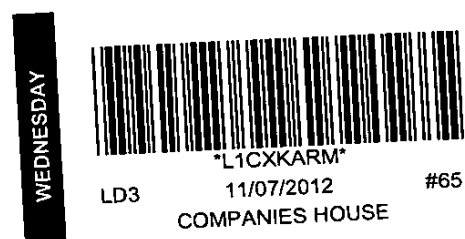




# **Olympic Park Legacy Company Limited**

## **Annual Report and Accounts 2011 - 12**

**Registered no: 06900359**



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## **Statement from Baroness Ford**

On the eve of the London 2012 Olympic and Paralympic Games, London can be proud of its legacy plans. Owing to the foresight of the Mayor of London and Government, we are further ahead than any other host city has been at this stage, with legacy arrangements settled for six of the eight Olympic Park venues, and a powerful legacy plan in place for what will become the Queen Elizabeth Olympic Park.

The last year saw the closing stages of planning and procurement for legacy, and a shift of focus to the practicalities of delivery. Construction of the ArcelorMittal Orbit has been completed, alongside the practical completion of the Olympic Park venues.

The Legacy Company has put operators in place for these key venues. Balfour Beatty Workplace will operate the ArcelorMittal Orbit, and provide estates and facilities management to the Park as a whole, while Greenwich Leisure Limited – a social enterprise based in one of the host boroughs – will take on the Aquatics Centre and Multi-use Arena.

These operators have a great track record, and have demonstrated their commitment to convergence and local regeneration by agreeing to peg prices to the local average, and by making commitments to deliver 70-85 per cent of jobs to local people. Convergence is a 20-year strategic objective to ensure that the communities who host the 2012 Games have the same social and economic chances as their neighbours across London.

The Legacy Communities Scheme planning application has been submitted, paving the way for the delivery of nearly 7,000 homes, and alongside this, the Company has launched its first phase of development – up to 800 homes at Chobham Manor, to the north of the Athletes Village. We hope that planning permission will be in place this summer, so that the Legacy Corporation can finalise a development agreement with a preferred partner.

The competition to find legacy users for the press and broadcast centres includes two proposals that will make these facilities a hub for employment, enterprise and growth, featuring two of East London's strongest sectors – fashion and design, and digital industries.

The Legacy Company also made progress in securing legacy uses for the Stadium. Following a legal challenge to our original process, we decided to retain the venue in public ownership, and actively manage it to put in place a successful mix of sports and events throughout the year, while making sure that the Stadium could be available for major events such as the 2017 World Athletics Championship.

Finally, the Legacy Company took over transformation works from the Olympic Delivery Authority, and has procured contractors to undertake the several hundred million pound 'clear, connect, complete' programme that will

follow the end of the Games, enabling the Park re-opening to begin in July 2013, one year after the opening ceremony of the Olympic Games

At the end of the financial year, the Legacy Company's assets and programmes were transferred to the new body, the London Legacy Development Corporation. While the new body, which will be accountable to the Mayor of London, will have a wider remit than the Legacy Company, it has been set up with minimal disruption to an intense programme of work. As I hand over chairmanship to Daniel Moylan, I am proud of what we have achieved, and have every confidence that the Board and staff that he inherits will help make legacy a lasting success story for London

I would also wish to pay tribute to the dedication and commitment Andy Altman, the Chief Executive, has given to the Olympic Park Legacy Company over the last three years. As he moves on to new challenges, I wish him well in his future career.

A handwritten signature in black ink, appearing to read 'Margaret Ford', with a horizontal line underneath.

Baroness Ford  
21 June 2012

## **Chief Executive's Review**

While the eyes of the world have been on 27 July 2012, the date of the Olympic and Paralympic Games opening ceremony, the Company has been ensuring that the principal building blocks are in place to allow the London Legacy Development Corporation to meet its target of July 2013, the date when the Queen Elizabeth Olympic Park will begin re-opening to the public.

Over the past year the Company has confirmed legacy plans for key venues, submitted planning applications and begun the search for development partners. We have let contracts that will enable the London Legacy Development Corporation to deliver a significant programme of works – to clear the Park of Games-time structures, to connect it with surrounding areas, and to complete construction of permanent venues, parkland and infrastructure.

This transformation programme, which has been formulated by the Company, forms a critical part of the London Legacy Development Corporation's Park Opening Plan and will see the Park opening in phases from July 2013. In addition to physical works valued at several hundred million pounds, the Company has made significant progress in paving the way for mobilising venue operators and estates managers, planning for events and activity within the Park, putting security arrangements in place and strengthening relations with local communities.

At the heart of this programme is a determination to create a Park that is not only a magnet for national and international visitors but also the local park for residents of the Olympic host boroughs, a place not only for relaxation and fun but also for local people to find the jobs, apprenticeships and business opportunities that they so greatly need; a place that will continue to inspire people to take part in sport and to live healthily and that celebrates the artistic and cultural vigour of east London. The Company is delighted to have been able to engage construction contractors, venue operators and estates managers who not only share our ambitions but are also committed to innovate with the London Legacy Development Corporation to address deep-seated social and economic disadvantage in the host boroughs.

Alongside this, the Company has continued to develop the regeneration plans for the Park, which include plans for putting tenants in place for the press and broadcast centres, finalising planning negotiations on the Legacy Communities Scheme, delivering a first phase of housing, as well as supporting and leading projects outside the Park itself. We can now hand the baton over to the Development Corporation satisfied with the progress made towards meeting one of our key objectives – convergence, as described in the statement from Baroness Ford.

The objectives the Company set for itself are connected – regeneration and convergence are essential to making a successful place. As we hand over to the Development Corporation we can be proud of the progress we have made.

and I look forward to seeing a great Park that people want to visit time and again, one that supports local economic growth and new residential neighbourhoods.

This shift – from planning to delivery – sets a challenge for the whole organisation, as do the new responsibilities that accompany the metamorphosis from Legacy Company to Development Corporation. The Corporation has inherited not only the Legacy Company's staff, but also project work, assets and key staff members from London Thames Gateway Development Corporation. The assets include significant projects in Hackney Wick and Bromley-by-Bow, two important locations which are on the edge of the Olympic Park, but will be at the heart of the Development Corporation's remit. In October 2012, as work commences on the Park, a further organisational transformation will take place when planning powers are transferred to the Development Corporation.

The Company has been part of one of London's most impressive success stories, a success that has been made possible only by political commitment and leadership, and dedicated partnership working from Government, the Mayor of London and the host boroughs. As the Development Corporation enters the next phase of delivery, this partnership should stand it in good stead.

In closing, and as I hand over the reins as Chief Executive, I would like to pay personal tribute to the leadership and commitment shown by Margaret Ford as Chair of the Legacy Company. Margaret's inspirational approach, political skill, and deep-seated commitment to regeneration have enabled the Company to achieve all it has over the past three years, and have established the firmest of foundations on which future success will be built.



Andrew Altman  
Chief Executive  
21 June 2012

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## Financial Review

During the year the Company's main source of funding was grant income from its Founder Members. Funding for revenue expenditure was provided by a combination of the London Development Agency (£15.1m), the Department for Communities and Local Government (£9.5m) and the Greater London Authority (£0.1m). Capital funding was provided by the Department for Communities and Local Government (£17.4m), the Department for Culture, Media and Sport (£7.4m) and the Greater London Authority (£0.6m). The Company's infrastructure and governance processes have been sufficient for delivery against the goals we set for the year and they will continue to be developed as a platform that meets the development needs of the Legacy Corporation.

Because the Company's property, rights and liabilities were transferred on 1 April 2012 to the London Legacy Development Corporation for no consideration, a business termination provision of £1.3m was made to write the Company's net assets down to nil at the year end. After the impact of this adjustment and the payment of a share of the gain on disposal of property to the Department for Communities and Local Government, the Company made a profit before tax of £2.5m in the year. This profit was generated by the disposal of property at Sugar House Lane, rental income on commercial properties, interest income and profits from the operation of Three Mills Studios. After provisions for taxation and the deficit on the Company's pension fund, the Company made a small loss in the year.

The Company itself has therefore ceased to trade and the Board has resolved that it should be wound up.

The Three Mills Studios operation delivered an operating profit of £0.4m on a turnover of £4.3m. This business experienced strong occupancy rates during the year and the outlook for 2012/13 remains promising.

Of the proceeds from the sale of property at Sugar House Lane for £19.5m, £16.6m has been returned to the Greater London Authority in accordance with the terms of the London Settlement between the Government and the Greater London Authority. The remaining amount covers the associated tax liability.

The Department for Communities and Local Government also committed to make a contribution of £0.8m to eliminate the deficit on the Company's pension scheme at the year end.

During the year the Company commenced negotiations for the acquisition of development land from the Lee Valley Regional Park Authority. A deposit of £8.0m was paid in March 2012, with the balance of £10.2m being due on completion of the purchase in April 2012.

Funding which was previously to be received by the Company from the Department for Communities and Local Government and the Department for Culture, Media and Sport from 2012/13 onwards is being transferred to the

Greater London Authority under the terms of the London Settlement. The Settlement and other previously committed funding arrangements indicate that in 2012/13 a total of up to £104.8m will be provided for the Legacy Corporation for capital and revenue expenditure together with £90.7m for the transformation works that are due to take place on the Olympic Park during the year.

The Company's funding and expenditure during the year under review represented a more than threefold increase in our level of activity compared to 2010/11, and the work of the Legacy Corporation next year will see an equally significant increase. We are confident that our investment in corporate infrastructure, systems and resources has created a robust platform for the Legacy Corporation to meet this challenge

A handwritten signature in black ink, appearing to read 'Jonathan Dutton', with a stylized, cursive script.

Jonathan Dutton  
Executive Director of Finance and Corporate Services  
21 June 2012



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## **Board of Directors**

The following served as Directors of the Olympic Park Legacy Company during the year ended 31 March 2012.

### **Baroness Ford**

Baroness Ford joined the Legacy Company from Royal Bank of Canada, where she was a Managing Director in the bank's Global Infrastructure Group. She is also Chairman of May Gurney Integrated Services plc, Chairman of Barchester Healthcare Limited and Grove Limited and a Non Executive Director of Granger plc. From 2002 until 2007 she was the Chairman of English Partnerships, the national regeneration agency.

### **Ranjit Singh Baxi**

Ranjit Singh Baxi is one of the UK's most highly regarded Asian business leaders. His own business, J and H Sales, based in Redbridge, exports waste paper from Europe, the UK and USA to the Indian sub-continent and the Far East, and has become one of the leading recycling export companies in Europe. Ranjit is also a Divisional President of the Bureau of International Recycling, an international trade federation based in Brussels and a Non Executive Director of Think London. A Governor of the University of East London, Ranjit is actively involved with the UK Punjabi Community and is the President of the World Punjabi Organisation (European Division).

### **Nick Bitel**

Nick Bitel is Chief Executive of the London Marathon and one of the country's leading events experts. He is a solicitor who acts for a large array of sports and events, a member of the London Community Sports Board and former Vice Chairman of Wigan Athletic. He has also been appointed to the Board of Sport England and is currently the Chairman of the Sports Rights Owners Coalition.

### **Aman Dalvi**

Aman Dalvi has lived in east London all his life. He is Acting Chief Executive of the London Borough of Tower Hamlets, is a former Chief Executive of Gateway to London, former Chief Executive of a London Housing Association and has extensive experience of housing development and regeneration. He leads on Tower Hamlets' Olympic activities and is a former member of the Board of English Partnerships. He sat on the Board of the Legacy Company as an individual member and not as a representative of the London Borough of Tower Hamlets.

### **Keith Edelman**

Keith Edelman was formerly the Managing Director of Arsenal Holdings and was instrumental in the development of the Emirates Stadium and the attendant regeneration of the surrounding area including the development of Highbury Square. He is currently Chairman of Nirah and Beale plc, the Senior Independent Director of Supergroup plc and a Non Executive Director of Safestore Holdings and Thorntons plc. He was formerly Chief Executive Officer of Storehouse plc, Managing Director of Carlton Communications plc, a Non Executive Director of Eurotunnel and Chairman of Glenmorangie.

### **David Edmonds**

David Edmonds has had extensive experience within the housing, commercial property and regeneration sectors. He is a former senior civil servant, and was in charge of the Government's Inner Cities programme in England. He is a former Chief Executive of the Housing Corporation, Board member of English Partnerships, Non Executive Director of Hammerson PLC and Chairman of Crisis, the charity for the single homeless. He was also the UK's Telecoms Regulator for five years and the Chairman of NHS Direct for four years. He was a Director and then Chairman of logistics company, Wincanton plc for seven years. He is currently the Chairman of the Legal Services Board; Chairman of NHS Shared Business Services, and is a Non Executive Director of William Hill plc.

### **David Gregson**

David Gregson is Chairman of Phoenix Equity Partners, a leading UK private equity group. He is also Chairman of Precise Media Group and a Director of Letts Filofax. David is a Trustee of WWF-UK, a member of the Advisory Board for The Sutton Trust and Chair of Crime Reduction Initiatives, a leading national crime reduction charity. David was previously Chairman of the Mayor of London's Legacy Board of Advisors.

### **Robert John**

Robert John has been a director of a number of private sector companies which focus on housing and regeneration issues. He has held senior roles in the City and at Canary Wharf and has a continuing interest in transport and regeneration. He was appointed Chairman of Wales in London in 2006 and is involved in a broad range of activities in Wales. He also advises on property development in Africa.

## **Philip Lewis**

Philip Lewis is a chartered surveyor and Chief Executive of the property division of the Kirsh Group and Non Executive Deputy Chairman of Lambert Smith Hampton. Previously he was Chief Executive of Milner Estates plc and Executive Chairman of both Safestore plc and Hines UK. He is a former Chairman of Sport England, London and past President of the British Council of Shopping Centres. He has held Non Executive roles in a number of companies and is involved in various charitable organisations

## **Lord Mawson**

Lord Mawson is one of the UK's leading social entrepreneurs. Over 25 years he has created a family of projects, in particular the Bromley-by-Bow Centre in east London. Today he is leader, motivator and adviser to major projects including the St Paul's Way Transformation project in the London Borough of Tower Hamlets and Water City, a visionary plan to revitalise east London.

## **Liz McMahon**

Elizabeth McMahon is Managing Director of Madison Muir, strategic marketing, brand and business development advisors. Liz was Head of International Marketing for the London 2012 Olympic and Paralympic Games bid and was Director of Marketing Services at the International Olympic Committee. A former Director at Citigroup and JP Morgan, she also managed the global corporate marketing and communications department at 3M. She tutors in marketing communications and sponsorship at the Westminster Business School and the George Washington University Olympic Games MBA programme. Liz sits on the Corporate Development Board of the NSPCC and the Board of the International Women's Forum UK.

## **Jules Pipe**

Jules Pipe was re-elected as Mayor of Hackney for a third term in May 2010, having become the Borough's first directly elected Mayor in October 2002. He was also elected as Chair of London Councils in May 2010. Before becoming Mayor, Jules was a newspaper journalist, working for, among others, the Sunday Times and Sunday Telegraph, as well as serving as a ward councillor from 1996 to 2002, and Leader of Hackney Borough Council from June 2001 until elected as Mayor in 2002.

### **Sir Robin Wales**

Sir Robin Wales is the directly elected Mayor of the London Borough of Newham. He was a Councillor from 1982 to 1986 and then from 1992 to 2002 and leader from 1996 to 2002. He was elected Mayor in 2002. He was re-elected for a third term in 2010. His goals include raising employment and aspiration in the Borough. Sir Robin is involved with a number of organisations that are concerned with staging the London 2012 Olympic and Paralympic Games and ensuring the local legacy. He is a local government board member on the London Organising Committee of the Olympic Games, Chair of the six Olympic Host Boroughs and a member of the Olympic Park Regeneration Steering Group.

In addition to these Non Executive Directors of the Company, the Chief Executive, Andrew Altman, and the Company's Executive Director of Finance and Corporate Services, Jonathan Dutton, have been members of the Board throughout the year under review and, unlike the other Board members, remain in post at the date of this report.

### **Andrew Altman**

Andrew Altman was formerly Philadelphia's first Deputy Mayor for Planning and Economic Development as well as Director of Commerce and President of Altman Development LLC in New York City, leading large-scale, urban development projects. Andrew was also President and CEO of the Anacostia Waterfront Corporation in Washington D C, established to guide the revitalisation of over 2,800 acres of urban waterfront.

### **Jonathan Dutton**

Jonathan Dutton qualified as a chartered accountant with Price Waterhouse and, after a career in investment banking with UBS and Deutsche Bank, helped establish the academies programme of Oasis Community Learning.

## **Directors' Report**

### **Principal activities**

The Company's principal activity during the year under review has been the long term development and management of the Olympic Park and its venues after the London 2012 Olympic and Paralympic Games to deliver socio-economic benefits for the communities within and surrounding the Park.

### **Directors and Secretary**

The Directors and Secretary who served during the year under review are set out below. All board members, other than the two Executive Directors, resigned following the transfer of the property, rights and liabilities of the Company to the London Legacy Development Corporation by a scheme made by the Secretary of State for Communities and Local Government under powers contained in the Localism Act 2011. The resignation dates are shown below.

- Baroness Ford (resigned 2 April 2012)
- Ranjit Singh Baxi (term of appointment ended on 31 March 2012)
- Nick Bitel (resigned 2 April 2012)
- Aman Dalvi (term of appointment ended on 31 March 2012)
- Keith Edelman (resigned 3 April 2012)
- David Edmonds (resigned 5 April 2012)
- David Gregson (resigned 3 April 2012)
- Robert John (resigned 19 April 2012)
- Philip Lewis (resigned 26 April 2012)
- Lord Mawson of Bromley-by-Bow (resigned 24 April 2012)
- Elizabeth McMahon (resigned 4 April 2012)
- Jules Pipe (resigned 5 April 2012)
- Sir Robin Wales (resigned 11 April 2012)

#### **Executive Directors:**

- Andrew Altman, Chief Executive
- Jonathan Dutton, Executive Director of Finance and Corporate Services

#### **Secretary:**

- Rachel Kennedy

## **Business review and future developments**

The financial performance of the Company is described in the Financial Review on pages 7 and 8. This review also explains that the property, rights and liabilities of the Company have been transferred to the London Legacy Development Corporation, subsequent to year end, and that the Company has now ceased to trade

### **Future funding**

In the year ended 31 March 2012 the Company operated within the funding available to it.

On 8 February 2012, the Mayor of London announced his formal decision to create a Mayoral Development Corporation to be responsible for the regeneration legacy from the London 2012 Games. The London Legacy Development Corporation, which came into being on 9 March 2012, will continue the work of the Company. Following the enactment of Parliamentary Statutory Instrument number 701, all property, rights and liabilities of the Company transferred into the London Legacy Development Corporation with effect from 1 April 2012

Future funding that was previously to be paid to the Company will therefore now be paid to London Legacy Development Corporation

### **Charitable and political donations**

During the year the Company made no charitable or political donations

### **Disabled employees**

The Company gave full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities were consistent with adequately meeting the requirements of the job. Opportunities were available for disabled employees for training, career development and promotion.

Where existing employees became disabled, it was the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

### **Directors' indemnities**

The Company took out an insurance policy to cover its Directors and Officers against losses incurred for any wrongful acts made. This policy remains in force as at the date of approving the Directors' Report.

## **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

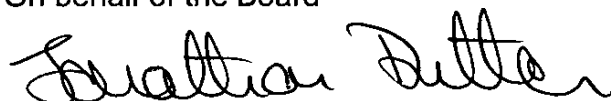
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Disclosure of information to auditor**

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors were not aware of any relevant audit information of which the auditor is unaware.

On behalf of the Board



Jonathan Dutton  
Executive Director of Finance and Corporate Services  
21 June 2012

## **Corporate Governance Report**

The Olympic Park Legacy Company Limited is a company limited by guarantee, established by the Government and Mayor of London to create a lasting legacy from the London 2012 Olympic and Paralympic Games.

The Company was incorporated on 8 May 2009 with three Founder Members: the Mayor of London, the Secretary of State for Communities and Local Government and the Secretary of State for Culture, Olympics, Media and Sport (prior to the 2010 general election, the Minister for the Olympics). The ownership of the Company is split equally between the Mayor and Government, with the Government Founder Members' interest being further sub-divided equally. The Company operates within the strategic aims as stipulated in and set by the Members' Agreement entered into by Founder Members in May 2009.

The Company is committed to meeting high standards of corporate governance and as such the Board acknowledges its contribution to achieving management accountability, improving risk management and building a world class company to deliver the legacy.

### **The Board and its committees**

Following the resignations of the Non Executive Directors, the Board currently comprises two Executive Directors (the Chief Executive and Executive Director of Finance and Corporate Services). As set out in the Company's Articles of Association, the Board can include three Non Executive Directors appointed by the Founder Members (two that are a member, officer or elected Mayor of a Legacy Borough and one who is a member or employee of the Homes and Communities Agency) and eleven independent Non Executive Directors appointed by the Founder Members on the recommendation of the Chairman. There were two Non Executive vacancies on the Board during the financial year 2011/12.

In line with the Government's Code of Practice on Corporate Governance, the Directors were appointed to provide a balance of skills and experience appropriate to directing the Company's activities as demonstrated by their biographies on pages 9 to 12. The Board met 12 times during the year.

The Chairman was appointed by the Founder Members as a Non Executive Director. The Chairman was responsible for the effective conduct of the Board's business and the Company's general meetings, ensuring the highest standards of propriety were adopted, and that the Company met its objectives. She represented the Company in the media and at key public events, and appeared before Parliamentary Select Committees and the London Assembly as the representative of the Board and Company.

The Chief Executive was responsible for the effectiveness and efficiency with which the Company discharged its functions and expended the funding provided by the Founder Members and any additional revenues the Company generated through its business activities.



A statement of the Directors' responsibilities in respect of the financial statements is set out on page 15.

The Board was responsible for providing leadership, advice and support to the organisation, setting strategic direction and overall policy, and monitoring standards, performance and corporate governance, as well as representing the Company with other stakeholders. The Board had three committees which met at least four times a year: the Audit Committee, the Communities Committee and the Investment Committee. The committee chairs reported regularly to the Board.

### **Audit Committee**

The Audit Committee met four times during the year. Its members, functions and responsibilities are shown below.

<b>Functions and Responsibilities</b>	<b>Committee Members</b>
<ul style="list-style-type: none"><li>• Monitor and ensure published financial statements comply with statutes and accounting standards</li><li>• Review the effectiveness of internal financial controls and risk management systems</li><li>• Monitor the internal audit programme</li><li>• Make a recommendation to the Board on the appointment of external auditors and oversee the relationship with them</li><li>• Review the Company's arrangements for staff to raise concerns about financial wrongdoing</li></ul>	Keith Edelman (Chair) Ranjit Singh Baxi Nick Bitel Robert John Elizabeth McMahon

The Board was satisfied that at least one member of the Audit Committee has recent and relevant financial experience. The Audit Committee comprised only independent Non Executive Directors, consistent with the standards set out in the Combined Code. The Executive Director of Finance and Corporate Services attended each meeting of the Audit Committee. Meetings were also attended by the Chief Executive and other senior management as invited, internal and external auditors as required and by Founder Member observers. The internal auditors, Moore Stephens, were appointed in March 2010.

### **Communities Committee**

The Communities Committee met four times during the year. Its members, functions and responsibilities are shown below.

<b>Functions and Responsibilities</b>	<b>Committee Members</b>
<ul style="list-style-type: none"><li>• Advise on the Company's community and local stakeholder engagement programme</li><li>• Oversee the Company's work in developing opportunities for social enterprise and engaging with local small and medium sized enterprises</li><li>• Advise on and promote community input into the regeneration of the area and on improving and maintaining the Company's visibility among local communities</li></ul>	Lord Mawson (Chair) Ranjit Singh Baxi Nick Bitel Elizabeth McMahon

The Executive Director of Regeneration and Community Partnerships attended meetings of the Communities Committee. Meetings were attended by other senior management as invited and by Founder Member observers.

### **Investment Committee**

The Investment Committee met ten times during the year. Its members, functions and responsibilities are shown below.

<b>Functions and Responsibilities</b>	<b>Committee Members</b>
<ul style="list-style-type: none"><li>• Oversee investment projects and programmes including but not limited to real estate, investment in site development above delegated powers, capital fit out of venues and facilities, remediation and operations</li><li>• Review and approve proposals for capital and revenue decisions</li><li>• Advise on strategic policies for the Company's investment programmes</li><li>• Oversee the planning and implementation of the Company's capital and revenue programmes</li></ul>	David Edmonds (Chair) Aman Dalvi David Gregson Robert John Philip Lewis

The Chief Executive and Executive Director of Finance and Corporate Services attended meetings of the Investment Committee. Meetings were attended by other senior management as invited and by Founder Member observers.

## **Ethical policies**

The Company has adopted a code of conduct covering conflicts of interest to which all Directors and staff are subject, a code of practice on gifts and hospitality, an anti-fraud and corruption policy, a whistle blowing policy encouraging employees to elevate matters of concern, and an equalities and inclusion policy. These policies are intended to ensure that all employees observe the spirit and letter of relevant laws and exercise high standards of ethical conduct in all of the Company's activities.

## **Prevention of bribery**

The Company has in place an anti-fraud and corruption policy that is applied across the organisation and addresses many of the risks to be considered in ensuring compliance with the Bribery Act 2010.

## **Internal control**

The Directors acknowledge that they are responsible for the Company's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve the Company's strategic objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

## **Internal audit**

The Company appointed Moore Stephens as internal auditors in March 2010. Following a high level review of the Company's core business systems and controls which found no significant weaknesses in control that would expose the organisation, an internal audit plan was agreed with the Executive Director of Finance and Corporate Services and the Chair of the Audit Committee. The internal auditors have reviewed information technology processes, the project assurance framework and the finance system during the year.

## **Identification and evaluation of business risks**

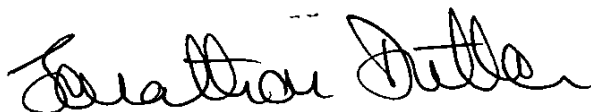
The Company's risk management process ensured that programme wide and project risks were identified, mitigated and monitored effectively. Corporate level risks were owned by the Executive Management Board and risk management and assurance overseen by the Executive Director of Finance and Corporate Services and carried out by the Programme Management Office. The Audit Committee oversaw the risk assurance function to ensure that detailed risk assessment and assurance work was focused on the key activities of the Company and aligned to identified business risk.

## Report of the Audit Committee

The composition of the Audit Committee is described above. The members of the Audit Committee had no personal financial interest in matters to be decided, no potential conflicts of interest (other than those identified and appropriately managed) arising from their affiliations with external interested parties and no day-to-day involvement in running the activities of the Company. During the financial year, the Audit Committee carried out the following activities:

- approved the Capital, Programme and Operational budgets for 2011/12 for recommendation to the Board,
- approved the plan for external audit of 2010/11 accounts for recommendation to the Board ;
- recommended that the Board approve the 2010/11 statutory accounts,
- approved the management responses to the recommendations in the External Auditors' report,
- commissioned the internal auditors to carry out a review of the information technology processes, the project assurance framework and the finance system;
- updated and approved the Company's whistle blowing policy;
- approved the Company's key financial performance indicators,
- adopted the Company's finance manual,
- noted draft 2012/13 budgets for the London Legacy Development Corporation;
- reviewed the Company's corporate risk and issues register at each meeting. This included the identification of risks and issues that were not on the registers and scrutinising existing risks and issues to ensure that they were accurate and up to date;
- received and scrutinised management accounts, and
- conducted a review of the Committee's performance and effectiveness

On behalf of the Board



Jonathan Dutton  
Executive Director of Finance and Corporate Services  
21 June 2012

## **Directors' Remuneration Report**

The Board considered it important that the Company was able to recruit, retain and motivate a high quality, high performing staff team. When the Company was established, remuneration of the executive team was set at levels, agreed with the Founder Members, designed to attract people of the necessary calibre to deliver on the Company's challenging objectives. A salary framework was applied across the Company, having been benchmarked against other comparable organisations, although the Company has operated a pay freeze during the financial year. Contracts of employment of senior executive staff anticipated the possible payment of performance related pay, although no such payments were made in the year under review.

The remuneration of the Chairman was set by the Founder Members. Under her contract she was paid a fee of £95,000 per annum for a minimum commitment of two days per week to the role. She was appointed on 13 May 2009 for a fixed term of five years, although she resigned as Chairman and a Director of the Company with effect from 2 April 2012.

The remuneration of the Chief Executive was set by the Board in consultation with the Founder Members. Under his contract of employment he is paid a salary of £195,000 per annum. During the year under review, he was also paid an increased responsibilities honorarium of £13,650. He took up the position on 10 August 2009 and was appointed for a fixed term of five years.

The remuneration of the Executive Director of Finance and Corporate Services was set by the Board in consultation with the Founder Members. Under his contract of employment he is paid a salary of £151,251 per annum. He took up his role on 1 January 2010.

The remuneration of the Non Executive Directors was determined by the Chairman in consultation with the Founder Members, taking appropriate independent advice. Remuneration was set at £14,000 per annum for each Non Executive Director, with £28,000 per annum paid to those who chair committees of the Board. The elected Mayors received no remuneration from the Company.

No Directors were involved in any discussions or decisions about their own remuneration. Non Executive Directors (other than the Chairman) were not eligible to join the Local Government Pension Scheme.

Directors' remuneration during the year ended 31 March 2012 was as follows:

	Total emoluments for the year ended 31 March 2012	Total emoluments for the year ended 31 March 2011
	£'000	
<b>Executive Directors</b>		
Andrew Altman	209	195
Jonathan Dutton	151	151
<b>Non Executive Directors</b>		
Baroness Ford	95	95
Ranjit Singh Baxi	14	14
Nick Bitel	14	14
Aman Dalvi	14	14
Keith Edelman	28	28
David Edmonds	28	28
David Gregson	14	14
Robert John	14	14
Philip Lewis	14	14
Lord Mawson	28	28
Elizabeth McMahon	14	14
Jules Pipe	-	-
Tessa Sanderson	-	14
Sir Robin Wales	-	-
<b>Total</b>	<b>637</b>	<b>637</b>

Total emoluments include salaries, honorariums, fees and benefits in kind but exclude contributions paid by the Company to the defined benefit pension scheme.

On behalf of the Board



Andrew Altman  
Chief Executive  
21 June 2012

## **Independent Auditor's Report**

We have audited the financial statements of Olympic Park Legacy Company Limited for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of the loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

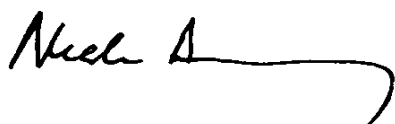
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



William Neale Bussey (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St. Katharine's Way  
London  
E1W 1DD

6 JULY 2012



## Statement of Comprehensive Income

for the year ended 31 March 2012

		Year ended 31 March 2012	Year ended 31 March 2011
	Notes	£'000	
Revenue from operating activities	3	23,959	17,876
Operating costs		(22,986)	(18,024)
Revaluation of investment property	9	(5,259)	(878)
Release of capital grant	12	5,259	878
<b>Operating profit/(loss)</b>		<b>973</b>	<b>(148)</b>
Finance costs	5	(93)	(41)
Finance income	5	173	60
Net financing income		80	19
Gain on disposal of investment property	9	8,029	-
Payment to DCLG of share of gain on disposal of investment property	9	(5,225)	-
Business termination provision	13	(1,327)	-
<b>Profit /(Loss) on ordinary activities before taxation</b>		<b>2,530</b>	<b>(129)</b>
Taxation	7	(2,058)	(17)
<b>Profit /(loss) for the year attributable to the Members</b>		<b>472</b>	<b>(146)</b>
<b>Other comprehensive income</b>			
Actuarial (losses)/gains on Scheme liabilities	15	(419)	271
Actuarial (losses)/gains on Scheme assets	15	(92)	2
Movement in unrecognised pension surplus	15	-	(66)
<b>Total comprehensive (loss)/income for the year attributable to the Members</b>		<b>(39)</b>	<b>61</b>

## Statement of Changes in Equity

for the year ended 31 March 2012


	Reserves
	£'000
<b>At 31 March 2011</b>	<b>39</b>
Total comprehensive loss for the year	(39)
<b>At 31 March 2012</b>	<b>-</b>

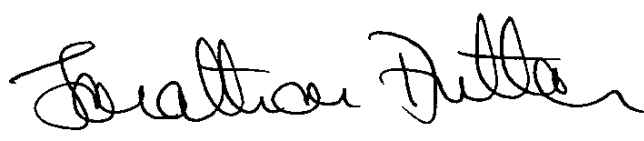
**Balance Sheet**  
as at 31 March 2012

Registered no. 06900359

		As at 31 March 2012	As at 31 March 2011
	Notes	£'000	
<b>Non current assets</b>			
Property, plant and equipment	8	147,320	125,362
Investment property	9	4,000	19,950
Intangible assets	10	226	356
		<b>151,546</b>	<b>145,668</b>
<b>Current assets</b>			
Trade and other receivables	11	12,861	103,219
Cash and cash equivalents		19,716	7,790
		<b>32,577</b>	<b>111,009</b>
<b>Total assets</b>		<b>184,123</b>	<b>256,677</b>
<b>Current liabilities</b>			
Trade and other payables	12	22,181	111,450
Current tax liability		2,058	17
Provisions	13	1,615	-
		<b>25,854</b>	<b>111,467</b>
<b>Non current liabilities</b>			
Capital grant	12	158,269	145,171
<b>Total liabilities</b>		<b>184,123</b>	<b>256,638</b>
Retained earnings		-	39
<b>Total equity and liabilities</b>		<b>184,123</b>	<b>256,677</b>

On behalf of the Board

  
Andrew Altman  
Chief Executive

  
Jonathan Dutton  
Executive Director of Finance and Corporate Services

**Statement of Cash Flows**  
for the year ended 31 March 2012

		Year ended 31 March 2012	Year ended 31 March 2011
	Notes	£'000	
<b>Operating activities</b>			
Operating profit/(loss)		973	(148)
Depreciation	8	71	46
Amortisation	10	141	33
IAS 19 current service cost		812	654
Past service gain		-	(119)
Employer's contribution paid to the LGPS		(1,307)	(346)
Decrease/(Increase) in trade and other receivables	11	98,358	(99,870)
(Decrease)/Increase in trade and other payables	12	(68,057)	152,389
Increase in provisions	13	288	-
Corporation tax paid		(17)	-
<b>Net cash inflow from operating activities</b>		<b>31,262</b>	<b>52,639</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(21,534)	(24,682)
Purchase of investment property	9	(659)	(20,828)
Purchase of intangible assets	10	(11)	(295)
Net proceeds from disposal of investment property	9	2,804	-
<b>Net cash outflow from investing activities</b>		<b>(19,400)</b>	<b>(45,805)</b>
<b>Cash flows from financing activities</b>			
Interest received		64	21
<b>Net cash inflow from financing activities</b>		<b>64</b>	<b>21</b>
<b>Increase in cash and cash equivalents</b>		<b>11,926</b>	<b>-6,855</b>
Cash and cash equivalents at 1 April 2011		7,790	935
<b>Cash and cash equivalents at 31 March 2012</b>		<b>19,716</b>	<b>7,790</b>

## **Notes to the Financial Statements**

### **1. Authorisation of financial statements and statement of compliance with IFRSs**

The financial statements of the Olympic Park Legacy Company Limited for the year ended 31 March 2012 were authorised for issue by the Board of Directors on 21 June 2012 and the Balance Sheet was duly signed on the Board's behalf by the Chief Executive and the Executive Director of Finance and Corporate Services. The Olympic Park Legacy Company Limited is a company limited by guarantee, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 49.

### **2. Accounting Policies**

#### **a) Basis of preparation**

The financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") as they apply to the financial statements of the Company for the year ended 31 March 2012 and applied in accordance with the Companies Act 2006.

The enactment of the Parliamentary Statutory Instrument number 701 transferred all property, rights and liabilities from the Olympic Park Legacy Company to the London Legacy Development Corporation on 1 April 2012, since when the Company has not traded. This instrument had the effect of transferring ownership of the activities of the Company as a going concern to the London Legacy Development Corporation, and for this reason the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 March 2012.

As this transfer was made for nil consideration the Company has made a business termination provision of £1.3m in order to write the net assets down to nil at the balance sheet date.

#### **b) Estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The most significant items subject to such assumptions include the valuation of the investment properties, the useful economic lives of assets, the measurement of accruals and the measurement of the

defined benefit pension scheme's assets and liabilities. The estimates and associated assumptions are based on factors which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

A valuation of the Three Mills Estate on 31 March 2012 was carried out under RICS guidelines by Drivers Jonas Deloitte.

**c) International Financial Reporting Standards adopted during the year**

All IFRSs issued with an effective date before the end of the reporting period have been fully adopted. There has been no material impact on the financial statements of the Company as the result of standards adopted during the reporting period.

**d) Standards and interpretations not yet in issue**

Standards and interpretations issued by the IASB are only applicable if endorsed by the EU. The Company does not consider that any standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a material impact on the financial statements.

**e) Revenue recognition**

The Company has received a public sector funding package comprising grants from the London Development Agency, Department for Communities and Local Government, Department for Culture, Media and Sport and the Greater London Authority.

Government grants received for capital expenditure are initially recognised as capital grants, and are subsequently recognised as revenue over the useful economic life of the asset purchased. In the case of land and investment property, the grants are released to the Statement of Comprehensive Income in line with any reduction in valuation.

Grants for revenue expenditure are recognised as revenue. Where retention of a grant is dependent on the satisfaction of certain criteria, revenue is recognised only to the extent that those criteria are met.

Non-monetary Government grants and services received in kind are recognised as revenue at their fair value. There were no non-monetary Government grants and services received in kind for the year ended 31 March 2012.

Interest receivable is recognised on an accruals basis in the period to which it relates.

#### **f) Intangible assets**

Software licences acquired for a period of more than one year are stated at cost less accumulated amortisation. Amortisation is provided on a straight line basis over three years, or the expected useful life, if shorter. The amortisation expense on intangible assets is recognised in the Statement of Comprehensive Income under the operating costs heading.

The licence granted to enable the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic and Paralympic Games (LOCOG) to occupy the Olympic Park is stated at the present value of the expected future revenue streams at the date of acquisition, less accumulated amortisation. Amortisation is provided over the period of the license.

The amortisation expense on intangible assets is recognised in the Statement of Comprehensive Income under the operating costs heading.

#### **g) Property, plant and equipment**

Computer hardware, telecommunications equipment and furniture, fixtures and fittings and motor vehicles are stated at cost less accumulated depreciation. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making that asset capable of operating as intended.

Depreciation is provided on a straight line basis over the expected useful life as follows:

Computer hardware	33%
Telecommunications equipment	33%
Furniture, fixtures and fittings	20%
Motor vehicles	33%

The carrying values of tangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable and the assets are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually.

Land is not depreciated.

#### **h) Investment property**

Investment properties which are held for income or capital appreciation purposes only are valued at fair market value.

Investment properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Statement of Comprehensive Income in the period that they occur.

#### **i) Cash and cash equivalents**

Cash and short term deposits in the Balance Sheet comprise cash at bank, in hand and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash as defined above, net of any outstanding bank overdrafts.

Balances held by our agent GVA Grimley in respect of trading at the Three Mills Estate are shown in Trade and other receivables.

#### **j) Pensions**

During the year under review, employees of the Company were members of the Local Government Pension Scheme or the Homes and Communities Agency Pension Scheme, both of which are defined benefit schemes.

Defined benefit scheme surpluses and deficits are measured at

- the fair value of plan assets at the reporting date, less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- adjustments for unrecognised past service costs.

Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the Scheme are recognised in other comprehensive income in the year in which they arise. Past service costs are recognised directly in the Statement of Comprehensive Income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time. In this case, the past service costs are amortised on a straight line basis over the vesting period. Where improvements are made to benefits payable under a defined benefit scheme, the effect on the plan liability is recognised in the Statement of Comprehensive Income on a straight-line basis over the average period until the employees become entitled to the improved benefits. Where the benefits vest immediately, the effect of the change is recognised immediately.



If the Company cannot (or can only partly) benefit from a scheme surplus in the form of refunds from the plan or reductions in future contributions (e.g. because of minimum funding requirements), any asset resulting from the above policy is restricted accordingly

#### **k) Taxation**

The Company is liable to corporation tax. Corporation tax is provided for on an accruals basis. Where the Company is liable for other taxes, these are also provided for on an accruals basis.

Deferred tax is provided in full using the balance sheet liability method for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantially enacted tax rates.

Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and that it is probable that future taxable profit will be available against which the asset can be utilised.

#### **l) Financial risk management**

The Company has taken steps to ensure that its risk exposure is minimised. It is and has been throughout the year under review the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

#### **m) Credit risk**

The Company seeks to ensure that it trades only with recognised credit worthy third parties. The Company does not enter into derivatives to manage its credit risk.

With respect to credit risk arising from the other financial asset of cash and cash equivalents, the Company's exposure arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments.

#### **n) Liquidity risk**

The Company has received grants from the London Development Agency, Department for Communities and Local Government, the Department for Culture, Media and Sport and the Greater London Authority.

The Company worked towards the maintenance of cash balances that met its expected operational requirements for a period of six months. Budgets were set and agreed in advance by the Board to enable the

Company's cash requirements to be anticipated. This liquidity risk was managed by monthly monitoring and review of performance against budget.

**o) Financial assets**

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company did not hold any "held-to-maturity" investments, "fair value through profit or loss" or "available for sale" financial assets.

***Loans and receivables***

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These and other receivables are initially recognised at fair value and subsequently carried at amortised cost, less provision for impairment. A provision for impairment of trade and other receivables will be established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The provision will represent the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision will be recognised in the Statement of Comprehensive Income.

Cash and cash equivalents include cash in hand, deposits at call with banks, bank overdrafts and unpresented cheques.

**p) Financial liabilities and equity instruments**

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements. Financial liabilities are classified as "other financial liabilities". The Company does not hold any "financial liabilities at fair value through profit and loss (FVTPL)".

***Financial liabilities at FVTPL***

The Company did not have any liabilities held for trading nor did it designate financial liabilities as being at fair value through profit and loss.

***Other financial liabilities***

Trade and other payables are recognised on the trade date of the related transactions. Trade payables are not interest-bearing and are stated at their nominal value.

Borrowings will be recognised initially at fair value net of transaction costs incurred. Borrowings will then be subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. The Company did not have any borrowings in the period.

### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. There were no equity instruments issued by the Company.

### **q) Segmental reporting**

An operating segment is a distinguishable component of a company that engages in business activities, earns revenue and incurs expenses, whose operating results are regularly reviewed by the company's chief operating decision makers and for which discrete financial information is available.

During the period the Company had only one business activity being the operation of an organisation to deliver a lasting legacy from the London 2012 Olympic and Paralympic Games.

### **r) Capital risk management**

The Company managed its funding to ensure that it was able to meet working capital requirements and the investment programme.

## **3. Revenue**

Revenue recognised in the Statement of Comprehensive Income comprises Government grants receivable and trading income and can be analysed as follows:

	<b>Year ended 31 March 2012</b>	<b>Year ended 31 March 2011</b>
	<b>£'000</b>	
Grant income receivable	18,678	13,758
Non monetary grants and services received in kind	-	1,855
Rental income	3,875	1,914
Contribution from the Department for Communities and Local Government to offset Pension Scheme cessation deficit	796	-
Other income	610	349
<b>Total</b>	<b>23,959</b>	<b>17,876</b>

#### 4. Operating profit

The operating profit for the year has been arrived at after charging

	Year ended 31 March 2012	Year ended 31 March 2011
	<b>£'000</b>	
Depreciation of tangible assets	71	46
Amortisation of intangible assets	141	33
Auditors' remuneration – fees payable for the audit of the Company's financial statements	15	12

#### 5. Net financing

	Year ended 31 March 2012	Year ended 31 March 2011
	<b>£'000</b>	
Interest costs on Pension Scheme liabilities	(93)	(41)
<b>Finance costs</b>	<b>(93)</b>	<b>(41)</b>
Interest receivable	64	21
Expected return on Pension Scheme assets	109	39
<b>Finance income</b>	<b>173</b>	<b>60</b>
<b>Net financing</b>	<b>80</b>	<b>19</b>

#### 6. Staff costs and Directors' emoluments

	Year ended 31 March 2012	Year ended 31 March 2011
	<b>£'000</b>	
<b>(a) Staff costs</b>		
Wages and salaries	4,317	2,696
Social security costs	467	290
Pension costs	487	374
<b>Total</b>	<b>5,271</b>	<b>3,360</b>
	<b>Number</b>	
Average number of employees during the year	95	55
<b>(b) Directors' emoluments</b>	<b>£'000</b>	
Directors' emoluments	637	637
Accrued defined benefit pension entitlement*	234	147
<b>Total</b>	<b>871</b>	<b>784</b>

\* During the period three Directors participated in the defined benefit pension scheme

The highest paid Director received total emoluments of £209,000 (2010/11 £195,000) and had an accrued pension entitlement of £100,500 (2010/11 £64,000). The emoluments for the highest paid Director included an honorarium of £13,650 to reflect additional responsibilities. In addition to Directors' remuneration, key management personnel received total emoluments of £402,000 (2010/11 £481,000) and pension contributions were made on their behalf of £40,000 (2010/11 £71,000).

## 7. Taxation

Provision to meet the Company's corporation tax liability has been made at 26% (2010/11 28%) of the profits generated from rental and interest income and the disposal of the Sugar House Lane site (investment property).

The corporation tax expense can be reconciled to the accounting profit as follows

	Year ended 31 March 2012	Year ended 31 March 2011
	£'000	
Profit/(Loss) on ordinary activities before tax	2,530	(129)
<b>Corporation tax (expense) /credit calculated at 26% (2010/11: 28%)</b>	<b>(658)</b>	<b>36</b>
Effect of concessions (indexation allowance)	167	-
Effect of non-deductible payment to Department for Communities and Local Government of profit on disposal of property	(1,359)	-
Effect of business termination provision not deductible	(344)	-
Effect of FRS 17 costs not deductible in determining taxable profit	108	(97)
Effect of FRS 17 income that is exempt from taxation	28	44
<b>Corporation tax expense recognised in profit or loss</b>	<b>(2,058)</b>	<b>(17)</b>

## 8. Property, plant and equipment

	Land	Furniture, fixtures and fittings	Computer hardware and telecoms/ office equipment	Motor Vehicles	Total
<b>£'000</b>					
<b>Cost</b>					
At 31 March 2011	125,221	21	187	-	125,429
Additions	21,048	941	36	4	22,029
At 31 March 2012	146,269	962	223	4	147,458
<b>Depreciation</b>					
At 31 March 2011	-	6	61	-	67
Charged during the period	-	4	67	-	71
At 31 March 2012	-	10	128	-	138
<b>Net book value at 31 March 2012</b>	<b>146,269</b>	<b>952</b>	<b>95</b>	<b>4</b>	<b>147,320</b>
Net book value at 31 March 2011	125,221	15	126	-	125,362

## 9. Investment Property

	Investment Property
	<b>£'000</b>
<b>Valuation</b>	
At 31 March 2011	19,950
Additions at cost	659
Disposals	(11,350)
Revaluation	(5,259)
At 31 March 2012	4,000

The fair value of the investment property has been arrived at on the basis of a valuation as at 31 March 2012 carried out by Drivers Jonas Deliotte, independent valuers not related to the Company. Drivers Jonas Deliotte are registered valuers in accordance with the RICS valuation standards 7th edition and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

During the year, the Company sold the Sugar House Lane site to Landprop Holdings for a consideration of £19.5m, generating a gain on disposal of £8.0m after costs of £0.1m. Under the terms of the London Settlement the

Company was required to pay £16.6m of the sale proceeds to the Department for Communities and Local Government (DCLG), as set out below, giving net proceeds to the Company of £2.8m

<b>Payment of sale proceeds to Department for Communities and Local Government</b>	<b>£'000</b>
Repayment of associated grant income	11,350
Share of gain on disposal	5,225
Payment to DCLG	16,575

#### 10. Intangible assets

	<b>Computer Software</b>	<b>Licences</b>	<b>Total</b>
	<b>£'000</b>		
<b>Cost</b>			
At 31 March 2011	117	282	399
Additions	11	-	11
At 31 March 2012	128	282	410
<b>Amortisation</b>			
At 31 March 2011	43	-	43
Charged during the period	41	100	141
At 31 March 2012	84	100	184
<b>Net book value at 31 March 2012</b>	<b>44</b>	<b>182</b>	<b>226</b>
Net book value at 31 March 2011	74	282	356

## 11. Trade and other receivables

	At 31 March 2012	At 31 March 2011
	£'000	
<b>Current</b>		
Trade receivables	946	102,416
Allowance for doubtful debts	(78)	(249)
Trade receivables net of doubtful debts	<b>868</b>	<b>102,167</b>
Accrued income	1,519	239
Prepayments	8,580	21
VAT recoverable	1,233	762
Other receivables	661	30
<b>Total</b>	<b>12,861</b>	<b>103,219</b>

Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past payment experience of the counterparty and an assessment of the counterparty's current financial position. Trade receivables that are overdue at the balance sheet date, but not impaired amount to £867,867. All trade receivables are due within 30 days.

## 12. Trade and other payables

	At 31 March 2012	At 31 March 2011
	£'000	
<b>Current</b>		
Trade payables	497	100,772
Other payables	183	254
Taxation and social security	287	224
Accruals and provisions	10,447	2,470
Deferred income	10,767	7,730
<b>Total</b>	<b>22,181</b>	<b>111,450</b>
<b>Non - Current</b>		
Capital grant	158,269	145,171
<b>Total</b>	<b>158,269</b>	<b>145,171</b>



	<b>Capital grants</b>
	<b>£'000</b>
Balance at 1 April 2011	145,171
Additional grant recognised	29,707
Released on investment property disposal	(11,350)
Released on revaluation of investment property	(5,259)
<b>Balance at 31 March 2012</b>	<b>158,269</b>

### 13. Provisions

	<b>Onerous lease provision</b>	<b>Business termination provision</b>	<b>Total</b>
	<b>£'000</b>		
Balance at 1 April 2011	-	-	-
Provision made during year	288	1,327	1,615
<b>Balance at 31 March 2012</b>	<b>288</b>	<b>1,327</b>	<b>1,615</b>

During the year the Company committed to moving office premises. The Directors have recognised a provision for the onerous contract based on their best estimate of the unavoidable costs associated with this lease arrangement

At the year end the Company made a business termination provision against its net assets to the value of £1.3m to reflect the transfer of its property, rights and liabilities for nil consideration to the London Legacy Development Corporation on 1 April 2012

### 14. Financial instruments

#### Financial assets

<b>Current financial assets</b>	<b>Loans and receivables</b>	
	<b>At 31 March 2012</b>	<b>At 31 March 2011</b>
	<b>£'000</b>	
Trade and other receivables	4,281	103,198
Net cash and cash equivalents	19,716	7,790

## Financial liabilities

Current financial liabilities	Financial liabilities measured at amortised cost	
	At 31 March 2012	At 31 March 2011
	£'000	
Trade and other payables	19,582	103,737

Non-current financial liabilities	Financial liabilities measured at amortised cost	
	At 31 March 2012	At 31 March 2011
	£'000	
Capital grant	158,269	145,171

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values

The maximum exposure to credit risk as at the reporting date is represented by the carrying value of the financial assets in the Balance Sheet

## 15. Pensions

The Company offered retirement benefits as part of the terms and conditions of employment to its employees. Employees of the Company are members of the Local Government Pension Scheme ('LGPS') and the Homes and Communities Agency Pension Scheme

### Local Government Pension Scheme

The Company provided the opportunity for its employees to participate in the LGPS. This is a funded scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme Regulations (1997). The fund's actuaries, Hymans Robertson, carried out a full triennial valuation as at 31 March 2010. Employers' and employees' contributions to the Scheme were determined by the actuary following this valuation. The employers' contribution rate for 2011/12 was 12% (2010/11, 14.7%). Members pay contributions at rates correlating to pensionable salary bands.

At 31 March 2012, the actuarial valuation indicated a deficit on the Company's liabilities under the Local Government Pension Fund of £784,000. The Department for Communities and Local Government has made a commitment to fund this deficit upon transfer to the London Legacy Development Corporation and this has been recognised in the Statement of Comprehensive Income.

Employer contributions of £523,000 were paid in 2011/12. The number of participating employees was 75 active members (2010/11 52). There were no deferred pensioners or actual pensioners at 31 March 2012.

#### Principal assumptions used by the actuary

	Year ended 31 March 2012	Year ended 31 March 2011
	%	
Long-term expected rate of return on assets in the Scheme.		
Equity investments	6.3	7.4
Bonds	n/a	5.5
Target return portfolio	4.5	4.5
Cash	3.0	3.0
Alternative assets	5.3	6.4
<b>Expected return on assets</b>	<b>5.9</b>	<b>6.7</b>
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.7	22.60
Women	23.7	23.60
Longevity at 65 for future pensioners		
Men	24.6	24.50
Women	25.6	25.50
Rate of inflation	3.3	3.5
Rate of increase in salaries	4.2	4.5
Rate of increase in pensions	2.5	2.7
Rate for discounting Scheme liabilities	4.6	5.5

The expected return on assets was based on the long-term future expected investment return for each asset class as at the beginning of the period. The return on gilts and other bonds were assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property was then assumed to be a margin above gilt yields.

### Amounts charged to the Statement of Comprehensive Income

	Year ended 31 March 2012	Year ended 31 March 2011
	<b>£'000</b>	
Current service cost	812	654
Past service gain	-	(119)
	<b>812</b>	<b>535</b>
Interest cost	93	41
Expected return on Scheme assets	(109)	(39)
	<b>(16)</b>	<b>2</b>
Actuarial losses/(gains) on Scheme liabilities	419	(205)
Actuarial losses/(gains) on Scheme assets	92	(2)
<b>Net charge to the Statement of Comprehensive Income</b>	<b>1,307</b>	<b>330</b>

### Reconciliation of present value of Scheme liabilities

	Year ended 31 March 2012	Year ended 31 March 2011
	<b>£'000</b>	
<b>Opening balance</b>	<b>1,113</b>	<b>97</b>
Current service cost	812	654
Contributions by Scheme participants	322	174
Past service cost	-	(119)
Transfers in	182	471
Interest cost	93	41
Actuarial losses/(gains)	419	(205)
<b>Closing balance</b>	<b>2,941</b>	<b>1,113</b>

## Reconciliation of fair value of Scheme assets

	Year ended 31 March 2012	Year ended 31 March 2011
	£'000	
Opening balance	1,113	81
Expected return on assets	109	39
Contributions by Scheme participants	322	174
Contributions by the Company including unfunded benefits	1,307	346
Actuarial (losses)/gains	(92)	2
Transfers in	182	471
<b>Fair value of Scheme assets as at 31 March</b>	<b>2,941</b>	<b>1,113</b>

## Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- year age rating adjustment to the mortality assumption

Sensitivity analysis	£'000		
Adjustment to discount rates	+0.1%	0 0%	-0 1%
Present value of total obligation	2,850	2,941	3,034
Projected service cost	0	0	0
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	2,851	2,941	2,705
Projected service cost	0	0	0

## Analysis of fair value of Scheme assets

Assets in the LGPS are valued at fair value, principally market value for investments, and comprise

	Long Term Return	As at 31 March 2012		As at 31 March 2011	
	%	£'000	%	£'000	%
Equities	7.4	1,574	53	768	69
Target return portfolio	4.5	259	9	134	12
Alternative assets	6.4	302	10	156	14
Cash	3.0	22	1	33	3
Corporate bonds	5.5	-	-	22	2
Receivables	-	784	27	-	-
<b>Total</b>	<b>6.7</b>	<b>2,941</b>	<b>100</b>	<b>1,113</b>	<b>100</b>

The actual return on Scheme assets for the year was £16,000

## Analysis of movement included in reserve

The actuarial gains in the year ended 31 March 2012 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2012

	Year ended 31 March 2012	Year ended 31 March 2011
	£'000	
Differences between the expected and actual return on assets	(93)	2
Fair value of Scheme assets	2,941	1,113
<b>Percentage of assets</b>	-	<b>0.2%</b>
Experienced gains on liabilities	-	2
Present value of Scheme liabilities	2,941	1,047
<b>Percentage of the total present value of liabilities</b>	-	<b>0.2%</b>
Actuarial (losses)/gains recognised in Statement of Changes in Equity	(326)	185

As a result of the transfer of property, rights and liabilities of the Company to the London Legacy Development Corporation, the Company does not expect to make employer contributions in the year ending 31 March 2013

## **Homes and Communities Agency Pension Scheme**

The Homes and Communities Agency Pension Scheme has been accounted for as if it were a defined contribution plan. The Homes and Communities Agency Pension Scheme is exempt from defined benefit accounting as the pension scheme exposes participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the pension scheme

Contributions on behalf of the three employees who are members of the above scheme are accounted for in operating costs and amount to £55,000 (2010/11: £27,000)

## **16. Ultimate controlling interest**

The Company has three members: the Mayor of London, the Secretary of State for Communities and Local Government and the Secretary of State for Culture, Olympics, Media and Sport. The Mayor had a 50% interest in the Company and the Government has the other 50% interest, held by the Secretary of State for Communities and Local Government and the Secretary of State for Culture, Olympics, Media and Sport.

## **17. Related party transactions**

In the year ended 31 March 2012 the Company:

- received grants of £15.1m (year ended 31 March 2011: £16.2m) from the London Development Agency,
- was invoiced £28,000 (year ended 31 March 2011: £162.2m) for services provided by the London Development Agency,
- was granted £39.5m (year ended 31 March 2011: £1.35m) by the Department for Communities and Local Government, a Member of the Company, of which the Company received £26.9m (year ended 31 March 2011: £1.1m) during the year. The balance of £12.6m remained due as at 31 March 2012. This sum was paid by the Department for Communities and Local Government to the Greater London Authority in line with the revised funding regime following the passage of the Localism Act 2011,
- received grants of £7.4m (year ended 31 March 2011: £nil) from the Department for Culture, Media and Sport,
- was granted £3.16m by the Greater London Authority for the Olympic Fringe public realm programme (year ended 31 March 2011: £nil). As at 31 March 2012, £2.49m remained outstanding,
- was invoiced £254,000 (year ended 31 March 2011: £nil) for services provided by the London Borough of Newham; and
- was invoiced £40,000 (year ended 31 March 2011: £5,000) for services provided by the London Borough of Hackney.

The London Development Agency was a functional body of the Greater London Authority. The Mayor of London is a Member of the Company.

Sir Robin Wales, who was a Director of the Company during the financial year, is the Mayor of Newham

Jules Pipe, who was a Director of the Company during the financial year, is the Mayor of Hackney.

In the period ended 31 March 2010 an interest free loan of £9,000 was made to Andrew Altman, a Director of the Company, as part of the arrangements for his relocation to the UK from the United States. As at 31 March 2012 £9,000 (31 March 2011: £9,000) was owed to the Company

## **18. Operating lease commitments**

The future lease payments under non-cancellable operating leases are.

	<b>Year ended 31 March 2012</b>	<b>Year ended 31 March 2011</b>
	<b>£'000</b>	
Less than one year	-	251
1 – 2 years	-	125

The Company leased office accommodation under a 5 year lease with break clauses effective in October 2012 and October 2013. On 8 March 2012, the Company gave notice pursuant to the Lease to end the Term on 1 October 2012

## **19. Capital commitments**

In June 2011 the Company took responsibility for the transformation of the Olympic site after the London 2012 Games from the Olympic Delivery Authority. Funding levels from the Government has been agreed to enable this commitment to be fulfilled

## **20. Post Balance Sheet Event**

On 8 February 2012, the Mayor of London announced his formal decision to create a Mayoral Development Corporation to be responsible for the regeneration legacy from the London 2012 Games. The new body, called the London Legacy Development Corporation, will be directly accountable to Londoners through the Mayor

The Development Corporation, which came into being on 9 March 2012, will continue the work of the Olympic Park Legacy Company. Following the enactment of Parliamentary Statutory Instrument number 701, all property, rights and liabilities of the Olympic Park Legacy Company transferred into the London Legacy Development Corporation with effect from 1 April 2012



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