Lee Valley Regional Park Authority

Statement of Accounts

For the year ended 31 March 2010

Lee Valley Park

Open spaces and sporting places

Lee Valley Regional Park Authority

Statement of Accounts
For the year ended 31 March 2010

Contents

Foreword

These accounts for 2009/10 provide information about the costs of, and income from, our services during the year and our assets and liabilities at the year end.

The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice.

CIPFA has again this year issued further revisions to the statement of recommended accounting practice (the Code) to reflect legislative and other changes necessary to move towards International Financial Reporting Standards. The changes made this year will continue to improve inter-authority comparison and bring benefits in consistency and comparability between financial reports whilst continuing to follow private sector best practice

The accounts consist of:

- a statement of accounting policies, which describes the main principles used to prepare the accounts;
- the statement on the movement of the general fund, which shows the net effect of the net cost of services less the levy paid as a surplus or charge to the general fund balance;
- the income and expenditure account, which summarises expenditure and income on our main services;
- the balance sheet, which shows our overall financial position at 31 March 2010;
- a statement of total recognised gains and losses, which brings together all the recognised gains and losses of the Authority during the period;
- a cash flow statement, which shows the total cash we received and how we used it.

The accounts are intended to be read mainly by accountants in the public sector. However, because general readers may find them of interest, we have explained some of the main technical terms in notes to the accounts and in a glossary. We have also included a summary of the most significant matters on page 3.

Kulvinder Sihota
Director of Finance and Resources

Summary of significant matters

This summary sets out the most significant matters in the accounts, such as our overall financial position.

Expenditure compared to budget

The 2009/10 budget was set in January 2009. Actual spending on our facilities and services was £2.2m less than budgeted, which excludes £0.4m carried forward from the previous year.

	Budget £000's	Actual £000's
Net Operating Expenditure	11,856	9,852
Levy on Local Authorities	(12,234)	(12,234)
Net General Fund (Surplus) / Deficit	(378)	(2,382)
Non Cash Adjustments	1,148	203
Movement in General Fund	**770**	**(2,179)**

At the end of the year we had general reserves of £6.6m.

Capital investment

Capital investment totalled £1.7m. This was financed by a contribution from revenue (£1.3m), and government grants and contributions from other bodies (£0.4m). In accordance with local authority accounting practice, accrued capital expenditure remained unfinanced at the year end. This has been further analysed in note 18 of the accounts.

Strategic Business Plan

Our financial strategy is embodied in our comprehensive and demanding ten-year Strategic Business Plan. The Plan is designed to deliver our vision of creating a regional park with a high regional standing and a national status.

The Plan is underpinned by a financial strategy that aims to optimise the use of financial resources to meet business objectives. The strategy includes maintaining a strong financial position, which these accounts demonstrate.

London Olympics 2012

In July 2005, London was awarded the 2012 Olympic Games. Under the current Olympic bid plans, some of our land and assets will be used and may be developed. However, this plan is subject to change, and discussions continue.

Velopark

The Olympic Agreement (dated 11th January 2005) contractually binds the London Development Agency (LDA) to deliver a VeloPark to the Authority at the end of the lease period. The lease period for this arrangement runs until 31st March 2015 or sooner if legacy works have been completed. It is likely that when this asset is transferred to the Authority the estimated depreciated replacement cost will be approximately £90 million.

The current Olympic Agreement and draft supplementary agreements contain no specific legal obligations for the Authority to make good major future defects outside of the normal management and maintenance operations as specified in the legal agreements. In addition, the Authority will have a contingent liability of £5.25 million in relation to the lottery funding agreement between the Authority, Sport England and the ODA. As well as, a further contingent liability of £2 million in relation to a funding agreement with the London Marathon Trust. These potential liabilities are subject to the finalisation and completion of legal agreements.

LVRPA has budgeted for £3.5 million within its Capital Programme for 2010/11 as a contribution to the Velopark.

The Velopark will be handed over in 2015 and construction was valued at £31.950 million at year end. Only the land valuations of these assets have been included in the statements. The capital commitments are shown in note 19. The following Agreements relate to the Velopark are still awaiting final sign off:

1) Third Supplemental Agreement;
This is still being negotiated and is in near final form. This cannot be signed until SOS consent has been granted. It mainly concerns arrangements for utilities

This will have no impact on the accounts

2) Funding Agreement – Sport England £10.5M ; LVRPA Contribution -£5.25M
This is due for completion subject to amalgamation of land titles. This is estimated for completion September / October 2010

This is already included in the accounts in the Velopark note of the significant matters.

3) London Marathon Trust– £2M:
Payment schedule is agreed and agreement is at draft stage. This is awaiting final sign off

This is already included in the accounts in the Velopark note of the significant matters.

4) LVRPA Funding Agreement:
This is awaiting final sign off, and is disclosed in the notes by way of a capital commitment

This is a non adjusting change and is not included except by note.

Lee Valley White Water Centre

The asset when it is transferred to the Authority (scheduled for Autumn 2010) will have an estimated depreciated replacement cost will be approximately £32 million.

The Authority has a contingent liability of up to £900,000 in relation to its lottery funding agreement with Sport England. In addition, the Authority will have a further contingent liability of up to £4 million in relation to its funding agreement with East of England Development Agency (EEDA).

The legal transactions set out above are within the remit of s.12 and s.13 of the Lee Valley Regional Park Act 1966.

Pension Scheme

We participate in the Local Government Pension Scheme, administered by London Pensions Fund Authority. The net liability (ie the amount by which the pensions liabilities exceed its assets) affects the Authority's net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the Authority's financial position remains healthy. The deficit on the pension scheme will be made good by increased contributions over the employees' remaining working life, as assessed by the scheme actuary.

VAT Refund—Sporting Exemption

The Authority has submitted a claim to HM Revenue and Customs to refund erroneously charged VAT over a number of years. At the close of the financial year we had not received the payment.

It is not usual practice to accrue for VAT, but after discussion with our VAT Consultants we decided that exclusion of this material item could distort the financial statements, and have therefore included a Debtor for £1,834,000.

Borrowing and Capital Funding

We have the facility to borrow funds for capital expenditure from the Public Works Loan Board (PWLB). Short term borrowing is covered by our bank overdraft.

Statement of responsibilities

The Authority's responsibilities

We must:

- arrange for the proper administration of our financial affairs and ensure that one of our officers is responsible for administering those affairs – that officer is the Director of Finance and Resources;

- manage our affairs to secure economic, efficient and effective use of resources and safeguard our assets.

The Director of Finance and Resources' responsibilities

The Director of Finance and Resources is responsible for preparing the Authority's statement of accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Code requires the accounts to present a true and fair view of our financial position at the accounting date and our income and expenditure for the year ended 31 March 2010.

In preparing this statement of accounts, the Director of Finance and Resources:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with The Code.

The Director of Finance and Resources has also:

- kept proper accounting records that were up to date;

- taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that these statements of account present fairly the financial position of the Authority as at 31 March 2010 and the income and expenditure for the 2009/10 financial year.

Kulvinder Sihota
Director of Finance and Resources

Alan Searing
Chairman
Audit Committee

Independent Auditor's report to Members of Lee Valley Regional Park Authority

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of Lee Valley Regional Park Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Lee Valley Regional Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Director of Finance and Resources and auditor

The Director of Finance and Resources responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for other local government bodies specified by the Audit Commission and published in January 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, I am satisfied that, in all significant respects, Lee Valley Regional Park Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Andrea White
District Auditor

Audit Commission
1st Floor, Millbank Tower
Millbank
London, SW1P 4HQ

30 September 2010

Statement of accounting policies

General principles

The general principles adopted in compiling and presenting the accounts are those recommended in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, which is recognised by law as representing proper accounting practice. These have been revised to incorporate the changes specified in the 2009 Statement or Recommended Practice (SORP).

The accounting convention adopted is historical cost modified by the revaluation of certain assets.

Group accounts are not prepared as we do not hold any interest in companies.

Fixed assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. Fixed assets are classified into the following groups as required by The Code:

- Land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value, in existing use.
- Non-operational assets, including investment properties, are included in the balance sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open-market value.
- Investment Properties and community assets are included in the balance sheet at historic cost, and do not suffer depreciation.

The capital value of any work we do on towpaths is included in the balance sheet as an asset, even though we do not usually own them. We have agreements with British Waterways, which allow public access to the towpaths and continuing use of the related facilities.

We have credited the surpluses arising on the initial valuation of fixed assets to the Revaluation Reserve. We revalue fixed assets every five years, but adjust the valuations in the interim to take account of significant changes as they occur. This year a partial revaluation has been commissioned and is reflected in these statements.

Capital expenditure that does not result in the acquisition of an asset is classified as 'Revenue expenditure funded from capital under statute (formally deferred charges), and is written out to revenue in the year in which it is incurred.

We account for our income from the disposal of fixed assets on an accruals basis. It is held in a usable capital receipts reserve that can be used to finance new capital expenditure.

Leases

The Authority holds a number of long-term leases which are shown as Investment Properties within the Financial Statements and are not depreciated.

Revaluation and Impairment

In addition to the full five-yearly revaluations, fixed assets are reviewed annually to ascertain whether their value has changed materially in the period. Where an impairment loss has been identified that clearly relates to physical damage or deterioration of a fixed asset leading to a reduction in the quality of the service provided, this loss is charged directly to the relevant revenue account. If the loss is reflecting a general fall in prices, it is recognised in the Revaluation Reserve.

Where an asset has increased in value since the last revaluation the gain is recognised through the Revaluation Reserve.
A Full Revaluation was undertaken at the end of 2008/09 and the next scheduled full revaluation will

be 2013/14. In next financial year there will be a Fixed Asset review to ensure we are compliant with IFRS requirements.

Depreciation and useful economic life

Depreciation is provided for on the 'Building' element of all fixed assets with a finite useful life, except investment and community assets. We calculate it using the reducing balance method. Assets are not depreciated in the year of acquisition.

Fixed assets have a useful economic life, which is determined by the class of asset. Depreciation is

Asset class	Useful economic life
Land and buildings	5 - 60 years
Vehicles, plant and machinery	5 -15 years
Infrastructure assets	10 - 40 years
Community assets	n/a
Investment properties	5 - 50 years

calculated on this life except in the case of investment properties that are not depreciated.

Capital accounts and reserves

The current system of local authority capital accounting requires three capital reserve accounts to be set up in the balance sheet:

- The Revaluation Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value as a result of inflation or other factors.
- Capital Adjustment Account shows amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or the repayment of external loans and certain other capital financing transactions.
- The usable capital receipts reserve, which contains the unused proceeds arising from disposing of assets that can be used to finance future capital expenditure.

We also have a capital fund, financed from contributions from the general fund, which can be used to finance future capital expenditure.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial instruments include.

Liabilities
- Trade creditors
- Borrowings
- Financial guarantees

Assets
- Trade debtors
- Loans receivable
- Bank deposits

These are included at market value or in the event of staged payments by their discounted cash flow.

Provisions

Provisions are required for any incurred liabilities of uncertain timing or amount.

Provisions must be recognised when:

- we have a present obligation as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are recognised only if the event is more likely than not to occur.

Accruals basis of accounting

Debtors - at the year end, we prepare estimates for goods and services provided before 31 March and which at that date have not been paid for.

Creditors - at the year end, we prepare estimates for goods and services received before 31 March and which at that date have not been paid for.

Stocks and stores

We value stocks and stores at the lower of actual costs and net realisable value, after allowing for obsolescent items. Facilities count their shop and café stocks then value them at historic cost price.

We use a qualified agricultural stock valuer to establish the value of our dairy herd and farm supplies and consumables. The herd is valued on a market price and the dry stock is valued at historic cost.

Grants

If the acquisition of a fixed asset is financed in some way by a grant or other contribution, the amount of this grant is credited to the government grants deferred account and written off over the life of the asset, to match depreciation. Grants received but not yet used to finance capital expenditure are credited to the capital grants unapplied account, awaiting use to finance expenditure.

Cost of support services

We reallocate the salaries and associated costs of central support services to the various support-service users.

Pensions

We participate in the Local Government Superannuation Scheme, a funded defined benefit scheme. Employees' and employer's contributions are paid into a pension fund administered by the London Pension Fund Authority. The LPFA is designated an 'administering authority' within the Local Government Superannuation Regulations 1995. The LPFA maintains the Fund and administers the terms of the scheme in respect of those who participate in it. The employer's contribution rate is set by the Fund's actuary based on three-yearly actuarial valuations.

The full adoption of FRS17 Retirement Benefits has meant that we need to recognise on the balance sheet the net asset/liability of our pension scheme and pensions reserve, and that we must recognise movements in the asset/liability on the income and expenditure account.

An actuarial assessment of the pension fund is required to assess the level of assets and liabilities in the scheme and to determine the current and past service costs of employment. These differ from the current contributions as the current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to a lump sum and pension when they retire. It estimates the full liability generated in the year and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Earmarked reserves

We maintain renewal and repairs funds to replace equipment and for major repairs to buildings or structures that we cannot fund in one year from service revenue budgets.

An insurance fund is maintained to self-insure certain risks. An example is storm damage to trees.

The fund is also typically used to pay insurance policy excesses for claims against us by third parties. The services are charged with the any excess or claim and we adjust the fund balance by a transfer to or from the general fund.

Provisions for bad and doubtful debts

All amounts outstanding on the sales ledger are reviewed to establish the likelihood of their recovery. Where debt is proving to be difficult to recover we create a provision for it. If that debt is then paid the provision is reversed, should the debt ultimately prove irrecoverable it will be written off against the provision.

Post-balance sheet events

Events arising after the balance sheet date should be reflected in the statement of accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included. For example, they could significantly alter an estimate of credit or debt or a bad debt provision allowed for in the accounts; could substitute a materially different actual figure for an estimate; or could reflect a permanent impairment or betterment in the financial position.

Where these post-balance sheet events occur, the amounts to be included in the statement of accounts are changed.

There are several Post Balance Sheet Events affecting the financial statements for 2009/10.

Statutory Interest on Vat Refund - During 2009/10 the authority has recovered a sum of overpaid historic VAT, which has attracted statutory interest of £964,000 this was received in July 2010 and has been adjusted in the statements.

Olympic Facilities

The Lee Valley White Water Centre is due to be handed over in late 2010, its construction value at the balance sheet date was £11.676 million. By the 31st August this value had increased to £17.85M.

Pension Liability

The Government announced in its budget on Tuesday 22 June 2010 that the Consumer Price Index (CPI) as opposed to the current Retail Price Index (RPI), will be adopted for the indexation of public service pensions from April 2011. In accordance with paragraph 21 of the Financial Reporting Standard21 (events after the Balance Sheet Date), this change is deemed to be a non-adjusting post balance sheet event. The change will reduce the value of the net liability (or deficit) in the London Pensions Fund Authority Pension Fund by £2,295,000.

Net Pension Asset as at 31 March 2010	**RPI**	**CPI**	**Difference**
	£000's	**£000's**	**£000's**
Present Value of Funded Obligation	41,787	39,538	2,249
Fair Value of Scheme Assets (bid value)	24,881	24,881	0
Net Liability	**16,906**	**14,657**	**2,249**
Present Value of Unfunded Obligation	1,092	1,046	46
Net Liability in Balance Sheet	**17,998**	**15,703**	**2,295**

Value Added Tax

As a partially exempt authority, meaning we have vatable and non-vatable income, we would not normally be able to reclaim all the VAT we incur on expenditure. However, under our section 33 agreement with HM Customs and Revenue, we can calculate the level of non-claimable VAT. Currently, we can reclaim all VAT we incur on expenditure.

During last year legislation was passed in 2007/08 came into effect reducing the basic rate of VAT from 17.5% to 15% until the 31st December 2009. From 01/01/2010 the VAT rate returned to the original rate of 17.5%.

Contingent Assets and Liabilities

Contingent Assets and Liabilities are not recognised in the accounting statements. They are disclosed by way of a note to the Balance Sheet if there is a possible obligation to make or receive payments in the future. Full details of Olympic contingent liabilities are detailed in the Significant matters in this report.

Borrowing

We have a number of loans from the Public Works Loans Board (PWLB) to support the capital programme. These are repayable over several years and subject to not taking any new loans it is envisaged that these will be repaid by March 2016

Changes in accounting policies

There have been no changes in accounting policies this year.

Date Statement was Authorised for Issue

Under the Accounts and Audit Regulations 2003, there are three formal points at which the Statement of Accounts can be regarded as issued in some form:

When the responsible officer certifies the statement as 'presents fairly' and makes them available for member approval. (regulation 10)

When the statement is ready for publication (regulation 11)

When the audit of the statement is certified closed, if later than the publication date. (regulation 17)

This version of the Statement of accounts was authorised for issue at the regulation 10 stage by Kulvinder Sihota - Director of Finance and Resources on 29 May 2010.

ANNUAL GOVERNANCE STATEMENT 2009/10

Scope of responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority does not have a duty under the Local Government Act 1999 in the same way that Local Authorities do to make arrangements to secure continuous improvement when exercising its functions, having regard to a combination of economy, efficiency and effectiveness but it considers and adopts these elements as a matter of best practice.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

he Authority has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2003 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the Authority and its activities for which it is accountable to its stakeholders and the wider community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 likely to impair the achievement of the Authority's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

The governance environment

A clear statement of the Authority's purpose and vision is set out in "The Lee Valley Regional Park Authority Business Strategy 2010-2020". The Authority's objectives are set out in the Performance Management Framework. These are translated into more specific aims and objectives in the service improvement plans which each department is required to prepare annually. The achievement of these objectives is monitored by the Senior Management Team, the Performance Team, the Executive and Scrutiny Committees.

The behaviour of Authority Members is regulated through a Model Code of Conduct made by statutory instrument, which is adopted and regulated within their own Councils systems and which is supported by a Members planning code of good practice within this Authority. Employees are also subject to a Code of Conduct and number of specific policies (e.g. on whistle blowing, IT usage, bullying and harassment) set out in the Employee Handbook. Advice on these matters is embedded through on-going training.

Policy and decision making are facilitated by a clear framework of delegation set out in the Lee Valley Regional Park Act 1966, the Authority's standing orders and financial regulations. This sets out, among other things, where responsibility lies for developing and delivering policy, and for taking decisions. The Standing Orders provide for delegation to officers but within a policy framework laid down by the Authority, and with the more significant executive decisions being taken by the elected Members of the Executive Committee and the Full Authority..

Compliance with established policies, procedures, laws and regulations is ensured by the requirement in the Standing Orders to give the Chief Executive, the Monitoring Officer and the Chief Finance Officer the opportunity to comment on every report submitted to a decision making body. The Monitoring Officer has a legal duty to ensure the lawfulness of decision making.

Risk management is embedded in the Authority through a Corporate Risk Management Framework (Paper FA/126/07) which includes the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls. The Authority maintains and reviews a register of its business risks, linking them to strategic business objectives and assigning ownership for each risk. Risk management awareness is an integral part of the Authority's employee/management competency framework. The Director of Finance & Resources leads on matters of Risk for the Authority and reports directly to the Audit Committee who receive quarterly reports on risk management and takes appropriate action to ensure that corporate business risks are up-to-date; being actively managed; and agree the soundness of the Authority's risk management arrangements.

The Authority's programme for securing continuous improvement in its services is set out in the Performance Management Framework. Actions for improvement are drawn from a variety of sources including internal audit; the Authority's own Self Assessment reviews, service reviews and, external inspections such as those undertaken by the Audit Commission, Quest, Green Flag, the British Safety Council and the British Quality Foundation. An annual assessment of performance, detailing future performance targets, is set out in the Annual Performance Management Report.

The Director of Finance & Resources is designated as the responsible officer for the administration of the **Scope of responsibility**

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority does not have a duty under the Local Government Act 1999 in the same way that Local Authorities do to make arrangements to secure continuous improvement when exercising its functions, having regard to a combination of economy, efficiency and effectiveness but it considers and adopts these elements as a matter of best practice.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

The Authority has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2003 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the Authority and its activities for which it is accountable to its stakeholders and the wider community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 likely to impair the achievement of the Authority's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

The governance environment

A clear statement of the Authority's purpose and vision is set out in "The Lee Valley Regional Park Authority Business Strategy 2010-2020". The Authority's objectives are set out in the Performance Management Framework. These are translated into more specific aims and objectives in the service improvement plans which each department is required to prepare annually. The achievement of these objectives is monitored by the Senior Management Team, the Performance Team, the Executive and Scrutiny Committees.

The behaviour of Authority Members is regulated through a Model Code of Conduct made by statutory instrument, which is adopted and regulated within their own Councils systems and which is supported by a Members planning code of good practice within this Authority. Employees are also subject to a Code of Conduct and number of specific policies (e.g. on whistle blowing, IT usage, bullying and harassment) set out in the Employee Handbook. Advice on these matters is embedded through on-going training.

Policy and decision making are facilitated by a clear framework of delegation set out in the Lee Valley Regional Park Act 1966, the Authority's standing orders and financial regulations. This sets out, among other things, where responsibility lies for developing and delivering policy, and for taking decisions. The Standing Orders provide for delegation to officers but within a policy framework laid down by the Authority, and with the more significant executive decisions being taken by the elected Members of the Executive Committee and the Full Authority..

Compliance with established policies, procedures, laws and regulations is ensured by the requirement in the Standing Orders to give the Chief Executive, the Monitoring Officer and the Chief Finance Officer the opportunity to comment on every report submitted to a decision making body. The Monitoring Officer has a legal duty to ensure the lawfulness of decision making.

Risk management is embedded in the Authority through a Corporate Risk Management Framework (Paper FA/126/07) which includes the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls. The Authority maintains and reviews a register of its business risks, linking them to strategic business objectives and assigning ownership for each risk. Risk management awareness is an integral part of the Authority's employee/management competency framework. The Director of Finance & Resources leads on matters of Risk for the Authority and reports directly to the Audit Committee who receive quarterly reports on risk management and takes appropriate action to ensure that corporate business risks are up-to-date; being actively managed; and agree the soundness of the Authority's risk management arrangements.

The Authority's programme for securing continuous improvement in its services is set out in the Performance Management Framework. Actions for improvement are drawn from a variety of sources including internal audit; the Authority's own Self Assessment reviews, service reviews and, external inspections such as those undertaken by the Audit Commission, Quest, Green Flag, the British Safety Council and the British Quality Foundation. An annual assessment of performance, detailing future performance targets, is set out in the Annual Performance Management Report.

The Director of Finance & Resources is designated as the responsible officer for the administration of the Authority's financial affairs under section 151 of the Local Government Act 1972 and section 11 (1) of the Lee Valley Regional Park act 1966. This includes ensuring the lawfulness and financial prudence of decision making; providing advice, particularly on financial impropriety, publicity and budget issues; giving financial information; and acting as the Authority's money laundering, whistle blowing and anti-fraud and corruption reporting officer.

The Authority has a performance management framework through which quality of service is measured through corporate performance indicators which in turn are reported through the Annual Performance Management Report. This is monitored by departmental management teams, Performance Team and the Senior Management Team and scrutinised on a six-monthly basis by the Executive Committee.

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Annual Internal Auditor's report, and also by comments made by the external auditors and other review agencies.

The terms of reference for the Audit Committee requires it to monitor and review the Authority's system(s) of internal financial control and authorise/approve the annual Statement of Internal Control (now the Annual Governance Statement); it also monitors and reviews the Authority's Health & Safety and risk management policies and programmes.

The Internal Auditor reports to the Authority's Director of Finance & Resources , but in order to ensure independence has direct access to the Chief Executive, Monitoring Officer, and the Audit Committee.

The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control, which is incorporated in the Annual Internal Audit Report to the Audit Committee. The Annual Internal Audit Report for 2009/10, which has been presented to this Committee on 20 May 2010 (Paper A/07/10), concluded that, based on the internal audit work undertaken, the Authority's internal control systems are considered to be adequate and effective.

A review of the effectiveness of the system of internal audit has been undertaken for 2009/10 in accordance with the Accounts and Audit Regulations 2006. This was presented to this Committee on 20 May 2010 (Paper A/09/10) and concluded that the Authority's system of Internal Audit was effective.

The review of the Authority's Risk Management framework was presented to the Finance & Audit Committee on 20 June 2007 (in which it was concluded that risk management arrangements are sound). The Strategic Risk register has undergone regular monitoring this year and Members have commented upon the risk register at this committee. (25 June 2009, paper FA/201/09, 24 September 2009, paper AUD/01/09), 05 February 2010 and paper AUD/05/10/10). Members have again reviewed the risk register (20 May 2010 paper AUD/06/10) and approved the updated risk management strategy.

Heads of Service continue to carry out self assessments of the processes and controls they have in place to allow them to achieve their service objectives. This is reinforced by annual self assessment carried out by a cross section of employees as part of the Performance Management Framework using the European Foundation for Quality Management (EFQM) model.

Reporting on performance management information has taken place to the Executive Committee and the Scrutiny Committee over the course of the year. Based on the information provided during the year and reviews of data quality, controls are in place.

The review of the effectiveness of the system of internal control is informed by:

- The work of managers within the Authority;
- The work of the Internal Audit Service;
- The work of Corporate Risk Management;
- Performance Management Information; and
- The external auditors in their annual audit letter and other reports.

The results of the review of the Authority's system of internal control have concluded that it is satisfactory and effective.

Significant Governance Issues

One of the most significant areas of governance will focus around the Olympics. The strategic risk register has identified the 2012 Olympics as the major risk that could affect all of our key business objectives into the future. The award of the Olympics to London impacts upon our land, business, financial and human resources.

The Authority expects to receive significant assets as a result of the Olympic Development Authority's work. This includes a White Water Canoe Course, a Velopark, a range of facilities at Eton Manor and the Authority will be the landlord of the proposed Wind Turbine site. These assets are likely to exceed a value of £150m and with that comes a responsibility to manage and operate these as economically and efficiently as possible

An officer-led Olympic Project Team is working on Olympic related issues. There is also Member involvement where key decisions are taken in relation to Olympic issues through the Upper and Lower Lee Valley Planning & Regeneration Committees. It is important that the Authority remains focused on legacy issues and the related risk of the Olympics; this is reflected the new Strategic Business Plan 2010-2020 reflecting the effect of the Olympics risk on our business objectives.

The Authority has undertaken its own Governance review to ensure its management and decision making processes remain robust, relevant and fit for purpose. In support of the Full Authority there is now an Executive, Audit and Scrutiny committees. The Authority will continue to review and monitor it's own governance framework to ensure that it is fit for purpose.

The Authority is reviewing it's own financial reporting requirements in the context of the new International Financial Reporting Standards (IFRS). It has directly employed support from it's own Internal Auditors to ensure that the Accounts are prepared in accordance with these standards from 2010/11.

Work is underway to ensure that the current accounts are correctly restated for comparative purposes in future years. Members of the Audit Committee were presented with a paper explaining the impact of IFRS by the Director of Finance & Resources (5 February 2010 Paper AUD/03/10) and were also provided with a training presentation by the Audit Commission. Regular update reports will continue to be presented to Members of the Audit Committee to allow them to fully discharge their duty in signing off the accounts of the Authority.

The economic climate has, and will continue to impact on the Public sector purse and particularly the finances of the Authority. The Authority sets the annual budget in the context of a five year medium term financial forecast. The assumptions behind this forecast are reviewed annually, the medium term forecast is restated and then agreed and signed off by Members. The annual increase in the levy was set at 0% for 2010/11 and officers and Members are committed to providing on-going savings and efficiencies to achieve economy and efficiency through the use of public funds whilst delivering it's core objectives detailed in the three year Business Plan 2010 – 2013.

Reporting on the Authority's use of Public Funds demonstrates to stakeholders and Council Tax payers how their money is spent. Closing the accounts in a timely manner and receiving an unqualified Audit opinion provide information and evidence to those stakeholders about how the Authority works. This year the draft accounts have been produced over a month earlier and are available for audit during June. This will ensure that the statutory sign-off dates in September can be met by the External Auditor.

Signed ....Chief Executive Officer

Signed..Chairman

Income and expenditure account

	Note	2009/10 £000's	2008/09 £000's
Continuing operations			
Cultural, environmental and planning	1	7,013	12,481
Corporate and democratic core	2	2,184	1,931
Non-distributed costs	2	(1)	215
Net cost of services		9,196	14,627
Net (gain)/loss on disposal of fixed assets	4	(1)	0
Interest payable and similar charges		134	170
Interest and investment income		(114)	(417)
Pension interest cost and expected return on pension assets	35	637	232
Net operating expenditure		9,852	14,612
Levies on local authorities	12	(12,234)	(12,053)
(Surplus) or Deficit for Year		(2,382)	2,559

Statement of the movement of the general fund balance

	Note	2009/10 £000's	2008/09 £000's
(Surplus) / Deficit for the year on the income and expenditure account		(2,382)	2,559
Net additional amount required by law and non-statutory proper practices to be debited or credited to the general fund balance for the year	6	201	(2,802)
(Increase)/ decrease in general fund in the year		(2,181)	(243)
General fund balance brought forward		(4,427)	(4,184)
General fund balance carried forward		(6,608)	(4,427)

Statement of total recognised gains and losses

	Note	2009/10 £000's	2008/09 £000's
(Surplus) Deficit for the year in the income and expenditure account		(2,382)	2,559
Surplus arising on revaluation of fixed assets		(218)	(8,674)
Actuarial (gains) / losses on pension fund assets and liabilities	18	9,699	4,172
Other (gains) / losses required to be included in the STRGL		(16)	0
Total recognised (gains) / losses for the year		7,083	(1,943)

Balance sheet

	Note	2009/10 £000's	2009/10 £000's	2008/09 £000's
Fixed assets				
Operational assets				
Land and buildings	20		40,989	42,107
Vehicles, plant and equipment	20		931	964
Infrastructure	20		1,917	1,982
Community assets	20		32,746	32,197
Non-operational assets				
Investment properties	20		5,609	5,529
Assets under construction	20		660	0
Non Operational Facilities	20		11,050	11,500
Total fixed assets			93,902	94,279
Current assets				
Stock and work in progress	24	358		353
Debtors	25	2,410		482
Payments in advance	26	328		287
Investments	27	11,716		9,913
Cash and bank	28	18	14,830	21
Total assets			108,732	105,335
Current liabilities				
Short-term borrowing	29	(527)		(27)
Creditors	30	(1,956)		(1,902)
Receipts in advance	31	(97)		(163)
Bank overdrafts	32	(374)	(2,954)	(194)
Total assets less current liabilities			105,778	103,049
Long-term borrowing	34	(734)		(1,261)
Capital grants unapplied	18	(279)		(257)
Government grants deferred	18	(17,162)		(17,046)
Liability related to defined benefit pension scheme	35	(17,998)	(36,173)	(8,049)
Total assets less liabilities			69,605	76,436
Revaluation reserve	18		9,812	9,564
Capital adjustment account	18		56,468	56,677
Usable capital receipts reserve	18		500	497
Pensions reserve	18		(17,998)	(8,049)
Capital fund	18		5,006	4,591
Earmarked revenue reserves	18		9,209	8,729
General fund			6,608	4,427
Total net worth			69,605	76,436

Cash flow statement

	Note	2009/10 £000's	2008/09 £000's
Revenue activities			
Payments			
Cash paid to and on behalf of employees		(7,030)	(7,022)
Other operating payments		(7,812)	(8,010)
Total Payments		(14,842)	(15,032)
Reciepts			
Rents (after rebates)		762	702
Levies received		12,234	12,053
Cash received for goods and services		4,878	4,674
Other revenue receipts		7	23
Total Reciepts		17,881	17,452
Net cash inflow/(outflow) from Revenue Activities		3,039	2,420
Returns on investments and servicing of finance			
Payments - Interest paid		(134)	(170)
Interest received		114	417
Net cash inflow/(outflow)		(20)	247
Capital activities			
Cash outflows			
Purchase of fixed assets		(1,607)	(2,373)
Purchase of long-term investments		0	
Other capital cash payments		0	
Cash inflows			
Sale of fixed assets		0	
Capital grants received		237	(1,357)
Other capital cash receipts		0	
Net cash inflow/(outflow)		(1,370)	(3,730)
Net cash inflow/(outflow) before financing		1,649	(1,063)
Financing			
Cash outflows			
Repayment of amounts borrowed		(27)	(527)
Cash inflows			
New loans raised		0	0
Net increase/(decrease) in cash		1,622	(1,590)

Notes to the financial statements

1. Cultural, environmental and planning services

This statement shows gross expenditure, gross income and net expenditure of services and the extent of their financing from taxpayers (through the levy placed on local authorities) and from reserves.

We operate a wide range of facilities and services. The expenditure on and income from each of these is shown in the following table. Services have been analysed in accordance with the Best Value Accounting Code of Practice which came into effect in April 2008.

	Gross expenditure 2009/10 £000's	Gross income 2009/10 £000's	Net expenditure 2009/10 £000's	Net expenditure 2008/09 £000's
Culture and heritage				
Arts development and support				
Arts development	8	0	8	11
Heritage				
Rye House Gatehouse	20	(1)	19	11
Three Mills	35	0	35	29
Total culture and heritage	63	(1)	62	51
Recreation and sport				
Leisure and environment management	2,410	(882)	1,528	1,270
London Olympics 2012	133	(1)	132	210
Sports development and community recreation				
Sports development	98	(1)	97	98
Sports and recreation facilities				
Lee Valley Leisure Centre	897	(780)	117	476
Lee Valley Ice Centre	1,682	(956)	726	629
Lee Valley Leisure Pool	419	(3)	416	1,368
Lee Valley Cycle Circuit	(73)	(14)	(87)	337
Lee Valley Riding Centre	883	(579)	304	342
Lee Valley Waterworks Centre	417	(193)	224	500
Lee Valley Leisure Centre Common Areas	119	(101)	18	81
Lee Valley Athletics Centre	1,821	(334)	1,487	1,245
Total recreation and sport	8,806	(3,844)	4,962	6,556

Continued...

	Gross expenditure 2009/10 £000's	Gross income 2009/10 £000's	Net expenditure 2009/10 £000's	Net expenditure 2008/09 £000's
Open spaces				
Park Services management	0	0	0	0
Countryside recreation and management				
Fisheries management	151	(130)	21	16
Lee Valley Marina Springfield	504	(443)	61	180
Lee Valley Marina Stanstead Abbotts	411	(330)	81	104
King George Reservoir South	12	(11)	1	1
Lee Valley Boat Centre	19	(11)	8	14
Lee Valley Farm Holyfieldhall	613	(454)	159	166
Lee Valley Farm Hayes Hill	513	(322)	191	545
Broxbourne Riverside Chalets	4	0	4	3
Lee Valley Campsite	479	(452)	27	254
Lee Valley Caravan Park	41	(1)	40	190
Youth and Schools	214	(30)	184	151
Myddelton House Gardens	234	(18)	216	169
East India Dock and Bow Creek	62	(1)	61	34
Countryside areas	1,811	(582)	1,229	2,159
Gunpowder Park	188	(7)	181	1,132
Abbey Gardens	137	(3)	134	88
Biodiversity Action Plan	128	(1)	127	105
Total open spaces	5,521	(2,796)	2,725	5,311
Tourism				
Tourism policy, marketing and development				
Corporate marketing	28	(1)	27	26
Visitor services				
Lee Valley Information Centre	63	0	63	56
Total tourism	91	(1)	90	82
Planning policy				
Planning	939	(841)	98	427
Total planning policy	939	(841)	98	427

Continued...

	Gross expenditure 2009/10 £000's	Gross income 2009/10 £000's	Net expenditure 2009/10 £000's	Net expenditure 2008/09 £000's
Housing services				
Authority accommodation	166	(155)	11	29
Total housing services	166	(155)	11	29
Service management and support-services				
Chief Executive	930	(930)	0	0
Finance	2,834	(3,798)	(964)	1
Human Resources	354	(324)	30	33
Performance Management	307	(307)	0	0
Myddelton House HQ Services	1,286	(1,286)	0	(8)
Total support-services	5,711	(6,645)	(934)	26
Total	21,297	(14,283)	7,014	12,482

2. Corporate and democratic core and non-distributed costs

	Gross expenditure 2009/10 £000's	Gross income 2009/10 £000's	Net expenditure 2009/10 £000's	Net expenditure 2008/09 £000's
Corporate and democratic core				
Corporate management	1,337	(137)	1,200	1,050
Democratic representation and management	1,166	(181)	985	881
Total corporate and democratic core	2,503	(318)	2,185	1,931
Non-distributed costs				
Non-distributed costs	(1)	0	(1)	215
Total non-distributed costs	(1)	0	(1)	215

The corporate and democratic core deals with corporate policy-making and all other member-based activities and costs that relate to the general running of the Authority. Non-distributed costs include past service costs, settlements and curtailments relating to retirement benefits. These costs are specifically excluded from total service costs.

3. Support-service recharges

The net cost of services includes recharges from service management and support services. These costs are reallocated to the various support-service users based on several criteria.

4. Disposal of fixed assets

During 2009/10 the Authority disposed of a number of vehicles . These were fully depreciated and produced no significant gain on loss.

5. Publicity expenditure

Under section 5(1) of the Local Government Act 1986, our spending on publicity was:

	2009/10	**2008/09**
	£000's	**£000's**
Recruitment advertising	65	60
Other advertising	230	222
	295	282

6. Reconciling items for the statement of movement on the general fund

	Note	2009/10 £000's	2008/09 £000's
Amounts included in the income and expenditure account but required by law to be excluded when determining the movement on the general fund balance for the year.			
Depreciation and impairment of fixed assets		(2,304)	(5,585)
Government grants deferred amortisation		209	30
Write-downs of Revenue Expend to be financed from capital resources		0	0
Net gain/(loss) on sale of fixed assets		1	0
Net charges made for retirement benefits in accordance with FRS 17		(1,122)	(944)
		(3,216)	(6,499)
Amounts not included in the income and expenditure account but required by law to be excluded when determining the movement on the general fund balance for the year.			
Minimum revenue provision for capital financing	9	440	495
Capital financing charged in-year to the general fund balance		1,444	1,544
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners.		872	832
		(460)	(3,628)
Transfers to or from the general fund balance that are required to be taken into account when determining the movement on the general fund balance for the year.			
Transfer to revenue reserves		480	274
Transfer to capital reserves		415	572
Transfer to pension reserve		0	0
Internal insurance deficit/(surplus)		(25)	(20)
Capital grants released from government grants deferred		0	0
Capital expenditure financed from revenue		0	0
Reconciling amount for provisions for loan repayment		0	0
Net additional amount required to be credited to the general fund balance for the year		410	(2,802)

7. Internal insurance

We manage insurable risk externally, through commercial insurance, and from our own resources. Services contribute to the insurance fund to cover agreed liabilities, such as storm damage to trees, and certain uninsured losses, particularly insurance-claim excesses. The surplus or deficit shown is the difference between total contributions from services, and claims made or provided for in the year. Surpluses are normally re-invested in (and deficits made good from) the insurance fund.

An analysis of movements in the insurance fund is shown in note 18.

8. Disclosure of information about the movement in the net pensions asset/liability

As part of the terms and conditions of employment of our officers and other employees, we offer retirement benefits. Although these benefits will not actually be payable until employees retire, we must disclose our commitment to make the payments at the time that employees earn their future entitlement.

We recognise the cost of retirement benefits in the net cost of services when the benefits are earned by employees, rather than when they are eventually paid. However, the charge we are required to make against local taxpayers is based on the cash payable in the year, so the real cost of retirement benefits is removed from the income and expenditure statement after net operating expenditure. The following transactions have been made in the income and expenditure statement during the year:

	2009/10 £000's	2008/09 £000's
Net cost of services		
Current service cost	(485)	(526)
Past service cost	0	(186)
Settlements and curtailments	0	0
Net operating expenditure		
Interest cost	(1,856)	(1,901)
Expected return on assets in the scheme	1,219	1,669
Amount to be met from local taxpayers		
Movement on the pensions reserve	(1,122)	(944)
Actual amount charged for pension in the year		
Employer's contributions payable to scheme	872	832
Contribution to/(from) pension reserve	(250)	(112)

Note 35 contains details of the assumptions made in estimating the figures included in this note. Note 18 details the costs that have arisen through the year based on estimates made in preparing figures for previous years that have had to be revised (eg the expected return on investments).

9. Minimum revenue provision

By law we must set aside a minimum provision from revenue to repay external debt, including this in the charge to taxpayers. The net cost of services includes a provision for depreciation that exceeds the minimum revenue provision. We make an adjustment in the income and expenditure account to ensure that only the minimum revenue provision is included in the charge to taxpayers. The MRP is calculated as 4% of the Authorities Capital Financing Requirement in accordance with current legislation.

This is detailed below:

	2009/10	2008/09
	£000	£000
Prior year closing balances		
Operational assets	77,251	82,334
Non-operational assets	17,029	6,923
Asset Under Construction	0	311
Revaluation reserve	-9,563	-910
Capital adjustment account	-56,677	-59,775
Government grants deferred	-17,046	-16,505
Capital financing requirement as at 31/03/2009	10,994	12,378
MRP Calculation (in accordance with regulation 28)		
4% of Capital Financing Requirement	440	495
Minimum revenue Provision for 2009/10	**440**	**495**

10. Staff remuneration

The following table shows total emoluments for senior staff over £50,000. In a change to the reporting requirement we are also required to name all staff whose emoluments exceed £150,000.

Position	Salary £	Benefits in Kind £	Total Excluding Pension £	Employers Pension £	Total Inc. Pension 2009/10	Total Inc. Pension 2008/09
Officers receiving over £150,000						
Chief Executive Officer - S Dawson	156,402	2,120	158,522	25,965	184,487	181,649
Officers receiving between £50,000 and £150,000						
Assistant Chief Executive Officer	120,113	2,044	122,157	21,004	143,161	140,395
Director of Finance and Resources	107,897	2,019	109,916	18,866	128,782	125,919
Director of Regeneration and Property	99,462	2,588	102,050	17,390	119,440	111,677
Assistant Director of Finance and Resources	76,255	2,543	78,797	13,329	92,126	85,175
Assistant Director of Leisure and Environment	83,220	2,557	85,777	14,547	100,324	85,181
Assistant Director of Leisure and Environment	69,261	2,431	71,691	12,105	83,796	70,683
Assistant Director of Law & Governance	73,470	2,552	76,022	12,841	88,863	75,088
Head of Communications	69,528	1,905	71,433	12,042	83,475	40,753
Head of Environmental Design	65,232	2,520	67,752	11,438	79,189	70,178
Head of Performance & Information	54,413	2,497	56,910	9,506	66,416	46,802
Head of Construction Projects	60,538	1,296	61,834	10,469	72,303	67,216
Head of Planning and Regeneration	71,017	2,532	73,549	12,412	85,961	81,627
	1,106,805	29,605	1,136,411	191,914	1,328,324	1,182,343

Remuneration Bands *	2009/10 No. of Staff	2008/09 No. of Staff
£50,000 - 54,999		
£55,000 - 59,999	1	2
£60,000 - 64,999	1	2
£65,000 - 69,999	1	1
£70,000 - 74,999	3	4
£75,000 - 79,999	2	
£85,000 - 89,999	1	
£95,000 - 99,999		1
£100,000 - 104,999	1	
£105,000 - 109,999	1	1
£115,000 - 119,999		1
£120,000 - 124,999	1	
£155,000 - 159,999	1	

*Remuneration Bands with no staff in have been excluded.

11 Members' allowances

During 2009/10 we paid £10,358 (2008/09 £13,701) in members' allowances and expenses

12. Analysis of levy

By law we may charge a levy on certain local authorities in London, Hertfordshire and Essex. The amounts charged to each authority are shown below:

	2009/10 £000's	2008/09 £000's
Corporation of London	18	18
Inner London boroughs		
Camden	289	286
Greenwich	241	238
Hackney	221	214
Hammersmith and Fulham	245	240
Islington	259	255
Kensington and Chelsea	304	301
Lambeth	316	307
Lewisham	267	264
Southwark	291	282
Tower Hamlets	247	243
Wandsworth	376	367
Westminster	397	391
Outer London boroughs		
Barking and Dagenham	158	157
Barnet	420	414
Bexley	256	255
Brent	293	289
Bromley	407	404
Croydon	387	385
Ealing	359	352
Enfield	336	331
Haringey	261	259
Harrow	264	261
Havering	273	270
Hillingdon	297	293
Hounslow	262	259
Kingston Upon Thames	188	187
Merton	225	222
Newham	230	222
Redbridge	274	270
Richmond Upon Thames	271	269
Sutton	226	223
Waltham Forest	233	229
Hertfordshire and Essex authorities		
Hertfordshire	1,365	1,344
Essex	1,619	1,595
Thurrock	159	157
Total levies on local authorities	12,234	12,053

13. Related-party transactions

Related parties are organisations or individuals that, as a result of their relationship with us, may exert, or be seen as exerting, influence over our business. Material transactions in 2009/10 were as follows:

	2009/10 £000's	Grant description
Income		
Levies receivable		
As per note 12, analysis of levy.	12,234	
Capital grants receivable over £10,000		
Agregate Levy Sustainability Fund (ALSF), Natural England	99	Clayton Hill - Environmental and Conservation Works to Clayton Hill Nazing.
Transport for London	10	Leyton Marsh - Additional Cycle Paths

Members and senior officers are required to complete a declaration of related-party transactions detailing any relationship they have. In the current year there has been one disclosure made by an officer. This was for the purchase of a caravan through one of the authorities suppliers. The purchase was made at market rate and as a transparent bona fide arms length transaction.

Where there are transactions with Borough and County Councils (for example road sweeping and planning applications) these are conducted at arm's length.

The pension fund is administered by LPFA is also a related party as it affects the authority and its officers directly. Disclosures about the pension fund are made in note 8 and note 35.

This disclosure note has been prepared on the basis of specific declarations obtained in April 2010, in respect of related-party transactions. The Authority has prepared this disclosure in accordance with its current interpretation and understanding of FRS 8 and how it applies to the public sector, utilising current advice and guidance.

14. Financial instruments

Gains and Losses in Relation to Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows

	2009/10			2008/09		
	Liabilities measured at Amortised Cost	Loans & Recievables	Totals	Liabilities measured at Amortised Cost	Loans & Recievables	Totals
	£000	£000	£000	£000	£000	£000
Interest Payable and Similar Charges	134		134	170		170
interest & Investment Income		(114)	(114)		(417)	(417)
	134	(114)	20	170	(417)	(247)

Fair Value of Assets and Liabilities carried at Amortised Cost

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

Figures have been calculated by reference to the 'premature repayment' sets of rates in force on 31st March 2010, for 2009/10 and 31st March 2009, for 2008/09
Where an instrument will mature in the next 12 months, its carrying amount is assumed to approximate to fair value.

For market debt fixed rate debt will need to be assessed on the basis of a present value for the future cash flows due under an instrument, discounted at the rate available currently in relation to the same loan from a comparable lender. Fair value is disclosed at 31st March of each year.

Financial Liabilities

	2009/10	2008/09
	£000	£000
Carrying Amount	1,262	1,288
Fair Value	1,581	1,713

The fair value is higher than the carrying amount because the Authority's portfolio of loans are fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans.

Financial Assets

	2009/10	2008/09
	£000	£000
Carrying Amount	11,716	9,913
Fair Value	11,716	9,919

The fair value is the same as the carrying amount as this is a reasonable approximation of fair value for financial instruments such as short term trade receivables and payables.

Risks arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

The Authority carries out certain functions for which charges are levied and invoices have to be raised. Facilities should secure payment for provision of services before the date of the event. Where ongoing agreements are in place payment is collected at the beginning of the contract or by monthly instalments by direct debit. As a result of this Authority has a proportionally small Accounts Receivable Ledger for an organisation its size. The Authority's policy is to set aside a provision for bad debts in order to minimise the effect of default by customers and the provision made for debts as at 31st March 2010 was £25,000.

At 31st March 2010 amounts owed by customers stood at £185,000, (£32,000 31st March 2009). In this context a customer is any person or organisation for whom an invoice is raised in the Authority's main accounts receivable ledger. The £185,000 outstanding is analysed by age as follows.

Aged Debtor Profile

	2009/10	2008/09
	£'000	£'000
Less Than 30 Days	113	70
31 to 60 Days	11	18
61 to 90 Days	10	15
91+ Days	119	5
Unallocated Credits	(68)	(140)
	185	(32)

Generally no provision is made for debts less than 12 months old except where there are concerns about specific debts. Debts over 12 months old will usually be the subject of litigation or agreed payment plans and the decision on whether to provide for them, and for how much, will depend upon individual circumstances which include an assessment of current credit status, outstanding county court judgements and the progress of litigation. The Authority's biggest debtor was Twigden Homes who owed £85,500 of the total outstanding, this has since been paid.

Additional credit risk arises from deposits with banks and financial institutions and the Authority's general policy objective is to invest its surplus funds prudently. The Authority's investment priorities are:

- security of the invested capital
- liquidity of the invested capital
- an optimum yield which is commensurate with security and liquidity

The Authority sets limits on principal amounts invested and the duration of those investments, dependant on the financial standing of institutions and applied sector and country limits in line with their financial strength.

The Authority's Treasury Management Policy states that deposits can be made with banks and the top 7 listed Building Societies. Full details can be found in the Authorities Treasury Management Policy.

The operation of some building societies does not require them to have a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Authority uses such building societies that have a minimum asset size of £10,000 million, but restrict these types of investments.

The CLG's Guidance on Investments, revised during 2009/10, reiterated security and liquidity as the primary objectives of a prudent investment policy. Although the Guidance becomes operative on 1st April 2010, its principal recommendations run parallel to the credit risk management requirements in the revised Treasury Management Code. In the revised Guidance, Specified Investments are those made with a body or scheme of "high credit quality". Both the Guidance and the revised Treasury Management Code emphasise that counterparty credit criteria should not rely on credit ratings alone but should include a wider range of indicators. The revised Code requires that ratings assigned by all three rating agencies – Fitch, Moody's and Standard & Poor's – be taken into account and the lowest rating be used

After the particularly torrid economic recession and a severe downturn in growth that extended into early 2009, there were some signs of a 'recovery'. In order to stimulate growth, the Bank of England maintained the Bank Rate at 0.5% throughout the year and also took extreme measures to revive the economy through its Quantitative Easing (QE) programme. The increased supply of money in the system due to QE did not however translate into an increase in the movement of money in the system as banks were, and still are, unwilling to lend.

Therefore during another year of economic uncertainty and the continued reluctance of 'bank to bank' lending, managing counterparty risk continued to be the Authority's overwhelming investment priority.

The following analysis summarises the authority's potential maximum exposure to credit risk as at 31 March 2010.

Credit Rating of Institutions Holding Investments

	Long Term Credit Rating	Principal Sum Invested as at 31-Mar-10 £'000	Principal Sum Invested as at 31-Mar-09 £'000
FITCH Rating Agency - Banks	AA	4,186	3,166
FITCH Rating Agency - Banks	AA-	2,023	1,323
		6,209	4,489
Moody's Rating Agency - Building Societies	Baa3	2,282	2,248
Moody's Rating Agency - Building Societies	Aa3	3,225	3,176
		5,507	5,424
Total Invested		11,716	9,913

The following analysis summaries the authority's potential maximum exposure to credit risk based on experience of default and non-collection over the last financial years.

	Amount at Nominal Value as at 31st March 2010 £'000	Historical experience of default as at 31st March 2010 £'000	Amount at Nominal Value as at 31st March 2009 £'000	Historical experience of default as at 31st March 2009 £'000
Deposits with banks and financial institutions at nominal value	11,716	0	9,913	0

The authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Liquidity Risk

The authority ensures it has adequate though not excessive cash resources, borrowing arrangements, overdraft and standby facilities to enable it, at all times, to have the level of funds available which are necessary for the achievement of its business / service objectives.

The Authority has access to the following to assist with liquidity:

- An overdraft facility of £50,000 overnight with our bankers – NatWest Bank.
- A Special Interest bearing account with Natwest
- A call account with Santander PLC from which monies can be 'called back'

As the Authority has access to borrowings from the Public Works Loan Board, there is not thought to be a significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities at nominal value is as follows.

	2009/10 £'000	2009/10 £'000
Less than 1 year	527	27
Between 1 and 2 years	27	526
Between 2 and 5 years	81	81
More than 5 years	627	654
	1,262	1,288

Market Risk

The Authority seeks to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek protection from the effects of such fluctuations.

The Authority is exposed to significant risk in terms of its exposures to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest rate expense charge to the Income and Expenditure Account would rise
- Borrowings at fixed rate – the fair value of the liabilities borrowings would fall
- Investments at variable rate – the interest income credited to the Income and Expenditure Account would rise
- Investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound.

Price Risk

The Authority manages its exposure to fluctuations in prices so as to minimise any detrimental impact on its budged income / expenditure levels. The Authority does not invest in instruments such as equity shares as part of its Treasury function and thus has no exposure to loss arising from movements in price.

Foreign Exchange Risk

The Authority manages its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budged income / expenditure levels. The Authority has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

15. Disclosure of audit costs

In 2009/10 we incurred the following fees relating to external audit and inspection:

	2009/10	2008/09
	£000's	£000's
Fees payable to the Audit Commission for external audit services carried out by the appointed auditor	42	36

16. Local Government Act 1972

No expenditure fell under section 137 of the Local Government Act 1972, which allows an authority to incur expenditure that it believes is in the area's best interests but is not otherwise authorised by law.

17. Local Authorities (Goods and Services) Act 1970

No work was done for other local authorities or public bodies under the Local Authorities (Goods and Services) Act 1970.

18. Movement on Reserves

The Authority keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. The following movements on reserves took place during the year.

	Note	B/fwd 1st April £'000	(Gains)/ Losses for the year £'000	C/fwd 31st March £'000
Renewals Fund	i	(849)	2	(847)
Repairs Fund	ii	(7,233)	(449)	(7,682)
Insurance Fund	iii	(534)	(31)	(565)
Common Area Fund	iv	(113)	(1)	(114)
Capital Fund	v	(4,591)	(416)	(5,007)
Total General Fund Earmarked Reserves		(13,320)	(895)	(14,215)

i. This reserve has been used to meet the costs of eventual replacement equipment within the park
ii. This reserve has been used to meet the costs of repairing equipment within the park
iii. This reserve is used to meet the costs of meeting excess and claims not covered by the policy.
iv. This reserve has been set up to meet potential costs of undertaking work on the shared Picketts Lock Site.
v. This reserve held to improve the facilities of the authority and no incorporates the Facilities Improvement Fund, that was previously held separately

There have been no transfers between reserves in the year.

	B/fwd 1st April £'000	(Gains)/ Losses for the year £'000	C/fwd 31st March £'000
General Fund Earmarked Reserves (as above)	(13,320)	(895)	(14,215)
Revaluation Reserve	(9,563)	(252)	(9,815)
Capital Adjustment Account	(56,678)	210	(56,468)
Usable Capital Reciepts Reserve	(497)	0	(497)
General Fund	(4,427)	(2,181)	(6,608)
Pensions Reserve	8,049	9,949	17,998
Total Equity	(76,436)	6,831	(69,605)

Details on Specific Reserves

Revaluation Reserve

The Revaluation Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value as a result of inflation or other factors. The Reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. On disposal the Reserve balance for the asset disposed of is written out to the Capital Adjustment Account

Revaluation Reserve

	2009/10 £000	2008/09 £000
Balance Brought Forward	(9,563)	(910)
Revaluations including depreciation written off on revaluation	(256)	(8,941)
Depreciation for year in respect of revalued amounts	39	28
Corrections to Base	(35)	(35)
Balance Carried Forward	**(9,815)**	(9,858)

Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve distinguishes amounts in the reserve from any capital receipts that have been posted to the Capital Financing Account to reduce the Council's underlying requirement to borrow or pay to the Government.

Usable Capital Reciepts Reserve

	2009/10 £000	2008/09 £000
Balance Brought Forward 01/04/2009	(497)	(497)
Reciepts for Year	0	0
Balance Carried Forward 31/03/2010	(497)	(497)
Balance Unapplied	(497)	(497)

The Capital Adjustment Account

The Capital Adjustment Account (CAA) shows:

<u>Resources used to finance capital expenditure</u>

Capital receipts and direct revenue financing used to finance capital expenditure.

Amortised use of capital grants deferred and capital contributions deferred originally used to finance capital expenditure.

Minimum revenue provision/loan repayments during the year.

<u>The historic cost of acquiring and enhancing fixed assets</u>

Historic cost depreciation and impairment losses.

Deferred charges written off to revenue.

historic cost net book value of assets disposed of.

Capital Adjustment Account

	2009/10	2008/09
	£000	£000
Balance Brought Forward 01/04/2009	(56,678)	(59,776)
Capital Financing		
Revenue	(1,444)	(1,544)
Capital Reciepts	0	
Capital Fund		(418)
Reversal of Impairment Charge to I&E	1,642	4,312
Minimum Revenue Provision	(440)	(495)
Depreciation	700	1,301
Depreciation in year for revalued amounts	(39)	(28)
Amortised Capital Grants	(209)	(30)
Balance Carried Forward 31/03/2010	(56,468)	(56,678)

19. Capital Commitments

The authority is obliged to meet the following Capital Commitments as identified within its Capital Programme.

Scheme	Explanation	Funding / Commitment £'000	Period
Lee Valley White Water Centre	Provision of a Olympic standard White Water Facility, to be run by the Authority after the games.	4,950	2008/09 to 2010/11
Myddelton House Gardens	The Gardens at Myddelton House are being restored to the way they were when owned by the horticulturalist EA Bowles. This work is funded by a Lottery Heritage Grant.	541	2008/09 to 2010/11
Tottenham Marshes	Ongoing works are being undertaken to enhance Tottenham Marshes, and provide a natural habitat for local wildlife.	223	2007/08 - 2010/11

20. Movement of fixed assets

	Land and buildings	Vehicles plant and equipment	Infrastructure assets	Community assets	Investment properties	Non Operational Assets	Assets Under Construction	Total 2009/10 £000's	Total 2008/09 £000's
Net book value at 31/03/09	42,107	964	1,982	32,197	5,529	11,500	0	94,279	89,258
Revaluation	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Net book value at 01/04/09	42,107	964	1,982	32,197	5,529	11,500	0	94,279	89,258
Transfers	0	0	0	0	0	(450)	450	0	279
Additions	743	169	2	549	0	0	210	1,673	1,638
Disposals	0	0	0	0	0	0	0	0	0
Deletions	35	0	0	0	0	0	0	35	0
Depreciation	(391)	(202)	(67)	0	0	0	0	(660)	(1,273)
Revaluation	137	0	0	0	80	0	0	217	8,969
Impairment	(1,642)	0	0	0	0	0	0	(1,642)	(4,592)
Net book value at 31/03/10	40,989	931	1,917	32,746	5,609	11,050	660	93,902	94,279

Capital expenditure relates to acquiring and improving assets of long-term value to us. The following table analyses capital expenditure and shows how it was financed.

	2009/10 £000's	2008/09 £000's
Capital investment		
Operational assets	1,464	1,639
Non-operational assets	0	0
Assets under construction	210	3
Deferred charges	0	0
	1,674	1,642
Sources of finance		
Government grants and other contributions	325	571
Capital receipts	0	0
Revenue provision	1,444	1,544
Changes in capital creditors	(95)	(890)
Facilities improvement fund	0	0
Lee Valley Athletics Centre reserve	0	0
Capital fund	0	417
	1,674	1,642

21. Fixed asset valuation

Following a full valuation at the end of 2008/09 a partial valuation was commissioned in 2009/10, this targeted properties whose values could have changed due to economic or policy changes. This exercise was undertaken by Montagu Evans Chartered Surveyors as part of a five-year rolling programme. Valuations were made in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

Properties we regarded as operational were valued on the basis of open-market value for their existing use or, where this could not be assessed because there was no demand for that type of property, the depreciated replacement cost.

Properties we regarded as non-operational were valued on the basis of open-market value.

The following table shows the method used to value the fixed asset.

	Historic Value £000	Existing use valuation £000	Market value £000	Depreciated replacement Cost £000
Operational Assets	37,095	10,217	2,862	22,846
Non Operational Assets			17,914	1,500
Total Valuation	37,095	10,217	20,776	24,346

22. Investment Properties treated as Operating Leases

We have a number of properties that have tenants who pay a commercial rent. These are treated as operating leases based on an assessment against the SORP. They are not depreciated.

The rent generated from these assets was £412,000 for 2009/10.

23. Information on assets held

Lee Valley Park was established in 1967 to help meet the leisure needs of the people of London, Hertfordshire and Essex. It stretches along 23 miles of the River Lea from east London to Ware in Hertfordshire. It was created to regenerate 4000 hectares of land and water for a wide range of sporting, leisure and nature conservation activities.

A breakdown of our significant fixed assets, excluding investment properties, is given below:

Leisure/sports centres	Lee Valley Ice Centre, Leyton Lee Valley Athletics Centre
Golf courses	Lee Valley Par 3 Golf Course, Leyton 18-hole golf course at Lee Valley Leisure Complex
Riding centre	Lee Valley Riding Centre, Leyton
Farms	Holyfieldhall Farm, Waltham Abbey Hayes Hill Farm, Waltham Abbey
Boatyards	Lee Valley Marina, Springfield, Clapton Lee Valley Marina, Stanstead Abbotts
Campsites/caravan parks	Lee Valley Campsite, Sewardstone Lee Valley Caravan Park, Dobbs Weir—Non Operational Site Only Campsite at Lee Valley Leisure Complex
Sports ground	Myddelton House sports ground
Heritage sites	Three Mills Centre Myddelton House Gardens, Enfield Rye House Gatehouse, Hoddesdon Lee Valley Waterworks Centre Gunpowder Park, Waltham Abbey Abbey Gardens, Waltham Abbey
The Park and its open spaces (Community assets)	Spitalbrook, Broxbourne Essex & Middlesex Filter Beds, Leyton Tottenham Marshes Waltham and Cheshunt Marshes Fishers Green, Waltham Abbey Cathagena Estate, Broxbourne Wharf Road, Broxbourne
	We also directly own over 1,400 hectares of the land and water resources which make up a total of about 4,000 hectares of the Lee Valley from Ware in Hertfordshire to the Thames at East India Dock.

24. Stocks and stores

Agricultural stocks have been professionally valued and comprise livestock, produce and tenants' rights at our farms at Hayes Hill and Holyfieldhall. Other stocks are mainly goods held for sale at our facilities, such as books, sports equipment and travelcards.

	2009/10	2008/09
	£000's	£000's
Stocks and work in progress		
Agricultural, including livestock	245	253
Other stocks, including work in progress	113	100
	358	353

25. Debtors

	2009/10	2008/09
	£000's	£000's
Debtors		
General debtors	385	193
HM Revenue and Customs	1,903	266
Local authorities	7	32
Land and property rents	29	14
Loans to staff	0	0
Contributions to capital projects	110	0
	2,434	505
Provision for bad and doubtful debts	(24)	(23)
	2,410	482

26. Payments in advance

	2009/10	2008/09
	£000's	£000's
Payments in advance		
General payments in advance	328	287
	328	287

27. Short-term investments

We are permitted to place money on short-term deposit to earn interest. An analysis of deposits by maturity is given below.

	2009/10 £000's	2008/09 £000's
Short-term investments		
Maturing within 7 days	6,209	4,489
Maturing between 7 days and 3 months	0	3,175
Maturing between 3 months and 1 year	5,508	2,248
	11,717	9,912

28. Cash in hand and cash at bank

Cash in hand, in a bank account we hold, or which is immediately at call, is shown below.

Cash in hand comprises income held at our facilities in secure conditions awaiting cash collection or banking, and small amounts of cash held locally for petty items.

Cash at bank includes bank deposits and payments that have been made by 31 March, but are yet to appear on our bank statement. Also included is cash collected from our centres for banking by a cash-collecting company but not yet credited to a bank account.

Bank overdrafts are shown separately within current liabilities, and include commitments for payments not yet debited to our bank account.

Cash on short-term deposit is classified as an investment.

	2009/10 £000's	2008/09 £000's
Cash and bank		
Cash at bank	10	13
Cash in hand	8	8
	18	21

29. Short-term borrowing: loans maturing within one year

Description	2009/10 £000's	2008/09 £000's
Analysis of loan by type		
Public Works Loan Board	527	27
	527	27

30. Creditors

Amounts we owe are shown below.

	2009/10 £000's	2008/09 £000's
Creditors		
General creditors	1,449	1,346
Capital creditors	244	338
Deposits	97	85
HM Revenue and Customs	166	133
	1,956	1,902

31. Receipts in advance

Receipts in advance are payments our customers have made for goods and services that we have not yet provided.

	2009/10 £000's	2008/09 £000's
Receipts in advance		
General receipts in advance	97	163
	97	163

32. Bank overdrafts

The bank overdraft reported on the balance sheet will often differ greatly from our actual bank balances because of uncleared items.

Funds are transferred to our current account from short-term investment sources when needed to finance operational expenditure.

	2009/10 £000's	2008/09 £000's
Bank overdrafts		
Bank overdrafts	374	194
	374	194

33. Contingent Assets and Liabilities

There is evidence of contaminated land in the Park. At this stage the level of contamination and the associated costs of any remedial action cannot be quantified. A full investigation is being undertaken to establish the full extent of this problem and then to identify any possible contingent liability.

With the Olympic Developments well underway within the park, the Authority will obtain the risks and rewards of these facilities after they have been handed over, but has not shown these items in its Balance Sheet to date.

The Authority has a contingent liability of up to £900,000 in relation to its lottery funding agreement with Sport England. In addition, the Authority will have a further contingent liability of up to £4 million in relation to its funding agreement with East of England Development Agency (EEDA).

34. Long-term borrowing

Description	2009/10 £000's	2008/09 £000's
Analysis of loan by type		
Public Works Loan Board	734	1,261
	734	1,261
Analysis of loan by maturity		
Between 1 and 2 years	27	527
Between 2 and 5 years	81	81
Between 5 and 10 years	626	653
More than 10 years	0	0
	734	1,261

35. Disclosure of net pensions assets and liabilities

We participate in the Local Government Pension Scheme, administered by London Pensions Fund Authority. This is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund which are calculated to balance the pension liabilities with investment assets.

Note 8 contains details of our participation in the Local Government Pension Scheme in providing officers with retirement benefits.

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March are as follows.

	2009/10 £000's	2008/09 £000's
Estimated employer's assets	24,887	18,774
Present value of scheme liabilities	(41,793)	(25,778)
Present value of unfunded liabilities	(1,092)	(1,045)
Total value of liabilities	(42,885)	(26,823)
Net pension assets/(liabilities)	(17,998)	(8,049)

The net liability (ie the amount by which the pensions liabilities exceed its assets) of £17.998m affects the Authority's net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the Authority's financial position remains healthy. The deficit on the pension scheme will be made good by increased contributions over the employees' remaining working life, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method. This estimates pensions that will be payable in future years depending on assumptions about factors such as mortality rates and salary levels. The scheme liabilities have been assessed by Barnett Waddingham , an independent firm of actuaries, their estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2007. The next full valuation is due in the financial year 2010/11.

	2009/10	**2008/09**
	% per year	**% per year**
Rate of inflation	3.9%	3.1%
Rate of increase in salaries	5.4%	4.6%
Rate of increase in pensions	3.9%	3.1%
Rate for discounting scheme liabilities	5.5%	6.9%

The expected return on assets is based on the long term future expected investment for each asset class as at the beginning of the period (01 April 2009 or the date of joining the Fund if later)

FRS 17 requires that the expected return on assets is set by the employer having taken actuarial advice. Our Actuaries have advised the following returns for the year to 31 March 2010.

Assets (Whole Fund)	**Long-term Return per year 01/04/2009**	**Long-term Return per year 01/04/2008**	**Assets at 31/03/2010 £000's**	**Assets at 31/03/2009 £000's**
Equities	7.0%	7.5%	17,421	10,701
Bonds	5.5%	6.3%	2,489	1,877
Property	6.0%	6.7%	3,484	4,694
Cash	4.0%	4.8%	1,244	1,502
Corporate Bonds			249	
			24,887	18,774

Comparative figures for previous years are as follows

	31/03/2010	31/03/2009	31/03/2008	31/03/2007	31/03/2006
	£000's	£000's	£000's	£000's	£000's
Fair Value of Scheme Assets	24,887	18,774	23,849	24,759	22,820
Present Value of Defined Benefit Obligation	(42,885)	(26,823)	(27,614)	(29,588)	(29,831)
Surplus / Deficit	(17,998)	(8,049)	(3,765)	(4,829)	(7,011)
Experience Gains / Losses on Assets	4,340	(6,739)	(2,465)	219	2,998
Exp. Gains / Losses as a % of Scheme Assets	17.44%	-35.90%	-10.34%	0.88%	13.14%
Experience Gains / Losses on Liabilities	153	46	(124)	(42)	(11)

The movement in the net pension liability for the year to 31 March 2010 is as follows:

	2009/10	2008/09
	£000's	£000's
Surplus/(deficit) at start of year	(8,049)	(3,765)
Current service cost	(485)	(526)
Employer contributions (regular)	793	756
Employer contributions (special payment)	0	0
Contributions for unfunded benefits	79	76
Other income	0	0
Other outgoings (eg expenses)	0	0
Past service costs	0	(186)
Impact of settlements and curtailments	0	0
Net return on assets	(637)	(232)
Actuarial gains/(losses)	(9,699)	(4,172)
Surplus/(deficit) at end of year	(17,998)	(8,049)

The following table shows a reconciliation of the fair value of the employers assets.

Reconciliation of fair value of employer assets

	31/03/2010	31/03/2009
	£000's	£000's
Opening fair value of employer assets	18,774	23,849
Expected Return on assets	1,219	1,669
Contributions by members	890	284
Contributions by employer	756	756
Contributions for unfunded benefits	79	76
Actuarial gains/(losses)	4,340	(6,739)
Unfunded benefits paid	(79)	(76)
Benefits paid	(1,092)	(1,045)
Closing fair value of employer assets	24,887	18,774

36. Notes to the cash flow statement

The cash flow statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined, for the purpose of this statement, as cash in hand and deposits repayable on demand less any overdrafts.

Reconciliation of the Income and Expenditure Account to the Revenue Activities Cash Flow

	2009/10	
	£000	£000
Surplus I&E Account	(2,181)	
		(2,181)
Contributions to Reserves	-1175	
Contributions to capital	-1444	
Interest	(20)	
		(2,639)
Increase / (Decrease) in Reciepts in Advance	66	
Increase / (Decrease) in Payments in Advance	41	
Increase / (Decrease) in Sundry Debtors	1,818	
Increase / (Decrease) in Creditors	(148)	
Increase / (Decrease) in Stock	5	
		1,675
Net Cash Outflow from Revenue Activities and Servicing of Finance		**(3,038)**

Anaylsis of Cash Balance

	31 March '10	31 March '09	Movement
	£000	£000	£000
Bank Overdraft	(374)	(194)	(180)
Other Cash Accounts	19	22	(3)
Temporary Investments available on Demand	6,209	4,488	1,721
	5,854	**4,316**	**1,538**

Liquid Resources

	31 March '10	31 March '09	Movement
	£000	£000	£000
Temporary Investments	11,716	9,913	1,803
Less : Investments available on demand	(6,209)	(4,488)	(1,721)
Liquid Resources	**5,507**	**5,425**	**82**

Reconciliation of the Management of Liquid Resources and Financing Sections of the Cash Flow Statement to the movement of related items in the opening and closing balance sheet			
	Balance 31 March '10 £'000	Balance 31 March '09 £000	Movement in Year
Borrowing			
PWLB Loans - Over 12 Months	(735)	(1,262)	527
PWLB Loans - Less than 12 Months	(527)	(27)	(500)
		-	
Total Borrowing	(1,262)	(1,288)	27
Less : Temporary Investments	5,507	5,425	82
	4,245	4,137	109

Reconciliation of movement in Cash to the movement in Net Funds	2009/10 £000	2008/09 £000
Net Decrease in Cash	(183)	(282)
Cash inflow from (increase) / decrease in liquid resources	110	276
		0
Net Funds as at 01 April	10,173	8,459
Net Funds as at 31March	10,100	8,453

Analysis of funds	2009/10 £000	2008/09 £000
Temporary Borrowing	(1,262)	(1,288)
Temporary Investments	5,508	5,425
Temporary Investments on Demand	6,209	4,488
Bank Overdraft	(374)	(194)
Other Balances	19	22
	10,100	8,453

Glossary of financial terms and abbreviations

Accounting Policies
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

(i) recognising;
(ii) selecting measurement bases for; and
(iii) presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.
Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Income and Expenditure Account or Balance Sheet it is to be presented.

Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
(b) the actuarial assumptions have changed.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Class of Tangible Fixed Assets
The classes of tangible fixed assets required to be included in the accounting statements are:
Operational assets:

- Land and buildings;
- Vehicles, plant, furniture and equipment;
- Infrastructure assets; and
- Community assets.
- Non-operational assets:
- Investment properties;
- Assets under construction; and
- Surplus assets, held for disposal.

Further analysis of any of these items should be given if it is necessary to ensure fair presentation.

Community Assets
Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Consistency
The principle that the accounting treatment of like items within an accounting period, and from one period to the next is the same.

Contingent Asset
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability
A contingent liability is either:

(a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
(b) a present obligation arising from past events where it is not probable that a transfer of economic
benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core
The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Current Service Cost (Pensions)
The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment
For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

(a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and

(b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Revenue Expenditure Funded from Capital Under Statute
Expenditure which may properly be capitalised, but which does not result in, or remain matched with, assets controlled by the Authority. For instance, capital grants given to external bodies, or loans awarded for capital purchases.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation
The measure of the cost or re-valued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, the passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discretionary Benefits
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

Estimation Techniques
The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example;

(a) methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period; or

(b) different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as whole rather than individual balances.

Events after the Balance Sheet Date
Events after the balance sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pensions Assets
For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another.

Finance Lease
A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90 per cent or more) of the fair value of the leased asset. The present value should be calculated by using the interest rate implicit in the lease. However, where the present value of the minimum lease payments does not amount to 90 per cent or more of the fair value of the leased asset, it should not be automatically assumed that the lease is not a finance lease. FRS 5 requires that the substance of the transaction be reflected and therefore the lease may still need to be classified as a finance lease.

Notwithstanding the fact that the lease meets the definition above, the presumption that an asset should be classified as a finance lease may in exceptional circumstances be rebutted if it can be clearly demonstrated that the lease in question does not transfer substantially all the risks and rewards of ownership (other than legal title) to the lessee.

FRS17
FRS17 is the UK accounting standard relating to pensions accounting. It requires that an organisation should account for retirement benefits when it is committed to give then, even if the actual giving will be many years into the future. FRS17 is a better reflection of the economic reality of the relationship between an employer and the pension fund than the standard it replaced, SSAP 24.

Going Concern
The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets
These are assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy, for example highways and footpaths

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties
Interest in land and/or buildings:
(a) in respect of which construction work and development have been completed; and
(b) which is held for its investment potential, with any rental income being negotiated at arm's length.

Investments (Non-Pensions Fund)
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

Liquid Resources
Current asset investments that are readily disposal by the Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-operational Assets
Fixed assets held by the Authority but not used or consumed in the delivery of services or for the service or strategic objectives of the Authority. There are three categories of non-operational assets; investment properties; assets that are surplus to requirements and assets under construction. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it should be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the authority and the rental income is negotiated at arms length.

Operating Leases
A lease other than a finance lease.

Operational Assets
Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Past Service Cost
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Related Parties

Two or more parties are related parties when at any time during the financial period:

(i) one party has direct or indirect control of the other party; or

(ii) the parties are subject to common control from the same source; or

(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or

(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

(i) central government;

(ii) local authorities and other bodies' precepting or levying demands on the council tax;

(iii) its subsidiary and associated companies;

(iv) its joint ventures and joint venture partners;

(v) its members;

(vi) its chief officers; and

(vii) its Pension Fund.

Examples of related parties of a pension fund include its:

(i) administering authority and its related parties;

(ii) scheduled bodies and their related parties; and

(iii) trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

(i) members of the close family, or the same household, and

(ii) partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

(i) the purchase, sale, lease, rental or hire of assets between related parties;

(ii) the provision by a Pension Fund to a related party of assets of loans, irrespective of any direct
economic benefit to the Pension Fund;

(iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;

(iv) the provision of services to a related party, including the provision of Pension Fund administration
services;

(v) transactions with individuals who are related parties of an authority or a Pension Fund, except that applicable to other members of the community or the Pension Fund, such as council tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Residual Value
The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities
measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement
An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibilities for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- (a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- (b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- (c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials and components purchased for incorporation into products for sale;
- (d) products and services in intermediate stages of completion;
- (e) long-term contract balances; and
- (f) finished goods.

Tangible Fixed Assets
Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Useful Life
The period over which the Authority will derive benefits from the use of a fixed asset.