

**REPORT AND ACCOUNTS**

**Cardiff Bay  
Development Corporation**

**31 MARCH 2000**



**ANNUAL REPORT FOR THE YEAR  
ENDED 31 MARCH 2000**

BOARD MEMBERS OF CARDIFF BAY DEVELOPMENT CORPORATION	1-2
REPORT OF THE CHIEF EXECUTIVE	3-9
FOREWORD TO THE FINANCIAL STATEMENTS	10-13
STATEMENT OF RESPONSIBILITIES	14
REPORT OF THE AUDITORS	15
INCOME AND EXPENDITURE ACCOUNT	16
BALANCE SHEET	17
CASH FLOW STATEMENT	18
ACCOUNTING POLICIES	19-21
NOTES TO THE FINANCIAL STATEMENTS	22-32
SUMMARY OF FINANCIAL STATISTICS	33-34
SUMMARY OF FREEHOLD LAND HOLDINGS	35



## **BOARD MEMBERS OF CARDIFF BAY DEVELOPMENT CORPORATION as at 31 March 2000**

	<b>Other Public and Board Appointments</b>
Sir Geoffrey Inkin OBE - Chairman	University of Wales, Cardiff Mansford Wales
The Right Honourable The Lord Brooks of Tremorfa DL - Deputy Chairman	British Boxing Board of Control Dormerstein Limited Sportsmatch Wales STAR Recreation and Community Trust Non Profit Clubs
Members: J A Beveridge	Sea Containers Services Limited
Sir Alan Cox CBE	Wales Millenium Centre Limited Meggitt plc The Morgan Crucible Company plc Jolly Music Limited
R Goodway	Lord Mayor, Cardiff County Council Millennium Stadium plc Cardiff Marketing Limited Cardiff Chamber of Commerce & Industry Cardiff Initiative Limited
Sir John Gray KBE CMG	Deffrainc Limited The Belgian - Luxembourg Chamber of Commerce in Great Britain National Botanic Garden of Wales Middle East Association, London
G V Houlston KStG	Councillor, Cardiff County Council National Employers Association National Employers Training Association
Ms M Richards	University of Wales, Cardiff Wales International Film Festival BBC Wales
J P Sainsbury	Career Paths (Cardiff & Vale) Limited Druidstone House Management Limited Welsh College of Music & Drama Executive Head of Client Services, Computershare Services Plc

**BOARD MEMBERS OF CARDIFF BAY DEVELOPMENT  
CORPORATION as at 31 March 2000 (continued)**

	<b>Other Public and Board Appointments</b>
Professor H R Silverman OBE	
J F Smith DL	Councillor and Presiding Officer, Cardiff County Council Welsh Local Government Association
M Drake	Councillor, Cardiff County Council Cardiff Marketing Limited Cardiff Medicentre Cardiff Technology Centre Cardiff Film Commission Limited Business in Focus Tourism, South & West Wales University of Wales, Court of Governors Cardiff University Council The Drake Group of Companies
A J Williams	Deputy Leader, Vale of Glamorgan County Borough Council

The Register of Board Members' Interests is available for public inspection, at the Welsh Development Agency, Principality House, The Friary, Cardiff, CF1 4AE.

## REPORT OF THE CHIEF EXECUTIVE

### ◆ The Mission

The Corporation's mission had been set by the Secretary of State for Wales in 1987. The mission was "to put Cardiff on the international map as a superlative maritime city which will stand comparison with any such city in the world, thereby enhancing the image and economic wellbeing of Cardiff and of Wales as a whole".

To this end the Corporation determined objectives and set its own targets in 1989 then considered appropriate to deliver the mission. No timetable was set for the fulfilment of the mission but delivery of the targets as a whole is considered to be achievable by 2003.

### ◆ Wind-up

The Corporation was wound up on the 31 March 2000 and the Corporation's powers, duties and functions were transferred variously to the Assembly, the Welsh Development Agency, the local authorities, the harbour authority and the Countryside Council for Wales.

### ◆ Renaissance - The Cardiff Bay Story 1987-2000

The Corporation published an account of its activities over the 13 years in a book entitled "Renaissance - The Cardiff Bay Story 1987-2000". The book included the formal "regeneration statement" with its preface written by the (then) First Secretary.

An objective evaluation of the Corporation's performance is a matter for the Assembly and for others. "Renaissance" seeks to account to the public in general for the Corporation's expenditure and to impart its experience and knowledge to its successors.

Locally, successor bodies such as the local authorities and the Welsh Development Agency may be helped by the account of that experience when making their plans to carry forward the regeneration momentum.

Nationally and internationally the Corporation set its experience alongside that of other renowned waterfront regeneration schemes (such as Inner Harbour Baltimore, Victoria & Alfred Waterfront Cape Town, and Darling Harbour Sydney) for examination and consideration by others facing regeneration challenges around the world.

### ◆ Culture

The decisions of the Board of the Corporation were generally open to public inspection, and posted on the Corporation's website.

The 1998/1999 Annual Report was presented to the public generally at a well attended meeting at the Cardiff Bay Visitor Centre, and later to a specific local audience at the invitation of the Cardiff Bay Business Forum.

The quality culture was the way in which the Corporation expressed its values and set its standards. The Corporation's finance and administrative services had received ISO 9002 accreditation.

Throughout its last year the Corporation continued its commitment to a full bilingual policy giving equal status to the English and Welsh languages and to equal opportunities policies and practices. The Investors in People action plan was pursued robustly. The Corporation maintained the corporate planning processes and procedures, which had been cited as an exemplars by the Cabinet Office Efficiency Unit.

In particular, the Corporation sought to bench mark its wind up procedures and processes against the standards set by The National Audit Office in its reports on the wind up of Bristol and Leeds Urban Development Corporations. A review concluded by PricewaterhouseCoopers on the Corporation's behalf demonstrated that the Corporation met the required standards.

◆ **Regulation and Propriety**

The Corporation is subject to the regular process of internal and external audit, a programme of value for money studies, and the other formal controls and informal influences that together oversee the Corporation's performance. As in every previous year, close scrutiny demonstrated that there was no need for any significant change in the Corporation's procedures and practices. The Corporation did not receive an adverse audit report at any time during its lifetime.

◆ **Activities**

Progress has taken place in 1999/2000 over a wide variety of sectors. Amongst much more were:-

◆ **Barrage**

*Sea Water Impoundment*

Sea water impoundment took place on the 4th November 1999; (impoundment being the permanent retention of water within the confines of the Bay) the Assembly decided to postpone freshwater impoundment until 2001.

*Environment Agency Action*

In December 1999, the Environment Agency directed that a disimpoundment of the Bay should take place. In accordance with options available to it under the Cardiff Bay Barrage Act 1993, and as an alternative to complying, the Corporation appealed to the Assembly about the reasonableness of the direction. In the event, the Agency allowed impounded operations to continue until wind up and the Corporation and the Agency worked well in partnership thereafter.

The matter was reported to the Economic Development Committee of the Assembly.

*Completion of the Works & Opening*

The Construction contract was substantially completed and a small domestic ceremony to mark the conclusion of the project was held on the 31st March 2000, followed by an "open day" to allow public access.



### ***Settlement of the Contract***

The Corporation effected a full and final settlement of the Barrage contract with Balfour Beatty-Costain at a figure within 8% of the 1994 cost plan.

### ***Harbour Authority***

The Corporation was established as the Harbour Authority for legal reasons on the 30th March 2000 and those powers, duties and functions were inherited by Cardiff County Council on the 1st April 2000.

The Corporation paid the County Council £500k for set up costs and that figure was added to the overall cost of the Barrage project.

### ***Gwent Levels***

The bird mitigation project at Gwent Levels was completed in accordance with European directives as a pre-condition to the impoundment of the Bay. A plaque to mark the completion of the project was unveiled on site in the presence of the Chairman of the Countryside Council for Wales in March 2000.

### ***Outturn***

The overall cost of the Barrage project, which includes matters way beyond the cost of the structure itself such as set up costs for Cardiff County Council, Gwent Levels, sewer diversions and other ancillary requirements, is estimated as follows:-

	£ million
Barrage Structure*	151.9
Groundwater	11.2
Bird Reserve	10.4
Environment	6.2
Legal Agreements	6.4
Drainage	11.3
Pre 1993 Expenditure	15.4
Additional Works	0.7
Total	<u>213.5</u>

\*includes construction contract and other structure related contracts.

### ***The National Audit Office***

The National Audit Office started the necessary field work during the year in order to be in a position to conclude a report on the Barrage for the consideration of the Audit Committee of the National Assembly during 2000/2001.

### **◆ Voices of a Nation**

The National Assembly for Wales was opened on the 26th May 1999. In partnership with BBC Wales, the Corporation organised and funded a celebratory concert and fireworks display on the waterfront - "Voices of a Nation". The concert was attended by Her Majesty the Queen, His Royal Highness Prince Philip, His Royal Highness Prince Charles the Prince of Wales, the Prime Minister The Right Honourable Tony Blair MP, the First Secretary The Right Honourable Alun Michael MP AM, other dignitaries and 18,000 members of the public.

◆ **Bute Avenue**

The complex negotiations involved to govern the innovative private finance initiative with Citylink (a consortium including SGE Holst Investments and MEPC) for the construction of Bute Avenue and the development of the adjoining land for commercial purposes and housing were concluded at the beginning of July 1999. Work started on site immediately.

The First Secretary unveiled a plaque to mark the importance of the project intended to link the City Centre of Cardiff with its waterfront.

◆ **Ferry Road**

The (then) Secretary of State agreed with Cardiff County Council in March 1999 that the Corporation should transfer its land at Ferry Road to the Council and this was achieved on 31 March 2000. Details of this transaction are included in note 21 to these accounts.

◆ **Other Activities**

Other principal activities included the following. Where appropriate the nature of the development, amount of private sector investment and number of jobs created is given in brackets.

- Work continued on Mermaid Quay, the Waterfront Festival Shopping Complex and the first units were opened in November 1999 (Retail Tourism and Leisure) (£22m/300 jobs).
- Other developments in tourism and leisure were started or concluded in Inner Harbour on the Millennium Waterfront.
- The final preparations were made for the Wales Millennium Centre - a landmark millennium project for Wales to be located in Inner Harbour on the Millennium Waterfront, which will accommodate a lyric theatre, a home for Welsh National Opera, the Urdd, Diversions Dance Company and other expressions of the performing arts in Wales. Contracts were let to AMEC and initial site investigation work started in March 2000 (Arts, Tourism and Leisure) (£75m/400 jobs).
- The redevelopment of the Oval Basin, a public square and heritage project, providing a focus for the Assembly, the Pierhead, Mermaid Quay and Wales Millennium Centre was completed and opened by the First Secretary in February 2000. The major water feature was switched on, on the 31st March 2000, and work started then on environmental and landscaping treatments to serve all the surrounding developments. (Environmental) (£5m).
- Grosvenor Waterside, the property arm of Associated British Ports, continued to develop successfully offices for financial services. Work started for the first time on "speculative" office development, demonstrating business confidence in the area. The various agreements involving Grosvenor Waterside, the Corporation and Bank One were concluded. (£47m/1,000 jobs).
- The success in recent years of housing developments continued; the developments at Adventurers Quay and at Penarth Haven were joined by development at Celtic Gate way which proved to be especially popular with purchasers; new developments began on Bute Avenue and at Dumballs Road 20 acres of former industrial land was under development for 600 units of social and private housing.

- The Cardiff Bay Retail Park in Ferry Road continued to prosper and to expand with further high profile retail outlets opening premises on the site and returning “overage” to the public sector.
- Good progress was made by Welsh Water on the Waste Water Treatment Works including the capping and landscaping of the former fragmentation tip (£180m).
- The last of the sites were sold at Ocean Park, completing the total transformation of the site of the former East Moors steel works into a modern business and leisure park.
- Grangemore Park, an 80 acre park emerging on the site of the Ely Municipal Tip, a major environmental contribution to the regeneration of Cardiff Bay and for the enjoyment of residents of Grangetown was opened by the Chairman, Environment Agency Wales on the 18th March 2000.

These activities were underscored by a range of community and training programmes and initiatives and environmental projects. Sadly, the uncertainty of future funding led in March 2000 to the close of the community initiative “Making Waves” and to substantial redundancies in “New Employ”, the Agency which provided support for unemployed/untrained local residents.

The high profile and market strategy and development of tourism “initiatives” were pursued robustly to the end: although the Development Corporation was winding up Cardiff Bay would continue as a location for inward investment and a destination for tourism.

Similarly, the Corporation maintained its support for public art and that support and the closure of the Corporation were brought together with the unveiling of a bronze representation of the Cardiff Bay Mermaid at Penarth Haven on 31 March 2000.

#### ◆ Results

The results for the year are contained in the attached Financial Statements and Notes.

The review of non-financial activities gives a wider account of the Corporation’s performance; the financial results more narrowly comply with the rules of accounting which do not necessarily reflect the nature and performance of the Corporation’s objectives taken as a whole.

#### ◆ Output Measures

The targets set for the Corporation by the First Secretary on the 24th June 1999 for its last year were very different to those set in previous years. Hitherto they had related to the delivery of regeneration objectives; for this year they focused largely on completing the projects in hand and ensuring a smooth transfer of assets and facilities to successor bodies in a way that would demonstrate value for money.

These targets were:-

- **By 9th July 1999** to have signed with the approval of the Assembly the Bute Avenue Project Agreement.

- **By the end of July 1999** to have reached an agreement in principle on the sale of land on the Ferry Road peninsular site to Cardiff County Council under terms agreed by the Assembly.
- **By 15th September 1999** to submit to the Assembly for approval the agreed main Section 165 Agreements with each successor body.
- **By 30th November 1999** to submit to the Assembly for endorsement a comprehensive regeneration statement for the benefit of successor bodies.
- To create or safeguard **1,525 jobs** within the Bay area.
- To ensure that the management and the running costs of the Corporation do not exceed **£5.7 million** (excluding any abnormal claim other than redundancy and additional compensation claims).
- **By 30th November 1999** to have provided all the essential information for the Assembly to approve the wind up process.

All the targets were met by the wind up although some deadlines were missed for reasons beyond the control of the Corporation.

#### ◆ **Output measures and Achievements 1989-2000**

The following table shows the targets the Corporation set itself in its Regeneration Strategy in 1989, other regenerative indicators and the estimate of outputs secured by 31 March 2000.

	1989 Regeneration Strategy Targets	Additional Regenerative Indicators	2000 Estimated Outputs Secured	Estimated Outputs at Completion of Developments	% of Original Targets
Private Sector Investment	£1,200m	–	£1,156m	£1,830m	152
Jobs created in New Development	29,000	–	18,399	32,259	111
Non Residential Development (sqm)	1.147m	–	0.723m	1.366m	119
Housing	6,000	–	4,659	5,883	98
Open Space	54 hectares	–	79 hectares	81 hectares	150
Land Reclaimed	–	459 hectares	347 hectares	459 hectares	100
Construction jobs	–	20,095	13,695	20,095	100
Roads built/upgraded	–	56.0km	43.0km	56.0km	100

There was never a requirement for the Corporation to achieve its targets by the 31st March 2000, and successor bodies might be expected to meet the targets in full within the next 3 years.

#### ◆ **Partnership**

The Corporation continued to appreciate the co-operation and support of the Welsh Development Agency, Welsh Tourist Board and the Vale of Glamorgan County Borough Council as well as the private sector and voluntary bodies which have an interest in the area.

In particular, the Corporation acknowledges the valuable contribution made available from European structure funds. Those include ERDF monies, and the support from the European Social Fund and the Leonardo de Vinci programme towards meeting its training and local employment objectives.

◆ **Staff**

Internally, the Corporation has valued the contribution made by the recognised trade union (PCS) on issues affecting the management of the Corporation, particularly the management of change and of wind up. On wind up five staff transferred to Cardiff County Council, four transferred to the Welsh Development Agency and some 70 staff were made redundant.

◆ **The Future**

The Assembly approved the Corporation's Regeneration Statement in November 1999, and it was subsequently published in "Renaissance - the Cardiff Bay Story 1987-2000".

Events overtook some of the observations in the statement, but the Corporation was confident when it was wound up on the 31st March 2000 that the economic, social and environmental regeneration had reached the stage where the momentum could be maintained.

A handwritten signature in black ink, appearing to read 'Michael Boyce', followed by a long horizontal line extending to the right.

Michael Boyce DL  
Chief Executive and Accounting Officer

## **FOREWORD TO THE FINANCIAL STATEMENTS**

### **◆ Statutory Background**

The Cardiff Bay Development Corporation was established under the provisions of the Local Government, Planning and Land Act 1980 in April 1987, with the overall objective of establishing Cardiff as a superlative maritime city which will stand comparison with any such city in the world, thereby enhancing the image and economic well-being of Cardiff and Wales as a whole.

To achieve this objective the Corporation acquired, held, managed, reclaimed and disposed of land, carried out building and other operations, ensured the provision of services and carried on any other activities as necessary.

The Secretary of State set the Corporation's wind up date as 31 March 2000. On 31 March 1999, he announced the Corporation's succession arrangements which were varied by him so far as the proposals for a Harbour Authority were concerned on 18 October 1999. These financial statements have been prepared on a basis consistent with these announcements.

### **◆ Board Membership**

The following served as Members of the Board during the year:

**Chairman:** Sir Geoffrey Inkin OBE

**Deputy Chairman:** The Right Honourable The Lord Brooks of Tremorfa DL (2, 3, 5)

**Members:** J A Beveridge (1, 2, 3)  
Sir Alan Cox CBE (1, 2, 5)  
B J Foday (3)  
County Councillor R Goodway (2, 4)  
Sir John Gray KBE CMG  
County Councillor G V Houlston KStG (5)  
J R Phillips (3, 4)  
Ms M Richards (1)  
J P Sainsbury (3, 5)  
Professor H R Silverman OBE (3, 4)  
County Councillor J F Smith  
County Councillor A J Williams  
County Councillor M Drake

Mr B J Foday and Mr J R Phillips retired on 31 May 1999 and on 1 June 1999 County Councillor J F Smith and County Councillor A J Williams were appointed to the Board. County Councillor M Drake was appointed to the Board on 1 August 1999.

The numbers shown above against each Board Member represent membership of the following committees and panels at 31 March 2000.

- 1     Audit Committee
- 2     Barrage Committee
- 3     Development Committee
- 4     Development Advisory Panel
- 5     Personnel and Remuneration Committee

The Chairman is an ex-officio member of all Committees.

#### ◆ **Format of the Financial Statements**

The Financial Statements have been prepared in accordance with the Local Government, Planning and Land Act 1980 as amended by the transfer of functions order (1).

#### ◆ **Results**

The Financial Statements for the year are contained in the attached Accounts and Supplementary Statements. The deficit of £6,780,000 was transferred to the general reserve.

#### ◆ **Review of Activities and Targets**

These are contained in the report of the Chief Executive.

#### ◆ **Consultations**

The Corporation continued with its aim of ensuring full consultation about its proposals. It worked closely with the principal local authorities with regular meetings at officer level and with elected members. In addition there was regular consultation with the National Assembly for Wales, Government agencies, statutory undertakings and many community organisations and representatives.

#### ◆ **Corporate Governance**

In so far as is appropriate given the different constitution of the Corporation from a listed company, the Corporation conformed with the Combined Code published by the Committee on Corporate Governance chaired by Sir Ronald Hampel. This code was enhanced by the Turnbull Report. However, it was not deemed appropriate to fully comply with all of the Turnbull recommendations due to the impending wind up of the Corporation.

The Board of the Corporation, including the Chairman, was composed wholly of non executive members appointed by the Secretary of State for Wales for fixed terms. The posts of Chairman and Chief Executive were separately held.

The Board provided policy direction with the Corporation's multi-disciplinary Project Implementation Teams being co-ordinated and directed by a small central Executive Management Team led by the Chief Executive.

There was a formal schedule of matters requiring Board approval and an established system for the approval and monitoring of projects. Once approved the implementation of projects was the responsibility of the Project Implementation Teams who had clearly laid down delegated powers.

An Audit Committee made up of non-executive members met on a regular basis. Representatives of internal and external auditors attended all Committee meetings, which the Chief Executive and Director of Finance and Administration also attend. The audit plans of the external and internal auditors were submitted to the Committee for approvals together with all audit reports. The annual report of the internal auditors to the National Assembly for Wales and the management letter from the external auditors are also submitted to the committee. Both the internal and external auditors had the right of access to the Chairmen of the Board and the Audit Committee.

A Personnel and Remuneration Committee, made up of non-executive members, met to make recommendations to the Board on the salaries of the Chief Executive and Directors, together with other strategic remuneration policy issues. The pay and conditions of service of the Chief Executive and Board Members were set by the National Assembly for Wales. In the spirit of the Combined Code, the remuneration of Board Members is disclosed in note 4 to the financial statements.

The Board established a Committee to monitor and review the Barrage in view of the size of this project. The Committee was chaired by the Corporation's Chairman and was attended by the Chief Executive and Directors of Engineering Operations, and Finance as well as the senior manager for the Barrage project together with representatives from the external project managers and the Corporation's internal auditors. National Assembly for Wales representatives attended as observers.

The Chief Executive is the Accounting Officer and as such has overall responsibility for the Corporation's systems of internal control; such systems provided reasonable, though not absolute, assurance against material mis-statement or loss.

A Corporate Plan was prepared annually on a rolling three year basis, and was approved by the Board and submitted to the National Assembly for Wales. The annual budget was then produced based on the Corporate Plan and the Strategic Guidance letter from the Secretary of State.

Detailed monthly reviews were prepared for the Executive Management Team. Summary information was submitted to the Board and National Assembly for Wales on a monthly basis.

External auditors were appointed by the National Assembly for Wales and operate in accordance with their instructions. Internal auditors were appointed by the Corporation which had adopted the principles laid down in the Government's Internal Audit Manual.

The systems of internal control were monitored through the work of internal and external auditors as appropriate who reported to the Audit Committee on matters identified in the course of their work.

The Chief Executive, as Accounting Officer, and Audit Committee have reviewed the effectiveness of the Corporation's systems of internal control.



◆ **Creditor Payment Policy**

It was the Corporation's objective to pay all matured and properly authorised invoices in accordance with the terms of contracts, or within thirty days.

◆ **Employees**

The Corporation wholeheartedly supported the principle of equal opportunities in employment and opposed all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origin, sex, marital status or disability. We believe that the human resources, talents and skills available throughout the community were considered when employment opportunities arose.

◆ **Year 2000**

The Corporation commissioned an organisation wide programme, designed to address the impact of Year 2000. Resources were allocated and the Board received regular reports on progress. Regular detailed monthly reports were prepared for the Executive Management Team and were summarised for the Board. The Audit Committee also received a full report on the Year 2000 project which was based on a methodology produced by the Cabinet Office. These reports covered all the Corporation's systems, both financial and non-financial.

There were no reported problems regarding system failures due to the Year 2000, and it is the belief of the Corporation that this was due directly to the work carried out prior to 31 December 1999.

◆ **Post Balance Sheet Events**

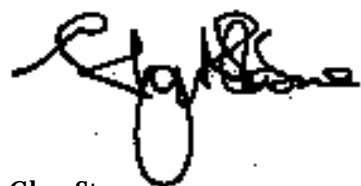
There have been no major events which materially affect the published financial position.

◆ **Auditors**

The Secretary of State for Wales, in accordance with the provision of the Local Government Planning and Land Act 1980, as amended by the transfer of functions order (1), appointed Ernst & Young as auditors.



Michael Boyce DL  
Chief Executive and Accounting Officer



Glyn Stone  
Director of Finance and Administration  
1 June 2000

## **STATEMENT OF THE CORPORATION'S AND THE CHIEF EXECUTIVE'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Under Schedule 31 paragraph 10 of the Local Government, Planning and Land Act 1980, Cardiff Bay Development Corporation is required to prepare a statement of accounts for each financial year in the form and on the basis determined by The National Assembly for Wales, with the consent of the Treasury. The financial statements are prepared on an accruals basis and must show a true and fair view of the Corporation's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the financial statements the Corporation is required to:

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

The Accounting Officer for the Welsh Office has designated the Chief Executive of Cardiff Bay Development Corporation as the Accounting Officer for the Corporation. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Corporation's Financial Memorandum.

## REPORT OF THE AUDITORS

**to Parliament, the National Assembly for Wales and to the Board of Cardiff Bay Development Corporation**

We have audited the financial statements on pages 16 to 32, which have been prepared under the historical cost convention and the accounting policies set out on pages 19 to 21. These accounts have been prepared on the basis fully explained on page 19.

### *Respective responsibilities of Corporation and auditors*

The Corporation and Chief Executive are responsible for preparing the Annual Report including, as described on page 14, the financial statements. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Local Government Planning and Land Act. We also report to you if, in our opinion, the Foreword to the Financial Statements is not consistent with the Financial Statements, if the Corporation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding board members' remuneration and transactions with the Corporation is not disclosed.

We read the other information contained in the Annual Report, including the Corporate Governance statement, and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. We are not required to consider whether the Board's statements on internal control covers all risks and controls, or form an opinion on the effectiveness of either the Corporation's corporate governance procedures or its risk and control procedures.

### *Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and on the regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Corporation and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Corporation's circumstances, consistently applied and adequately disclosed.

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

### *Opinion*

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Corporation at 31 March 2000 and of its deficit for the year then ended and have been properly prepared in accordance with paragraph 10 of Schedule 31 of the Local Government, Planning and Land Act 1980, and with the requirements notified to the Corporation by the National Assembly for Wales;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Income and Expenditure Account for the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
<b>Operating Income</b>			
Grant-in-Aid released	1	34,157	41,342
European Regional Development Fund Grant		22	235
Rentals		426	421
<b>Total Income</b>		<b>34,605</b>	<b>41,998</b>
<b>Operating Expenditure</b>			
Grants		3,448	3,195
Revenue projects	2	7,402	4,132
Incurred expenditure met by successor bodies	3	(6,538)	–
Estate Management		200	431
Promotion and publicity		1,714	1,626
Other operating expenses	4	265	1,192
Staff costs	5	2,438	3,287
Depreciation of operating assets	11	73	169
		<b>9,002</b>	<b>14,032</b>
<b>Property Transactions</b>			
Depreciation of public assets	9	27,464	23,491
Provision against development assets	12	(1,411)	1,481
Deficit/(surplus) on disposal and transfer of development assets	12	899	(2,155)
		<b>26,952</b>	<b>22,817</b>
<b>Total Expenditure</b>		<b>35,954</b>	<b>36,849</b>
<b>Operating (Deficit)/Surplus</b>		<b>(1,349)</b>	<b>5,149</b>
Exceptional Item - Exit Costs	15	5,755	3,069
		(7,104)	2,080
Interest receivable	6	236	240
<b>(Deficit)/Surplus before Taxation</b>		<b>(6,868)</b>	<b>2,320</b>
Taxation (credit)/charge	7	(88)	165
<b>(Deficit)/Surplus after Taxation</b>		<b>(6,780)</b>	<b>2,155</b>
General reserve brought forward		10,380	8,225
General reserve carried forward		<b>3,600</b>	<b>10,380</b>

There are no recognised gains or losses other than the deficit of the Corporation of £6,780,000 for the year ended 31 March 2000 and the surplus of £2,155,000 in the year ended 31 March 1999.

▶ The notes on pages 19 to 32 form part of these financial statements.

The operational period of the Corporation ceased on 31 March 2000 and as such, the above figures relate to discontinued operations.

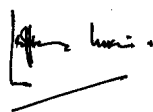
## Balance Sheet at 31 March 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Public assets	9	—	—
<b>Other Assets</b>			
Investments	10	—	—
<b>Current Assets</b>			
Operating assets	11	—	1,046
Stock of development assets	12	—	14,673
Debtors	13	1,593	26,021
Balance at Bank		4,683	541
		<b>6,276</b>	<b>42,281</b>
<b>Current Liabilities</b>			
<b>Creditors:</b>			
amounts falling due within one year	14	2,676	21,499
<b>Net Current Assets</b>		<b>3,600</b>	<b>20,782</b>
<b>Total Assets less Current Liabilities</b>		<b>3,600</b>	<b>20,782</b>
<b>Creditors:</b>			
amounts falling due after more than one year	14	—	1,452
<b>Provisions for Liabilities and Charges</b>			
Exit costs	15	—	3,069
<b>Total Net Assets</b>		<b>3,600</b>	<b>16,261</b>
<b>Reserves</b>			
Grant-in-Aid reserve	1	—	5,881
General reserve	1	3,600	10,380
<b>Total Reserves</b>		<b>3,600</b>	<b>16,261</b>

The notes on pages 19 to 32 form part of these financial statements.

The financial statements on pages 16 to 32 were approved by the Board on 1 June 2000 and signed on their behalf by:-

Chairman



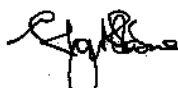
Sir Geoffrey Inkin OBE

Chief Executive



Michael Boyce DL

Director of Finance and Administration



Glyn Stone

## Cash Flow Statement for the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
<b>Net Cash Inflow from Operating Activities</b>	<b>18</b>	<b><u>36,006</u></b>	<b><u>23,725</u></b>
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		<u>255</u>	<u>239</u>
<b>Taxation</b>			
Corporation Tax paid		<u>(9)</u>	<u>(165)</u>
<b>Capital Expenditure</b>			
Acquisition of operating assets		–	(63)
Acquisition of public assets		(33,295)	(23,497)
Sale of operating assets		<u>1,185</u>	<u>–</u>
<b>Net Cash Outflow from Capital Expenditure</b>		<b><u>(38,369)</u></b>	<b><u>(23,560)</u></b>
<b>Increase in Cash</b>		<b><u>4,142</u></b>	<b><u>239</u></b>
<b>Reconciliation of Cash</b>			
Increase in cash		4,142	239
Cash at 1 April		<u>541</u>	<u>302</u>
<b>Cash at 31 March</b>		<b><u>4,683</u></b>	<b><u>541</u></b>

The notes on pages 14 to 32 form part of these financial statements.



## **Accounting Policies**

### **Statutory Basis**

These financial statements of the Corporation are governed by the provisions of the Local Government, Planning and Land Act 1980 as amended by the transfer of functions order (1).

### **Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with the conditions attaching to the Notification of Annual Accounts issued through the National Assembly for Wales and also in accordance with applicable accounting standards.

The Secretary of State for Wales has previously announced that the Corporation's wind-up date was 31 March 2000. Under the Local Government, Planning and Land Act 1980, the National Assembly for Wales is required to make arrangements to transfer all residual assets and liabilities of the Corporation to successor bodies before he can make a Dissolution Order under the 1980 Act to wind up the Corporation. On 31 March 1999 the Secretary of State announced that the Corporation's successor bodies would be Cardiff County Council, Vale of Glamorgan Council, Countryside Council for Wales and Welsh Development Agency, with the Corporation's non development assets and liabilities being transferred to Cardiff County Council and the Vale of Glamorgan Council, and development assets being transferred to Welsh Development Agency. These transfers occurred on 31 March 2000 and have been included in these financial statements.

Although the Corporation was wound up on 31 March 2000, it will remain in existence until 30 June 2000 ("the non-operational period"). The purpose of the non-operational period is to produce the Annual Accounts and Report and to assist in the hand over of responsibilities to successor bodies. No provision has been made in these financial statements for the costs arising in this non-operational period, as sufficient reserves exist to meet costs as they fall due.

### **Operating Assets**

Depreciation has been in previous years provided by equal annual amounts in order to write off the cost of fixed assets over their anticipated useful lives. Further provision has been made where in the case of any asset, net book value significantly exceeds an independent valuation.

The following annual rates were applicable:

Freehold Buildings	2%
Plant, Equipment & Furniture	20%
Office Automation	20%
Motor Vehicles	33%

No depreciation is provided in respect of freehold land.

### **Public Assets**

Public assets comprise land and property, roads, services, public amenities and other infrastructure works, whose ultimate use as a public asset and long term ownership by a public authority or utility is already known with reasonable certainty.

Public assets are held at cost (including the cost of associated studies and parliamentary processes), or where previously held as a development asset the transfer to public assets is made at net book value, with full provision being made by way of depreciation in anticipation of no value being realised on the ultimate transfer or disposal. No account is taken of any future maintenance liabilities relating to such assets.

### **Development Assets**

Development assets comprise:

- (a) land and buildings not being held by the Corporation on a long term basis whose ultimate use for development by or for the private sector is already known with reasonable certainty;
- (b) land and buildings whose ultimate use and ownership is not yet known with reasonable certainty.

Development assets under (b) above are reclassified as public assets when subsequent Board decisions and the adoption of area planning briefs by the relevant public authorities determine their ultimate public use and ownership with reasonable certainty.

Development assets are included in the Balance Sheet at the lower of cost and net realisable value. For this purpose:

- (a) cost comprises purchase, reclamation and relocation costs together with attributable overheads;
- (b) net realisable value has been determined by reference to existing use or, where an ultimate alternative use is already known with reasonable certainty by reference to that use, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual (Practice Statement).

### **Funding**

Grant-in-Aid received and receivable to date is shown as a reserve in the Balance Sheet except to the extent that it has been released to the Income and Expenditure Account.

In calculating the amount of Grant-in-Aid receivable, account is taken of grant financed expenditure incurred but not paid at the end of the financial year.

### **Taxation**

Provision is included for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.



## **Pensions**

The Corporation complies with Statement of Standard Accounting Practice Number 24, "Accounting for Pension Costs" which requires that the costs of providing pensions are recognised over the period benefiting from the employees' services with any difference between the charge to the income and expenditure account and contributions paid being shown as an asset or liability on the balance sheet.

## **Operating Leases**

Rentals payable under operating leases are charged in the income and expenditure account on a straight line basis over the lease term.

## **Succession**

Where the Corporation has entered into agreements to transfer its interests and responsibilities to successor bodies, estimates of costs in respect of project work carried out prior to 31 March 2000 have been charged to the income and expenditure account.

## Notes to the Financial Statements at 31 March 2000

### 1. Reserves

<i>Grant-in-Aid</i>	<b>2000</b>	<b>1999</b>
	£'000	£'000
At 1 April 1999	<u>5,881</u>	<u>10,590</u>
Grant-in-Aid received - see (a) below	40,569	37,394
Less grant for expenditure incurred in the previous year but received in the current year	(12,293)	(13,054)
Add grant for expenditure incurred in the current year but to be claimed in future years	<u>-</u>	<u>12,293</u>
Grant-in-Aid receivable	<u>28,276</u>	<u>36,633</u>
Grant released to Income and Expenditure Account:		
Provisions against development assets	(1,411)	1,481
Depreciation of operating assets and public assets	27,537	23,660
Other income and expenditure	<u>8,031</u>	<u>16,201</u>
Total released	<u>34,157</u>	<u>41,342</u>
At 31 March 2000	<u>-</u>	<u>5,881</u>

- (a) Grant-in-Aid released to the Income and Expenditure Account amounted to £34,157,000. The amount received during the year amounted to £40,569,000 which was applied to expenditure over the following voteheads determined by the National Assembly for Wales:

	Votehead	<b>2000</b>	<b>1999</b>
		£'000	£'000
Administration	A	7,153	4,470
Estate Management	B	(296)	17
Project expenditure	C	23,827	30,014
Support for Private Sector Investment	D	2,429	3,123
Promotion and Publicity	E	1,612	1,535
Commuted sums	F	5,763	-
Taxation	X	<u>81</u>	<u>(1,765)</u>
		<u>40,569</u>	<u>37,394</u>

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Total cumulative grant received	<u>502,262</u>	<u>461,693</u>



## Notes to the Financial Statements at 31 March 2000 (continued)

### 1. Reserves (continued)

#### *General*

	<b>2000</b>	<b>1999</b>
	£'000	£'000
At 1 April 1999	10,380	8,225
(Deficit)/Surplus after taxation	<u>(6,780)</u>	<u>2,155</u>
At 31 March 2000	<u><b>3,600</b></u>	<u><b>10,380</b></u>

#### *Total*

	<b>2000</b>	<b>1999</b>
	£'000	£'000
At 1 April 1999	16,261	18,815
Surplus after taxation	(6,780)	2,155
Grant-in-Aid receivable	28,276	36,633
Grant-in-Aid released	<u>(34,157)</u>	<u>(41,342)</u>
At 31 March 2000	<u><b>3,600</b></u>	<u><b>16,261</b></u>

### 2. Revenue Projects

This represents expenditure on revenue projects undertaken by the Corporation and contributions to projects undertaken by other agencies in developing the economy, environment, communications and community affairs of the designated area.

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Environmental improvements	568	775
Community support projects	475	437
Roads and transport	1,163	1,638
Reclamation and site preparation	2,298	394
Public utilities	–	(461)
Revenue support to Techniquet	–	563
Revenue support to Cardiff Bay Art Trust	38	120
Other revenue projects	<u>2,860</u>	<u>666</u>
	<u><b>7,402</b></u>	<u><b>4,132</b></u>

### 3. Incurred Expenditure met by Successor Bodies

Incurred expenditure met by successor bodies represents all project expenditure estimated to have been incurred by the Corporation but which will be met by successor bodies.

## Notes to the Financial Statements at 31 March 2000 (continued)

### 4. Other Operating Expenses

	2000 £'000	1999 £'000
General consultancies	182	190
Operating lease rentals	40	34
Profit on sale of operating assets	(212)	–
Auditors' remuneration - audit services	26	28
- non audit services	3	35
Travel, subsistence and hospitality - Chairman and other board members	5	7
- Employees	64	100
Other costs	157	798
	<u>265</u>	<u>1,192</u>

### 5. Staff Costs

	2000 £'000	1999 £'000
Board Members' remuneration	125	120
Wages and salaries (including temporary staff)	2,215	2,419
Social security costs	200	200
Other pension costs (note 17)	(102)	548
	<u>2,438</u>	<u>3,287</u>

The emoluments, being salary, of the Chairman of the Corporation (also the highest paid Board Member) excluding pension contributions, (which were £Nil (1999: £Nil)) was £37,952 (1999: £36,565).

The remuneration of Board Members, excluding pension contributions, was:

	Number of Board Members	
	2000	1999
Less than £5,000	4	1
£5,001 to £10,000	10	10
£20,001 to £25,000	1	1
£35,001 to £40,000	1	1

The remuneration of Board Members was as follows:

	2000 £	1999 £
Chairman:		
Sir Geoffrey Inkin OBE	37,952	36,565
Deputy Chairman:		
The Right Honourable The Lord Brooks of Tremorfa DL	21,407	20,623

Other Board Members were paid at the rate of £6,054 per annum (1999: £5,832 per annum). The Chairman is the only Board Member to whom any retirement benefits are accruing. These benefits are accruing under an unfunded defined benefit scheme and to which no contributions have been made by the Corporation.

## Notes to the Financial Statements at 31 March 2000 (continued)

### 5. Staff Costs (continued)

Board Members have, when appropriate, declared their own interests and have not voted on related transactions.

Board Members have been appointed on fixed terms as follows:

Chairman:

Sir Geoffrey Inkin OBE 1 April 1999 to 30 June 2000

Deputy Chairman:

The Right Honourable The Lord Brooks of Tremorfa DL 1 April 1998 to 30 June 2000

Members:

J A Beveridge	1 April 1998 to 30 June 2000
Sir Alan Cox CBE	1 April 1999 to 30 June 2000
County Councillor R Goodway	1 April 1999 to 30 June 2000
Sir John Gray KBE CMG	1 April 1998 to 30 June 2000
County Councillor G V Houlston KStG	1 April 1999 to 30 June 2000
Ms M Richards	1 April 1998 to 30 June 2000
J P Sainsbury	1 April 1999 to 30 June 2000
Professor H R Silverman OBE	1 April 1998 to 30 June 2000
County Councillor J F Smith	1 June 1999 to 30 June 2000
County Councillor A J Williams	1 June 1999 to 30 June 2000
County Councillor M Drake	1 August 1999 to 30 June 2000

In addition to the above, County Councillor M E Sharp, B J Foday and J R Philips ceased to be a board members on 31 May 1999.

The emoluments of the Chief Executive amounted to £77,000 (1999: £73,000). This excludes a performance-related bonus which remains to be calculated and approved by the National Assembly for Wales (1999: £5,853). The emoluments comprised a salary of £77,000 (1999: £73,000) and taxable benefits of £Nil (1999: £Nil). The current appointment is non-pensionable. The Chief Executive's performance for the purposes of calculating his performance-related bonus is determined principally by measurement against indicators taken from the Corporate Plan.

The average number of Board Members and staff employed by the Corporation during the year was analysed as follows:-

	2000	1999
Permanent Staff		
Managerial	6	7
Professional	37	44
Support Staff	29	27
Temporary/Seconded Staff	9	14
Visitor Centre/Exchange Building	7	7
	<u>88</u>	<u>99</u>
Board Members	13	12
	<u>101</u>	<u>111</u>

## Notes to the Financial Statements at 31 March 2000 (continued)

### 6. Interest Receivable

Interest receivable represents gross income earned on the investment of temporary surplus cash balances and the balance of monies due on sale of land.

### 7. Taxation

The tax charge is based solely on estate management income and interest receivable:

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Tax charge	104	165
Overprovision in respect of prior years	(192)	—
	<u>(88)</u>	<u>165</u>

### 8. Deferred Taxation

The Corporation's accounting policy is to provide for deferred tax where timing differences are expected to crystallise in the future. No deferred taxation has been provided in these accounts.

Immediately prior to the transfers of assets and liabilities to successor bodies (note 21) the Corporation had a potential liability for deferred taxation estimated at £6.480million (1999: £11.161million) arising primarily from capital gains rolled over into the cost of assets of the Corporation. It is not anticipated that the transfer of assets on 31 March 2000 will crystallise any tax liability within the Corporation due to the favourable tax legislation relating to transfers to public bodies. Consequently no potential liability is recognised at 31 March 2000.

With regard to successor bodies, gains should only crystallise when there is an eventual disposal of transferred assets by a successor body within the charge to tax.

### 9. Public Assets

	<b>Total</b>
	£'000
Cost	
At 31 March 1999	253,893
Additions in year	27,464
Transfers to development assets	(698)
Transfers to successor bodies	(280,659)
At 31 March 2000	—
Depreciation	
At 31 March 1999	253,893
Charge for year	27,464
Transfers to development assets	(698)
Transfers from development assets	(280,659)
At 31 March 2000	—
Net book value at 31 March 1999 and 2000	—

## Notes to the Financial Statements at 31 March 2000 (continued)

### 10. Investments

	2000	1999
	£	£
Shares in group companies	—	<u>36</u>

All of the subsidiaries listed below were disposed of during the year by the Corporation.

Subsidiary	Date of disposal	Comments
Cardiff Bay (Investment) Limited	8 March 2000	Wound up
Cardiff Bay (Finance) Limited	8 March 2000	Wound up
Bae Caerdydd Cyfyngedig	8 March 2000	Wound up
Quest Limited	8 March 2000	Wound up
Tremorfa Industrial Estate Management Limited	31 March 2000	Transferred shareholding
Mount Stuart Management Limited	8 March 2000	Wound up
Cardiff Bay Barrage Limited	8 March 2000	Wound up
Cardiff Bay (Management Limited)	31 March 2000	Transferred shareholding
Cardiff Bay Community Trust Limited	31 March 2000	Transferred shareholding
Ocean Park Management Limited	31 March 2000	Transferred shareholding
Mount Stuart Development Trust	31 March 2000	Wound up

### 11. Operating Assets

	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Office automation £'000	Motor vehicles £'000	Total £'000
Cost					
At 31 March 1999	1,588	1,297	726	17	3,628
Disposals	(1,588)	(1,297)	(726)	(17)	(3,628)
At 31 March 2000	—	—	—	—	—
Depreciation					
At 31 March 1999	688	1,247	643	4	2,582
Charge for year	20	15	33	5	73
Disposals	(708)	(1,262)	(676)	(9)	(2,655)
At 31 March 2000	—	—	—	—	—
Net book value at 31 March 2000	—	—	—	—	—
Net book value at 31 March 1999	<u>900</u>	<u>50</u>	<u>83</u>	<u>13</u>	<u>1,046</u>

## Notes to the Financial Statements at 31 March 2000 (continued)

### 12. Development Assets

	Land Acquisitions £'000	Disturbance Compensation £'000	Site Preparation £'000	Total £'000
Cost				
At 31 March 1999	23,640	6,314	8,175	38,129
Additions in year	169	(1,728)	(253)	(1,812)
Disposals	(5,539)	(1,057)	(1,222)	(7,818)
Transfers from public assets	645	–	53	698
Transfers to successor bodies	(18,915)	(3,529)	(6,753)	(29,197)
At 31 March 2000	–	–	–	–
Provision				
At 31 March 1999				23,456
Reduction of provision for revaluation				(1,411)
Disposal				(3,047)
Transfers from public assets				698
Transfer to successor bodies				(19,696)
At 31 March 2000				–
Net book value at 31 March 2000				–
Net book value at 31 March 1999				<b>14,673</b>

The net book value of development assets can be analysed as follows:-

	2000 £'000	1999 £'000
Reclaimed land and buildings awaiting development	–	2,232
Land and buildings being developed	–	12,441
	<u>–</u>	<u>14,673</u>

	2000 £'000	1999 £'000
Disposals of development assets		
Sale proceeds	11,073	9,573
Net book value	(4,771)	(7,418)
Surplus on disposals	<u>6,302</u>	<u>2,155</u>

Transfer of development assets to successor bodies:-

	2000 £'000	1999 £'000
Transfer proceeds	2,300	–
Net book value	(9,501)	–
	<u>(7,201)</u>	<u>–</u>





## Notes to the Financial Statements at 31 March 2000 (continued)

### 13. Debtors

	2000 £'000	1999 £'000
VAT recoverable	1,593	1,253
Sundry debtors	—	4,214
Prepayments	—	2,363
Grant receivable (note 1)	—	12,293
Recoverable works contracts	—	5,898
	<u>1,593</u>	<u>26,021</u>

On 31 March 2000 all other debtors were transferred to successor bodies.

### 14. Creditors

(a) amounts falling due within one year	2000 £'000	1999 £'000
Corporation tax	83	180
Land acquisitions	—	6,566
Works contracts	—	10,699
Pension provision (note 17)	2,380	361
Other	213	3,693
	<u>2,676</u>	<u>21,499</u>
(b) amounts falling due after more than one year	2000 £'000	1999 £'000
Works contracts	—	1,452
Pension	—	—
	<u>—</u>	<u>1,452</u>

On 31 March 2000 all other creditors were transferred to successor bodies.

### 15 Provisions for Liabilities and Charges (Exit Costs)

Exit costs comprise the following:

	Pension £'000	Redundancy £'000	Commutated sums £'000	Other £'000	Total £'000
At 1 April 1999	965	1,351	500	253	3,069
Paid in year	—	(496)	(5,763)	—	(6,259)
Additional provision	1,415	—	5,263	—	6,678
Released to profit and loss	—	(670)	—	(253)	(923)
At 31 March 2000	<u>2,380</u>	<u>185</u>	<u>—</u>	<u>—</u>	<u>2,565</u>

The balances as at 31 March 2000 are included within creditors (see note 14).

## Notes to the Financial Statements at 31 March 2000 (continued)

### 16. Commitments and Contingent Liabilities

(a) Commitments transferred to successor bodies	2000 £'000	1999 £'000
(i) Operating assets		
Authorised but not contracted	–	–
Contracted but not incurred	–	–
(ii) Public assets		
Authorised but not contracted	–	2,507
Contracted but not incurred	12,181	26,052
(iii) Development assets		
Authorised but not contracted	–	148
Contracted but not incurred	439	28
(iv) Revenue projects		
Authorised but not contracted	450	4,308
Contracted but not incurred	955	11,856
(v) PFI projects		
Authorised but not contracted	–	1,767
Contracted but not incurred	150	34
	<u>14,175</u>	<u>46,700</u>

Of the above commitments £150,000 is expected to be recoverable by the successor bodies.

The unitary charge relating to Bute Avenue is estimated at £145 million, payable over 25 years commencing December 2000. This commitment together with all the commitments listed above has been passed to the successor bodies.

#### (b) Contingent liabilities

All claims relating to construction of the Barrage were settled and paid prior to 31 March 2000. All other claims have been passed to the successor bodies.

The Corporation has given a number of guarantees in respect of disposals of certain development assets concerning any remedial work arising on contaminated land. No provision has been made in these accounts for these costs as the Corporation has not been advised of any claims under these guarantees. Any future liabilities will be the responsibility of the successor body concerned.

### 17. Pension Scheme

The Corporation is an admitted body of the Cardiff and Vale of Glamorgan Pension Fund (The Scheme), formerly the South Glamorgan County Council Superannuation Fund. The Scheme is of the defined benefit type, and the Corporation was admitted to the Scheme with effect from 30 November 1987.

An actuarial valuation has been carried out in respect of the Corporation's assets and liabilities in the Fund, in order to determine the final pension cost for the Corporation on wind-up. This valuation disclosed a liability in respect of regular costs charged exceeding contributions paid. In addition, augmentation costs were also due in respect of the enforced early retirement of some employees. These amounted in total to £2,380,000 and the payment has discharged all future liabilities in respect of employees admitted to the Scheme.

## Notes to the Financial Statements at 31 March 2000 (continued)

### 17. Pension Scheme (continued)

The total pension cost for the Corporation was made up as follows:

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Provision at 1 April	(335)	(239)
Employer contributions	233	452
Provision at 31 March	-	335
	<u>(102)</u>	<u>548</u>
 Provision included in Exit Costs	 <u>2,380</u>	 <u>-</u>
Total pension cost to the Corporation	<u>2,278</u>	<u>548</u>

### 18. Reconciliation of operating (Deficit)/Surplus to net cash inflow from Operating Activities

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Operating (deficit)/surplus	(1,349)	5,149
Exit costs	(5,263)	-
Grant-in-Aid received	40,569	37,394
Grant-in-Aid released	(34,157)	(41,342)
Depreciation of operating assets	73	169
Profit on disposal of operating assets	(212)	-
Depreciation of public assets	27,464	23,491
Decrease/(increase) in debtors	11,922	(7,070)
Decrease in development assets	14,673	3,161
(Decrease)/increase in creditors	(17,714)	2,773
Net cash inflow from operating activities	<u>36,006</u>	<u>23,725</u>

### 19. Operating Leases

At 31 March 2000 the Corporation was committed to making the following payments in the next financial year in respect of operating leases relating to motor vehicles and other equipment.

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Leases which expire:		
Within one year	-	36
Within two to five years	-	-
	<u>-</u>	<u>36</u>

## **Notes to the Financial Statements at 31 March 2000 (continued)**

### **20. Related Party Disclosures**

The Corporation is an Assembly-sponsored Public Body. The National Assembly for Wales is regarded as a related party.

During the year, the Corporation received £40,569,000 (1999: £37,394,000) of Grant-in-Aid from the National Assembly for Wales and at the year end there was £nil (1999: £12,293,000) of Grant-in-Aid receivable in respect of expenditure incurred in the current year but to be claimed in future years.

In addition, during the year, payments totalling £154,000 (1999: £73,000) were made to the Welsh Development Agency (1999: Land Authority for Wales), also an Assembly-sponsored Public Body, in respect of land acquisitions on behalf of the Corporation. Further transactions with related parties are referred to in notes 21 and 22 below.

None of the other Board members, key management staff, or other related parties has undertaken any material transactions with the Corporation during the year. A separate disclosure of Board Members' interests is included on pages 2 and 3 of the Annual Report.

### **21. Transfer of Assets and Liabilities to Successor Bodies**

On 31 March 2000 the Corporation transferred its interests in ongoing regeneration projects and development land to various successor bodies as laid down by the Secretary of State for Wales in his statement of 31 March 1999.

Technique was transferred to the Assembly directly. All other assets and liabilities were transferred under Section 165 arrangements under the Local Government, Planning and Land Act 1980. The disposals of all assets are included within the financial statements at the values agreed with the successor bodies and the National Assembly for Wales.

The successor bodies were:

Welsh Development Agency  
Cardiff County Council  
Cardiff County Council Harbour Authority  
Vale of Glamorgan Council  
Countryside Council for Wales

The land designated for the Sports Village complex at Ferry Road was transferred, on the instruction of the National Assembly for Wales, to Cardiff County Council on 31 March 2000. This land is valued at £7.95million. The Corporation has shown proceeds on disposal of £2million as this was the grant that the Corporation was instructed to award in return for securing certain economic and social benefits from the scheme. With regard to the balance of £5.95million, the Corporation is not party to the agreement between the National Assembly for Wales and Cardiff County Council whereby future funding to Cardiff County Council will be reduced by this sum. Therefore only the £2million proceeds and grant payable have been reflected in these accounts.

### **22. Post Balance Sheet Events**

Subsequent to 31 March 2000 £1,653,000 was transferred to the Welsh Development Agency. The costs of the Corporation during the non-operational period to 30 June 2000 are estimated to be approximately £600,000. After these are settled all remaining assets and liabilities of the Corporation will be assumed by the Welsh Development Agency on 30 June 2000.

## Summary of Financial Statistics at 31 March 2000

	2000 £'000	1999 £'000	1998 £'000	1997 £'000	1996 £'000	Cumulative £'000
<b>Income and Expenditure Accounts</b>						
Operating income:						
Grant-in-Aid released	34,157	41,342	56,525	60,455	63,118	502,262
Other income	448	656	1,286	3,062	3,857	23,161
Operating expenditure	(9,002)	(14,032)	(17,705)	(16,376)	(15,125)	(188,633)
Property transactions	(26,952)	(22,817)	(35,953)	(46,050)	(52,190)	(325,273)
Operating surplus/(deficit)	(1,349)	5,149	4,153	1,091	(340)	11,517
Exit costs	(5,755)	(3,069)	–	–	–	(8,824)
Interest receivable	236	240	223	186	270	3,086
Taxation	88	(165)	(94)	(255)	(261)	(2,179)
Surplus/(Deficit) retained	<u>(6,780)</u>	<u>2,155</u>	<u>4,282</u>	<u>1,022</u>	<u>(331)</u>	<u>3,600</u>
<b>Cash Flow Statements</b>						
Net cash inflow from operating activities	42,265	23,725	33,445	49,241	52,130	284,934
Returns on investments and servicing of finance	255	239	228	182	261	3,106
Taxation	(9)	(165)	(219)	(233)	(120)	(2,095)
Capital expenditure	(38,369)	(23,560)	(38,322)	(45,082)	(51,212)	(281,262)
Net cash inflow/(outflow)	<u>4,142</u>	<u>239</u>	<u>(4,868)</u>	<u>4,108</u>	<u>1,059</u>	<u>4,683</u>

The cumulative figures relate to the period since the Corporation's establishment on 3 April, 1987.

### Summary of Financial Statistics at 31 March 2000 (continued)

	2000 £'000	1999 £'000	1998 £'000	1997 £'000	1996 £'000
<b>Balance Sheets</b>					
Fixed assets	–	–	1,152	1,536	1,603
Current assets:					
Operating assets	–	1,046	–	–	–
Development assets	–	14,673	17,360	18,668	20,312
Debtors	1,593	26,021	20,179	21,637	21,012
Balance at bank	4,683	541	302	5,170	1,062
Current liabilities	(2,676)	(21,499)	(18,429)	(18,520)	(18,420)
Creditors: amounts falling due after more than one year	–	(1,452)	(1,749)	(3,116)	(2,594)
Provisions for liabilities and charges	–	(3,069)	–	–	–
	<u>3,600</u>	<u>16,261</u>	<u>18,815</u>	<u>25,375</u>	<u>22,975</u>
<b>Reserves</b>					
Grant-in-Aid					
Opening balance	5,881	10,590	21,432	20,054	18,374
Received	40,569	37,394	47,918	59,239	57,541
Less grant for expenditure incurred in the previous year but received in the current year	(12,293)	(13,054)	(15,289)	(12,695)	(5,438)
Add grant for expenditure incurred in the current year but to be claimed in future years	–	12,293	13,054	15,289	12,695
	<u>34,157</u>	<u>47,223</u>	<u>67,115</u>	<u>81,887</u>	<u>83,172</u>
Released to income and expenditure account	(34,157)	(41,342)	(56,525)	(60,455)	(63,118)
	<u>–</u>	<u>5,881</u>	<u>10,590</u>	<u>21,432</u>	<u>20,054</u>
<b>General</b>					
Opening balance	10,380	8,225	3,943	2,921	3,252
Surplus/(deficit) after taxation	(6,780)	2,155	4,282	1,022	(331)
	<u>3,600</u>	<u>10,380</u>	<u>8,225</u>	<u>3,943</u>	<u>2,921</u>
<b>Total reserves</b>	<u>3,600</u>	<u>16,261</u>	<u>18,815</u>	<u>25,375</u>	<u>22,975</u>

## Summary of Financial Statistics at 31 March 2000 (continued)

### Summary of freehold and leasehold land holdings at 31 March 2000, excluding Barrage and water areas.

	Areas				
	West (Hectares)	Core (Hectares)	East (Hectares)	Inner Harbour (Hectares)	Total (Hectares)
Total of land acquired	<u>114.07</u>	<u>20.84</u>	<u>243.33</u>	<u>53.60</u>	<u>431.84</u>
Allocated to public use	40.31	10.11	67.09	28.72	146.23
Disposals and transfers	<u>73.76</u>	<u>10.73</u>	<u>176.24</u>	<u>24.88</u>	<u>285.61</u>
Developed/Developable land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>