overall LTGDC expects the 2010/11 spend to result in the delivery of 1,100 new homes, 870 new jobs, £228 million of private sector investment, 5 hectares of brownfield land being remediated, 26,000 sq m of new commercial floor space and 15,000 sq m of green or open space being created by 2016.

Register of Interests

A Register of Interests is maintained by the LTGDC which is open to the public and can be obtained from the Chief Executive.

Auditors

The Comptroller and Auditor General is the statutorily appointed auditor of the LTGDC under Government Resources and Accounts Act 2000.

The cost of work performed by the auditors in respect of the year ended 31st March 2010/11 was £30,000 (2009/10 £27,500) in respect of the statutory audit of the 2010/11 financial statements.

Disclosure of Information to the Auditors

As of the date of approval of this Annual Report and Accounts,

- so far as the Accounting Officer is aware, there is no relevant audit information (being information required by the auditors in the preparation of their report) of which the Corporation's auditors are unaware; and
- 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 such information.

BOARD MEMBERS' COSTS (Audited Information)	2011 £'000	2010 £'000
Salaries	172	186
Pension Costs	-	-
Social Security Costs	14	15
Total Board Costs	**186**	**201**

		2011		2010	
Name	**Position**	**Salary £'000**	**Bonus Payment £'000**	**Salary £'000**	**Bonus Payment £'000**
Current Board Members					
Bob Lane	Chairman	45 - 50	-	40 - 50	-
Sheila Drew Smith	Board Member	10 - 15	-	10 - 15	-
Imtiaz Farookhi	Board Member	10 - 15	-	10 - 15	-
Stan Hornagold	Board Member	10 - 15	-	10 - 15	-
Conor McAuley	Board Member	10 - 15	-	10 - 15	-
Mick McCarthy	Board Member	10 - 15	-	10 - 15	-
Guy Nicholson	Board Member	10 - 15	-	10 - 15	-
Sylvie Pierce	Board Member	10 - 15	-	10 - 15	-
Michael White	Board Member	10 - 15	-	10 - 15	-
Roger Evans	Board Member	10 - 15	-	5 - 10	-
Board Members Who Left During 2011					
Ohid Ahmed	Board Member	0 - 5	-	10 - 15	-
Kenneth Giles	Board Member	5 - 10	-	10 - 15	-
Dru Vesty	Board Member	5 - 10	-	10 - 15	-

Ohid Ahmed:	Joined LTGDC on 01/04/07 and left on 21/06/10
Kenneth Giles:	Joined LTGDC on 01/11/04 and left on 30/09/10
Dru Vesty:	Joined LTGDC on 01/11/04 and left on 31/10/10 She continued to be a member of the planning committee but as an independent member as from 01/11/10

Board members have not received any benefit in kind in the financial year 2011 and 2010.

The current Chairman has a time commitment of two days per week. The remaining Board Members have a time commitment of 3 days per month.

Board Members attendance at Board meetings is shown in the Annual Report section.

The previous Chairman and Deputy Chair are entitled to pension benefits through a scheme operated under broadly the same rules as the Local Government Pension Scheme (LGPS). The scheme is unfunded with benefits being paid as they fall due by the LTGDC. The value of the accrued pension benefits payable to the previous Chairman and Deputy Chair as at 31 March 2011 have been calculated by the scheme actuary as £87,000. The current Chairman has no pension entitlement.

Unfunded by-analogy Pension Scheme (Audited Information)

Financial Assumptions

The financial assumptions used for the purposes of the IAS 19 calculations as at 31st March 2011 and 31st March 2010 are shown in the table below.

	2011	2010
Discount Rate	5.60%pa	4.60% pa
Rate of increase in salaries	4.90%pa	4.29% pa
Rate of increase in pensions in payment	2.65%pa	2.75% pa
CPI inflation assumption	2.65%pa	n/a
RPI inflation assumption	n/a	2.75 %pa

See Note 4 for Statement on CPI/RPI usage.

Present Value of scheme liabilities

	Value at 2011 £ '000	Value at 2010 £ '000
Liability in respect of		
Active members	-	-
Deferred Pensioners	-	-
Current Pensioners	87	104
Total present value of scheme liabilities	**87**	**104**

Liabilities are valued on an actuarial basis using the Projected Unit Method.

Movement in scheme liability

	2011 £'000	2010 £'000
Scheme liability at the beginning of year	104	69
Movement in the year:		
Current service cost (net of employee contributions)	-	-
Interest costs	4	4
Employee contributions	-	-
Actuarial loss / (gain)	(5)	55
Benefits paid	(4)	(23)
Past service cost	(12)	-
Net individual pension transfers-in	-	-
Settlements and curtailments	-	-
Scheme liability at the end of year	**87**	**104**

Expense to be recognised in Statement of Comprehensive Net Expenditure

	2011 £'000	2010 £'000
Current service cost (net of employee contributions)	-	-
Interest cost	4	4
Past service cost	(12)	-
Settlements and curtailments	-	-
Total expense / (income)	**(8)**	**4**

Staff Costs

Details of the Key Managers (Directors) emoluments for the year were as follows:

		2011			2010		
Name	**Position**	**Salary £'000**	**Bonus**	**Total**	**Salary £'000**	**Bonus**	**Total**
John Allen	Director of Planning	105 - 110	5 - 10	110 - 115	105 - 110	5 - 10	110 - 115
Peter Andrews	Chief Executive Officer	130 - 135	10 - 15	145 - 150	130 - 135	10 - 15	145 - 150
Steve Oakes	Director of Development	110 - 115	0 - 5	115 - 120	75 - 80	-	75 - 80
Ian Short	Deputy Chief Executive	110 - 115	5 - 10	115 - 120	110 - 115	5 - 10	120 - 125
Wayland Pope	Director of Development	-	-	-	5 - 10	-	5 - 10

Wayland Pope: Left LTGDC on the 25/04/2009

The Deputy Chief Executive was seconded to The Institute for Sustainability (IfS) from 01/03/2010 to 31/03/2011. LTGDC is not receiving any reimbursement from the IfS for this secondment. The post was made redundant at LTGDC on 31/03/2011.

Senior managers have not received any benefit in kind in the financial year 2011 and 2010.

The information in the table above is audited.

'Salary' includes gross salary; recruitment and retention allowances and any other allowances to the extent that they are subject to UK taxation.

The LTGDC also received the services of Kevin Whittle as Head of Policy, seconded from London Borough of Tower Hamlets for 2010/11. This service has been valued at £133 - £138k (2009/10 £125 - £130k). His secondment came to an end on 31 March 2011.

Remuneration levels for the Directors were agreed with DCLG at the time of hiring. All changes in remuneration are approved by DCLG.

The annual performance related bonuses of the Directors were payable up to 10% of their base salary. Up to 5% is based on personal performance against agreed individual targets as set by the Chief Executive, with a further 5% based on the performance of the LTGDC against the deliverables as contained in the annual Business plan. The Chairman conducted the review of the Corporations performance against these targets. All bonus payments are approved by the Chair and the Board.

Appointments are on open-ended service contracts which do not contain any pre-determined compensation on termination of office. The Chief Executive Officer is on a six month notice period, the Senior Management are on three month notice periods with other staff on one or two months notice periods.

Pension Information – Key Managers (Directors)

Name	Real increase in pension at age 60 £'000	Real increase in related lump sum at age 60 £'000	Accrued annual pension at age 60 at 31 March 2011 £'000	Total accrued related lump sum at age 60 at 31 March 2011 £'000	CETV At 31 March 2010 – using pay data at 31/3/10 but 2011 transfer factors £'000	CETV equivalent transfer value at 31 March 2011 £'000	Real increase in CETV after adjustment for inflation, market conditions £'000
John Allen	0 - 2.5	(2.5) – (5)	45 – 50	120 - 125	873	905	(3)
Peter Andrews	0 - 2.5	0 - 2.5	10 - 15	25 - 30	187	217	14
Steve Oakes	0 - 2.5	0 - 2.5	0 - 5	0 - 5	18	45	18
Ian Short	0 - 2.5	0 - 2.5	5 - 10	10 - 15	78	93	4

The information in the tables above is audited.

Peter Andrews
Chief Executive and Accounting Officer

Statement of Accounting Officer's Responsibilities

Under the Local Government Planning and Land Act 1980, the Accounting Officer for the Department for Communities and Local Government (DCLG) has directed London Thames Gateway Development Corporation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of London Thames Gateway Development Corporation and statements of its Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity and Cash Flows for the financial year.

In preparing the accounts, the Corporation is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by DCLG, 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of DCLG has designated the Chief Executive as Accounting Officer of London Thames Gateway Development Corporation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the London Thames Gateway Development Corporation's assets, are set out in London Thames Gateway Development Corporation's Management Statement published by the DCLG.

Accountability Arrangements

The Secretary of State has delegated the responsibility to me for the management of LTGDC. I am accountable both to the Secretary of State and, in my Accounting Officer role, through the Permanent Secretary, Communities and Local Government to Parliament.

Scope of Responsibility

As Accounting Officer of LTGDC, I have responsibility for maintaining a sound system of internal control that supports the attainment of agreed aims and objectives. I also have personal responsibility for safeguarding public funds and LTGDC's assets in accordance with the advice set out by the Treasury in Managing Public Money.

Through the Board and my role as Accounting Officer, LTGDC works closely with its sponsor Department, CLG. This relationship ensures all parties are kept abreast of issues, statutory requirements, Government policy and overall corporate governance.

Arrangements for Securing Accountability

Arrangements for securing accountability within LTGDC are as follows:

1. The Board

A Board has been appointed by the Secretary of State in accordance with the Code of Practice for Public Appointments Procedures issued by the Commissioner for Public Appointments. Board Members' initial appointments vary between one and three years, and the level of their emoluments is set by CLG.

The Board responsibilities include:

- setting the overall strategic direction of LTGDC 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;
- directing LTGDC in the production of the corporate strategy which will make economic and effective use of public funds;
- representing LTGDC in public, promoting its interests and communicating its aims to external stakeholders;
- making full use of any property or commercial experience, special knowledge or other relevant skills of its members in reaching decisions; and
- ensuring LTGDC's activities conform to legislative requirements and fulfilling the collective responsibility of the Board for the conduct of LTGDC's business and ensuring that LTGDC achieves maximum value for money from its administrative expenditure.

Board Members are subject to a Code of Practice which is consistent with the Guidance on Code of Practice for Members of Public Bodies published by the Cabinet Office.

The Board meets at least 6 times a year and I have regular meetings with the Chairman to discuss all relevant risks and control issues.

2. Audit and Risk Committee

The Board (the Chair of the Development Corporation) appoints Members to an Audit and Risk Committee that meets on a quarterly basis. The Audit and Risk Committee is an advisory committee with no executive authority. The Committee advises me as the Accounting Officer, and the Board on the adequacy of the Corporation's risk management and internal control arrangements. It regularly reviews the corporate risk register.

3. Resources Committee

The Board (the Chair of the Development Corporation) also appoints Members to a Resources Committee that meets on a regular basis to review progress on delivery, monitor project risks and approve certain project expenditure under delegated authority.

The Purpose of the System of Internal Control

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 LTGDC's policies, aims and objectives; evaluate the likelihood of those risks being realised and the impact should they be realised, and manage them efficiently, effectively and economically.

The system of internal control accords with Treasury guidance and has been in place in LTGDC throughout the whole year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts.

Capacity to Handle Risk

As Accounting Officer, I have ultimate responsibility for the risk management process. The responsibility for this process is on an ongoing basis and is included within the terms of reference of the Audit and Risk Committee. The Board has reviewed LTGDC's risk management strategy and reviews the risk register annually. The risk register is reviewed at each meeting of the Audit & Risk Committee and is reviewed and updated by the Executive regularly.

During the year LTGDC has monitored and responded to the changing risk environment in the following ways:

- LTGDC have reviewed and updated all the LTGDC Corporate Governance documentation. In line with good practice and the transparency requirements, these documents are publicly available.
- complying with the Government's priorities and spending restrictions imposed on all central government bodies. This included managing the spend restrictions on activities such as consultancy, advertising, communications, permanent recruitment and the use of temporary staff.
- following the announcement by the Government of the Public Bodies Review, work commenced on LTGDC's succession strategy. The planning powers for London Riverside were transferred back to the Local Boroughs on 31st March 2011. LTGDC is continuing to work with its sponsor Department (CLG) and other key stakeholders to ensure an orderly transition is achieved for de-designation.
- LTGDC has been informed that it will not receive capital funding for 2011/12 onwards from CLG. LTGDC's capital programme from 2011/12 will, therefore, be reliant on a cash advance of £5 million from CLG and generating receipts on the disposal of its sites to recycle these to fund the programme going forward. LTGDC has a site disposal programme which is being carefully monitored with formal reviews each month to ensure cashflow is adequate to support the programme. Commitments to expenditure are subject to contractually binding commitments to disposals being in place.
- LTGDC has continued its programme of site assembly through using its Compulsory Purchase Order (CPO) powers. Of the three CPOs, the Abbey Road, Barking CPO has been confirmed by the Secretary of State. The remaining two CPOs have gone to inquiry stage and confirmation from the Secretary of State is awaited. All CPOs are actively monitored and regular updates provided to the Board. The strategy for CPO incorporates measures to mitigate as far as possible, the potential reputational and financial risks associated with using CPOs.
- LTGDC has continually monitored and reviewed the potential write-downs associated with holding development assets (see Accounting Policy Note 1) throughout the year. The financial impact on future receipts has been built into the capital programme going forward.
- as the planning authority for strategic planning applications, LTGDC may incur costs associated with defending any planning inquiry at legal challenge. Some contingency funding is available from the sponsor Department to assist with covering these costs. LTGDC actively takes steps to minimise and mitigate planning inquiry and legal costs where practically possible.
- LTGDC is currently the Accountable Body for two European funded projects. These projects (FLASH and FRESH) are being delivered by the Institute for Sustainability through a Service Level Agreement. The FRESH project is accounted for by LTGDC, whilst with the FLASH project, LTGDC transfers European funds to the IfS who account for the expenditure. LTGDC is actively monitoring progress of these projects and regular update meetings are held to ensure any risks are identified and managed accordingly.

The Risk and Control Framework

LTGDC's risk and control framework is well established and is set out in the LTGDC Risk Management Strategy which includes:-

- creation of formal risk registers at corporate, programme and project level
- the identification of risks in relation to the achievement of LTGDC's objectives
- an assessment of their relative likelihood and impact
- LTGDC's response to the risks identified, taking into account its level of tolerance to risk and risk appetite
- the review and reporting of risks, ensuring the risk profile is up to date, to gain assurances that the responses are effective and when further action is necessary.

The Risk Management Strategy has been evaluated by LTGDC's internal auditors and is overseen by the Board / Audit and Risk Committee.

LTGDC has a section on risk management within the organisation's intranet. This includes the Risk Management Strategy, HMT Orange guidance and other documents to assist staff.

The corporate risk register and the programme risk register are regularly reviewed by the Executive Team. The project risk registers are regularly updated by the project managers and reported to the Resources Committee. The risk registers are reviewed by Audit and Risk Committee at each of its meetings and by the Board annually.

LTGDC has an in-house finance system which interfaces with the programme management system. The control environment around budget, purchase order and approvals are automated and this ensures compliance with internal procedures.

The Disaster Recovery and Business Continuity plan has been updated as a result of investment in new IT equipment. As a result, the planned recovery time from a major incident will be significantly improved compared to the previous solution. The Plan is due for testing before the end of July 2011.

Information Risk Management

LTGDC has an Information Management Policy, which follows government guidelines on managing information and data. All LTGDC staff have undertaken the required training.

In addition, the LTGDC Board have also completed the National School of Government's Protecting Information training (Level One).

During 2010/11 three mobile phones were lost – one was stolen, one was misplaced and one was lost as a result of a mugging incident. The phones were automatically locked, wiped, and removed from our system resulting in no loss of data. One encrypted memory stick containing non critical project information was misplaced during 2010/11. These incidents were not reported to the Information Commissioner's Office.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, and the Executive 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.

Internal Audit reviews were carried out during 2010/11 on Corporate Governance and Finance Key Control testing. A report was also produced on the risks associated with LTGDC's accountable body status for the European projects being delivered by the Institute for Sustainability. The annual Internal Audit report and opinion stated that the risk management, control and governance put in place by LTGDC were largely adequate and effective. It was highlighted there were some weakness in the processes used by the Institute for Sustainability and these needed to be addressed by strengthening the Service Level Agreements between LTGDC and the IfS. The review concluded there were no significant control issues that required disclosure in LTGDC's statement on Internal control. I look forward to further assessment of our controls by Internal Audit in 2011/12 as part of a process of continuous improvement.

My review of the effectiveness of the system of internal control has determined that there are no weaknesses that need addressing. LTGDC will ensure that continuous improvements are delivered to the system. The Board and Audit and Risk Committee have endorsed the internal control system in place and advised me that no changes are required.

LTGDC regularly reviews and updates all its risk registers in line with the risk management strategy and takes appropriate action, as required. The project prioritisation process also demonstrates how LTGDC has reacted and responded to the changing risks it faces from the external environment.

Significant Control Issues

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

Peter Andrews
Chief Executive and Accounting Officer

London Thames Gateway Development Corporation

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 the London Thames Gateway Development Corporation (the Corporation) for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, 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.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Corporation's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions issued thereunder with the consent of the Treasury.

Emphasis of Matter - Going Concern Uncertainty

Without qualifying my opinion, I draw attention to the disclosures made in note 1 to the financial statements concerning the application of the going concern principle in light of the announcement to abolish the London Thames Gateway Development Corporation, which is subject to legislation. This proposal indicates the existence of a material uncertainty which may cast significant doubt about the ability of the London Thames Gateway Development Corporation to continue in its current form and with its current functions.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions made thereunder with the consent of the Treasury; and
- the information given in the Chief Executive's Report, Corporate Governance and the Management Commentary included within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

AMYAS C E MORSE

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London. SW1W 9SP

As east London's only dedicated resource for regeneration funding and with the skills, experience and expertise of a multi disciplinary team we are making a difference and will continue to do so right up to the time that new delivery arrangements are in place.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31st MARCH 2011

The notes on pages 46 to 72 form an integral part of these Annual Accounts

	Notes	2011 £'000	2010 £'000 Restated
Expenditure			
Staff costs	4	2,721	2,766
Depreciation & Amortisation	8 & 9	881	286
Capital Project Expenditure	5a	27,754	12,747
Book Value of Development Asset Sold	5b	20	2,175
Administration Expenditure	5c	22,127	22,746
Revenue Project Expenditure	5c	841	516
Total Operating Expenditure		**54,344**	**41,236**
Income			
Operating Income	6	2,410	3,179
Total Income		**2,410**	**3,179**
Net Expenditure		**(51,934)**	**(38,057)**
Interest	6	6	8
Net Expenditure on Ordinary Activities before Taxation		**(51,928)**	**(38,049)**
Taxation	7	36	(3)
Net Expenditure on Ordinary Activities after Taxation		**(51,964)**	**(38,046)**
Net Expenditure for the period		**(51,964)**	**(38,046)**

Other Comprehensive Expenditure

	Note	2011 £'000	2010 £'000
Net gain/(loss) on revaluation of Land & Buildings	8	(56)	56
Total Other Comprehensive Expenditure for the year ended 31 March 2011		**(56)**	**56**

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 the 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 Statement of Financial Position.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AT 31st MARCH 2011

The notes on pages 46 to 72 form an integral part of these Annual Accounts

	Notes	2011 £'000	2010 £'000
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	2,212	3,013
Intangible Assets	9	153	117
TOTAL NON CURRENT ASSETS		**2,365**	**3,130**
CURRENT ASSETS			
Inventories (Development Assets)	11	41,625	53,715
Trade and other Receivables:			
Amounts falling due within one year	13	1,457	1,506
Cash and cash equivalent	14	18,335	16,466
Total Current Assets		**61,417**	**71,687**
Total Assets		**63,782**	**74,817**
Current Liabilities			
Trade and other payables:			
Amounts payable within one year	15	21,901	20,383
Total Current Liabilities		**21,901**	**20,383**
Net Current Assets		**39,516**	**51,304**
Non Current Assets plus Net Current Assets		**41,881**	**54,434**
Non-Current Liabilities			
Provisions	16	(1,121)	(1,624)
Pension Deficit	4	(729)	(1,482)
Chair's Pension Liability		(88)	(104)
Total Non-Current Liabilities		**(1,938)**	**(3,210)**
Total Assets less Total Liabilities		**39,943**	**51,224**
RESERVES			
Pension Reserve	4	(724)	(1,482)
General Grant Reserve	3	40,380	52,650
Revaluation Reserve	3	287	56
Total Capital Employed		**39,943**	**51,224**

Signed by the Accounting Officer
PETER ANDREWS

Date: 27 June 2011

Chairman BOB LANE
On behalf of the Board

Date: 27 June 2011

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st MARCH 2011

The notes on pages 46 to 72 form an integral part of these Annual Accounts

	Notes	2011 £'000	2010 £'000
Net Cash Outflow from Operating Activities	(i)	(24,720)	(22,410)
Returns on Investments and Servicing of Finance			
Interest Received		6	8
Taxation	(i)	(36)	-
Capital Expenditure			
Payments to acquire PPE and intangible assets		(188)	(1,380)
Payments to acquire Development Assets		(12,906)	(17,181)
Investing Activities			
Proceeds from sale of Development Asset	(iii)	-	1,350
Non- refundable deposit on sale of Development Asset		213	-
Financing			
Grant in Aid and Revenue Grants received from CLG	(ii)	39,500	46,000
Increase in Cash in the period	**(iv)**	**1,869**	**6,387**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st MARCH 2011

The notes on pages 46 to 72 form an integral part of these Annual Accounts

		2011 £'000	2010 £'000 Restated
(i)	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Net deficit after interest	(51,928)	(38,049)
	Adjustments:		
	Interest	(6)	(8)
	Net expenditure	**(51,934)**	**(38,057)**
	Decrease in trade and other receivables	49	98
	Decrease in inventories:		
	Write off (Development assets)	19,613	17,681
	Revaluation movement	-	20
	Depreciation and Amortisation charges	881	286
	Increase in trade payables	1,518	4,074
	Less movement in payables:		
	Corporation tax accrual	(36)	3
	Development asset accrual – current year	(3,367)	(9,016)
	Non current assets accrual – current year	(19)	(35)
	Development asset accrual – previous year	9,016	640
	Non current asset accrual – previous year	35	9
	Loss on disposal	20	825
	Increase in pension liabilities	(29)	(10)
	(Increase)/decrease in provisions	(503)	1,072
	Net cash outflow from operating activities	**(24,756)**	**(22,410)**
(ii)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Grant in aid and revenue grant received from CLG	39,500	46,000
		39,500	**46,000**
(iii)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Proceeds from sale of development asset	-	1,350
	Non-refundable deposit on sale of development asset	213	-
		213	**1,350**
(iv)	**NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENT IN YEAR**		
	Cash at bank and in hand at end of the year	17,359	14,880
	Cash held by third parties	976	1,586
	Cash in transit	-	-
	Less: Cash at bank and in hand at beginning of year	(16,466)	(10,079)
	Increase in cash in the year	**1,869**	**6,387**

STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR YEAR ENDED 31st MARCH 2011

The notes on pages 46 to 72 form an integral part of these Annual Accounts

	General Reserve £'000	Revaluation Reserve £'000	Pension Reserve £'000	Total £'000
Changes in Taxpayers' Equity				
Net Expenditure for the year	(51,964)	-	-	(51,964)
Grant in aid received towards resource expenditure	39,500	-	-	39,500
Revaluation movement	-	231	-	231
Non-refundable deposit on sale of development asset	213	-	-	213
Actuarial gain / (loss) in staff pension scheme	-	-	735	735
Actuarial gains / (loss) in board pension scheme	-	-	5	5
Amounts recognised in income and expenditure transfer to pension reserve	(18)	-	18	-
Total surplus/deficit	**(12,269)**	**231**	**758**	**(11,280)**
Balance brought forward	**52,650**	**56**	**(1,482)**	**51,224**
At 31 March 2011	**40,380**	**287**	**(724)**	**39,943**

FINANCIAL STATEMENTS

NOTES TO THE ANNUAL ACCOUNTS FOR YEAR ENDED 31st MARCH 2011

1. ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by the Secretary of State with consent of HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the London Thames Gateway Development Corporation (LTGDC) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LTGDC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Financial Statements are prepared on the modified historical cost basis as set out in Treasury guidance.

Standards, amendments and interpretations to IFRS and FReM

LTGDC has considered, in accordance with IAS 8, whether there have been any changes to accounting policies (either voluntary or arising from IFRS and/or the FReM) which have an impact on the current or prior period, or may have an effect on future periods. LTGDC has also reviewed any new or amended standards issued by the IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS's that are or will be applicable (references to 'new IFRS's' includes new interpretations and any new amendments to IFRS's and Interpretations).

The following changes in accounting policy have been applied by LTGDC for the first time in the current period:

FReM changes relevant to the 2011 Accounts

Amendment to terminology (FReM Chapter 5) – LTGDC now prepares Statement of Comprehensive Net Expenditure and not the Net Expenditure account.

Income and Expenditure (FReM Chapter 11) - Notional costs should not be recorded for cost of capital, though actual costs will be charged in circumstances where the Treasury directs that it is appropriate. This is a change in accounting policy and the notional cost of capital charge has been removed and previous year comparative figures have been stated. This change affects the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity.

IFRS Changes issued but not effective until future periods

It has been determined that the following new IFRS's are relevant to LTGDC but will have no significant impact on the financial statements

IFRS 9 – Financial Instruments
IFRS 9 will replace IAS39 Financial Instruments: Recognition and Measurement in its entirety. Under IFRS 9 financial assets would be classified on the basis of the LTGDC's business model for management, and their contractual cash flow characteristics. They would be measured initially at fair value, and subsequently at either fair value or amortised cost.

IFRS 9 simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS 39, and resulting in one impairment method.
IFRS 9 becomes effective from 1 January 2013.

Amendments to IFRS and IFRICS resulting from annual improvements to IFRSs

IAS 1 – Presentation of Financial Statements
For each component of equity, LTGDC shall present in the notes, an analysis of other comprehensive income by item.

In the notes, each class of equity namely General Reserve, Revaluation Reserve and Pension Reserve has been presented in the notes rather than the Statement of Changes in Taxpayers Equity.

Significant FReM changes expected for 2012

It has been determined that the following proposed 2011/12 FReM changes are relevant to LTGDC. LTGDC is uncertain at present to determine whether the impacts on the financial statements will be significant.

Parliamentary accountability - Estimates from 2011-12 would be based on departmental budgets, and the structure of the Estimates would reflect the split between the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME), with consequential adjustments to the Statement of Parliamentary Supply.

Accounting Boundaries - Revises the departmental resource accounting boundary to include non-departmental public bodies and other bodies classified to central government by the Office for National Statistics.

Income and Expenditure - Reflects the proposed changes to the treatment of income in (Westminster) Estimates, whereby voted totals will be net of income and the concept of 'appropriations-in-aid' disappears.

Accounting for Capital Government Grants and Similar Financing from Non-Government Sources Adapts IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance)- so that the accounting treatment is extended to all capital non-exchange transactions (including donated assets). Non-exchange revenue relating to capital items should be recognised immediately, except where the funding is subject to a condition.

Adapts IAS 16 (Property, Plant and Equipment) – to supplement disclosure requirements to show how additions have been financed, i.e. own capital budget, government grant, donation, lottery funding.

Grants and Grant in Aid

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

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

During 2010/11 the LTGDC received only Grant in Aid contributions.

Property, Plant and Equipment

Property, Plant and Equipment comprise furniture, fixtures and fittings, carpets and office equipment. It also includes buildings owned or held under long term arrangements which are used by the LTGDC for operational purposes. These are different to Development Assets/Inventories. All assets apart from building/leasehold properties are valued at depreciated historic cost, which is not materially different from depreciated replacement cost. It is the LTGDC's policy to capitalise individual items where related expenditure exceeds £2,500. Individual items below this value are expended to the Statement of Comprehensive Net Expenditure during the period when incurred.

Buildings/leasehold properties are accounted for under the IAS 16 revaluation model. They are subject to an annual valuation and impairment review. Any reductions are charged to the Net Statement of Comprehensive Expenditure, whilst any increases are credited to the Statement of Financial Position i.e. Revaluation Surplus/Reserve.

FINANCIAL STATEMENTS

Intangible Assets

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

Depreciation and Amortisation

Depreciation is provided to write off the cost of Property Plant and Equipment and intangible Assets on a straight line basis over their expected useful lives at the following rates:

Property, Plant and Equipment:-

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

The asset is depreciated over its useful life. If the useful life is lower than the rates specified above, then the actual life would be used to calculate depreciation. LTGDC owns one leasehold property – Inward Investment Centre, which is being depreciated over 125 years.

Intangible Assets:-

- Software, Software Licences and software development costs – normally three years or life of license if over three years.

Inventories - Stock of Development Assets

Development Assets are held for regeneration purposes and are shown as inventories, and in line with IAS 2 requirements are valued at the lower of cost or net realisable value (market value). Any resulting financial write downs (historic costs less current cost) of these properties to current cost (open market value) are accounted for annually and separately identified in the Statement of Comprehensive Net Expenditure.

Any surplus on revaluation of these properties to current cost are credited to the Revaluation Surplus/ Reserve but only after eliminating any accumulated write-downs that have previously been charged to the Statement of Comprehensive Net Expenditure. The elimination of the accumulated write-down is accounted for by a write-back to the Statement of Comprehensive Net Expenditure.

A valuation to establish current value is conducted at the end of each financial year. Valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. It is the LTGDC's policy to have Development Assets valued externally every two years. No indexation applied in the intervening year. In times of Economic uncertainty, LTGDC may obtain external valuation annually.

Segmental Analysis

Income and Expenditure segmental analysis is split by Project and Operational costs which follows the same format used internally by LTGDC management for management decision making purposes.

Segmental analysis for the Statement of Financial Position items is not practical as most assets and liabilities are held centrally and cannot by split out. However, Development Assets can be split out on a projects area basis and this analysis has been included.

Financial Instruments

The estimated fair values of the financial instruments of the LTGDC approximate to their book value as at 31 March 2011. The following criteria have been used to assess the fair values of the LTGDC's financial instruments:

- Trade and other receivables are based upon discounted cash flows at prevailing interest rates or at their nominal amount less impairment losses if due less than 12 months. The discount rate used in respect of amounts due over 12 months is 3.5%.
- Trade and other Payables are based on their nominal amount.
- Cash and Cash equivalent approximate to their book value due to the short maturity period.

Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the reporting 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.

Value Added Tax

The 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.

Pensions

LTGDC staff that are on permanent contracts and staff contracts greater than three months 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 IAS 19 "Employee Benefits" as disclosed in Note 4.

Operating Leases

Operating lease rentals payable are accounted for in the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease in accordance with IAS 17 "Leases".

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank held in a current account and on deposit. Funds are held in sterling and are subject to insignificant risk of changes in value. Any non-sterling income or contributions are converted into sterling and therefore are subject to exchange rate fluctuations.

Trade receivables and other current assets

Trade receivables are stated at their nominal value which is the original invoiced amount.

Trade payables and other current liabilities

Trade payables are stated at their nominal value which is the original invoiced amount.

Accruals are stated at their nominal value plus any irrecoverable VAT.

Revenue recognition

Rental income is recognised from the point when the rental income is earned - on an accruals basis.

Capital receipt income is recognised on legal completion of a site disposal. Contributions are recognised on an accruals basis as per the relevant grant agreement.

The FRESH contribution is for a European funded project and is treated on an accruals basis. The FRESH funds will be paid to LTGDC in Euros. The sterling amount recognised in the financial statement is based on the official EU exchange rate at the relative claim date for each respective claim during 2010/11. There are two FRESH claims per calendar year. The official EU rate changes on a monthly basis. Any exchange rate fluctuations are expensed at the time the actual claim funds are received by LTGDC.

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.

FINANCIAL STATEMENTS

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 five thousand pounds. Any individual amounts below five thousand pounds 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 Statement of Financial Position. Any deferred income will be matched to the related expenditure (in the Statement of Comprehensive Net Expenditure) 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 Statement of Comprehensive Net Expenditure) on a matching basis to the income recognised.

Planning application fees withdrawn by the applicants, are not refunded to the applicants.

Section 106 Planning Agreements

The power of the LTGDC as local planning authority to enter into planning obligation with an owner of land in its area is set out in s106 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 s106 contributions as income only when the related expenditure is incurred. Until that time any s106 contributions are treated as deferred income and shown in the balance sheet.

Change in Accounting Policy – Notional Cost of Capital

HM Treasury announced the removal of cost of capital from Government accounts as part of the Clear Line of Sight Project. This is a change in accounting policy and the notional cost of capital charge has been removed and previous year comparative figures have been stated. This change affects the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity.

Going Concern

On 14th October 2010 Cabinet Office Minister Francis Maude announced plans to substantially reform hundreds of public bodies as part of the Government's commitment to radically increase the transparency and accountability of all public services and enable the Government to operate in a more efficient way. For London Thames Gateway Development Corporation (LTGDC) the proposed reforms are:

- It will no longer be an NDPB (Non Departmental Public Body) and will be abolished.
- Its functions will be devolved to local Government and other London Bodies

The Localism Bill is currently progressing through Parliament. The timescales for de designation of LTGDC have also not yet been officially confirmed. Current assumptions are that the de designation will occur sometime during 2012/13. CLG have confirmed operational funding for LTGDC for financial years 2011/12 and 2012/13. LTGDC will utilise capital receipts from site disposals to fund ongoing project activity.

Consequently, after making enquiries and discussing the situation with CLG, LTGDC management are satisfied that sufficient funding is in place to enable us to continue in operation for the foreseeable future and meet our obligations as they fall due over at least the next twelve months. For these reasons we continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2. ANALYSIS OF NET EXPENDITURE BY SEGMENT

	2011 Gross Expenditure £'000	2011 Income £'000	2011 Net Expenditure £'000	2010 Net Expenditure £'000
Capital Project Expenditure				
Canning Town	5,844	-	5,844	2,425
Olympic Arc	14,823	(152)	14,671	7,731
Bromley by Bow	3,001	(415)	2,586	5,261
Lea River Park	1,301	(562)	739	1,310
Barking Town	4,933	(2)	4,931	3,046
Dagenham South	1,205	(16)	1,189	14,253
Rainham Village	3,002	-	3,002	1,323
London Riverside Parklands	400	(96)	304	117
LTG Other	63	-	63	79
Development Staff Time	347	-	347	478
Transfer to Statement of Financial Position – Inventories (Development Assets)	(7,257)	-	(7,257)	(25,557)
VAT Adjustment	92	-	92	13
Total Capital Project Expenditure	**27,754**	**(1,243)**	**26,511**	**10,479**
Book Value of Development Asset Sold				
Rainham Village	**20**	**-**	**20**	**2,175**
Administration Expenditure				
Board Costs	178	-	178	201
Other Staff Costs	85	-	85	79
Professional Services	376	-	376	352
Promotion and Publicity	199	(1)	198	492
Other Operating Costs	346	-	346	352
Strategic Support	323	-	323	283
Development Control Support	596	-	596	624
Planning Applications	836	(733)	103	119
Estate Management	(9)	(7)	(16)	612
Depreciation and Amortisation	881	-	881	286
Development Assets Written off	19,613	-	19,613	17,681
VAT Adjustment	42	-	42	-
FRESH Project	45	(45)	-	-
Total Administration Expenditure	**23,511**	**(786)**	**22,725**	**21,081**
Provisions	**(503)**	**-**	**(503)**	**1,072**
Staff Costs	**2,721**	**-**	**2,721**	**2,766**
Revenue Project Expenditure	**841**	**-**	**841**	**516**
Rental Receipts	**-**	**(381)**	**(381)**	**(32)**
Interest Received	**-**	**(6)**	**(6)**	**(8)**
Taxation	**36**	**-**	**36**	**(3)**
Total	**54,380**	**(2,416)**	**51,964**	**38,046**

Analysis of Cumulative Development Assets by Segment

Project Area	2011 Development Assets £'000	2010 Development Assets £'000
Canning Town	-	-
Olympic Arc	3,090	4,350
Bromley by Bow	1,250	1,800
Lea River Park	-	-
Barking Town	7,035	3,195
Dagenham South	20,300	35,900
Rainham Village	9,950	8,470
London Riverside Parklands	-	-
LTG Other	-	-
Total Development Assets	**41,625**	**53,715**

3. GENERAL GRANT RESERVE

	2011 £'000	2010 £'000
Opening Balance	52,650	44,721
Grant-in-aid received from CLG	39,500	46,000
Net Expenditure	(51,964)	(38,046)
Revaluation movement - Development Assets	-	76
Non-refundable deposit on sale of development asset	213	-
Net Operating Cost - transfer to Pension reserve	(18)	(45)
Actuarial gain / (loss) board pension scheme	-	(55)
	40,380	**52,650**

The General Grant Reserve indicates the amount invested via the sponsor department (CLG) into LTGDC and reflects the in year expenditure utilised by the Development Corporation.

In 2011, the actuarial gain £5k on Board Member pension (see remuneration report) is included in the pension reserve amount rather than the general reserve.

Revaluation Reserve

	2011 £'000	2010 £'000
Opening Balance	56	76
Revaluation movement - Development Assets	287	(76)
Revaluation movement - Land & Buildings	(56)	56
	287	**56**

The Revaluation Reserve relates to the revaluation of Land & buildings owned by LTGDC. This occurs as part of the annual valuation process (see accounting policy note 1).

Pension Reserve – See note 4

4. STAFF COSTS AND DEFINED BENEFIT PENSION SCHEME

	2011 £'000	2010 £'000
Staff Costs		
Permanent Staff Costs	2,351	2,369
Permanent Staff Social Security Costs	226	232
Permanent Staff Pension Current Service Costs	261	267
Seconded Staff	136	128
Contract Staff	68	145
Redundancy Costs	43	-
	3,085	**3,141**
Development Staff Time (FTE 4.96)	(347)	(478)
	2,738	**2,663**
Additional Pension Costs – (IAS19)	(18)	(45)
Agency and Temporary Staff	1	148
Total staff costs	**2,721**	**2,766**

Average number of persons employed

The average number of full time equivalent persons employed during the year was as follows:

	2011	2010
Permanent Staff	41.31	41.17
Seconded Staff	1	1
Contract, Agency and temporary staff	0.59	3.93
Total	**42.90**	**46.10**

Details of board members costs and costs of key managers can be found in the remuneration report on pages 30 to 33.

At 31st March 2011 no employees of LTGDC had received a loan from the LTGDC, other than travel season ticket loans. The balance owing on season ticket loans at 31st March 2011 was £7,764 relating to 7 members of staff (2010 balance was £10,376, 10 staff members).

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Compensation for loss of office

Two people were made compulsory redundant on 31st March 2011. There were no further redundancies or early retirements.

The cost to LTGDC for 2011 was as follows:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1	0	1
£10,000 - £25,000	0	0	0
£25,000 - £50,000	1	0	1
Total	**2**	**0**	**2**

For 2010, there were no redundancies and therefore no cost implications.

LTGDC's redundancy scheme is based on the Local Government (Early Termination of Employment) (Discretionary Compensation) regulations 2006. Any payments are capped at a maximum of 12 months' salary.

Defined Benefit Pension Scheme

Pension Reserve

	2011 £'000	2010 £'000
Opening Balance	(1,482)	(236)
Actuarial (Loss) / Gain	735	(1,291)
Income and Expenditure deficit - transfer to Pension reserve	18	45
Closing Balance	**(729)**	**(1,482)**

Most of the 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 31st March 2010, however in order for the LTGDC to ascertain its own actuarial liabilities under the scheme, a valuation for IAS 19 purposes was undertaken as at 31st March 2011. The following financial information and statistical data has been compiled in accordance with IAS 19 requirements:

Statement of Financial Position

Net Pension Asset/(Liability) as at	31st March 2011 £'000	31st March 2010 £'000
Fair Value of Scheme Assets	3,913	2,741
Present Value of Funded Obligation	(4,642)	(4,223)
Total Value of Liabilities	(729)	(1,482)
Net Liability	**(729)**	**(1,482)**

The £5k difference between the net liability shown above and that shown in the Statement of Financial Position is the actuarial gain on Board Members (see remuneration report and Note 3).

Defined Benefit Pension Scheme - continued

Financial Assumptions

The financial assumptions used for the purposes of the IAS 19 calculations as at 31st March 2010 and 31st March 2011 are shown in the table below.

Assumptions as at	31st March 2011 (% p.a)	31st March 2010 (% p.a.)
RPI increase rate	3.5%	3.9%
CPI Increase rate	2.7%	n/a
Salary increase rate	4.5%	5.4%
Pension increase rate	2.7%	3.9%
Expected Return on Assets	6.7%	6.8%
Discount rate	5.5%	5.5%

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 31st March 2011).

The expected returns as at 31st March 2011 and 31st March 2010 are shown in the table below.

Asset Class	Expected Return at 31st Mar 2011 (% p.a.)	Asset Class	Expected Return at 31st March 2010 (% p.a.)
Equities	7.4%	Equities	7.5%
Target return funds	4.5%	Target return funds	4.5%
Alternate assets	6.4%	Alternate assets	6.5%
Cash	3.0%	Cash	3.0%
Corporate Bonds	5.5%	Corporate Bonds	5.5%

Movement in Surplus / Deficit During Year	Year to 31st March 2011 (% p.a)
Surplus / (deficit) at beginning of the year	(1,482)
Current Service Cost	(600)
Interest Cost	(331)
Employer contributions	263
Contributions in respect of Unfunded benefits	-
Other income	-
Other outgoing (e.g. expenses etc)	-
Past service costs	449
Impact of settlement and curtailments	-
Expected Return on Assets	237
Actuarial gains / (losses)	735
Surplus / (deficit) at the end of year	**(729)**

The £5k difference between the net liability shown above and that shown in the Statement of Financial Position is the actuarial gain on Board Members (see remuneration report and Note 3).

FINANCIAL STATEMENTS

Defined Benefit Pension Scheme - continued

Analysis of projected amount to be charged to operating profit for the year to 31 March 2011

Amount Charged to Operating Profit	Period to 31st March 2012 £'000
Projected Service Cost	387
Interest Cost	269
Expected Return on Assets	(276)
Past Service Cost	-
Losses / (Gains) on Curtailments and Settlements	-
Total Operating Charge	**380**
Employer Contributions	327

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather that the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with IAS 19. This accounting treatment has been adopted by all central Government reporting entities where RPI has been used for inflation indexing for many years.

The question of whether, as regards the main public service pensions schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government has adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these accounts.

5. OPERATING EXPENDITURE

	2011 £'000	2010 £'000
5a. Capital Project Expenditure which comprises		
Capital Grants to Public Bodies	23,239	6,424
Capital Grants to Private Bodies	2,570	2,470
Other Capital project expenditure	1,598	3,375
Development staff time	347	478
	27,754	**12,747**
5b. Net Book Value of Asset Sold	**20**	**2,175**

This sale relates to one site sold at Rainham Village. (See note 11)

	2011 £'000	2010 £'000
5c. Administration Expenditure which comprises		
Board Members' Costs	178	201
Travel, Hospitality and Subsistence	34	50
Board & Staff Training, Conferences	75	54
Accommodation and other rental costs	337	340
IT Expenditure	226	155
Consultancy Fees:		
Strategic Support	323	348
Planning Policy Documents	-	16
Planning Support	444	418
Legal, Accountancy and Professional Fees	266	393
Publications, Events and Publicity	154	457
External Auditor's Remuneration (Statutory fee)	30	28
External Auditor's Remuneration (IFRS Compliance fee)	-	4
Internal Auditor's Remuneration	12	13
Provisions (Note 16)	(503)	1,072
Planning Fees (Including VAT)	836	895
Estate Management costs	(9)	612
Development Assets Write Off (Note 11)	19,613	17,681
Bad debts (Note 11)	24	(1)
VAT adjustment	42	10
FRESH Project	45	-
	22,127	22,746
Depreciation and Amortisation costs (Note 8 & 9)	881	286
Staff Salaries (Note 4)	2,738	2,663
Additional Pension Costs – IAS19 (Note 4)	(18)	(45)
Agency & Temporary Staff (Note 4)	1	148
	2,721	2,766
Project revenue costs	841	516
	26,570	**26,314**

See Analysis of Capital Grant Expenditure – overleaf for a breakdown of the increase in 5(a) capital project expenditure between 2011 and 2010.

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Analysis of Capital Grant Project Expenditure (5a)

Public	Project	2011 £'000	2010 £'000
British Waterways	Olympic Arc	2,506	52
Environmental Agency	Dagenham South	263	-
LB of Barking & Dagenham	Barking Town	1,326	1,800
LB of Hackney	Olympic Arc	745	-
LB of Havering	Rainham Village	1,199	267
LB of Havering	London Riverside Park	400	110
LB of Newham	Canning Town	5,765	2,299
LB of Newham	Olympic Arc	8,175	842
LB of Tower Hamlets	Bromley by Bow	319	144
LB of Tower Hamlets	Olympic Arc	605	46
London Development Agency	Olympic Arc	241	-
Transport for London	Bromley by Bow	1,656	170
Transport for London	Olympic Arc	39	-
Transport for London	Barking Town	-	694
Total Local Authority		**23,239**	**6,424**

Private Bodies	Project	2011 £'000	2010 £'000
Children's Discovery Centre	Olympic Arc	(8)	250
DLR Ltd	Olympic Arc	(43)	93
East Homes Ltd	Bromley by Bow	100	-
East London University	Olympic Arc	1,954	749
Institute for Sustainability	Olympic Arc	72	95
Institute for Sustainability	Dagenham South	60	114
Leaside Regeneration Ltd	Olympic Arc	(8)	529
LIFT	LTG Other	25	25
London Riverside BID	Rainham Village	-	172
Art Services Grant	Barking Town	-	15
Poplar Harca	Bromley by Bow	265	-
Poplar Harca	London Riverside Park	-	405
River Lea Tidal Mill Trust	London Riverside Park	25	24
Southern Housing Group Ltd	Bromley by Bow	100	-
Urban Development Ltd	Bromley by Bow	28	-
Total		**2,570**	**2,470**

The change in capital grant project expenditure between 2011 and 2010 is reflective of LTGDC's programme of projects which is not uniform for each area and varies on an annual basis.

The negative expenditure denotes reversal of accruals from previous years rather than income.

6. INTEREST AND OPERATING INCOME

	2011 £'000	2010 £'000
Rental income	381	32
Contributions	1,225	1,005
Planning Application Fees Received	732	776
Refunds	25	16
Capital Receipts	2	1,350
FRESH Project	45	-
	2,410	**3,179**
Bank Interest Received	6	8
	2,416	**3,187**

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

Area	Amount £
Barking Town	(5,983)
Bromley by Bow	(81,233)
Olympic Arc	(153,392)
Rainham Broadway	(21,263)
West Dagenham	(16,384)
West Rainham	(103,071)
	(381,326)

Contributions (Grants) were received as follows:

Contributors	Area	Amount £
LB of Havering	Rainham Village	(96,349)
LB of Tower Hamlets	Olympic Arc	8,538
London Development Authority	London Riverside Park	(562,222)
London Development Authority	Olympic Arc	(160,000)
Tesco	Bromley by Bow	(414,801)
		(1,224,833)

The positive amounts are net effect of credit notes raised to cancel a previous invoice and a reissue of the invoice for a reduced amount.

LTGDC is currently the Accountable Body for two European funded projects. These projects (FLASH and FRESH) are being delivered by the Institute for Sustainability through a Service Level Agreement. The FRESH project is accounted for by LTGDC whilst with the FLASH project LTGDC transfers European funds to the IfS who account for the expenditure.

FINANCIAL STATEMENTS

Interest and Operating Income - continued

The following analysis of 2011 planning fees is provided for fees and charges purposes, not for IFRS 8 operating segment.

Area	Amount Recognised 10/11	Amount b/f (from 09/10 deferred income)	Income (as shown)	Related Expenditure, Inc accruals and VAT (see note 1)	Deficit
LB of Havering	£106,279	-	£106,279	£128,673	£22,394
LB of Barking and Dagenham	£171,080	£41,865	£212,945	£254,214	£41,269
LB of Newham	£128,347	£36,999	£165,346	£193,597	£28,251
LB of Tower Hamlets	£197,482	£49,703	£247,185	£259,196	£12,011
Total	**£603,188**	**£128,567**	**£731,755**	**£835,680**	**£103,925**

Planning Fee income relates to the statutory charge payable by applicants for making large, strategic planning applications which fall within the 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 the 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 the 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.

7. TAXATION

	2011 £'000	2010 £'000
Current year taxation charges	36	-
Taxation charges relating to prior years	-	(3)
Released to income and expenditure	**36**	**(3)**

Deferred Tax

A deferred tax liability has been recognised on the basis that it is likely to generate a future tax liability. The balances are shown, at the rate of 20%, after taking account of the current staff split (between taxable (31%) and non-taxable activities (69%)) which is the basis for the corporation tax calculation. This staff split may change in future periods increasing or decreasing the net deferred tax position.

The overall figure of £4,629 is made up as follows:

- Board pension costs (£743)
- Accelerated capital allowances £5,372

There is an element of un-provided deferred tax in respect of trading losses carried forward. The un-provided deferred tax asset of £11,525 has not been recognised on the basis that the use of these losses is restricted to offsetting future trading profits only. It is likely that LTGDC will continue to make a trading loss and a rental profit for tax purposes meaning these losses are unlikely to be utilised.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £'000	Furniture & Fittings £'000	Computer Equipment £'000	Total £'000
Cost				
At 1st April 2010	1,559	1,905	160	3,624
Additions	-	29	-	29
Revaluation	(56)	-	-	(56)
At 31st March 2011	**1,503**	**1,934**	**160**	**3, 597**
Depreciation				
At 1st April 2010	-	516	42	558
Charge in year	-	403	41	444
At 31st March 2011	**-**	**919**	**83**	**1,002**
Impairment				
At 1st April 2010	53	-	-	53
Charge in year	330	-	-	330
At 31st March 2011	**383**	**-**	**-**	**383**
Net Book Value				
At 31st March 2010	1,506	1,389	118	3,013
At 31st March 2011	**1,120**	**1,015**	**77**	**2,212**

Land and Buildings relates mostly to the acquisition of the Inward Investment Centre.
This property was acquired in March 2009 for £1.5million.

Furniture & Fittings additions relates to internal works and fittings at the Inward Investment Centre.

9. INTANGIBLE ASSETS

Cost	Software & Licenses £'000
At 1st April 2010	445
Additions	143
At 31st March 2011	**588**
Amortisation	
At 1st April 2010	327
Charge for the year	108
At 31st March 2011	**435**
Net Book Value	
At 31st March 2010	117
At 31st March 2011	**153**

FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS

Under Treasury Guidance, the provisions of IFRS 7 (Disclosure), IAS 32 (Presentation) and 39 (Recognition and Measurement), are deemed to apply to the LTGDC. Under those provisions disclosures are required in respect of the financial instruments (financial assets and financial liabilities) maintained by the LTGDC, the risks associated with them and the LTGDC's approach to that risk.

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

Financial Assets by category

	Loans and Receivables	
	2011 £'000	**2010 £'000**
Financial Assets per Statement of Financial Position		
Cash at bank and in hand	18,335	16,466
Total Receivables	979	1,199
Total	**19,314**	**17,665**

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

At the Statement of Financial Position date the cash balances analysed in Note 14 which comprised:

- Cash balance held at Office of HM Paymaster General - £12,206,112.47 (2009/10 - £10,605,217.05)
- Cash balance held at HSBC - £5,152,660.25 (2009/10 £4,274,755.39)
- Cash held at solicitors - £976,041 (2009/10 - £1,586,250)
- Cash in transit - £nil (2009/10 - £nil)

Liquidity Risk

There was no cash in hand. The LTGDC has no borrowings and relies primarily on departmental grants for its cash requirements and all accounts are instant access, 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.

Credit Risk

An analysis of the ageing of the non-impaired trade receivables as at 31 March 2011 is shown below.

	2011 £'000	2010 £'000
Total Receivables		
0-30 days	842	749
30 days and over	137	450
Total	**979**	**1,199**

Financial Instruments - continued

Financial Liabilities by category

Financial Assets per Statement of Financial Position	Loans and Receivables	
	2011 £'000	2010 £'000
Trade Payables	23	275
Accruals	16,449	15,366
Total	**16,472**	**15,641**

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

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

Management of risks – the majority of LTGDC's trade receivables are from local authorities and other government bodies. The LTGDC considers these as stable organisations that are unlikely to default on payments. LTGDC carries out credit checks prior to conducting financial transactions.

Hedging

The LTGDC does not partake in any hedging related transactions.

11. INVENTORIES (DEVELOPMENT ASSETS)

	2011 £'000	2010 £'000
Opening balance	53,715	48,089
Additions	7,256	25,557
Revaluations – write offs	(19,613)	(17,681)
Revaluations – written down	287	(76)
Net Book Value of Asset Sold	(20)	(2,175)
Closing Balance	**41,625**	**53,715**

Development Assets Write Offs occur as a result of the annual valuation (note 1). In 2011, LTGDC's assets were again subject to a considerable write off. This reflects the prevailing market and economic conditions and the risks associated with regeneration. Write offs were incurred on most of the sites owned by the LTGDC. 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).

12. NOTIONAL COST OF CAPITAL

HM Treasury announced the removal of cost of capital from Government accounts as part of the Clear Line of Sight Project. This is a change in accounting policy and the notional cost of capital charge has been removed and previous year comparative figures have been stated. This change affects the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity.

FINANCIAL STATEMENTS

13. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2011 £'000	2010 £'000
Amount falling due within one year		
Trade receivables	979	1,199
VAT	338	58
Prepayments	167	258
Bad Debt reserve	(27)	(10)
	1,457	**1,506**

RECEIVABLES - INTRA-GOVERNMENT BALANCES

	2011 £'000	2010 £'000
Trade receivables falling due within one year		
Balances with other central government bodies	341	292
Balances with local authorities	536	305
	877	**597**
Balances with bodies external to government	580	909
	1,457	**1,506**

14. CASH AND CASH EQUIVALENTS

	2011 £'000	2010 £'000
The following balances at 31 March were held at:		
Office of HM Paymaster General	12,206	10,605
HSBC	5,153	4,275
Cash held at Solicitors	976	1,586
	18,335	**16,466**

15. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2011 £'000	2010 £'000
Amount falling due within one year		
Trade Payables	23	275
Accruals	16,449	15,366
Deferred income	5,316	4,669
Other tax and social security costs	113	73
	21,901	**20,383**

PAYABLES - INTRA-GOVERNMENT BALANCES

	2011 £'000	2010 £'000
Trade payables due within one year		
Balances with other central government bodies	118	1,793
Balances with local authorities	9,058	2,895
Balances with public corporations and trading funds	1,637	-
	10,813	**4,688**
Balances with bodies external to government	11,088	15,695
	21,901	**20,383**

16. PROVISIONS

	2011 £'000	2010 £'000
Opening balance	1,624	552
Provisions utilised in the year:		
CPO Costs	(977)	-
Unwinding of discount:		
Inward investment centre	14	95
In-year Provision:		
Short Term Provision:		
CPO costs	110	827
LSIP Exclusivity & Escrow deed	139	-
Dilapidations	196	-
Long Term Provision:		
Inward Investment - Dilapidation	10	-
Deferred tax (Note 7)	5	-
CPO costs	-	150
	1,121	**1,624**

The inward investment 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 non-current asset (PPE) and the cost associated with its acquisition is shown in note 8.

The CPO cost relates to estimated legal fees on two projects: Bromley by Bow South and Lea River Park. The SIP North road provision relates to road infrastructure delivery for the SIP north site.

FINANCIAL STATEMENTS

17. CAPITAL COMMITMENTS

As at 31st March 2011, the Capital Commitments that LTGDC had authorised and contracted for were as follows:

Organisation	Project	Amount £'000
5th Studio	Lea River Park Phase 1	19
Airey Miller Partnership	Barking Riverside project	43
Alan Baxter Associates	Lea River Park Phase 2	33
Eversheds	CIQ Land Assembly and Development, Lamson Road, LSIP, PEZ1 Jenkins Lane, Rainham Broadway	48
Goodman Logistic Developments UK Ltd	LSIP	32
GVA Grimley	Amberley Residential Disposals, Rainham Broadway	16
Mace	Barking Riverside project	5,278
Scott Wilson LTD	Lea River Park Phase 3	24
Scottish and Southern Energy	LSIP	94
Turner and Townsend	LSIP	52
Other Suppliers	Various	50
Total		**5,689**

Grants - as at 31st March 2011 LTGDC had outstanding agreed grant contracts amounting to:

Organisation	Project	Amount £'000
British Waterways	HWFI Hertford Union Canal	140
London Borough of Hackney	HWFI Wallis Road 'Park to Park'	362
London Borough of Newham	Old Stratford Station, Stratford High St project, Property Development Advice, Rathbone Market	1,315
London Borough of Tower Hamlets	HWFI Crown Close Bridge Link, HWFI Wallis Road 'Park to Park', HWFI Wick Lane Underpass	325
London Borough of Barking & Dagenham	Barking Interchange Masterplan	12
Leaside Regeneration	Bow Riverside Towpath	350
University of East London	Stratford Island University Centre	1,330
Transport for London	A12/ Lochnagar St Crossing	663
London Borough of Havering	Rainham Library	72
Total		**4,569**

None of the amounts above have been included in the income or expenditure in the current year.

18. COMMITMENTS UNDER LEASES

OPERATING LEASES

As at 31st March 2011, the LTGDC was committed to making the following annual rental payments in respect of the following:

	Land and Buildings £'000	Other £'000
Payment due within 1 year	79	1
Payment due within 1-5 years	-	-
Payment due over 5 years	-	-
	79	**1**

LTGDC's current lease is due to expire on 29/11/2011 – figures provided are up to this date.

Comparison with actual payment

In 2010/11 the actual operating lease payment was £147,000.

As a result of a rent review undertaken by the Landlord, the annual rent is now £155,000 this was confirmed on 08/04/2011.

Land & buildings relates to the office space in London whilst other leases relate to hire of the franking machine.

The LTGDC had no finance leases during the period.

19. STATEMENT OF LOSSES AND SPECIAL PAYMENTS

The LTGDC had no special payments or losses during the year. (nil - 2010)

20. CONTINGENT LIABILITIES

The determination of two Compulsory Purchase Order (CPO) inquiries is awaited relating to the LTGDC Lea River Park project and land at Bromley by Bow South. If these CPOs are confirmed then site acquisition costs estimated at around £5.3m will be incurred by LTGDC at the point that the CPO is implemented. The majority of the land within the Bromley By Bow South CPO is covered by a CPO Indemnity agreement with Tesco Stores Ltd (see note 21 below). The element of land acquisition cost that is not covered by the indemnity agreement is included in the amount shown above. Further acquisition costs may also be incurred if the Lands Tribunal is required to determine the purchase amount. No provision for these acquisition costs has been made in the financial statements for 2010/11.

LTGDC, as part of the agreed Bromley by Bow South section 106 planning agreement and following the CPO being confirmed, will make a contribution towards the subway and road junction costs. The estimated costs are around £1.4 million. No provision for this amount has been made in the financial statements for 2010/11.

One LTGDC CPO relating to land at Abbey Road, Barking was confirmed during 2010/11. However, no provision has been made in the 2010/11 financial statements for any potential Land Tribunal costs relating to the acquisition cost of this land.

LTGDC have exchanged contracts as at 31st March 2011 on a site disposal at Rainham. Following completion, LTGDC are required to submit a planning application and build a road (estimated cost to LTGDC of £550,000) within 3 years. No provision for this amount has been made in the financial statements for 2010/11. (See also Note 21)

LTGDC have exchanged contracts as at 31st March 2011 on a site disposal at Dagenham Dock (LSIP). Following completion, LTGDC is required to provide an access road, estimated cost of £2.7 million to the site. No provision for this amount has been made in the financial statements for 2010/11.

FINANCIAL STATEMENTS

LTGDC acquired a site known as Land at Broadway / Ferry Lane in 2006/07. It was valued at 31st March 2011 at £500,000. If the site was developed in a manner (subject to planning approval), such that it can achieve a value above £560,000 then a clawback provision would apply. This clawback is on a 50:50 basis with the previous owner for any amounts over £560k. However, if 80% of the site is used for public open space, then the clawback provision is not enforceable.

21. CONTINGENT ASSET

Following the completion of the Compulsory Purchase Order Indemnity Agreement with Tesco Stores Limited in relation to the Bromley by Bow South CPO, LTGDC are able to recover the majority of the consultant fees and acquisition costs incurred by the Development Corporation in preparing for, managing and executing the compulsory purchase of land required to enable Tesco to deliver their proposals. This is estimated as £200,000 and has not been recognised.

LTGDC have exchanged contracts as at 31st March 2011 on a site disposal at Dagenham Dock. Following completion, if the site is then sold for more than LTGDC originally sold it for then a 50% overage agreement is in place. No estimated amount for this event has been recognised in the financial statements for 2010/11.

LTGDC's agreement with the London Development Agency relating to a sub-station at Dagenham Dock (LSIP) on LTGDC owned land, provides for a 50% overage payment. This would only occur when LTGDC are able to reserve demand capacity from the main electricity sub-station for non LSIP businesses. No estimated amount for this event has been recognised in the financial statements for 2010/11.

22. EVENTS SINCE THE REPORTING DATE

London Thames Gateway Development Corporation's financial statements are laid before the Houses of Parliament by the Secretary of State of Communities and Local Government. IAS 10 requires London Thames Gateway Development Corporation to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by London Thames Gateway Development Corporation's management to the Secretary of State of Communities and Local Government.

The authorised date for issue is 4 July 2011

LTGDC completed the sale of the site at Rainham on 12th April 2011. Contracts were exchanged and LTGDC received a non-refundable deposit of £213k for this sale by 31 March 2011.

23. RELATED PARTY TRANSACTIONS

The 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 2010/11, LTGDC continued to provide assistance to The Institute for Sustainability (IfS). The LTGDC's finance, programme office, IT team and office manager's time were spent during the year. We estimate the staff time spent to be £256,432. This figure also includes the Deputy Director of development and Deputy Chief Executive's time (100% for the year 2010/11).

During the year the following transactions occurred with related parties:

Organisation	Amount Paid by LTGDC	Amount Accrued by LTGDC	Amount Outstanding to LTGDC	Nature of transactions	Related Party Connection	LTGDC Position
BT Plc	10,195	233	0	Rental Charges	Mick McCarthy	Board Member
DCLG	17,663	5,462	0	Internal Audit Costs	Sponsor Dept	Sponsor Dept
LB of Tower Hamlets	705,846	1,040,332	109,624	Office rates, Planning expenditure, Secondee costs, Capital grants (projects) and Contributions to capital projects	Ohid Ahmed Kevin Whittle	Board Member Employee
LB of Barking & Dagenham	1,824,959	568,037	0	Planning expenditure, Capital grants (projects)	Mick McCarthy	Board Member
LB of Havering	951,163	1,306,837	96,349	Planning expenditure, Capital grants (projects), Contributions to capital projects	Michael White Roger Evans	Board Member
LB of Hackney	470,761	327,665	33,185	Planning expenditure, Capital grants (projects), Contributions to capital projects	Guy Nicholson	Board Member
LB of Newham	9,717,760	5,662,608	0	Planning expenditure, Capital grants (projects)	Conor McAuley	Board Member
London Pensions Fund Authority	1,693	1,186	0	Pension reports	Via sponsor dept	Pension provider
SEEDA	14,528	0	0	Contribution re:OFFPAT	Imtiaz Farookhi	Board Member
Stratford Renaissance Partnership	24,864	94,734	0	Contribution, Capital grants (projects)	John Middleton	Head of Economic Development
New Vic Stratford Circus	6,960	11,844	0	Capital grants (projects)	John Middleton	Head of Economic Development
Institute for Sustainability	425,904	63,772	0	Capital grants (projects)	Ian Short	Deputy Chief Executive
The Broadway Theatre Co Ltd	21,500	0	0	Revenue grants (projects)	John Middleton	Head of Economic Development

*The deputy chief executive was seconded to IfS from 01/03/10 details of which can be found in the remuneration report on page 32. The IfS is a charitable company. It was incorporated in March 2009.

There were no transactions in which Board Members and other related parties had a direct or indirect financial interest. No expense was incurred during the year in respect of doubtful debts due from the Board Members and other related parties and none were provided for.

FINANCIAL STATEMENTS

DISCLOSURE OF REGISTERED INTERESTS BY BOARD MEMBERS AND HIGHER PAID EMPLOYEES

The following interests have been properly declared for the period to 31st March 2011:

Current Board Members

Bob Lane – Chairman
Homes & Communities Agency – Board member
Corby City Academy – Trustee

Sheila Drew Smith – Board Member
Infrastructure Planning Commission – Board Member and Non Executive Director
Audit Commission for England (to Dec 2010) – Board Member
Tenant Service Authority – Board Member
Office of the Commissioner for Public Appointment – Independent public appointments assessor
Bar Standards Board's appointments panel – Member
Network Rail Members Selection Panel – Member

Imtiaz Farookhi – Board Member
NHBC – Director
BBA Ltd – Director
Land Data CIC – Chairman
SEEDA – Board Member
Milton Keynes Partnership Committee – Member
Milton Keynes Economy and Learning Partnership – Associate Member

Stan Hornagold – Board Member
Marstan Group – Director
Provelio Limited – Director
Construction Skills Strategic Partnership Panels – Council Member
Construction Industry Council – Executive Board

Conor McAuley – Board Member
London Borough of Newham – Councillor
Newham Primary Care Trust – Non-Executive Director
Olympic Delivery Authority – Planning Committee Member
London Councils – Economic Development Forum – Forum member
Thames Gateway London Partnership – Board member
5 Host Borough Joint Committee – Committee member

Mick McCarthy – Board Member
BT Group – Employee
London Borough of Barking & Dagenham – Councillor
Gateway to London – Board Member

Guy Nicholson – Board Member
London Borough of Hackney – Cabinet member
Greater London Enterprise – Director
Shoreditch Trust – Director
Cultural Industries Development Agency – Director
Hackney Empire Theatre Ltd – Board member
Barbican Centre – Board member

Sylvie Pierce – Board Member
Earth Regeneration Ltd – Director
London Remade Ltd – Executive Director
Mossbourne Community Academy – Chair of Governors

Michael White – Board Member
London Borough of Havering – Elected Leader of Council
Thames Gateway London Partnership – Vice Chair
Gateway to London – Board Member
IDeA – Member Lead of London RIEP
London Councils – Executive Member
Barking, Havering and Redbridge NHS Trust

Roger Evans – Board Member
London Borough of Havering – Councillor
Greater London Authority (GLA) – Assembly Member
European Committee of the Regions – Member
London Fire and Emergency Planning authority – Audit Committee

Board Members Who Left During 2011

Ohid Ahmed – Board Member until 21/06/2010
London Borough of Camden Council – Interim Working Contracts and Performance Manager in the Culture and Environment department
London Borough of Tower Hamlets – Councillor and Cabinet Member of Resources and Performance
Regen Central – partner

Ken Giles – Board Member until 30/09/2010
KRG Consulting Ltd – Own Company
Greater Manchester Passenger Transport Executive – Non-Executive Director
Oxford Infracare Lift Co – Non-Executive Director
Autistica (autisim Research) – Vice president

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Co-opted Members

Dru Vesty – Planning Committee Member (Co-opted)
Estea Ltd – Own Company
Olympic Delivery Authority – Planning Committee Member
Homes & Communities Agency – Board Member and Investment and Audit and Risk Committee member
City of London Magistrates court – Justice of the Peace

Neil Deely – Planning Committee Member (Co-opted)
Metropolitan Workshop LLP – Director
CABE Enabler
CABE Design Review (National Panel)

Alan Clark – Planning Committee Member (Co-opted)
Nottingham City Council – Councillor, member of Executive Board, Development Control Committee, Joint Committee on Planning & Transport, Pensions Committee
Nottingham Regeneration Limited – City Council Appointee
Nottingham Waterside Limited – City Council Appointee
Greater Nottingham Partnership – City Council Appointee
Nottingham Development Enterprise – City Council Appointee
East Midlands Councils – City Council Appointee
Open University – Associate Lecturer
Local Government Improvement & Development – Peer Member

Malcolm Chumbley – Planning Committee Member (Co-opted)
Cluttons LLP - Equity Partner, Main Board Member and Head of the Land and Development Division

Richard Turner – Planning Committee Member (Co-opted)
DHL UK Foundation – Trustee
Road Safety Foundation – Trustee
FTA Pension Fund – Trustee

Employees

Peter Andrews
Cliff House Estates Limited – Director

Kevin Whittle
London Remade – Non-Executive Director
London Borough of Tower Hamlets – Employee

Ian Short
Thames Gateway Institute for Sustainability – Chief Executive

John Middleton
Broadway Theatre – Trustee and Chair
Bow Arts Trust – Trustee
Arts Council England – London Council Member
Stratford Renaissance Partnership – Director
New Vic Stratford Circus – Governor / Co-opted committee member
Barking and Dagenham College – Governor

LONDON THAMES GATEWAY DEVELOPMENT CORPORATION

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 financial statements of London 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 financial statements for 2009/10 and for subsequent years shall be prepared in accordance with:-

   (a) the accounting and disclosure requirements given in Managing Public Money and in the Government Financial Reporting Manual issued by the Treasury ("the FReM"), as amended or augmented from time to time;

   (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 Development Corporation and are in force for the year for which the financial statements 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 financial statements.

2. Schedule 1 to this direction gives additional disclosure requirements of the Secretary of State.

3. This direction shall be reproduced as an appendix to the financial statements.

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for Communities and Local Government

An officer in the Department for
Communities and Local Government

Date 31 March 2010

FINANCIAL STATEMENTS

Schedule 1: 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 paragraph 1 of this direction.

(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;

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

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

(g) 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;

(h)* 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 Development 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 Development 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 Development Corporation

(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 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 Development Corporation meetings of the company.

* Note to paragraph (h) of Schedule 1: 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.

Regeneration for East London

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