LONDON LEGACY DEVELOPMENT CORPORATION

2013–2014 ANNUAL REPORT AND ACCOUNTS

CONTENTS

London Legacy
Development Corporation
QueenElizabethOlympicPark.co.uk

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CHAIRMAN'S FOREWORD

Along with hundreds of thousands of other Londoners, I was excited at the prospect of revisiting Queen Elizabeth Olympic Park when it reopened in April 2014. And, like hundreds of thousands of other Londoners, I was impressed and inspired by what I saw.

Eighteen months after the 2012 Paralympic Games ended, we have taken down or relocated the temporary venues, reopened the London Aquatics Centre, Copper Box Arena, Lee Valley VeloPark and ArcelorMittal Orbit, completely remodelled 250 acres of parkland and built new playgrounds, climbing walls, water fountains, cafés and visitor centres. All this, alongside a summer events programme last year which drew over 700,000 people back to watch Diamond League athletics, to try out Paralympic sports, to dance and sing, and to enjoy performances ranging from Justin Timberlake to Justin Fletcher (better known as 'Mr Tumble' to those with small children).

And even as we complete this first phase of legacy, we are laying the foundations for the next stage in the evolution of London's most exciting and fast-changing district. Just to the north

We want Queen Elizabeth Olympic Park to be the home for skilled artists, designers, educators, engineers, scientists, architects, and 21st-century craftsmen and women — and the global companies that need this talent.

of where the new residents of East Village — the former Athletes' Village — are settling in, we are building our first 850 homes in Chobham Manor. We have also brought the programme for building the next 1,500 homes, on East Wick and Sweetwater, forward by six years, aiming to complete a total of nearly 2,500 new homes within the ten years after the Games.

Important as these homes are to housing Londoners, we want to do more to help turn Queen Elizabeth Olympic Park into a new heart for east London. We want to use the Park as a catalyst for the industries and technologies in which London now leads the world. We have done this before. Queen Victoria's consort, Prince Albert, took the proceeds of the 1851 Great Exhibition and used them to create the 86-acre constellation of institutions in South Kensington — museums, universities, artistic, scientific and cultural institutions — that is world-renowned as a centre for learning and scholarship.

Now we are in the throes of a third industrial revolution, and it is time for a 21st-century vision that matches Albert's ambition. We want Queen Elizabeth Olympic Park to be the home for skilled artists, designers, educators, engineers, scientists, architects, and 21st-century craftsmen and women — and the global companies that need this talent. These people will work and live throughout east London, and these developments will be the fulcrum of growth and the new symbol of London as a global economic powerhouse.

Here East — what was once the Olympic Press and Broadcast Centre — is already a real example of this, as the new home of BT Sport, and its next phase will be as a dedicated campus for the digital and creative giants of the future. Together with founding partners University College London, the Victoria and Albert Museum and Sadler's Wells, we have been developing plans for a new creative, educational and cultural quarter to the southern end of Queen Elizabeth Olympic Park. The response to these plans has been phenomenal: we have been deluged with enquiries from interested institutions and businesses, and the Chancellor of the Exchequer included our proposals in the National Infrastructure Plan in December 2013.

While all this activity has been taking place within the Park, myriad smaller projects are underway to forge and strengthen links with local communities. Hackney Wick Station is to be upgraded, courtesy of a loan from the London Enterprise Panel; the Leaway is creating a new landscaped route along the banks of the River Lea; 60 local apprentices have worked on the transformation of Queen Elizabeth Olympic Park — the largest group of apprentices on a single site in London; and people across the Legacy Corporation area have been consulted about the draft Local Plan — our blueprint for development, which identifies capacity for 25,000 new homes and thousands of jobs. Hundreds of projects, big and small, have been delivered on time and to budget — a testament to the reputation for high-quality delivery that has been with this project since before Games-time, and continues today.

I am as ever grateful to my fellow board members and to everyone who has helped deliver the first phases of legacy in Queen Elizabeth Olympic Park. In particular, I pay tribute to the energetic and inspiring leadership shown by Dennis Hone as Chief Executive over the last two years and wish him well as he moves on to new challenges.

Boris Johnson
Mayor of London
23 September 2014

CHIEF EXECUTIVE'S STATEMENT

Opening Queen Elizabeth Olympic Park to the public in April 2014 was a crucial staging post in the move from Games-time to a long-term legacy. There are now clearly defined and costed plans in place for all eight permanent venues, and the Park has been reopened as an amenity for Londoners, an international visitor attraction and a platform and catalyst for the future success of east London.

Achieving this unprecedented turnaround from Games to legacy has been a genuine team effort. Our success has been established on the solid foundations put in place by the Olympic Delivery Authority, London Development Agency and Olympic Park Legacy Company. It has been made possible by the leadership of our board, chaired by the Mayor of London, and by the hard work of a dedicated and high-performing team at the Legacy Corporation. And it has only been achieved through sustained joint working with central government, the Greater London Authority, the neighbouring growth boroughs, Lee Valley Regional Park Authority and our contractors and development partners.

We have established a clear mission for the Legacy Corporation — to use the once-in-a-lifetime opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic

We have established a clear mission for the Legacy Corporation — to use the once-in-a-lifetime opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to develop a dynamic new heart for east London, creating opportunities for local people and driving innovation and growth in London and the UK.

Park to develop a dynamic new heart for east London, creating opportunities for local people and driving innovation and growth in London and the UK. The Ten Year Plan that our board adopted in April 2014 also set out the ways in which we will judge our success a decade after the London 2012 Olympic and Paralympic Games. These objectives are now reflected in the performance targets of everyone in the organisation.

Pressure over the next years will be intense, as we consolidate successes to date and take forward ambitious plans to deliver a stronger regeneration legacy, better and faster than we had originally planned. Construction works on the Stadium and the Canal Park will be completed, but works will begin on our new neighbourhoods and business districts. New employers will come to the area — the Financial Conduct Authority and Transport for London are already confirmed as anchor tenants of The International Quarter. At the same time, we will continue to enhance the Park and its venues so that they grow in popularity year on year, as well as offering a great experience for spectators at major events such as Ride London, the Rugby World Cup, National Paralympic Day and the IAAF and IPC World Championships. With our first phase of housing at Chobham Manor now on sale, we will appoint our development partners for East Wick and Sweetwater, and finalise the area's Local Plan. And, subject to discussions on funding, we will begin design, planning and construction for a new cultural and higher education quarter in the south of the Park, creating thousands of additional jobs for Londoners and providing a long-term boost to the visitor economy.

After two years of remarkable events and achievements at the Legacy Corporation, I will be sorry to move on, but I am confident that my successor, David Goldstone, will be able to take the Legacy Corporation on to the next level of performance, so that it can continue to deliver a great legacy for Londoners, and east Londoners in particular. I look forward to seeing this project continue to develop, and transform the lives of all those it touches.

Dennis Hone
Chief Executive Officer
23 September 2014

FINANCIAL REVIEW

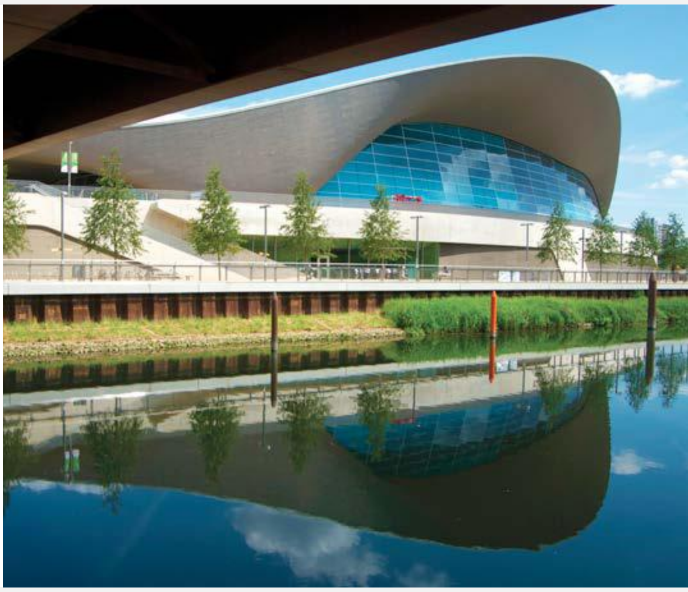
2013/14 has been an exciting and critical year for the London Legacy Development Corporation. It has seen the preparations made for the Park and venues to reopen and begin operations, with major events programmes establishing the Park's profile as a visitor destination. These were successfully completed during the year, with the Park reopening as planned in April 2014.

The London Legacy Development Corporation is a Mayoral Development Corporation, established under the provisions of the Localism Act 2011. As a functional body of the Greater London Authority (GLA), our funding is provided by the GLA principally under the terms of the London Settlement. Original funding sources included the 2010 Comprehensive Spending Review and the Public Sector Funding Package for the London 2012 Games.

During the year, the Legacy Corporation has received capital funding of £190.4m and revenue funding of £25.8m. Capital spend on transformation and associated works was £245m. Within this spend, a £5.1m (2.4%) overspend reflected the work undertaken to catch up on the delays caused by the adverse weather conditions in early 2013. There were underspends across other areas meaning that overall our capital spend was £5.1m under budget.

The Legacy Corporation is member of a joint venture, E20 Stadium LLP, with the London Borough of Newham. This partnership is designed to give the local area ownership of a key asset within the Park — the Stadium — under the terms of a 102-year lease. It is responsible for the transformation works required for the Rugby World Cup in 2015 and the subsequent use by West Ham United Football Club and UK Athletics. During the year under review, the Legacy Corporation has invested £23.8m in E20 Stadium LLP. At the year end, the Legacy Corporation has recognised its share of the loss of the partnership for a total of £23.8m. This loss is mostly related to the impairment of the transformation work on the Stadium recognised in the partnership of £25.3m.

The Legacy Corporation's portfolio has been revalued at 31 March 2014 by Jones Lang LaSalle. The assets are being developed by the Legacy



Isabel Infantes

Corporation for their rental potential and are classified as investment property. A number of different valuation methodologies have been applied but the investment method, where rental incomes are capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The effect of the valuation has been to write down, by £162m, the asset base of the Legacy Corporation to £174.7m. Overall the market value of the assets has increased by £33m, mostly due to continued improvement of the residential market.

Revenue expenditure to support the activities of the Legacy Corporation totalled £30.6m. The Summer Events series of concerts was successfully concluded and overall the programme broke-even across the two financial years.

3 Mills Studios experienced challenging trading conditions during the year. Overall, the Studios made a full year loss of £0.5m against the budgeted loss of £0.8m. Whilst income was in line with budget, tight controls on expenditure ensured that the Studios performed better than expected.

The ArcelorMittal Orbit opened in April 2014. The full year net deficit on the ArcelorMittal Orbit was £1.4m which included the mobilisation costs ahead of the reopening.

The Legacy Corporation has access to sufficient funding to complete the transformation and other works scheduled to take place through to the end of the current spending review period in March 2015. We have sought to reduce our expenditure and reprioritise certain activities in order to maximise the value for money generated by our spend. Given ongoing public sector financial constraint, there can be no doubt that the Legacy Corporation will continue to operate in a tight funding environment in the years ahead.

Jonathan Dutton

Jonathan Dutton
Executive Director of Finance
and Corporate Services
23 September 2014

MEMBERS OF THE LONDON LEGACY DEVELOPMENT CORPORATION

The Members of the London Legacy Development Corporation (LLDC) are as follows:

BORIS JOHNSON CHAIRMAN

After securing a second four-year term as Mayor of London in the spring of 2012, Boris Johnson became Chairman of the London Legacy Development Corporation in September 2012, following the massive success of the London 2012 Olympic and Paralympic Games. Prior to becoming Mayor, Boris was the Member of Parliament for Henley and Editor of the Spectator magazine. He has worked for The Times and The Telegraph as a reporter and foreign correspondent, and he still writes a weekly column for The Daily Telegraph. Johnson is a critically acclaimed author—writing "Johnson's Life of London" (reissued as "The Spirit of London"), published in 2011, and the recently published biography of Sir Winston Churchill "The Churchill Factor", to mark the 50th anniversary of the former Prime Minister and wartime leader's death. Boris was born in New York in 1964 and brought up in London. As a teenager he won scholarships to Eton College and later to Oxford University, where he read Classics. He lives in North London with his wife Marina and their four children.

NEALE COLEMAN DEPUTY CHAIRMAN

Neale Coleman is the Mayoral Advisor on Tottenham and the Olympic and Paralympic Legacy and Deputy Chair of LLDC. He was formerly the Mayor's Advisor on London 2012, a post he held since the first days of London's bid in 2003. Neale was a board member of London 2012, the Olympic Bid company, and has been a board member of the Olympic Delivery Authority from its inception. He has extensive experience in major regeneration projects, chaired the Olympic Masterplan Reference Group that led the work during the bid to deliver the Masterplan and planning consent for the Olympic Park, and co-chaired the Olympic Delivery Group which oversaw all work on the Games immediately after the successful bid.

SONITA ALLEYNE

Sonita currently holds a number of non-executive board posts including the Archant media group, Cultural Capital Fund and the British Board of Film Classification. In November 2012, Sonita was appointed as a member of the BBC Trust for a term of four years. She is also the founder of The Yes Programme, a new and unique internet-based service that aims to help school pupils make career decisions by giving them an insight into how classroom skills translate to the real world. Previous board roles include the National Employment Panel, the London Skills and Employment Board, Chair of the Radio Sector Skills Council, Chair of Islington Arts and Media School, and Non-executive Director of the Department for Culture, Media and Sport. Sonita Alleyne also founded the radio company Somethin' Else and led it as Chief Executive from 1991 until 2009, when she joined the board and served as a Non-executive Director until 2011. She was brought up in east London. Sonita won the Carlton Multicultural Achievement Award for TV and Radio in 2002 and is a Fellow of The Royal Society of the Arts and the Radio Academy. Sonita is an Ambassador for Street Kids International. She was awarded an OBE for services to broadcasting in November 2003.

NICK BITEL

Nick Bitel is Chief Executive of the London Marathon and one of the country's leading events experts. As well as being a consultant at law firm Kerman & Co LLP, he is Chair of Sport England and a board member of UK Sport. He is the former Vice Chairman of Wigan Athletic.

NICKY DUNN

Nicky has extensive experience in the leisure industry. Her company IMD Group provides strategic advice and operational guidance to venues, events and the arts. Previously she held a number of positions within the industry, most recently as Chief Executive of Odyssey Arena in Belfast where she oversaw the operational design, planning, opening and management of the venue. Odyssey Arena became internationally recognised as one of the top ten busiest Arenas worldwide. Her experience includes theatres, arenas, stadia and conference and exhibition venues. Nicky chairs the Titanic Foundation which opened in Belfast in April 2012 and is on the boards of the Lyric Theatre and Ticket ABC. She was a board member of the The Prince's Trust (NI) from 2007 to 2011.

KEITH EDELMAN

Keith Edelman was formerly the Managing Director of Arsenal Holdings plc 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 the Chairman of Goals Soccer Centres, Senior Independent Director of Supergroup plc and Thorntons plc, and a Non-executive Director of Safestore Holdings. Prior to Arsenal, during his executive career, he was CEO of Storehouse plc and Managing Director of Carlton Communications plc. In addition, he has held the following non-executive positions: a Non-executive Director of Eurotunnel, Chairman of Beales plc and Chairman of Glenmorangie.

DAVID EDMONDS

David Edmonds has had extensive experience within the housing, commercial property and regeneration sectors. He was for eight years a board member of the FTSE 100 company, Hammerson PLC; for seven years, as Managing Director, he ran the NatWest Group's £3 billion property portfolio and led the development of a number of major buildings in the City and the West End; for seven years he was the Chief Executive of The Housing Corporation, later becoming a member of the Board of English Partnerships. He is a former civil servant and was in charge of the government's Inner Cities programme in England. He is a former 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 is currently the Chairman of Kingston University, Swanton Care and Community Ltd, E20 LLP and NHS Shared Business Services Ltd. He is a board member of Barchester Healthcare Ltd.

DAVID GREGSON

David Gregson is Chairman of Precise Media Group; of CRI, a leading national social care charity; and of the Lawn Tennis Association. David is a member of the Advisory Boards of both The Sutton Trust and the Education Endowment Foundation. David was previously Chairman of the Mayor of London's Legacy Board of Advisors.

PHILIP LEWIS

Philip Lewis is a chartered surveyor and Chief Executive of the property division of the Kirsh Group. Previously he was Chief Executive of Lambert Smith Hampton and Milner Estates plc, and Executive Chairman of 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 renowned 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.

JAYNE MCGIVERN

Jayne McGivern is an experienced CEO in the property industry, specialising in the creation and delivery of high-value mixed-use and regeneration schemes of national importance. Her former roles include CEO (Europe) of Multiplex plc and managing director of Anschutz Entertainment Group in London during its acquisition and redevelopment for the O2 (formerly the Millennium Dome). She currently runs Red Grouse, her small private property investment vehicle. She is independent Chair of Croydon Council Urban Regeneration Vehicle (CCURV), a joint venture partnership between John Laing and Croydon Council.

JULES PIPE

Jules Pipe was re-elected as Mayor of Hackney for a fourth term in May 2014, having become the borough's first directly elected Mayor in October 2002. Since Jules Pipe became Mayor, Hackney has seen the establishment of six new secondary schools, one of the country's largest housing programmes, one of the fastest falls in crime in London and the successful campaign to put Hackney on the tube map. Council tax has been frozen for the past nine years, with no cuts to services. Jules was also at the forefront of Hackney's ambitious plans and aspirations for the borough's 2012 legacy. Jules has been Chair of London Councils, the organisation that represents the 32 boroughs and the Corporation of London, since 2010.

LUTFUR RAHMAN

Lutfur Rahman is the first directly elected Mayor of Tower Hamlets and a solicitor by profession, specialising in family law. He is a member of the Law Society and Law Society Advanced Children's Law Panel. Lutfur has been a Councillor for the Spitalfields and Banglatown ward of Tower Hamlets since May 2002. He was appointed Chair of the Development Panel in May 2002 and was the Lead Member for Education and Youth Services, 2003–2005. He has also been the Lead Member for Culture. He was Leader of the Council from May 2008 to May 2010. Lutfur was a founding member of the Phoenix Youth Project and the Bow Community School (1982–1986), founding member and first treasurer of Keen Students School and trustee of Tower Hamlets and Canary Wharf Education Trust (2003–2005). He was a member and general secretary of Community Alliance for Police Accountability in 1988 and a member and chairman of Tower Hamlets Law Centre from 1996–2001. Lutfur was a board member of the Poplar and Leaside Regeneration Project (2001–2002) and since 2001 has been a Non-executive Director for the Board of Barts & The Royal London NHS Trust. Lutfur Rahman was re-elected as Mayor of Tower Hamlets for the second term on 22 May 2014.

CHRIS ROBBINS

Chris Robbins has been serving Waltham Forest since 2002, when he was elected as a Councillor for Grove Green in Leyton. He is now in his third term as Leader of the Council, having first been elected as Leader in 2009, and prior to that acted as Cabinet Member for Children and Young People. Previously, Chris worked in the trade union movement for 27 years, fighting against low pay, workplace injustice and unemployment. Cllr Robbins was born and brought up in Bethnal Green and has spent his entire life living in east London. He lives with his family in Leyton, where he has lived for 39 years.

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 fourth term in 2014. His goals include raising employment and aspiration in the borough. Sir Robin was involved with a number of organisations that were concerned with staging the London 2012 Olympic and Paralympic Games and ensuring the local legacy.

DAVID ROSS

David Ross is the co-founder of Carphone Warehouse plc. He brings considerable business acumen, experience in sport and sport infrastructure projects plus his extensive entrepreneurial skills.

BARONESS GREY-THOMPSON

Baroness Grey-Thompson of Eaglescliffe has competed in five Paralympic Games, winning 11 gold, four silver and one bronze medal. She has held 30 world records. She is a member of the Board of Transport for London and a Director of the London Marathon as well as holding other prominent positions in sports bodies. In December 2012 she became a Member of the London Legacy Development Corporation board. She has been a member of the National Disability Council and Senior Deputy Chair of the UK Lottery Award Panel. She was made a Dame of the British Empire in 2005 and was appointed to the House of Lords as a cross-bench peer in March 2010.

ATTENDANCE AT LLDC MEMBERS' AND COMMITTEE MEETINGS 2013–2014

Members	Board meetings attended	Audit Committee meetings attended	Investment Committee meetings attended	Planning Decisions Committee meetings attended
Total number of meetings in the period	**7**	**4**	**9**	**10**
Boris Johnson	7	–	–	–
Sonita Alleyne	4	–	–	–
Nicholas Bitel	6	2	–	8
Neale Coleman	7	–	8	–
Nicky Dunn	5	–	8	–
Keith Edelman	6	4	4	–
David Edmonds	5	2	8	–
David Gregson	5	–	7	–
Baroness Grey-Thompson	5	2	–	–
Philip Lewis	6	–	–	9
Lord Mawson	6	–	–	7
Jayne McGivern	6	–	6	–
Jules Pipe	4	–	–	–
Lutfur Rahman	3	–	–	–
Chris Robbins	–	–	–	–
David Ross	5	–	–	–
Sir Robin Wales	4	–	–	–
Cllr Geoff Taylor	–	–	–	10
Cllr Conor McAuley	–	–	–	7
Cllr Lester Hudson	–	–	–	5
Cllr Rabinah Khan	–	–	–	3
Cllr Terry Wheeler	–	–	–	9
Dru Vesty	–	–	–	9
Joanne Moon	–	–	–	5
Lynda Addison	–	–	–	8
Piers Gough	–	–	–	9

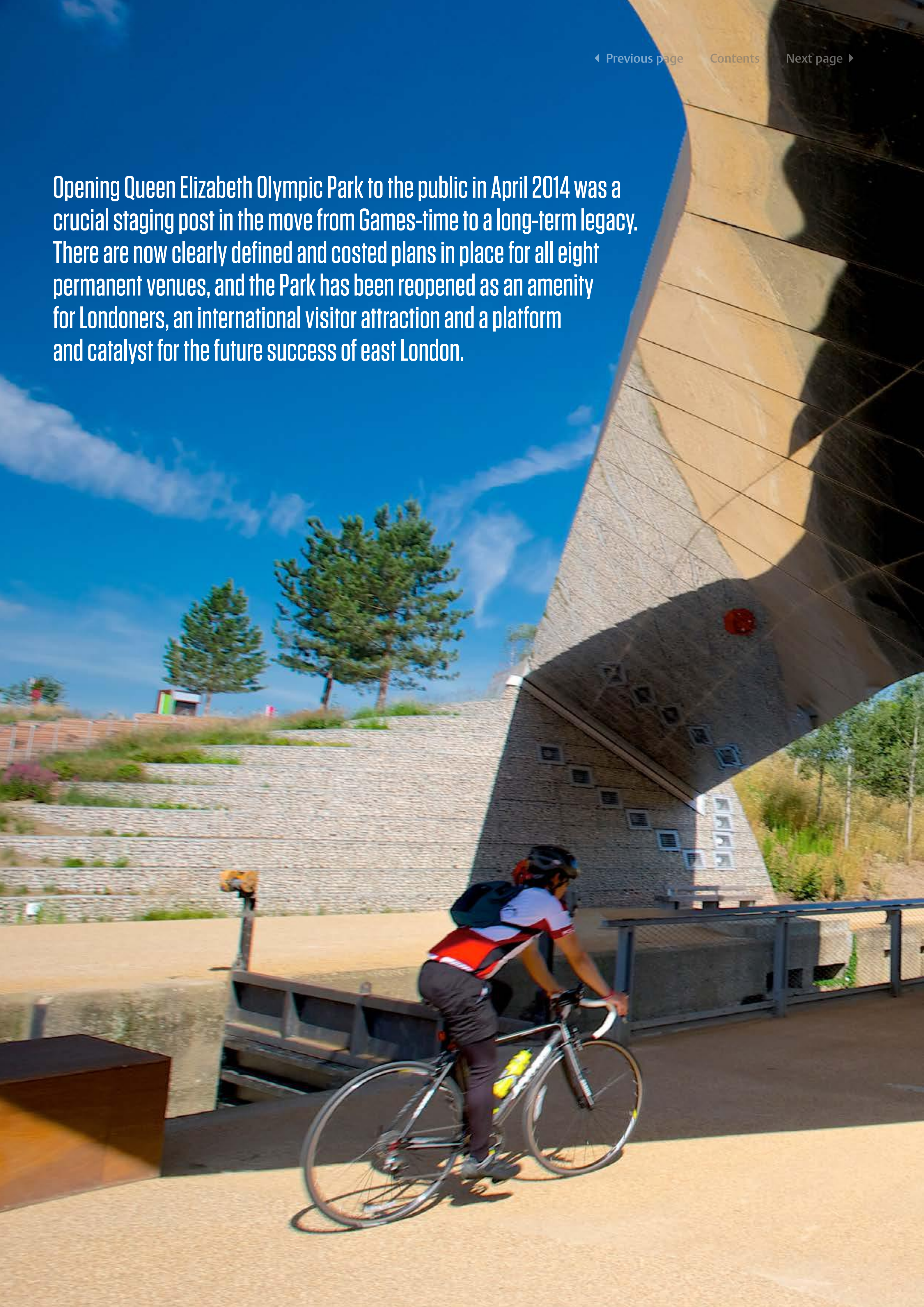
Notes:

1. These Members indicated that they were able to attend three of the scheduled board meetings which were subsequently cancelled.
2. These Members indicated that they were able to attend two of the three scheduled board meetings which were subsequently cancelled.
3. These Members indicated that they were able to attend one of the three scheduled board meetings which were subsequently cancelled.
4. These Members indicated that they were unable to attend some specific board meetings when the meeting calendar was issued.

Park Opening and Operations Committee meetings attended	Regeneration and Communities Committee meetings attended	Chairman's Committee meetings attended	Notes
4	**3**	**2**	
–	–	–	Chairman's Committee meetings are chaired by the Deputy Chair; see also note 1
3	2	–	See notes 2, 4 and 6
2	–	–	See notes 2, 4 and 7
4	3	2	See notes 1, 6 and 7
4	–	2	See note 4, 5 and 7
3	–	2	See notes 3, 4, 6 and 7
–	–	2	See notes 1, 4, 5 and 6
–	1	–	See note 2, 4, 6 and 7
1	–	–	See notes 1 and 7
–	–	2	See note 1
–	3	2	See notes 1, 6 and 7
–	–	–	See notes 1 and 6
–	–	–	See notes 1 and 4
–	–	–	See notes 1 and 4
–	–	–	See notes 1 and 4; sent a representative to the October board meeting
–	1	–	See notes 2, 4, 6 and 7
–	–	–	See note 1
–	–	–	
–	–	–	See note 7
–	–	–	See note 7
–	–	–	
–	–	–	See note 7
–	–	–	See note 7
–	–	–	See note 7
–	–	–	See note 7
–	–	–	See note 7

5. These Members were unable to attend a committee meeting called at short notice.
6. These Members indicated that they were able to attend committee meetings which were subsequently cancelled.
7. These Members indicated that they were unable to attend some specific committee meetings when the meeting calendar was issued.
A dash (–) indicates that an individual is not a member of a board or committee.

Opening Queen Elizabeth Olympic Park to the public in April 2014 was a crucial staging post in the move from Games-time to a long-term legacy. There are now clearly defined and costed plans in place for all eight permanent venues, and the Park has been reopened as an amenity for Londoners, an international visitor attraction and a platform and catalyst for the future success of east London.



THE YEAR IN NUMBERS

8 All eight permanent venues have their legacy future secured

36 Percentage of staff in the Timber Lodge café at opening who have a disability

60 apprentices helped transform the Park – the highest number on a single site in London in 2013

111 acres of woods, hedgerow and wildlife habitats created

259 homes granted planning permission on Chobham Manor, our first new neighbourhood

1,500 homes to be built on East Wick and Sweetwater, our next two neighbourhoods

3,000 seats from the Basketball Arena re-used in the Lee Valley Hockey and Tennis Centre

4,000 trees planted across the Park as part of transformation works

5,000 people were employed in building and transforming the Park

7,500 jobs to be created in the wider community when Here East take over the Press and Broadcast Centre

10,000 additional jobs to be created by the 'Olympicopolis' cultural and education quarter

19,000 spaces for spectators created at
– LONDON AQUATICS CENTRE
– COPPER BOX ARENA
– LEE VALLEY VELOPARK
– LEE VALLEY HOCKEY AND TENNIS CENTRE

70,000 tonnes of construction material moved by rail, saving 3,500 trips by road

75,588 visits to the London Aquatics Centre in the first month of opening

100,000 perennials planted in the south of the Park

700,000 people attend our first summer series of events in 2013


Isabel Infantes

QUEEN ELIZABETH OLYMPIC PARK

With the south of the Park and the ArcelorMittal Orbit opening on 5 April 2014, and Lee Valley Hockey and Tennis Centre opening in June, all areas of the Park aside from the Stadium are now open.

Combined with the north of the Park having opened in 2013, and the summer series of events, over three million visitors have now come to the Park. From local families, to international visitors, it's quickly becoming a destination of choice, and a new heart for east London. However, this is just the beginning. Milestones for 2014/15 include:

5 APR 2014

Opening of the south of the Park and the ArcelorMittal Orbit

MAY 2014

Reopening of the waterways to boaters

Signing of a long-term lease with Here East

JUN 2014

First Chobham Manor homes go on sale

Lee Valley Hockey and Tennis Centre opens

JUL 2014

Tour de France comes through the Park

Building work starts on The International Quarter and Chobham Manor

AUG 2014

National Paralympic Day

Final consultation begins on the area Local Plan

SEP 2014

Formal launch of the design competition for the cultural and education quarter

First-ever Invictus Games held on the Park

OCT 2014

Building work starts at Here East

NOV 2014

NEC Wheelchair Tennis Masters to be held at Lee Valley Hockey and Tennis Centre

DEC 2014

Opening of the Canal Park

SPRING 2015

Local Plan formally adopted

LAND OWNERSHIP

The majority of the Queen Elizabeth Olympic Park site is owned by the Legacy Corporation with other areas leased from third parties, predominately the London Borough of Hackney and the Lee Valley Regional Park Authority.

London Aquatics Centre and Copper Box Arena

The London Aquatics Centre contains a 50m competition pool, 25m competition diving pool and a 50m warm-up pool — as well as a 50-station gym, dry diving facilities, a café, crèche, meeting rooms and seminar and sport science space. It reopened at the start of March 2014, and with 2,500 permanent spectator seats, has already hosted Sports Relief and the FINA World Diving Championships.

The Copper Box Arena hosted handball, fencing and goalball during the Games, and reopened as a multi-sport arena in July 2013. With retractable seating for up to 7,500 spectators, the Arena now hosts a wide range of sport including basketball, netball, handball, badminton, fencing and boxing. The venue also contains a café and 80-station gym.

Greenwich Leisure Limited (GLL) has been appointed as the operator of the London Aquatics Centre and the Copper Box Arena. Under the 10-year arrangement, the Legacy Corporation has agreed to pay GLL an annual management fee and GLL will make a £2.3m contribution to the fit-out costs of the two venues. Surpluses and deficits are shared between the Legacy Corporation and GLL.

Stadium

The Stadium is surrounded by water on three sides. The land on the 'island' site, including bridges, is the subject of an agreement for lease under which the Legacy Corporation is letting the Stadium Island site to E20 Stadium LLP until 2115.

The Stadium will reopen in 2016 as the home of West Ham United Football Club and the National Competition Centre for athletics in the UK. However, work will pause in 2015 to host five matches in the Rugby World Cup.

Press and Broadcast Centre

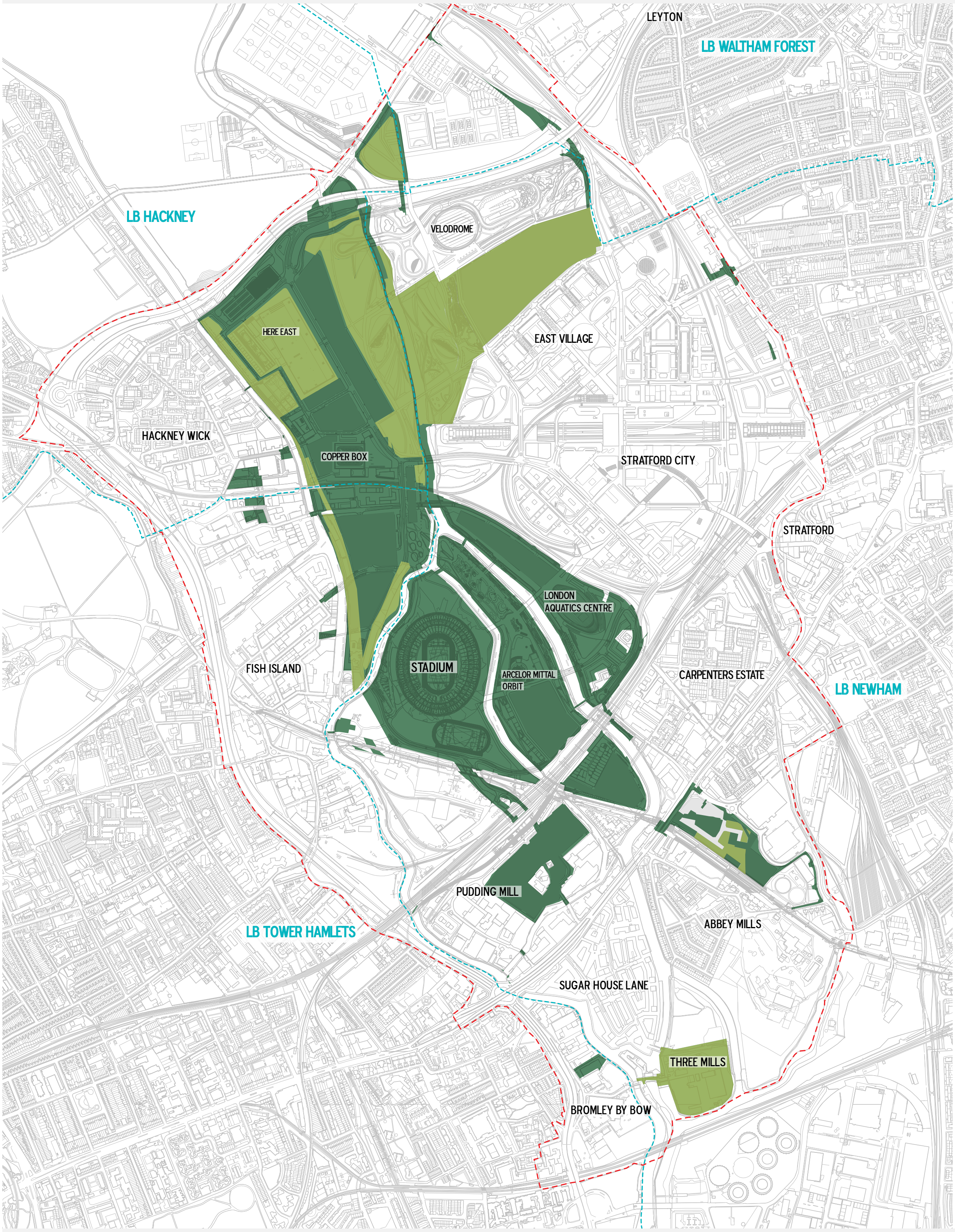
The Press and Broadcast Centre provided the media hub during the Games and is now Here East, a campus that combines business, technology, media, education and data. Consisting of 1.2 million square feet of space, Here East will feature three main buildings — a 300,000 square feet innovation centre, a 1,045-seat auditorium and a 850,000 square feet building housing education space, broadcast studios, office space and a state-of-the-art data centre. BT Sport is already broadcasting from the venue, with other key tenants including Infinity SDC, Hackney Community College and Loughborough University.

ArcelorMittal Orbit

Open to the public since 5 April 2014, at 114.5m high, the ArcelorMittal Orbit is the UK's tallest sculpture. With two observation floors at 76m and 80m, the ArcelorMittal Orbit provides visitors with stunning views across London and Queen Elizabeth Olympic Park. The new hub at its base — The Podium — contains East Twenty Bar & Kitchen, a visitor shop and ticket sales.

Chobham Manor

Work on our first neighbourhood, Chobham Manor, just south of Lee Valley VeloPark, has now begun, with planning permission granted for the first phase of 259 homes. 75% of these homes will be family homes with three or more bedrooms and initial sales have been extremely promising.



Land owned by London Legacy Development Corporation (LLDC)
Land leased to LLDC by third parties
Borough boundaries
LLDC boundary

ACCOUNTS

EXPLANATORY FOREWORD AND FINANCIAL REVIEW

Explanatory foreword

The London Legacy Development Corporation (Legacy Corporation) is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011. Its aims were defined by the Mayor of London as follows:

> "To promote and deliver physical, social, economic and environmental regeneration in the Olympic Park and surrounding area, in particular by maximising the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence."

The Legacy Corporation is a 'functional body' of the Greater London Authority (GLA); the Mayor of London appoints members to its board and allocates its budgets. The current Mayor, Boris Johnson, is also Chairman of the Legacy Corporation.

The Legacy Corporation will seek to deliver this mission through pursuing the following objectives:

Park

To operate a successful and accessible Park and world-class sporting venues, offering facilities for high-performance and community participation, enticing visitor attractions and a busy programme of sporting, cultural and community events that will continue to draw crowds to Stratford.

Place

To create one of London's most dynamic urban districts, attracting investment from across London and beyond, becoming a location of choice for current residents and new arrivals, acting as a fulcrum for wealth creation and entrepreneurship and linking the Olympic Park estate with surrounding neighbourhoods.

People

To create local opportunities and transformational change, to promote regeneration and convergence for east London, and to ensure value for money for taxpayers.

The Local Government Act 2003 Section 21 empowers the Secretary of State to make provision about the accounting practices to be followed by a local authority and likewise issue guidance. Section 23 defines "local authority" to include functional bodies of the GLA and therefore the Legacy Corporation comes within the definition.

Regulation 31 of the Local Authorities (Capital Finance and Accounts (England)) Regulations 2000 directs that the appropriate accounting practices for local authorities are those in the CIPFA "Code of Practice for Local Authorities". These Accounts have been produced in accordance with this guidance and regulation.

The Legacy Corporation was created on 1 April 2012 and replaced the Olympic Park Legacy Company. As part of the statutory instrument creating the Legacy Corporation, it took over the property, rights and liabilities of the Olympic Park Legacy Company.

Purposes of major schedules within the financial statements

The nature and purpose of the primary schedules included within the financial statements are set out below:

Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with International Financial Reporting Standards (IFRS).

Balance sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Legacy Corporation. The net assets of the Legacy Corporation (assets less liabilities) are matched by the reserves held by the Legacy Corporation. Reserves are reported in two categories. The first category of reserves is usable reserves, being those reserves that the Legacy Corporation may use to provide services, subject to the need to maintain a prudent level of reserves. The second category of reserves is those that the Legacy Corporation is not able to use to provide services. This category of reserves includes reserves that are impacted by timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash flow statement

The cash flow statement shows the movements in cash and cash equivalents of the Legacy Corporation during the financial year. The statement shows how the Legacy Corporation generates and uses cash and cash equivalents by classifying cash flows as derived from operating, investing and financing activities.

Movement in reserves statement

This statement shows the movements in the year on the different reserves held by the Legacy Corporation analysed between usable reserves and unusable reserves. The statement shows how the movement in the Legacy Corporation's reserves is broken down between gains and losses recognised on an accounting basis and the statutory adjustments required to control the amounts chargeable to council tax for the year.

Comprehensive Income and Expenditure Statement

The Statement of Accounts sets out the Legacy Corporation's income and expenditure in line with accounting requirements. The table below reports the same underlying information, but in the form of the Legacy Corporation's management accounts.

£'000	2013/14	2013/14	2013/14
	Actual	Budget	Variance
Total capital expenditure	244,959	250,029	5,070
Total revenue expenditure	29,998	40,045	10,047
Trading net (surplus)/deficit	1,840	1,789	51
Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the management accounts	(38,348)		
Amounts included in the management accounts not included in the Comprehensive Income and Expenditure Statement	(228,706)		
Net costs of services (as in the Comprehensive Income and Expenditure Statement)	**9,743**		

Capital

The Legacy Corporation's capital expenditure for the year was £245m against a budget of £250m, a 2% underspend. This underspend reflects the combined effect of a £5.1m (2.4%) overspend in the infrastructure budget and a £10.2m (25%) underspend across all other directorates. The overspend in the infrastructure budget reflects how the work caught up on the delays caused by the adverse weather conditions in early 2013. The underspend in the other directorates has resulted in the non-utilisation of the full contingency and provision for irrecoverable VAT. Overall, the Legacy Corporation was able to complete the significant capital work enabling the Park to be opened on the scheduled date of 5 April 2014.

Revenue

Revenue expenditure of £30m was 25% underspent against a budget of £40.0m. This was partially a result of the focus on the summer event series and the directorate reorganisation during the year. The underspend also means that the use of provision for irrecoverable VAT and the contingency was reduced in a similar proportion, which together account for £5.8m of the £10.1m underspend against the budget.

Balance sheet

The balance sheet as at 31 March 2014 is summarised below.

	31 March 2014	31 March 2013
	£'000	£'000
Long-term assets	172,503	145,016
Cash and cash equivalents	21,348	66,288
Net current assets/(liabilities)	(29,443)	(23,817)
Net pension liabilities	(7,376)	(2,908)
Other long-term liabilities	(4,153)	(23,919)
Net assets	**152,879**	**160,660**

Represented by		
Usable reserves	(4,945)	(27,816)
Unusable reserves	(147,934)	(132,844)
Total reserves	**(152,879)**	**(160,660)**

Usable reserves are made up of:

General Funds	(4,945)	(8,485)
Capital Grants Unapplied	–	(17,516)
Capital Receipts Reserve	–	(1,815)
Total usable reserves	**(4,945)**	**(27,816)**

Long-term assets

The increase in long-term assets is mostly related to the increase in fair value of the investment property of £27.5m linked to an improvement in the residential market.

Cash and short-term investments

The Legacy Corporation's short-term cash balances are invested through the GLA Group Investment Syndicate (GIS). The GIS is an operation jointly controlled by the participants for the investment of pooled monies belonging to those participants and operated by the GLA as Investment Manager under the supervision of the Syndics (the participants' respective Chief Financial Officers). The other participants are the GLA, London Fire and Emergency Planning Authority, the London Pensions Fund Authority and The Mayor's Office for Policing and Crime, and such bodies as sign the Syndicate Agreement agreeing to the terms of the syndicate.

Pooling resources allows the GLA's Group Treasury team to make larger individual transactions and exploit the greater stability of pooled cash flows to obtain better returns. A risk-sharing agreement ensures risk and reward relating to each instrument within the jointly controlled portfolio are shared in direct proportion to each participant's investment.

Additionally, the Executive Director of Finance and Corporate Services may from time to time instruct the Group Treasury team to invest sums independently of the GIS, for instance if the GLA identifies balances which are available for longer-term investment.

Pension scheme

The Legacy Corporation is a member of the Local Government Pension Scheme, administered by the London Pensions Fund Authority. The net liability (the amount by which pension liabilities exceed assets) affects the Legacy Corporation's net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the Legacy Corporation's financial position in relation to its pension obligations remains healthy. The net pension liabilities as at 31 March 2014 have increased by £4.5m. This reflects the increase in the number of active employees from 77 in 2012/13 to 102 in 2013/14 as well as change in financial assumptions used by the actuaries. The deficit on the pension scheme will be made good by increased contributions over the employees' remaining working life, as assessed by the scheme actuary.

Other assets and liabilities

£12.6m of liabilities related to the obligation of the Legacy Corporation under the Olympic Park Transport Environment Management Strategy and Section 106 schemes were classified as long-term liabilities in 2012/13 and have been classified as short-term liabilities as at 31 March 2014 to reflect the fact that those liabilities are expected to be settled in the next financial year. The Legacy Corporation has ringfenced the funds required to meet its obligation.

Reserves

At the end of the financial year, the Legacy Corporation had usable reserves of £4.9m in the General Fund surplus. The level of usable reserve is closely monitored and is considered sufficient in light of the Legacy Corporation's current and future financial challenges.

Prospects and outlook

In April 2014, the Members adopted a Ten Year Plan which sets out the Legacy Corporation's funding position, milestones and targets for the next 10 years.

2014/15 will be a critical year for the Legacy Corporation, with the Park reopened and operational, and major event programmes establishing the Park's profile as a visitor destination. The first family homes will also be under construction on Chobham Manor, and local infrastructure plans will be prepared to support integrated urban change across the Park, and in the established neighbourhoods around it. Work will also been progressing on plans to create a major new higher education and cultural district on the Park ('Olympicopolis') following the announcement from the Chancellor of the Exchequer to support the project in the National Infrastructure Plan. This 'Olympicopolis' concept has been developed with Here East (the operators of the new tech hub at the former press and broadcast centre), the Victoria and Albert Museum (V&A) and University College London (UCL), who will be the founding members in establishing this new cultural and higher educational heart for east London. These new facilities will strengthen the Park's offer for national and international visitors, but also create a home for skilled artists, designers, teachers, engineers, scientists, architects and craftspeople — and the global companies that need this talent.

Forecasted net cash position
As extracted from the Ten Year Plan, the net cash position of the Legacy Corporation's activities in the coming three years is expected to be as follows:

Capital

£'000	2014/15	2015/16	2016/17	Total
	£'000	£'000	£'000	£'000
Net capital receipts	–	1,060	26,153	27,213
Funding	130,429	36,647	22,470	189,546
Total income	**130,429**	**37,707**	**48,623**	**216,759**
Total expenditure	(196,749)	(79,415)	(27,481)	(303,645)
Allocated funding carried forward or drawn down	66,320	3,708	–	70,028
Net capital position	**–**	**(38,000)**	**21,142**	**(16,858)**

Revenue

£'000	2014/15	2015/16	2016/17	Total
	£'000	£'000	£'000	£'000
Trading income	3,774	5,019	7,027	15,820
Funding	38,749	18,248	14,300	71,297
Total income	**42,523**	**23,267**	**21,327**	**87,117**
Total expenditure	(44,387)	(33,517)	(28,346)	(106,250)
Allocated funding carried forward or drawn down	1,864	10,250	7,019	19,133
Net revenue position	**–**	**–**	**–**	**–**

STATEMENT OF RESPONSIBILITY FOR THE ACCOUNTS

The Legacy Corporation's responsibilities
The Legacy Corporation is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In the Legacy Corporation that officer is the Executive Director of Finance and Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Executive Director of Finance and Corporate Services' responsibilities
The Executive Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts for the Legacy Corporation in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director of Finance and Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Executive Director of Finance and Corporate Services
I certify that the Statement of Accounts gives a true and fair view of the financial position of the Legacy Corporation at the accounting date and of the income and expenditure for the year ended 31 March 2014.

Jonathan Dutton
Executive Director of Finance
and Corporate Services
23 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON LEGACY DEVELOPMENT CORPORATION

Opinion on the Legacy Corporation's financial statements

We have audited the financial statements of the London Legacy Development Corporation for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Legacy Corporation and Group movement in reserves statement, the Legacy Corporation and Group Comprehensive Income and Expenditure Statement, the Legacy Corporation and Group balance sheet, the Legacy Corporation and Group cash flow statement, the related notes 1 to 27 to the Legacy Corporation accounts and notes 1 to 4 to the Group accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the Members of the London Legacy Development Corporation, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Legacy Corporation and the Legacy Corporation's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Finance and Corporate Services and auditor

As explained more fully in the Statement of the Executive Director of Finance and Corporate Services Responsibilities set out on page 31, the Executive Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Legacy Corporation and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance and Corporate Services and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the London Legacy Development Corporation Statement of Accounts 2013/2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the London Legacy Development Corporation as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters
In our opinion, the information given in the London Legacy Development Corporation Statement of Accounts 2013/2014 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception
We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under Section 8 of the Audit Commission Act 1998;
- we designate under Section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Legacy Corporation to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Legacy Corporation's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Legacy Corporation and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Legacy Corporation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Legacy Corporation has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Legacy Corporation's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Legacy Corporation has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Legacy Corporation put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Legacy Corporation had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, the London Legacy Development Corporation has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts of the London Legacy Development Corporation in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Debbie Hanson
for and on behalf of Ernst & Young LLP,
Appointed Auditor
London, 25 September 2014

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2014

	Notes	31 March 2014 £'000	Restated 31 March 2013 £'000
Gross income[1]	2	(43,912)	(25,906)
Gross expenditure[2]	4	53,655	26,609
Net cost of services		**9,743**	**703**
Financing and investment income	7	(14,411)	(3,844)
Change in fair value of investment properties[2]	13	168,135	1,280,898
Impairment of investment in joint venture	14	22,817	–
Financing and investment expenditure	8	8,352	6,603
Taxation and non-specific grant income	9	(190,353)	(136,681)
Deficit on the provision of services before tax		**4,283**	**1,147,679**
Corporation tax	10	(319)	943
Deferred tax	10	(71)	674
Deficit on the provision of services after tax		**3,893**	**1,149,296**
Other comprehensive income and expenditure			
Remeasurement of the net defined benefit liability/asset	18	3,888	(479)
Total comprehensive income and expenditure		**7,781**	**1,148,817**

[1] All the Legacy Corporation's services are classified under CIPFA Services Reporting Code of Practice (SeRCOP) for Local Authority Accounting in the UK as planning and development services.

[2] In 2012/13 this amount represents an exceptional item for the write down of investment property including the assets transferred from the Olympic Delivery Authority following a change in valuation methodology.

BALANCE SHEET

As at 31 March 2014

	Notes	31 March 2014 £'000	Restated 31 March 2013 £'000
Long-term assets			
Intangible assets	11	49	61
Property, plant and equipment	12	2,824	2,870
Investment property	13	169,630	142,085
Investment in joint venture	14	–	–
		172,503	**145,016**
Current assets			
Short-term debtors	15	15,684	12,791
Cash and cash equivalents	16	21,348	66,288
		37,032	**79,079**
Total assets		**209,535**	**224,095**
Current liabilities			
Short-term creditors	17	(45,127)	(36,608)
		(45,127)	**(36,608)**
Long-term liabilities			
Long-term creditors	17	(4,153)	(23,919)
Retirement benefit obligation	18	(7,376)	(2,908)
		(11,529)	**(26,827)**
Total liabilities		**(56,656)**	**(63,435)**
Net assets		**152,879**	**160,660**
Reserves			
Usable reserves		(4,945)	(27,816)
Unusable reserves	20	(147,934)	(132,844)
Total reserves		**(152,879)**	**(160,660)**

MOVEMENT IN RESERVES STATEMENT

As at 31 March 2014

	Notes	General Funds	Capital Receipts Reserve	Capital Grants Unapplied Account	Total usable reserve	Unusable reserves	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013		(8,485)	(1,815)	(17,516)	(27,816)	(132,844)	(160,660)
Movement in reserves during 2013/14							
Deficit on the provision of services	From CIES	3,893	–	–	3,893	–	3,893
Other comprehensive income and expenditure	From CIES	–	–	–	–	3,888	3,888
Total comprehensive income and expenditure		**3,893**	**–**	**–**	**3,893**	**3,888**	**7,781**
Adjustments between accounting and funding basis under regulations	21	(353)	1,815	17,516	18,978	(18,978)	–
Decrease/(increase) in 2013/14		**3,540**	**1,815**	**17,516**	**22,871**	**(15,090)**	**7,781**
Balance at 31 March 2014		**(4,945)**	**–**	**–**	**(4,945)**	**(147,934)**	**(152,879)**

As at 31 March 2013

	Notes	General Funds	Capital Receipts Reserve	Capital Grants Unapplied Account	Total usable reserve	Unusable reserves	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012		–	–	–	–	–	–
Transfers to LLDC		(10,313)	–	–	(10,313)	(1,298,368)	(1,308,681)
Adjusted 1 April 2012 movement in reserves during 2012/13		(10,313)	–	–	(10,313)	(1,298,368)	(1,308,681)
Deficit on the provision of services	From CIES	1,149,296	–	–	1,149,296	–	1,149,296
Other comprehensive income and expenditure	From CIES	–	–	–	–	(479)	(479)
Total comprehensive income and expenditure		**1,149,296**	**–**	**–**	**1,149,296**	**(479)**	**1,148,817**
Adjustments between accounting and funding basis under regulations	21	(1,147,468)	(1,815)	(17,516)	(1,166,799)	1,166,799	–
Other adjustment		–	–	–	–	(796)	(796)
Decrease/(increase) in 2012/13		**1,828**	**(1,815)**	**(17,516)**	**(17,503)**	**1,165,524**	**1,148,021**
Restated balance at 31 March 2013		**(8,485)**	**(1,815)**	**(17,516)**	**(27,816)**	**(132,844)**	**(160,660)**

STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	31 March 2014 £'000	Restated 31 March 2013 £'000
Deficit on the provision of services		(3,893)	(1,149,296)
Adjustments to net (deficit) for non-cash movements	19	179,049	1,260,609
Adjustments for items included in the net (deficit) on the provision or services that are investing and financing activities	19	(192,264)	(136,681)
Net cash flows from operating activities		**(17,108)**	**(25,368)**
Investing activities	19	(28,171)	43,391
Financing activities	19	339	14,048
Net increase/(decrease) in cash and cash equivalents		**(44,940)**	**32,071**
Cash and cash equivalents at the start of the year		66,288	**34,217**
Cash and cash equivalents at the end of the year		**21,348**	**66,288**

ACCOUNTING POLICIES

a. Code of practice
The Legacy Corporation is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 (the 2011 Regulations). These regulations require the financial statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards adopted by the European Union (Adopted IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The Statement of Accounts summarises the Legacy Corporation's ("the Corporation") and the Legacy Corporation Group's ("the Group") transactions for the 2013/14 financial year and its position at 31 March 2014. The Group financial statements have been prepared in accordance with the Code.

b. Basis of accounting
The accounts are made up to 31 March. The accounting policies set out below have been applied consistently in the period presented in these financial statements.

The accounts have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Legacy Corporation's performance.

c. Accruals of income and expenditure
Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular:

- revenue from the provision of services is recognised when the Legacy Corporation can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Legacy Corporation; and
- expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

d. Going concern
The financial statements have been prepared on a going concern basis as it is considered by the Members that the Legacy Corporation will continue in operational existence for the foreseeable future and meet its liabilities as they fall due for payment.

e. The application of new and revised standards
The Code requires the Legacy Corporation to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the Statement of Accounts.

The following standards will be applied in 2014/15:

IFRS 10 — Consolidated Financial Statements defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The assessment of the Legacy Corporation having joint control of E20 Stadium LLP is not expected to be modified by the application of the new standard.

IFRS 11 — Joint Arrangements establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. IFRS 11 defines two types of joint arrangements: joint operations or joint ventures. Management has assessed that under IFRS 11, E20 Stadium LLP would be classified as a joint venture and accounted for using equity accounting, which is consistent with the accounting treatment applied in the 2013/14 financial statements.

Changes to **IFRS 12 — Disclosure of Interest in Other Entities**, **IAS 27 — Separate Financial Statements**, **IAS 28 — Investments in Associates and Joint Ventures** and **IAS 32 — Financial Instruments: Presentation** are unlikely to have any impact on the Statement of Accounts.

The implementation of **IFRS 13 — Fair Value Measurement** (May 2011) has been delayed to 2015/16. This standard includes new measurement and disclosure requirements which is unlikely to have a material impact on the Statement of Accounts.

f. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Legacy Corporation's cash management.

g. Critical judgements on applying accounting policies

In applying the accounting policies, the Legacy Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Funding

There is a degree of uncertainty about future levels of funding for the Legacy Corporation. However, the Legacy Corporation has determined that this uncertainty is not yet sufficient to provide an indication that its long-term objectives will not be achieved.

Investment properties

The Legacy Corporation owns a number of commercial properties where all or part of the property is leased to third parties. Judgement needs to be exercised in determining whether these properties should be classified as investment properties in accordance with IAS 40. As investment properties are valued at fair value with movements in the fair value being recorded in the Comprehensive Income and Expenditure Statement this could have a significant effect on the reported financial performance of the Legacy Corporation.

h. Assumptions made about the future and major sources of estimation uncertainty

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Legacy Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed opposite:

Item	Uncertainties	Effect if actual results differ from assumptions
Investment properties	Investment property valuations have been based on the potential income to be generated by the various assets. Should evidence emerge that causes the Legacy Corporation to amend these estimates, the estimated fair value of its investment properties could change.	A reduction in the estimated valuations would result in a loss being recorded in the Comprehensive Income and Expenditure Statement (CIES). For example, a 10 per cent reduction in the value of the investment properties would result in a £17.4m charge to the CIES. Conversely, an increase in value would result in increases to the CIES.
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Pensions liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates to be used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The assumptions interact in complex ways. The actuaries review the assumptions triennially and changes are adjusted for in the Accounts. Details on sensitivity analysis can be found in note 18.
VAT	VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). The Legacy Corporation is subject to HMRC's partial VAT recovery scheme. The partial recovery rate has been based on the rate agreed between the Olympic Park Legacy Company and HMRC.	The Legacy Corporation took over the remit of the Olympic Park Legacy Company and as such, the basis and underlying assumptions built into the calculation of the partial VAT recovery rate is essentially the same. This basis has been informally agreed with HMRC. There is however the possibility that the recovery rate could change leading to increases or decreases in the irrecoverable VAT charged to the Comprehensive Income and Expenditure Statement. The Legacy Corporation is currently in discussion with HMRC to confirm its rate of VAT recovery, which currently stand at 47%. The Legacy Corporation has no clear indication that the rate currently in use will be challenged but any change in the recovery rate would have a material impact in the accounts. As an example, a decrease of 5% of the recoverability rate would result in an additional expense of £1.9m in the Statements of Accounts.

i. Events after balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

Adjusting events

Those events that provide evidence of conditions that existed at the end of the reporting period — the Statement of Accounts is adjusted to reflect such events.

Non-adjusting events

Those events that are indicative of conditions that arose after the reporting period — the Statement of Accounts is not adjusted to reflect such items, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

j. Revenue recognition

Revenue is generated from planning fees and rental of commercial properties.

Revenue is measured after the deduction of value added tax (where applicable).

k. Segmental reporting

In accordance with the Code, the Legacy Corporation's operating segments have been determined by identifying the segments whose operating results are reviewed by the Members, when making decisions regarding the allocation of resources and for the assessment of performance.

In 2012/13, four segments had been identified. The number of segments has been increased to five in 2013/14 by separately identifying Infrastructure and Park Operations and Venues which were previously recognised in one single segment as Park Opening and Operations. Management believes that this presentation better distinguished between the transformation of the venues and the operations of the venues post-completion.

The operating segments of the Legacy Corporation and their principal activities are as follows:

Infrastructure

Infrastructure has the primary function of transforming the Park and Venues.

Park Operations and Venues

Park Operations and Venues has the primary function of contributing to the Park objective of operating a successful and accessible Park and world-class sporting venues, offering facilities for high-performance and community participation, enticing visitor attractions, and securing a busy programme of sporting, cultural and community events that will create a sense of excitement and continue to draw crowds to Stratford and the surrounding area.

Real Estate and Regeneration

This segment comprises two directorates, Real Estate and Regeneration and Community Partnerships. It contributes to creating London's most dynamic urban district, attracting investment from across London and beyond, and acting as a fulcrum for wealth creation and entrepreneurship; and creating local opportunities and transformational change, supporting convergence.

Planning Policy and Decisions

The Planning Policy and Decisions Team's main function is to contribute to the Place objective: creating London's most dynamic urban district, becoming a location of choice for current residents and new arrivals, and linking the Olympic Park estate with surrounding neighbourhoods.

Finance and Corporate

This function includes Finance and Corporate Services, Legal and Procurement, Communications and Public Affairs and the Executive Office.

The Finance and Corporate Services directorate provides support across the Legacy Corporation including finance, facilities management, IT and information management, audit, governance, strategy and corporate planning, programme management, procurement and legal services. Following the year end, legal services are provided by Transport for London and internal audit is provided by the Mayor's Office for Policing And Crime, both other functional bodies within the Greater London Authority Group, under the Mayor's shared service agenda.

The Communications and Public Affairs directorate supports and delivers effective communications between the Legacy Corporation and its stakeholders, and manages online information to ensure it is accurate and up to date. This has included preparing the Legacy Corporation's communications strategy concerning the organisation and its role, development projects, events, major procurements and a wide range of activities including community engagement, as well as preparing for Park reopening.

l. Government grants

Whether paid on account, by instalments or in arrears, government grants are recognised as due to the Legacy Corporation when there is reasonable assurance that:

- the Legacy Corporation will comply with the conditions attached to the payments; and
- the grants will be received.

Amounts recognised as due to the Legacy Corporation are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grants have been satisfied. Conditions are stipulations that specify how the grant should be used by the Legacy Corporation and which if not met require the grant to be returned to the transferor.

Monies advanced as grants for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant is credited to the relevant service line or non-ringfenced revenue grants and all capital grants credited to the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to expenditure.

m. Financing and investment income and expenditure
Financing and investment income comprises interest income on funds invested, changes in the fair values of investment properties and the expected return on pension assets. Interest income is recognised in the Comprehensive Income and Expenditure Statement as it accrues using the effective interest rate method.

Financing and investment costs comprise interest expense on borrowings and finance lease liabilities and the expected cost of pension scheme defined benefit obligations.

n. Corporation and chargeable gains taxation
The Legacy Corporation is subject to both corporation and chargeable gains taxation and complies with the Income and Corporation Taxes Act 1988 and Taxation of Chargeable Gains Act 1992.

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 that 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.

o. Value Added Taxation
VAT payable is included as an expense only to the extent it is not recoverable from HMRC. VAT receivable is excluded from income.

p. Revenue expenditure funded from capital under statute
Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure in the Comprehensive Income and Expenditure Statement in the year. Where the Legacy Corporation has determined to meet the cost of this expenditure from existing capital resources, a transfer in the movement in reserves statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged.

q. Intangible assets
Other intangible assets
Software costs are measured at cost less accumulated depreciation and accumulated impairment losses. Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite. The estimated useful lives are three to five years.

r. Property, plant and equipment
Recognition and measurement
Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Assets under construction are measured at cost less any recognised impairment loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item, and are recognised net within other gains and losses in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current period are as follows:

Buildings	50 years
Furniture, fixtures and fittings	5–10 years
Plant and equipment	3–40 years
Computer equipment	3 years
Motor vehicles	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate, the effect of such adjustment being prospectively recognised as a change of estimate.

s. Interests in companies and other entities

The Legacy Corporation has material interests in a Limited Liability Partnership that has the nature of a jointly-controlled entity and requires it to prepare Group accounts. In the Legacy Corporation's own single-entity accounts, the interest in this jointly-controlled entity is recorded as financial assets at cost, less any provision for losses incurred by the entity to the extent they are likely to be borne by the Legacy Corporation.

t. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value with any change therein recognised in the Comprehensive Income and Expenditure Statement. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties held at fair value are not subject to depreciation.

u. Provisions

Provisions are recognised on the balance sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

v. Foreign currencies

Transactions in currencies other than sterling are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Comprehensive Income and Expenditure Statement in the period in which they arise.

w. Leases (the Legacy Corporation as lessee)

Leased assets

Leases under which the Legacy Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Legacy Corporation's balance sheet.

Lease payments

Payments made under operating leases are recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Legacy Corporation determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Legacy Corporation the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Legacy Corporation separates payments and other consideration required by such an arrangement into those for the lease and those for other elements (such as services) on the basis of their relative fair values. If the Legacy Corporation determines for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Legacy Corporation's incremental borrowing rate.

x. Leases (the Legacy Corporation as lessor)

Leased assets

Leases under which the Legacy Corporation transfers substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is derecognised from the Legacy Corporation balance sheet and a finance lease receivable for an amount equal to the lower of its fair value and the present value of the minimum lease payments. The difference between the carrying amount of the lease asset derecognised and the finance lease receivable is recognised in the Comprehensive Income and Expenditure Statement.

Other leases are operating leases and the leased assets are not derecognised from the Legacy Corporation's balance sheet.

Lease payments

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Legacy Corporation's net investment outstanding in respect of the leases.

Rental income from operating leases and initial direct costs are recognised on a straight line basis over the term of the relevant lease.

y. Impairment of non-financial assets
At each balance sheet date, the Legacy Corporation reviews the carrying amount of those assets that are subject to amortisation to determine whether there is an indication that any of those assets has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Impairment occurs when an asset's carrying value is above its recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs to sell.

In accordance with the Code, when an asset is not held primarily for the purpose of generating cash flows but for service provision, value in use is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

An impairment review is completed for all assets on an annual basis and additionally when there is an indication that an asset may be impaired.

z. Employee benefits
Defined benefit plans
The majority of the Legacy Corporation's employees are members of one of two defined benefit plans, which provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Legacy Corporation.

On retirement, members of the schemes are paid their pensions from a fund which is kept separate from the Legacy Corporation. The Legacy Corporation makes cash contributions to the funds in advance of members' retirement.

Pension scheme assets are measured using current market bid values. Pension scheme defined benefit obligations are measured using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the defined benefit obligation.

The difference between the value of pension scheme assets and pension scheme defined benefit obligations is a surplus or a deficit. A pension scheme surplus is recognised to the extent that it is recoverable and a pension scheme deficit is recognised in full. The movement in the schemes' surplus/deficit is split between operating charges, finance items and, in the Comprehensive Income and Expenditure Statement, actuarial gains and losses. Generally, amounts are charged to operating expenditure on the basis of the current service cost of the present employees that are members of the schemes.

The change in the net pension liability is analysed into the following components:

Current service cost: the increase in liabilities as a result of years of service earned this year — allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years which is debited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Net interest on the net defined benefit liability (asset): the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement — this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period — taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The return on plan assets: excluding amounts included in net interest on the net defined benefit liability (asset) — charged to the pensions reserve as other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement.

Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions — charged to the pensions reserve as other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement.

Contributions paid to the Local Government Pension Scheme: cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not recognised in the Comprehensive Income and Expenditure Statement.

In relation to retirement benefits, statutory provisions require the General Fund to be charged with the amount payable by the Legacy Corporation to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable, but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Defined benefit plans — multi-employer exemption

For the Homes and Communities Agency Pension Scheme, the Legacy Corporation is unable to identify its share of the underlying assets and defined benefit obligations of the scheme on a consistent and reasonable basis. As permitted by the multi-employer exemption in the Code, the scheme is accounted for as a defined contribution scheme. The Legacy Corporation's contributions are charged to the Comprehensive Income and Expenditure Statement as incurred.

Other employee benefits

Other short and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

aa. Reserves

Reserves consist of two elements, usable and unusable.

Usable reserves are those that can be applied to fund expenditure. They are made up of the General Fund, earmarked reserves and the Capital Grants Unapplied Account.

Unusable reserves cannot be applied to fund expenditure as they are not cash backed. They include the Capital Adjustment Account, pension reserve, and the accumulated absences reserve.

ab. Financial instruments

Financial assets within the scope of **IAS 39 — Financial Instruments: Recognition and Measurement** are classified as:

- financial assets at fair value through the Comprehensive Income and Expenditure Statement;
- loans and receivables; or
- available for sale financial assets.

Financial liabilities within the scope of IAS 39 are classified as either financial liabilities at fair value through the Comprehensive Income and Expenditure Statement or financial liabilities measured at amortised cost.

The Legacy Corporation determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end.

When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transactional costs. The exception to this is for assets and liabilities measured at fair value, where transaction costs are immediately expensed.

The subsequent measurement of financial instruments depends on their classification as follows:

ac. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, do not qualify as trading assets and have not been designated as either 'fair value through the Comprehensive Income and Expenditure Statement' or 'available for sale'. Such assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The fair value of loans advanced to third parties at nil interest rate or below the prevailing market rate of interest is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument. The loan is subsequently amortised up to its repayment amount using the effective rate of interest.

All loans and borrowings are classified as financial liabilities measured at amortised cost.

ad. Trade and other receivables
Trade and other receivables are classified as 'loans and receivables financial assets' and are recognised initially at fair value and subsequently at amortised cost. For trade receivables this is after an allowance for estimated impairment. The allowance is based on objective evidence that the Legacy Corporation will not be able to recover all amounts due, through a review of all accounts and prior experience of collecting outstanding balances. Changes in the carrying amount of the allowance for impairment are recognised in the Comprehensive Income and Expenditure Statement.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

ae. Trade and other creditors
Trade and other creditors are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

af. Impairment of financial assets
Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence that they are impaired. Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the Comprehensive Income and Expenditure Statement.

ag. Embedded derivatives
Derivatives that are embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value.

Embedded derivatives are carried on the balance sheet at fair value from inception of the host contract. Unrealised changes in fair value are recognised as gains/losses within the Comprehensive Income and Expenditure Statement during the period in which they arise.

ah. Prior period adjustments, changes in accounting policies and errors and estimates
Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Legacy Corporation's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. The effects of changes in accounting policies implemented during the financial year are disclosed in note 1.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

NOTES TO THE STATEMENT OF ACCOUNTS

1. Change in the accounting policies of the Legacy Corporation

The International Accounting Standards Board published a revised IAS 19—Employee Benefits standard in June 2011 which became effective for accounting periods beginning on or after 1 January 2013. The standard requires retrospective application and therefore the prior period has been restated. As shown in the table below, the retrospective application has no net impact on the total comprehensive expenditure or the level of usable reserves.

	As previously stated 31 March 2013	Change in accounting policies	As restated 31 March 2013
	£'000	£'000	£'000
Gross expenditure	26,601	8	26,609
Net cost of services	695	8	703
Financing and investment income	(4,139)	295	(3,844)
Financing and investment expenditure	6,834	(231)	6,603
(Surplus) or deficit on the provision of services after tax	**1,149,224**	**72**	**1,149,296**
Actuarial (gain) or loss on defined pension scheme	(407)	(72)	(479)
Total comprehensive income and expenditure	**1,148,817**	**–**	**1,148,817**

2. Gross income

Gross income recognised in the Comprehensive Income and Expenditure Statement is analysed as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Grants received	(28,665)	(25,136)
Planning fees	(748)	(248)
Support service recharges	(9,850)	–
Summer event series	(3,765)	–
Other	(884)	(522)
	(43,912)	**(25,906)**

The support service recharges are related to construction services and staff support provided by the Legacy Corporation to E20 Stadium LLP. The summer events series was organised to celebrate the opening of the north part of the Park. Income has been generated through hiring fees, ticketing and merchandising.

3. Segmental analysis

Decisions taken by the Members about resource allocation are made using internal management reports which show total expenditure. In 2013/14, the segment "Park Opening and Operations" has been separated between "Infrastructure" and "Park Operations and Venues" as management believe this presentation better reflects how the costs are monitored during the year.

These management reports are presented on a segmental basis as shown below:

	Infrastructure	Park Operations and Venues	Real Estate and Regeneration	Planning Policy and Decisions	Corporate	Total
						31 March 2014
						£'000
Income	–	(18,355)	–	(758)	(5)	(19,118)
Expenditure	215,227	33,875	9,795	612	36,406	295,915
Net operating expenditure	**215,227**	**15,520**	**9,795**	**(146)**	**36,401**	**276,797**

	Park Operations and Venues	Real Estate and Regeneration	Planning Policy and Decisions	Corporate	Total
					31 March 2013
					£'000
Income	(100)	(419)	(248)	–	(767)
Expenditure	97,873	23,604	454	20,863	142,794
Net operating expenditure	**97,773**	**23,185**	**206**	**20,863**	**142,027**

Reconciliation of net operating expenditure per the segmental analysis to net cost of services in the Comprehensive Income and Expenditure Statement for the years ended 31 March 2014 and 2013:

	31 March 2014	31 March 2013
	£'000	£'000
Net operating expenditure per segmental analysis	276,797	142,027
Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the segmental analysis	(38,348)	(22,159)
Amounts included in the segmental analysis not included in the Comprehensive Income and Expenditure Statement	(228,706)	(119,165)
Net costs of services (as in Comprehensive Income and Expenditure Statement)	**9,743**	**703**

Amounts included in the costs of services within the Comprehensive Income and Expenditure Statement but not reported to management in the in-year budget monitoring reports include charges for depreciation and amortisation, pension service costs, capital grants receivable, corporate and deferred tax and the share of loss from investment in joint ventures.

The amount reported to management but not included in the net costs of services within the Comprehensive Income and Expenditure Statement is capital expenditure.

The reconciliation of segmental analysis to subjective analysis in the Comprehensive Income and Expenditure Statement for the years ended 31 March 2014 and 2013 is set out below:

						31 March 2014
	Net operating expenditure per the segmental analysis	**Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the segmental analysis**	**Amounts included in the segmental analysis not included in the Comprehensive Income and Expenditure Statement**	**Cost of services as per Comprehensive Income and Expenditure Statement**	**Corporate amounts**	**Deficit on the provision of services**
Subjective analysis				**£'000**	**£'000**	**£'000**
Fees, charges and other service income	(19,118)	(9,476)	–	(28,594)	–	(28,594)
Interest and investment income	–	–	–	–	(14,411)	(14,411)
Government grants and contributions	–	(28,665)	–	(28,665)	(190,353)	(219,018)
Total income	(19,118)	(38,141)	–	(57,259)	(204,764)	(262,023)
Employee expenses	9,754	459	–	10,213	–	10,213
Other expenditure	286,161	(1,037)	(228,706)	56,418	–	56,418
Interest and investment expenditure	–	–	–	–	8,232	8,232
Depreciation, amortisation and impairment	–	371	–	371	168,135	168,506
Pensions interest cost and expected return on assets	–	–	–	–	120	120
Impairment in investment in joint venture	–	–	–	–	22,817	22,817
Taxation	–	–	–	–	(390)	(390)
Total expenditure	295,915	(207)	(228,706)	67,002	198,914	265,916
Deficit on the provision of services	**276,797**	**(38,348)**	**(228,706)**	**9,743**	**(5,850)**	**3,893**

				31 March 2013
	Net operating expenditure per the segmental analysis	Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the segmental analysis	Amounts included in the segmental analysis not included in the Comprehensive Income and Expenditure Statement	Cost of services as per Comprehensive Income and Expenditure Statement
Subjective analysis				**£'000**
Fees, charges and other service income	(767)	(3)	–	(770)
Interest and Investment income	–	(3,844)	–	(3,844)
Government grants and contributions	–	(161,817)	–	(161,817)
Total income	(767)	(165,664)	–	(166,431)
Employee expenses	7,468	–	–	7,468
Other expenditure	135,326	9,211	(119,165)	25,372
Depreciation, amortisation and impairment	–	1,281,270	–	1,281,270
Taxation	–	1,617	–	1,617
Total expenditure	142,794	1,292,098	(119,165)	1,315,727
Deficit on the provision of services	**142,027**	**1,126,434**	**(119,165)**	**1,149,296**

4. Gross expenditure

Gross expenditure recognised in the Comprehensive Income and Expenditure Statement comprises:

	31 March 2014	Restated 31 March 2013
	£'000	**£'000**
Staff costs		
Wages and salaries	6,650	5,492
Social security costs	683	580
Pension costs	1,319	1,149
Other staff costs	504	247
Grants and contributions	665	3,680
Consultancy and strategy development costs	5,132	1,184
Accommodation costs	3,703	2,928
Legal fees	972	2,298
Communications, events and marketing	3,539	1,811
Agency and seconded staff costs	1,401	1,729
Irrecoverable VAT	1,782	1,130
Support services to be recharged	8,532	–
Revenue expenditure funded from capital under statute	8,232	2,018
Insurance	844	–
Stationery	1,372	–
Security	1,854	–
Travel	315	–
Amortisation	37	223
Depreciation	796	149
Other	5,323	1,991
Total	**53,655**	**26,609**

5. External audit fees

External audit fees are made up as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Auditors' remuneration		
for statutory audit services	40	45
for non-statutory audit services	–	–
for non-audit services	–	–
	40	**45**

6. Remuneration

The Code requires disclosure of remuneration for the Legacy Corporation's employees whose total remuneration in the year was £50,000 or more, grouped in rising bands of £5,000.

a. Employees' remuneration

	31 March 2014	31 March 2013
£	**Number**	**Number**
50,000–54,999	8	4
55,000–59,999	13	11
60,000–64,999	6	3
65,000–69,999	5	5
70,000–74,999	6	5
75,000–79,999	1	4
80,000–84,999	7	5
85,000–89,999	4	2
90,000–94,999	3	1
95,000–99,999	2	–
100,000–104,999	2	2
105,000–109,999	1	2
110,000–114,999	1	2
115,000–119,999	1	–
120,000–124,999	–	2
125,000–129,999	–	–
130,000–134,999	2	2
135,000–139,999	1	–
150,000–154,999	1	2
175,000–175,999	–	1
195,000–199,999	1	–

b. Senior employees' remuneration

31 March 2014

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
Dennis Hone Chief Executive	195	–	–	–	–	195
Jonathan Dutton Executive Director of Finance and Corporate Services	151	–	–	–	17	168
Paul Brickell Executive Director of Regeneration and Community Partnerships	138	–	–	–	–	138
Jan Boud General Counsel	132	–	–	–	15	147
Mark Camley Executive Director of Park Operations	131	–	–	–	15	146
Rosanna Lawes Executive Director of Development	113	–	–	–	12	125
Victoria O'Byrne[1] Director of Communications & Public Affairs	108	–	–	–	12	120
Vivienne Ramsey[2] Director of Planning Policy and Decisions	92	–	–	–	9	101
Anthony Hollingsworth[3] Director of Planning Policy and Decisions	91	–	–	–	9	100
Colin Naish[4] Executive Director of Infrastructure	–	–	–	–	–	–
Duncan Innes[5] Executive Director of Real Estate	63	–	–	–	7	70

1 Ms O'Byrne left in March 2014. Annual equivalent salary is £107,481.
2 Ms Ramsey left in October 2013. Annual equivalent salary is £138,471.
3 Mr Hollingsworth was appointed to his post in October 2013. Annual equivalent salary is £94,530.
4 Post filled by a secondment from the ODA under which the Legacy Corporation paid the ODA £219,048 inclusive of on costs. Mr Naish has subsequently joined the Legacy Corporation starting on 1 April 2014 (termination fees are accrued in relation with this transfer) Annual equivalent salary is £177,000.
5 Mr Innes left in August 2013. Annual equivalent salary is £151,251.

Senior employees' remuneration
31 March 2013

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
Andrew Altman[6] Chief Executive	73	–	1	266	8	348
Dennis Hone[7] Chief Executive	–	–	–	–	–	–
Malcolm Ross[8] Executive Director of Park Operations and Venues	175	–	–	121	24	320
Duncan Innes Executive Director of Real Estate	151	–	1	–	17	169
Jonathan Dutton Executive Director of Finance and Corporate Services	151	–	–	–	17	168
Paul Brickell Executive Director of Regeneration and Community Partnerships	134	–	–	–	–	134
Jan Boud General Counsel	132	–	–	–	15	147
Victoria O'Byrne Director of Communications and Public Affairs	106	–	1	–	12	119
Mark Camley[9] Interim Executive Director of Park Operations and Venues	120	–	–	–	14	134
Kathryn Firth Chief of Design	120	–	–	–	13	133
Vivienne Ramsey[10] Director of Planning Policy and Decisions	68				8	76
Colin Naish[11] Executive Director of Infrastructure	–	–	–	–	–	–

6 Mr Altman left in August 2012. Annual equivalent salary is £195,000.
7 Mr Hone was seconded from the ODA for two days per week from August 2012 to March 2013 under which arrangement the Legacy Corporation paid the ODA £90,000 for Mr Hone's services.
8 Mr Ross left in February 2013. Annual equivalent salary is £185,000.
9 Mr Camley's current job title and role took effect from March 2013 and this disclosure includes remuneration in his previous role.
10 Ms Ramsey entered service in October 2012. Annual equivalent salary is £135,000.
11 Post filled by a secondment from the ODA under which the Legacy Corporation paid the ODA £217,087 for Mr Naish's services.

c. Members' remuneration
31 March 2014

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
Boris Johnson Chairman	–	–	–	–	–	–
Neale Coleman Deputy Chairman	–	–	–	–	–	–
David Edmonds Chair of the Investment Committee	28	–	–	–	–	28
Lord Mawson Chair of the Regeneration and Communities Committee	28	–	–	–	–	28
Keith Edelman Chair of the Audit Committee	28	–	–	–	–	28
Nicky Dunn Chair of the Park Opening and Operations Committee	28	–	–	–	–	28
Philip Lewis Chair of the Planning Decisions Committee	28	–	–	–	–	28
Sonita Alleyne Member	14	–	–	–	–	14
Nicholas Bitel Member	14	–	–	–	–	14
David Gregson Member	14	–	–	–	–	14
Jayne McGivern Member	14	–	–	–	–	14
Baroness Grey-Thompson Member	14	–	–	–	–	14
David Ross Member	14	–	–	–	–	14
Sir Robin Wales Member	–	–	–	–	–	–
Lutfur Rahman Member	–	–	–	–	–	–
Jules Pipe Member	–	–	–	–	–	–
Chris Robbins Member	–	–	–	–	–	–

Members' remuneration
31 March 2013

Name	Title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
		£'000	£'000	£'000	£'000	£'000	£'000
Baroness Ford[1]	Chairman	24	–	–	32	6	62
Daniel Moylan[2]	Chairman	32	–	–	25	–	57
Boris Johnson[3]	Chairman	–	–	–	–	–	–
Neale Coleman[4]	Deputy Chairman	–	–	–	–	–	–
David Edmonds	Chair of the Investment Committee	28	–	–	–	–	28
Lord Mawson	Chair of the Regeneration and Communities Committee	28	–	–	–	–	28
Keith Edelman	Chair of the Audit Committee	28	–	–	–	–	28
Nicky Dunn	Chair of the Park Opening and Operations Committee	19	–	–	–	–	19
Philip Lewis	Chair of the Planning Decisions Committee	21	–	–	–	–	21
David Gregson	Member	14	–	–	–	–	14
Robert John[5]	Member	11	–	–	–	–	11
Sonita Alleyne	Member	14	–	–	–	–	14
Nicholas Bitel	Member	14	–	–	–	–	14
Jayne McGivern	Member	14	–	–	–	–	14
Elizabeth McMahon[6]	Member	8	–	–	–	–	8
Baroness Grey-Thompson[7]	Member	5	–	–	–	–	5
David Ross[8]	Member	5	–	–	–	–	5
Sir Robin Wales[9]	Member	–	–	–	–	–	–
Lutfur Rahman[9]	Member	–	–	–	–	–	–
Jules Pipe[9]	Member	–	–	–	–	–	–
Chris Robbins[9]	Member	–	–	–	–	–	–

1 Baroness Ford was Chairman from April to May 2012. Annual equivalent salary is £95,000.
2 Mr Moylan was Chairman from June to September 2012. Annual equivalent salary is £127,700.
3 Boris Johnson, as Mayor of London, became Chairman from September 2012. This post is unpaid.
4 Mr Coleman has been Deputy Chairman since December 2012. This post is unpaid.
5 Mr John was a Member from April to December 2012.
6 Ms McMahon was a Member from April to October 2012.
7 Baroness Grey-Thompson became a Member in December 2012.
8 Mr Ross became a Member in December 2012.
9 Sir Robin Wales, Mr Rahman, Mr Pipe and Mr Robbins are not paid as Members of the Legacy Corporation.

d. Termination payments

The Code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year. No staff have left under compulsory terms during the year. Those who left the Legacy Corporation did so under the Legacy Corporation's voluntary severance terms, by choosing to accept the voluntary severance terms which were set out in a compromise agreement signed by the employee on termination of their appointment. These employees are classified as leaving due to voluntary severance.

Non-compulsory exit packages	Number of staff 31 March 2014	Number of staff 31 March 2013	Total staff 31 March 2014	Total staff 31 March 2013
			£'000	£'000
£0–£20,000	3	–	36	–
£20,001–£40,000	3	3	75	78
£40,001–£60,000	3	–	128	–
£60,001–£80,000	1	–	60	–
£80,001–£100,000	–	–	–	–
£100,001–£150,000	1	1	110	121
£150,001–£200,000	–	–	–	–
£200,001–£250,000	–	–	–	–
£250,001–£300,000	–	1	–	266

7. Financing and investment income

	31 March 2014	31 March 2013
	£'000	£'000
Interest income on deposits	(197)	(334)
Income in relation to investment property	(4,269)	(3,510)
Net gain on disposal of investment property	(748)	–
Net gain on fair value adjustment	(9,197)	–
Financing and investment income	**(14,411)**	**(3,844)**

8. Financing and investment expenditure

	31 March 2014	31 March 2013
	£'000	£'000
Net interest on the net defined benefit liability (asset)	120	127
Expenditure in relation to investment property	8,232	6,476
Financing and investment expenditure	**8,352**	**6,603**

9. Taxation and non-specific grant income

	31 March 2014	31 March 2013
	£'000	£'000
Capital grants from the Greater London Authority	(184,989)	(125,986)
Other capital grants	(5,364)	(10,695)
Taxation and non-specific grant income	**(190,353)**	**(136,681)**

10. Corporation tax

a. Corporation tax

	31 March 2014	31 March 2013
	£'000	£'000
Income chargeable to corporation tax	12,163	7,942
Expenditure that can be offset against chargeable income	(11,758)	(4,013)
Profits chargeable to corporation tax	405	3,929
Corporation tax	**91**	**943**

Provision to meet the Legacy Corporation's corporation tax liability has been made at 23% including a marginal tax relief of £2.6m. Of the provision of £0.9m made in 2013/14 in relation with corporation tax, £0.5m has been paid during the financial year. The remaining balance of £0.4m has been released. As such, the total impact of corporation tax on the Comprehensive Income and Expenditure Statement is a credit of £0.3m.

b. Unrecognised deferred tax assets

The Legacy Corporation has a potential deferred tax asset of £2.3m (2013: £7.9m). No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the capital losses can be utilised.

c. Movement in recognised deferred tax assets and liabilities during the year

	Balance at 1 April 2013	Movement in period	Balance at 31 March 2014
	£'000	£'000	£'000
Deferred tax assets			
Investment property	20,212	2,664	22,876
Total	**20,212**	**2,664**	**22,876**
Deferred tax liabilities			
Investment property	(20,212)	(2,664)	(22,876)
Property, plant and equipment	(660)	67	(593)
Intangible assets	(14)	4	(10)
Total	**(20,886)**	**(2,593)**	**(23,479)**
Net deferred tax liability	**(674)**	**71**	**(603)**

	Balance at 1 April 2012	Movement in period	Balance at 31 March 2013
	£'000	£'000	£'000
Deferred tax assets			
Investment property	–	20,212	20,212
Total	**–**	**20,212**	**20,212**
Deferred tax liabilities			
Investment property	–	(20,212)	(20,212)
Property, plant and equipment	–	(660)	(660)
Intangible assets	–	(14)	(14)
Total	**–**	**(20,886)**	**(20,886)**
Net deferred tax liability	**–**	**(674)**	**(674)**

11. Intangible assets

	Computer software	Licences	Total
	£'000	£'000	£'000
Cost			
At 1 April 2012	128	282	410
Additions	55	–	55
At 31 March 2013	183	282	465
At 1 April 2013	183	282	465
Additions	25	–	25
At 31 March 2014	**208**	**282**	**490**
Amortisation			
At 1 April 2012	84	100	184
Charged during the period	38	182	220
At 31 March 2013	122	282	404
At 1 April 2013	122	282	404
Charged during the period	37	–	37
At 31 March 2014	**159**	**282**	**441**
Net book value at 31 March 2013	**61**	**–**	**61**
Net book value at 31 March 2014	**49**	**–**	**49**

12. Property, plant and equipment

	Land and buildings	Furniture, fixtures and fittings	Computer hardware, infrastructure and telecoms/ office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2012	–	962	223	4	1,189
Additions	–	942	1,030	–	1,972
Disposals	–	–	–	–	–
At 31 March 2013	**–**	**1,904**	**1,253**	**4**	**3,161**
At 1 April 2013	–	1,904	1,253	4	3,161
Additions	–	51	699		750
Disposals	–	–	–	–	–
At 31 March 2014	**–**	**1,955**	**1,952**	**4**	**3,911**
Depreciation					
At 1 April 2012	–	10	128	–	138
Charged during the period	–	35	116	2	153
At 31 March 2013	**–**	**45**	**244**	**2**	**291**
At 1 April 2013	–	45	244	2	291
Charged during the period	–	194	601	1	796
At 31 March 2014	**–**	**239**	**845**	**3**	**1,087**
Net book value at 31 March 2013	**–**	**1,859**	**1,009**	**2**	**2,870**
Net book value at 31 March 2014	**–**	**1,716**	**1,107**	**1**	**2,824**

13. Investment property

	31 March 2014	31 March 2013
Valuation	**£'000**	**£'000**
Opening balance at 1 April	142,085	1,309,677
Additions	196,843	115,120
Disposals	(1,163)	(1,814)
Changes in fair value	(168,135)	(1,280,898)
Total investment property	**169,630**	**142,085**

The Legacy Corporation's portfolio was valued as at 31 March 2014 by Jones Lang LaSalle. The assets are being developed by the Legacy Corporation for their income generating potential or for capital appreciation and have therefore been classified as investment property in accordance with IAS 40.

Investment property can be analysed as follows:

Asset	31 March 2014	31 March 2013	Change	Basis
London Aquatics Centre and Copper Box Arena	7,000	5,700	1,300	Greenwich Leisure Limited has been appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10-year arrangement. These venues have been valued at £7m on the basis of the estimated future income the venues will produce, taking account of the £2.3m contribution to fit out costs that the operator has made. The change in the market value is mostly related to the decrease of the discount rate used from 9% to 8% due to market improvement.
Press and Broadcast Centre	19,000	15,040	3,960	The valuation of the Press and Broadcast Centre is based on the potential net income that the Legacy Corporation will receive over the 200 years of the lease with iCity (London) Limited. The change in the market value is mostly related to the decrease of the discount rate used from 8% to 7.5% due to market improvement.
Stadium	1,500	1,500	–	The Stadium is subject to a lease to let the Stadium to E20 Stadium LLP until 2115. The Legacy Corporation reversionary interest discounted back to the present day is valued at £1.5m.
ArcelorMittal Orbit	875	16,100	(15,225)	The ArcelorMittal Orbit has been valued at £875k on the basis of the earnings that could be generated from operating the attraction. The decrease is market value is mostly related to the reduction of the projected yearly ticketed admission.
Queen Elizabeth Olympic Park	120,000	85,000	35,000	Receipts from plot sales within the six development zones on the Park have been cash flowed on the basis of the phasing identified in the consented scheme, discounted at a present value. Primary infrastructure Section 106 obligations have been deducted from this value. The increase in market value is due to continued improvement of the residential market.
3 Mills Studios	2,500	3,000	(500)	The 3 Mills Studio site is held on a lease with 90 years outstanding. It has been valued on the investment method, adopting an estimated rental value for each building with a yield reflecting the leasehold interest and risks attaching to the income stream.
LTGDC transferred assets	6,560	5,035	1,525	These sites have been valued as industrial land, using comparable evidence to establish market value. The increase in the market value is mostly related to the improvement in the industrial land and residential redevelopment markets.
Other assets	12,195	10,710	1,485	Other sites have been valued using a mixture of estimated rental values applying an appropriate yield and comparable market value information from similar sites. The increase in the market value is mostly related to the improvement in the industrial land and residential redevelopment markets.
Total	**169,630**	**142,085**	**27,545**	

14. Investments in joint venture

E20 Stadium LLP

The Legacy Corporation has interest in a joint venture, E20 Stadium LLP, with the London Borough of Newham through its subsidiary Newham Legacy Investments Limited (NLI). E20 Stadium LLP is the only joint arrangement in which the Legacy Corporation currently participates. This partnership is designed to give the local area ownership of the Olympic Stadium and is the legal entity that now holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works required for the Rugby World Cup in 2015 and the subsequent use by West Ham United Football Club and UK Athletics.

The following table summarises the financial information of E20 Stadium LLP as included in its own financial statements.

	31 March 2014	31 March 2013
	£'000	**£'000**
Non-current assets	9,116	–
Current assets	7,812	–
Non-current liabilities	–	–
Current liabilities	(17,722)	–
Net assets	**(794)**	**–**
Revenue	1,000	–
Operating expense	(659)	–
Impairment	(25,284)	–
Interest expense	–	–
Income tax expense	–	–
Total comprehensive loss	**(24,943)**	**–**

The total comprehensive loss of the partnership is £25.0m; a negative adjustment in fair value of property, plant and equipment of £25.3m offset marginally by some revenue once operating expenses have been taken into account.

The fair value of property, plant and equipment under construction was determined by external, independent property valuers, Jones Lang LaSalle, who have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value of the Olympic Stadium after the transformation work was determined by considering what market value a hypothetical purchaser would be willing to pay. This assessment considered the level of income that the Olympic Stadium can generate in excess of operating expenditure, as well as market data of the performance of other European Stadium developments. As at 31 March 2014, the Stadium fair value is expected to be £60m once the transformation work has been completed in the summer of 2016.

In accordance with the Members' Agreement between the Legacy Corporation and NLI, any impairment loss should be offset against the Legacy Corporation's capital contribution in the first place before any impact on the contribution made by NLI. As a result the contribution made by the Legacy Corporation during the year has been fully impaired.

The movements for the year can be detailed as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Opening balance at 1 April	–	–
Investment	22,817	–
Impairment	(22,817)	–
Total investment in joint ventures	**–**	**–**

Capital commitments

During the year the partnership entered into three contracts to undertake the transformation of the Stadium for £160.5m. The Legacy Corporation is legally committed to finance these contracts up to a value of £121.8m (2012/13: nil).

15. Short-term debtors

	31 March 2014	31 March 2013
	£'000	£'000
Current		
Central government bodies	3,447	1,301
Other entities and individuals	12,237	11,490
Total short-term debtors	**15,684**	**12,791**

16. Cash and cash equivalents

	31 March 2014	31 March 2013
	£'000	£'000
Cash in hand and at bank	5,488	26,106
Investments	15,860	40,182
Total cash and cash equivalents	**21,348**	**66,288**

17. Current and non-current liabilities

	31 March 2014	31 March 2013
	£'000	**£'000**
Current		
Central government bodies	(266)	(1,300)
Other local authorities	(508)	(545)
Other entities and individuals	(44,353)	(34,763)
Total current liabilities	**(45,127)**	**(36,608)**
Non-current		
ArcelorMittal Orbit Limited	–	(9,197)
Olympic Park Transport and Environmental Management Scheme (OPTEMS)	–	(10,669)
Section 106 contributions	(3,060)	(3,379)
Stadium rent premium	(490)	–
Deferred taxation	(603)	(674)
Long-term creditors	**(4,153)**	**(23,919)**
Retirement benefit obligation (pension liability)	**(7,376)**	**(2,908)**
Total non-current liabilities	**(11,529)**	**(26,827)**

A loan of £10.1m (principal £9.2m plus unpaid interest), taken out to part fund the construction of the ArcelorMittal Orbit is repayable to ArcelorMittal Orbit Limited from future profits as and when they are generated. Discounted projected cash flow was used for calculation of the carrying amount. The projected cash flows are based on visitor numbers significantly lower than originally expected and result in the carrying value of the loan being set at nil. The Legacy Corporation assumed planning responsibilities for the Mayoral Development Corporation area including Queen Elizabeth Olympic Park from the ODA on 1 October 2012.

The Legacy Corporation received from the ODA on that date the unspent balance of the £20m contribution the ODA was obliged to make in 2008 under Section 106 of the Town & Country Planning Act 1990 for Olympic Park Transport and Environmental Management Schemes (OPTEMS). This fund is to be spent on schemes that aim to mitigate the adverse transportation effects of the development of Queen Elizabeth Olympic Park within neighbouring residential and business communities. The outstanding balance at the end of the financial year is £9.8m (2013: 10.7m) and has been fully classified as short-term creditors as the Legacy Corporation expects this balance to be paid during the year.

The Legacy Corporation also inherited unspent balances of Section 106 contributions received by London Thames Gateway Development Corporation upon that body's dissolution in January 2013. The outstanding balance at the end of the financial year is £4.8m (2013: £3.4m). £1.7m has been classified as short-term creditors as the Legacy Corporation expects this balance to be paid during the year.

During the year, the Legacy Corporation entered in a lease with E20 Stadium LLP for the lease of the Stadium Island Site, which includes the Stadium, up to 1 September 2115. Land and buildings have been considered separately for lease classification. The minimum lease payments have been considered to be mostly attached to the land element. For the land element, the Legacy Corporation does not substantially transfer all the risks and rewards of ownership of the leased asset and as such the land is classified as an operating lease. The building element is assumed to transfer substantially all the risks and rewards and is classified as a finance lease. E20 Stadium LLP has paid an upfront payment of £0.5m which is recognised in the income and expenditure statement on straight line basis over the term of the lease.

18. Pensions
The Legacy Corporation offers retirement benefits as part of the terms and conditions of employment to its employees. Employees of the Legacy Corporation are members of the Local Government Pension Scheme (LGPS) and the Homes and Communities Agency Pension Scheme.

Local Government Pension Scheme
The Legacy Corporation provided the opportunity for its employees to participate in the LGPS. The LGPS is administered by the London Pension Fund Authority and is a defined benefit statutory scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme Regulations (1997). The fund's actuaries, Bennett Waddingham, 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. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The employers' contribution rate for 2013/14 was 11.2% (2012/2013: 11.2%). Members pay contributions at rates correlating to pensionable salary bands. A surplus or deficit on the account would lead to an adjustment to the contribution rates, which are reviewed every three years.

Employer contributions of £0.7m were paid in 2014 (2013: £0.6m).The number of participating employees was 104 active members as at 31 March 2014 (2013: 77 active members). There were 16 deferred pensioners and 4 actual pensioners at 31 March 2014.

Principal assumptions used by the actuary

	31 March 2014	31 March 2013
Expected return on assets	%	%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.8	22.8
Women	25.4	23.8
Longevity at 65 for future pensioners:		
Men	25.1	24.7
Women	27.6	25.7
Rate of inflation	3.70%	3.40%
Rate of increase in salaries	4.70%	4.30%
Rate of increase in pensions	2.90%	2.60%
Rate for discounting scheme liabilities	4.60%	4.70%

The expected return on assets was based on the long-term expected investment return for each asset class as at the beginning of the period. The return on gilts and other bonds was 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.

The term of the employer's liabilities is estimated at 27 years.

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2014	31 March 2013
	£'000	£'000
Service cost	1,159	1,346
Total included in net cost of services	**1,159**	**1,346**
Net interest on the defined liability	120	127
Administration expenses	11	8
Total included in deficit on provision of services before tax	**131**	**135**
Remeasurement of the net defined benefit liability/asset	3,888	(479)
Total	**5,178**	**1,002**

Reconciliation of present value of the defined benefit obligation

	31 March 2014	31 March 2013
	£'000	£'000
Opening balance	**10,052**	**6,974**
Current service cost	1,159	1,099
Contributions by scheme participants	455	432
Change in financial assumptions	1,530	4
Change in demographic assumptions	(51)	–
Experience loss/(gain) on defined benefit obligations	2,170	–
Liabilities assumed/extinguished on settlements	–	519
Estimated benefits paid net of transfers in	120	666
Interest cost	486	358
Closing defined benefit obligation	**15,921**	**10,052**

Reconciliation of fair value of scheme assets

	31 March 2014	31 March 2013
	£'000	£'000
Opening balance	**7,144**	**3,585**
Interests on assets	366	231
Return on assets less interest	(88)	483
Other actuarial gains/(losses)	(151)	–
Administration expenses	(11)	(8)
Contributions by scheme participants	455	432
Contributions by the Legacy Corporation including unfunded benefits	710	1,483
Estimated benefit paid (net of transfers in and including unfunded)	120	666
Settlement prices received/(paid)	–	272
Fair value of scheme assets as at 31 March	**8,545**	**7,144**

The amount included in the balance sheet arising from the Legacy Corporation's obligation in respect of its defined benefit plans is as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Present value of the defined benefit obligation	(15,921)	(10,052)
Fair value of plan assets	8,545	7,144
Net liability arising from defined benefit obligation	**(7,376)**	**(2,908)**

Local Government Pension Scheme assets comprised

	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	£'000	%	£'000	%
Employer asset share — bid value				
Equities	4,529	53%	5,215	73%
LDI / cash flow matching	513	6%	n/a	n/a
Target return portfolio	2,564	30%	714	10%
Alternative assets	n/a	n/a	1,072	15%
Infrastructure	342	4%	n/a	n/a
Commodities	85	1%	n/a	n/a
Property	256	3%	n/a	n/a
Cash	256	3%	143	2%
Total	**8,545**	**100%**	**7,144**	**100%**

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	£'000	£'000
Adjustment to discount rates	+ 0.1%	0.0%	− 0.1%
Present value of total obligation	15,509	15,921	16,344
Projected service cost	1,221	1,255	1,289
Adjustment to long-term salary increase	+ 0.1%	0.0%	− 0.1%
Present value of total obligation	16,034	15,921	15,809
Projected service cost	1,255	1,255	1,255
Adjustment to pension increases and deferred revaluation	+ 0.1%	0.0%	− 0.1%
Present value of total obligation	16,238	15,921	15,614
Projected service cost	1,290	1,255	1,220
Adjustment to mortality age rating assumption	+ 1 Year	None	− 1 Year
Present value of total obligation	15,439	15,921	16,403
Projected service cost	1,217	1,255	1,292

Impact on the Legacy Corporation's cash flows

The total contributions expected to be made to the Local Government Pension Scheme by the Legacy Corporation in the year to 31 March 2015 is £1.6m.

Homes and Communities Agency Pension Scheme

The Homes and Communities Agency Pension Scheme is a defined benefits scheme but 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.

As at 31 March 2012, the overall deficit of the pension scheme was £129m, of which the Legacy Corporation's share represents 0.366%.

Contributions on behalf of the two employees who are members of the above scheme are accounted for in operating costs and amount to £31,656 (2013: £67,000).

The total contributions expected to be made to the Homes and Communities Agency Pension Scheme by the Legacy Corporation in the year to 31 March 2015 is £31,000.

19. Cash flow notes

a. Adjustments to net deficit for non-cash movement

	31 March 2014	31 March 2013
	£'000	**£'000**
Depreciation of property plant and equipment	796	149
Amortisation of intangibles	37	223
Reversal of defined benefit pensions services costs	1,290	387
Increase in interest debtors	–	(182)
Reversal of impairment on investment in joint venture	22,817	–
Cash payments for employer's contributions to pension funds	(710)	–
(Increase) in trade and other debtors	(2,893)	(23,134)
Increase/(decrease) in trade and other creditors	(11,067)	2,302
Increase in bad debt provision	(11)	–
Other non-cash movement	–	(34)
Net book value of non-current assets disposal	1,163	–
Changes in fair value of investment property	168,135	1,280,898
Tax paid	(508)	–
Adjustment to net deficit for non-cash movements	**179,049**	**1,260,609**
Adjust for items included in the net deficit on the provisions of services that are investing or financing activities		
Capital grants credited to the deficit on the provision of services	(190,353)	(136,681)
Gain/loss on sale of investment property	(1,911)	–

The cash flows from operating activities includes interest received of £0.2m for the year ended 2014 (2013: £0.2m).

b. Investing activities

	31 March 2014	31 March 2013
	£'000	**£'000**
Purchase of property, plant and equipment, investment property and intangible assets	(197,618)	(97,105)
Investment in joint venture	(22,817)	–
Proceeds from the sale of property, plant and equipment, investment property and intangible assets proceeds from sale of land and buildings	1,911	1,815
Capital grant received	190,353	136,681
Other capital receipts	–	2,000
Net cash outflow from investing activities	**(28,171)**	**43,391**

c. Financing activities

	31 March 2014	31 March 2013
	£'000	**£'000**
Movement on OPTEMS fund	(1,051)	10,669
Movement on S106 fund	1,390	3,379
Net cash flow from financing activities	**339**	**14,048**

20. Unusable reserves

	31 March 2014	31 March 2013
	£'000	**£'000**
Capital Adjustment Account	(155,431)	(135,819)
Pensions reserve	7,376	2,908
Accumulated Absences Account	121	67
Balance at 31 March	**(147,934)**	**(132,844)**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement elements of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Legacy Corporation for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated or transferred assets that have yet to be consumed by the Legacy Corporation.

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Legacy Corporation accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the Legacy Corporation makes employee contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the pensions reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources that the Legacy Corporation has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

Further breakdown within unusable reserves is shown below.

Capital Adjustment Account

	31 March 2014	31 March 2013
	£'000	£'000
Balance as at 1 April	(135,819)	(1,301,757)
Charges for depreciation and amortisation	833	372
Capital grants applied	(190,353)	(119,165)
Capital grants transferred from the Unapplied Account	(17,516)	–
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,163	–
Capital receipts received during the year	–	1,815
Capital receipts used during the year	(3,726)	–
Revenue expenditure funded from capital under statute	8,232	2,018
Impairment charged to the Comprehensive Income and Expenditure Statement	190,952	1,280,898
Movement in the fair value of loan charged to the Comprehensive Income and Expenditure Statement	(9,197)	–
Balance at 31 March	**(155,431)**	**(135,819)**

Pensions reserve

	31 March 2014	31 March 2013
	£'000	£'000
Balance as at 1 April	2,908	3,390
Remeasurements of the net defined benefit liability/(asset)	3,888	(479)
Reversal of charges relating to retirement benefits	1,290	1,481
Employer's pension contribution and direct payments to pensioners payable in the year	(710)	(1,484)
Balance at 31 March	**7,376**	**2,908**

Accumulated absences reserve

	31 March 2014	31 March 2013
	£'000	£'000
Balance as at 1 April	67	–
Settlement or cancellation of accrual made at the end of the preceding year	(67)	–
Amounts accrued at the end of the current year	121	67
Balance at 31 March	**121**	**67**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements	(54)	67

21. Adjustments between accounting basis and funding under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Legacy Corporation in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Legacy Corporation to meet capital and revenue expenditure.

For the year ended 31 March 2014

	General Fund	Capital Receipts Reserves	Capital Grants Unapplied	Total usable reserves	Movement in unusable reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation amortisation and impairment of non-current assets	(833)	–	–	(833)	833
Movements in the market value of investment property	(168,135)	–	–	(168,135)	168,135
Movements in the fair value of loan used to finance investment property	9,197	–	–	9,197	(9,197)
Impairment of joint venture investment	(22,817)	–	–	(22,817)	22,817
Capital grants and contributions applied	190,353	–	–	190,353	(190,353)
Revenue expenditure funded from capital under statute	(8,232)	–	–	(8,232)	8,232
Net gain/loss on disposal on non-current assets charged to the Comprehensive Income and Expenditure Statement	748	–	–	748	(748)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure charged against the General Fund and HRA balances	–	–	–	–	–
Adjustments involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	–	–	–	–	–
Application of grants to capital financing transferred to the Capital Adjustment Account	–	–	17,516	17,516	(17,516)
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	–	(1,911)	–	(1,911)	1,911
Use of the Capital Receipts Reserve to finance new capital expenditure		3,726		3,726	(3,726)
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,290)	–	–	(1,290)	1,290
Employer's pensions contributions and direct payments to pensioners payable in year	710	–	–	710	(710)
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(54)	–	–	(54)	54
Total adjustments	**(353)**	**1,815**	**17,516**	**18,978**	**(18,978)**

For the year ended 31 March 2013

	General Fund	Capital Receipts Reserves	Capital Grants Unapplied	Total usable reserves	Movement in unusable reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation amortisation and impairment of non-current assets	(372)	–	–	(372)	372
Movements in the market value of investment property	(1,280,898)	–	–	(1,280,898)	1,280,898
Capital grants and contributions applied	119,165	–	–	119,165	(119,165)
Revenue expenditure funded from capital under statute	(2,018)	–	–	(2,018)	2,018
Adjustments involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	17,516	–	(17,516)	–	–
Adjustments involving the Capital Receipts Reserve					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	–	(1,815)	–	(1,815)	1,815
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,481)	–	–	(1,481)	1,481
Employer's pensions contributions and direct payments to pensioners payable in year	687	–	–	687	(687)
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(67)	–	–	(67)	67
Total adjustments	**(1,147,468)**	**(1,815)**	**(17,516)**	**(1,166,799)**	**1,166,799**

22. Trading operations

The Group has five trading operations:

3 Mills: The Legacy Corporation holds a 99-year lease over 3 Mills Studios, of which the unexpired term is 90 years. The Studios are managed by Deloitte Real Estate. The overall objective is to build a thriving creative centre for east London, through proactive generation of revenue and the control of costs to deliver a financially robust operation of the Studios to support ongoing development of the area. The deficit for the financial year was £451k.

ArcelorMittal Orbit: The ArcelorMittal Orbit is managed by Cofely on behalf of the Legacy Corporation and was opened to the public on 5 April 2014. The main objective is to launch a high quality attraction, with event and visitor facilities. The revenues from the ArcelorMittal Orbit mainly comprise ticketing sales, catering sales and fees, charges relating to private functions and special events. The costs incurred on the ArcelorMittal Orbit over the last financial year were £2.1m which included all security and mobilisation costs ahead of the reopening in April 2014.

London Aquatics Centre and Copper Box Arena: The Copper Box Arena opened in its post-Games mode in July 2013 and the London Aquatics Centre in March 2014. Both venues are operated by Greenwich Leisure Limited. The trading objective is to maximize usage of the facilities. The net return generated by the Legacy Corporation over the last financial year was £29k.

Timber Lodge: The Timber Lodge Café started to operate in July 2013. The Legacy Corporation has a head lease from Lee Valley Regional Park Authority for the Timber Lodge which is operated by The Camden Society. The Timber Lodge is expected to generate an increasing footfall when East Village is fully occupied and Park activity increases. The venue provides space to be rented out to community groups and local business. The net return generated by the Legacy Corporation over the last financial year was £29k.

Operation		31 March 2014	31 March 2014	31 March 2013	31 March 2013
		£'000	£'000	£'000	£'000
3 Mills	Turnover	(2,197)		(3,245)	
	Expenditure	2,648		3,616	
	Deficit		451		371
ArcelorMittal Orbit	Turnover	(646)		(32)	
	Expenditure	2,093		173	
	Deficit		1,447		141
London Aquatics Centre and Copper Box Arena	Turnover	(29)		–	
	Expenditure	–		–	
	Surplus		(29)		–
Timber Lodge	Turnover	(29)		–	
	Expenditure	–		–	
	Surplus		(29)		–
	Net deficit on trading operations		1,840		512

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement.

As all the venues used for trading are classified as investment properties all income in relation to the venues is treated as income in relation to investment property, and all expenditure likewise is recognised as expenditure in relation of investment property (see note 13).

	31 March 2014	31 March 2013
	£'000	£'000
Income in relation to investment property	(2,901)	(3,277)
Expenditure in relation to investment property	4,741	3,789
Net deficit on trading operations charged to financing and investment	1,840	512

23. Related party transactions

The Legacy Corporation is required to disclose material transactions with related parties — bodies or individuals that have the potential to control or influence the Legacy Corporation or to be controlled or influenced by the Legacy Corporation. Disclosure of these transactions allows readers to assess the extent to which the Legacy Corporation might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Legacy Corporation.

The related parties to the Legacy Corporation are:

- central government;
- other public bodies (including the Greater London Authority);
- entities controlled or significantly influenced by the Legacy Corporation; and
- its Members and Executive Management Team.

Central government and other public bodies — income and expenditure

All relationships were as delivery partners to the Legacy Corporation and significant transactions for the years ended 31 March 2013 and 2014 were as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Income		
Greater London Authority[1]	(213,625)	(151,084)
E20 Stadium LLP[2]	(9,850)	–
Transport for London[3]	(335)	(351)
Olympic Delivery Authority[4]	(871)	(1,791)
London Borough of Newham[5]	(20)	–
Lee Valley Regional Park Authority	(15)	–
London Borough of Hackney[6]	(6)	–
The London Organising Committee of the Olympic and Paralympic Games[7]	–	(8,511)
Crossrail Limited	–	(1,814)
Sport England[8]	–	(146)
London Borough of Waltham Forest[9]	(1)	–
Expenditure		
Greater London Authority[1]	23	29
Transport for London[3]	1,281	52
Olympic Delivery Authority[4]	4,922	2,108
London Borough of Newham[5]	2,990	4,972
Lee Valley Regional Park Authority	113	674
London Borough of Hackney[6]	430	678
The London Organising Committee of the Olympic and Paralympic Games[7]	–	13
London Borough of Waltham Forest[9]	261	500
London Borough of Barking and Dagenham	80	42
London Borough of Tower Hamlets[10]	246	1,397
The Legacy List[11]	159	150
Cabinet Office	11	–

[1] The Chair of LLDC, Boris Johnson, is the Mayor of London.
LLDC Deputy Chairman Neale Coleman is the GLA's Mayoral Advisor on Tottenham and the Olympic and Paralympic legacy.
[2] Board members David Edmonds, David Gregson and Nicky Dunn are E20 Stadium LLP board members.
[3] Board members Baroness Grey-Thompson and Boris Johnson are Transport for London board members.
[4] LLDC Deputy Chairman Neale Coleman is also board member of the Olympic Delivery Authority.
[5] Board member Sir Robin Wales is Mayor of Newham.
[6] Board member Jules Pipe is Mayor of Hackney.
[7] Board member Sir Robin Wales was a member of the London Organising Committee for the Olympic and Paralympic Games board.
[8] Board member Nick Bitel is Chair of Sport England.
[9] Board member Chris Robbins is Leader of Waltham Forest council.
[10] Board member Lutfur Rahman is Mayor of Tower Hamlets.
[11] Board member Lord Mawson is a member of the Legacy List board.

ACCOUNTS

Members and Executive Management Team — income and expenditure

Members of the Legacy Corporation have direct control over the Legacy Corporation's financial and operating policies. The total of Members' allowances paid in 2013/14 is shown in note 6.

Members and the Executive Management Team were required to complete a declaration regarding any related party transactions with the Legacy Corporation, which are subject to external audit.

Other related parties transactions for Members are disclosed as follows:

Organisation	Income 31 March 2014	Income 31 March 2013	Expenditure 31 March 2014	Expenditure 31 March 2013	Nature of relationship
	£'000	£'000	£'000	£'000	
Archant Media Ltd	–	–	–	10	LLDC Member Sonita Alleyne also Non-executive Director of Archant Media Ltd
Precise Media Group	–	–	58	11	LLDC Member David Gregson also Chairman of Precise Media Group
Bromley-by-Bow Centre	–	–	38	–	LLDC Chair of the Regeneration and Communities Committee Lord Mawson also Founder and President of Bromley-by-Bow Centre
St Paul's Way Trust School	–	–	5	–	LLDC Chair of the Regeneration and Communities Committee Lord Mawson also Director of St Paul's Way Trust School
Deloitte	–	–	996	1,314	Husband of the Executive Director of Development Rosanna Lawes is a Director of Deloitte Real Estate
London Marathon Trust	750	–	–	–	LLDC Member Nick Bitel also Chief Executive of the London Marathon Trust

Related parties — outstanding balances

Outstanding balances with related parties as at 31 March 2014 and 2013 are as follows:

Organisation	Income 31 March 2014	Income 31 March 2013	Expenditure 31 March 2014	Expenditure 31 March 2013
	£'000	£'000	£'000	£'000
Olympic Delivery Authority	36	414	244	347
E20 Stadium LLP	9,850	–	–	–
London Borough of Barking and Dagenham	–	–	24	–
Greater London Authority	–	–	19	–
London Borough of Newham	–	–	402	80
London Borough of Tower Hamlets	–	–	41	168
London Borough of Hackney	–	–	1	170
London Borough of Waltham Forest	1	–	40	126
The London Organising Committee of the Olympic and Paralympic Games	–	8,511	–	–

24. Operating leases

a. Leases as lessee

At 31 March, the future minimum lease payments under non-cancellable leases are:

	31 March 2014	31 March 2013
	£'000	£'000
Within one year	921	581
Between 2–5 years	3,684	3,684
Over five years	22,288	23,806
	26,893	**28,071**

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2014	31 March 2013
	£'000	£'000
Rent payable in year	921	581
	921	**581**

b. Leases as lessor

Details of properties leased out as operating leases include:

- London Aquatics Centre and Copper Box Arena: Greenwich Leisure Limited has been appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10-year arrangement;
- Stadium: leased to E20 Stadium LLP (see more details in note 17);
- Press and Broadcast Centres: leased to iCity (London) Limited over a 200-year lease;
- Off-Park rental properties: currently leased by a mixture of industrial and residential tenants;
- LTGDC transferred assets: currently leased by industrial tenants;
- Queen Elizabeth Olympic Park: various cafés and kiosks leased across the Park.

At 31 March, the future minimum lease receivables under non-cancellable leases are:

	31 March 2014	31 March 2013
	£'000	£'000
Within one year	945	399
Between 2–5 years	2,140	1,385
Over five years	805	804
	3,890	**2,588**

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2014	31 March 2013
	£'000	£'000
Rent receivable in year	2,277	3,010
	2,277	**3,010**

25. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	31 March 2014	31 March 2013
	£'000	**£'000**
Opening capital financing requirement	**9,197**	**9,197**
Capital investment		
Property plant and equipment	750	1,971
Investment property	196,843	115,121
Investment in joint venture	22,817	–
Intangible assets	25	55
Revenue expenditure funded from capital under statute	8,232	2,018
Sources of finance		
Government grants and other contributions	(190,353)	(119,165)
Application of grants to capital financing transferred to the Capital Adjustment Account	(17,516)	–
Capital Receipt Reserve	(3,726)	–
Movement in the fair value of financial liabilities	(9,197)	–
Closing capital financing requirement	**17,072**	**9,197**
Explanation of movement in year Sources of finance		
Opening capital financing requirement	9,197	9,197
Increase/(decrease) in underlying need to borrow	7,875	–
Closing capital financing requirement	**17,072**	**9,197**

The Capital Financing Requirement represents the underlying need for the Legacy Corporation to borrow for capital purposes. The increase in the year represents capital expenditure that has been accrued at year end and therefore application for a grant has not been made yet.

26. Financial instruments

Categories of financial instruments

The following categories of financial instruments are carried in the balance sheet:

	31 March 2014	31 March 2013
	£'000	£'000
Financial assets		
Current		
Loans and receivable at amortised costs	11,402	11,799
Net cash and cash equivalents	21,348	66,288
Total financial assets	32,750	78,087
Financial liabilities		
Current		
Financial liabilities at amortised costs	(18,035)	(33,232)
Non-current		
Financial liabilities at amortised costs	(3,060)	(23,919)
Total financial liabilities	(21,095)	(57,151)

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity of another. The figures included in the balance sheet are adjusted to exclude items that are deemed exempt. This includes but is not limited to accruals, prepayments, receipts in advance and statutory debts.

Income, expense, gains and losses

	2013/14 Financial liabilities measured at amortised costs	2013/14 Financial assets: loans and receivables	2012/13 Financial liabilities measured at amortised costs	2012/13 Financial assets: loans and receivables
	£'000	£'000	£'000	£'000
Interest expense	–	–	–	–
Interest income	–	(197)	–	(334)
Net (gain)/loss for the year	**–**	**(197)**	**–**	**(334)**

Fair values of assets and liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term creditors are carried in the balance sheet at amortised cost. Under the Code, the Legacy Corporation is required to disclose information comparing the fair values and carrying values for those financial instruments whose carrying value is not a reasonable approximation for fair value.

The following table gives this information:

	2013/14 Carrying amount	2013/14 Fair value	2012/13 Carrying amount	2012/13 Fair value
	£'000	£'000	£'000	£'000
Financial assets				
Loans and receivable	11,402	11,402	11,799	11,799
Cash and cash equivalents	21,348	21,348	66,288	66,288
Total financial assets	**32,750**	**32,750**	**78,087**	**78,087**
Financial liabilities at amortised costs				
Borrowings	–	–	(9,197)	(9,197)
Short-term creditors	(18,035)	(18,035)	(33,232)	(33,232)
Long-term creditors	(3,060)	(3,060)	(14,722)	(14,722)
Total financial liabilities	**(21,095)**	**(21,095)**	**(57,151)**	**(57,151)**

Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value. Hence, short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The carrying value of the long-term creditors has been assessed to not being materially different to their fair value.

Nature and extent of risks arising from financial instruments

The Legacy Corporation's activities expose it to a variety of financial risks, primarily:

- Treasury management risk — the risk of cash deposits not actually being secure or earning appropriate interest;
- Credit risk — the possibility other parties might fail to pay amounts due to the Legacy Corporation;
- Liquidity risk — the possibility that the Legacy Corporation may not have the funds available to meet its commitments to make payments as they arise; and
- Market risk — the possibility that financial loss might arise as a result of changes in interest rates.

Treasury management risk

Maintaining affordability of borrowings, preserving invested principal and maintaining prudent levels of liquidity are the key treasury management objectives of the Legacy Corporation. The execution and operational aspects of investment and borrowing, together with the management of external advisors, are delegated to the Greater London Authority (GLA) under a shared service agreement managed by the Executive Director of Finance and Corporate Services. The nature of the Legacy Corporation's current funding model means treasury operations are focussed on the management of short-term cash balances. The objectives are security of capital, meeting the organisation's operational cash flow requirements and obtaining the best available yield from balances available for investment. The priorities are ranked in that order, security, liquidity then yield. A risk sharing agreement ensures risk and return relating to each instrument within the jointly controlled portfolio are shared in direct proportion to each participant's investment. The Legacy Corporation has currently invested £1.6m in the GIS and £14.3m in the GLA and does not expect any losses in relation to the investments placed.

Credit risk

Credit risk is the possibility that other parties may not pay amounts due to the Legacy Corporation. The Legacy Corporation carries out certain functions for which charges are levied and for which invoices have to be raised. Prior to most contracts being agreed, creditworthiness checks on potential suppliers or business partners are performed.

The table below shows the gross amounts due to the Legacy Corporation from its financial assets, and the amounts which have been impaired due to likely uncollectability. The net carrying value which is shown on the balance sheet represents the maximum credit risk to which the Legacy Corporation is exposed.

			As at 31 March 2014
£'000	**Gross value**	**Impairment value**	**Net value**
Deposits with financial institutions	21,240		21,240
Accrued interest on deposits	108		108
Debtors with joint venture entity	9,461		9,461
Trade debtors	2,018	(77)	1,941
Total exposure	**32,827**	**(77)**	**32,750**

Liquidity risk

Liquidity risk is the risk that the Legacy Corporation will not be able to meet its financial obligations as they fall due. The Legacy Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash flow forecasts are prepared and given to the GLA to inform cash drawdown and an agreement is in place for emergency cash drawdown available within 24 hours should the need arise. The Legacy Corporation also maintains a prudent balance of cash with its bankers to ensure that its liquidity objective is met. Borrowing within the prescribed limits is permissible where so doing represents prudent management of the Legacy Corporation's affairs although direct borrowing for capital expenditure is not currently authorised.

The table below shows the long-term borrowing of the Legacy Corporation by date of maturity.

	2013/14	2012/13
	£'000	**£'000**
Maturing in 1–2 years	1,840	13,089
Maturing in 2–5 years	1,220	2,302
Maturing in 5–10 years	–	1,618
Maturing in more than 10 years	–	6,910
Long-term financial liabilities with more than one year to mature	**3,060**	**23,919**
Long-term financial liabilities maturing within one year	**1,093**	**–**
Total financial liabilities	**4,153**	**23,919**

27. Contingent liabilities

The Legacy Corporation recognises the following contingent liabilities:

VAT Partial Recovery Rate

LLDC is currently in discussion with HMRC to confirm its rate of VAT recovery, which currently stands at 47%. HMRC is considering whether the current recovery rate is appropriate. However at this point in time the Legacy Corporation has insufficient information regarding the potential outcome on which to make a reasonable estimate of any potential liability. Any future change in the VAT recovery rate may have a material impact on the financial statements; for example, a decrease of 5% of the recoverability rate would result in an additional expense of £1.9m in the Comprehensive Income and Expenditure Statement.

ArcelorMittal Orbit loan

LLDC recognises a contingent liability for the loan of £10.1m (principal £9.2m plus unpaid interest), used to part fund the construction of the ArcelorMittal Orbit. LLDC's obligation to repay the loan to ArcelorMittal Orbit Limited only arises in the event profits are generated from the trading activity. Currently projected cash flows are based on visitor numbers significantly lower than originally expected, this results in the carrying value of the loan being set at nil and there being an uncertain obligation that LLDC will have to repay monies to ArcelorMittal Orbit Limited. In the contingent event of increased visitor numbers and therefore increased profits occurring, the liability may become due.

GROUP ACCOUNTS

Introduction

The Legacy Corporation has an interest in a joint venture, E20 Stadium LLP, with the London Borough of Newham through its subsidiary Newham Legacy Investments Limited. This means that the Legacy Corporation's own financial statements may not fully reflect its activities.

The aim of the Group accounts is to give an overall picture of the activities of the Legacy Corporation and the resources used to carry out those activities.

Basis of preparation of Group accounts

The Code requires local authorities with material interests in joint ventures to prepare Group financial statements. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venture's unanimous consent for strategic financial and operating decisions. The Group's financial statements incorporate the financial statements of the Legacy Corporation and its joint venture E20 Stadium LLP as at the year end.

Jointly controlled entities are accounted for using the equity method (equity-accounted investment) and are initially recognised at cost. The Group financial statements include the Group's share of the total comprehensive income and equity movements of equity-accounted investment, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

The partnership was incorporated on 6 July 2012 and did not trade during its first financial period ended 31 March 2013. This is therefore the first year that the Legacy Corporation is required to prepare Group accounts. The figures included in these accounts for E20 Stadium LLP are draft figures subject to audit. There are no material differences between the accounting policies adopted by E20 Stadium LLP and those of the Legacy Corporation.

Group Comprehensive Income and Expenditure Statement

All note numbers below make reference to notes from the entity accounts, except the notes number starting with G, which are specific to the Group accounts and can be found in the notes to the Group financial statements section.

For the year ended 31 March 2014

		31 March 2014	Restated 31 March 2013
	Notes	£'000	£'000
Gross income[1]	2	(43,912)	(25,906)
Gross expenditure[2]	4	53,655	26,609
Net cost of services		**9,743**	**703**
Financing and investment income	7	(14,411)	(3,844)
Change in fair value of investment properties[2]	13	168,135	1,280,898
Financing and investment expenditure	8	8,352	6,603
Taxation and non-specific grant income	9	(190,353)	(136,681)
(Surplus) or deficit on the provision of services before tax		**(18,534)**	**1,147,679**
Share of the (surplus) or deficit on the provision of services of joint venture	G1	23,873	–
Corporation tax	10	(319)	943
Deferred tax	10	(71)	674
(Surplus) or deficit on the provision of services after tax		**4,949**	**1,149,296**
Other comprehensive income and expenditure			
Remeasurement of the net defined benefit liability/asset	18	3,888	(479)
Total comprehensive income and expenditure		**8,837**	**1,148,817**

[1] All the Legacy Corporation's services are classified under CIPFA Services Reporting Code of Practice (SeRCOP) for Local Authority Accounting in the UK as planning and development services.
[2] In 2012/13 this amount represents an exceptional item for the write down of investment property including the assets transferred from the Olympic Delivery Authority following a change in valuation methodology.

Group balance sheet
As at 31 March 2014

	Notes	31 March 2014 £'000	Restated 31 March 2013 £'000
Long-term assets			
Intangible assets	11	49	61
Property, plant and equipment	12	2,824	2,870
Investment property	13	169,630	142,085
		172,503	**145,016**
Current assets			
Short-term debtors	15	15,684	12,791
Cash and cash equivalents	16	21,348	66,288
		37,032	**79,079**
Total assets		**209,535**	**224,095**
Current liabilities			
Short-term creditors	17	(45,127)	(36,608)
		(45,127)	**(36,608)**
Long-term liabilities			
Long-term creditors	17	(4,153)	(23,919)
Retirement benefit obligation	18	(7,376)	(2,908)
Investment in joint venture	G1	(1,056)	–
		(12,585)	**(26,827)**
Total liabilities		**(57,712)**	**(63,435)**
Net assets		**151,823**	**160,660**
Reserves			
Usable reserves		(4,945)	(27,816)
Unusable reserves	G2	(146,878)	(132,844)
Total reserves		**(151,823)**	**(160,660)**

ACCOUNTS

Group movement in reserves statement
As at 31 March 2014

	Notes	General Funds	Capital Receipts Reserve	Capital Grants Unapplied Account	Total usable reserve	Unusable reserves	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013		(8,485)	(1,815)	(17,516)	(27,816)	(132,844)	(160,660)
Movement in reserves during 2013/14							
Deficit on the provision of services	From CIES	(18,924)	–	–	(18,924)	–	(18,924)
Authority's share of the reserves of subsidiaries associated and joint ventures	From CIES	23,873			23,873		23,873
Other comprehensive income and expenditure	From CIES	–	–	–	–	3,888	3,888
Total comprehensive income and expenditure		**4,949**	**–**	**–**	**4,949**	**3,888**	**8,837**
Adjustments between accounting and funding basis under regulations	G3	(1,409)	1,815	17,516	17,922	(17,922)	–
Decrease/(increase) in 2013/14		**3,540**	**1,815**	**17,516**	**22,871**	**(14,034)**	**8,837**
Balance at 31 March 2014		**(4,945)**	**–**	**–**	**(4,945)**	**(146,878)**	**(151,823)**

Group statement of cash flows
For the year ended 31 March 2014

		31 March 2014	Restated 31 March 2013
	Notes	£'000	£'000
(Deficit) on the provision of services		(4,949)	(1,149,296)
Adjustments for non-cash movements	G4	180,105	1,260,609
Adjustments for items included in the net (deficit) on the provision or services that are investing and financing activities	G4	(192,264)	(136,681)
Net cash flows from operating activities		**(17,108)**	**(25,368)**
Investing activities	G4	(28,171)	43,391
Financing activities	G4	339	14,048
Net increase/(decrease) in cash and cash equivalents		**(44,940)**	**32,071**
Cash and cash equivalents at the start of the year		66,288	**34,217**
Cash and cash equivalents at the end of the year		**21,348**	**66,288**

Notes to the Group financial statements

The notes below give information on the areas that have materially changed on consolidation of the Group entities into the Legacy Corporation's individual accounts.

G1. Joint venture

The table below reconciles the summarised financial information of E20 Stadium LLP as included in its own draft financial statements to the carrying amount of the Legacy Corporation's interest in E20 Stadium LLP.

	31 March 2014	31 March 2013
	£'000	**£'000**
Non-current assets	9,116	–
Current assets	7,812	–
Non-current liabilities	–	–
Current liabilities	(17,722)	–
Net assets	**(794)**	**–**
Group's share of net assets	**(1,056)**	**–**
Carrying amount of interest in joint venture	**(1,056)**	**–**
Revenue	1,000	–
Operating expense	(659)	–
Impairment	(25,284)	–
Interest expense	–	–
Income tax expense	–	–
Total comprehensive loss	**(24,943)**	**–**
Group's share of total comprehensive loss	**(23,873)**	**–**

In accordance with the Members' Agreement between the Legacy Corporation and Newham Legacy Investments Limited (NLI), any impairment loss will be firstly offset in full against the Legacy Corporation's capital contribution before any call is made on the contribution made by the London Borough of Newham through NLI. The Members' agreement also specifies that during the transformation phase, the Legacy Corporation is liable in full for the operating losses of the partnership even if they exceed of its capital contribution. As a result, the share of loss taken by the Legacy Corporation amounts for 95.7% of the total loss of the partnership and the Legacy Corporation has a liability of £1.1m at the year end in respect of its participation in E20 Stadium LLP.

G2. Unusable reserves

	31 March 2014	31 March 2013
	£'000	**£'000**
Capital Adjustment Account	(154,375)	(135,819)
Pensions reserve	7,376	2,908
Accumulated Absences Account	121	67
Balance at 31 March	**(146,878)**	**(132,844)**

Capital Adjustment Account

	31 March 2014	31 March 2013
	£'000	£'000
Balance as at 1 April	(135,819)	(1,301,757)
Charges for depreciation and amortisation	833	372
Capital grants applied	(190,353)	(119,165)
Capital grants transferred from the Unapplied Account	(17,516)	–
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,163	–
Capital receipts received during the year		1,815
Capital receipts used during the year	(3,726)	–
Revenue expenditure funded from capital under statute	8,232	2,018
Impairment charged to the Comprehensive Income and Expenditure Statement	192,008	1,280,898
Movement in the fair value of loan charged to the Comprehensive Income and Expenditure Statement	(9,197)	–
Balance at 31 March	**(154,375)**	**(135,819)**

Pensions reserve

	31 March 2014	31 March 2013
	£'000	£'000
Balance as at 1 April	2,908	3,390
Remeasurements of the net defined benefit liability/(asset)	3,888	(479)
Reversal of charges relating to retirement benefits	1,290	1,481
Employer's pension contribution and direct payments to pensioners payable in the year	(710)	(1,484)
Balance at 31 March	**7,376**	**2,908**

Accumulated absences reserve

	31 March 2014	31 March 2013
	£'000	£'000
Balance as at 1 April	67	–
Settlement or cancellation of accrual made at the end of the preceding year	(67)	–
Amounts accrued at the end of the current year	121	67
Balance at 31 March	**121**	**67**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements	54	67

G3. Adjustments between accounting basis and funding under regulations

	General Fund	Capital Receipts Reserves	Capital Grants Unapplied	Total usable reserves	Movement in unusable reserves
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation amortisation and impairment of non-current assets	(833)	–	–	(833)	833
Movements in the market value of investment property	(168,135)	–	–	(168,135)	168,135
Movements in the fair value of loan used to finance investment property	9,197	–	–	9,197	(9,197)
Movements in the market value of joint venture	(23,873)			(23,873)	23,873
Capital grants and contributions applied	190,353	–	–	190,353	(190,353)
Revenue expenditure funded from capital under statute	(8,232)	–	–	(8,232)	8,232
Net gain/loss on disposal on non-current assets charged to the Comprehensive Income and Expenditure Statement	748	–	–	748	(748)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure charged against the General Fund and HRA balances	–	–	–	–	–
Adjustments involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	–	–	–	–	–
Application of grants to capital financing transferred to the Capital Adjustment Account	–	–	17,516	17,516	(17,516)
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	–	(1,911)	–	(1,911)	1,911
Use of the Capital Receipts Reserve to finance new capital expenditure	–	3,726	–	3,726	(3,726)
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,290)	–	–	(1,290)	1,290
Employer's pensions contributions and direct payments to pensioners payable in year	710	–	–	710	(710)
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(54)	–	–	(54)	54
Total adjustments	**(1,409)**	**1,815**	**17,516**	**17,922**	**(17,922)**

G4. Cash flow notes

a. Adjustments to net deficit for non-cash movement

	31 March 2014	31 March 2013
	£'000	£'000
Depreciation of property plant and equipment	796	149
Amortisation of intangibles	37	223
Reversal of defined benefit pensions services costs	1,290	387
Increase in interest debtors	–	(182)
Reversal of share of loss or profit on joint venture	23,873	–
Cash payments for employer's contributions to pension funds	(710)	–
(Increase) in trade and other debtors	(2,893)	(23,134)
Increase/(decrease) in trade and other creditors	(11,067)	2,302
Increase in bad debt provision	(11)	–
Other non-cash movement	–	(34)
Net gain or loss on non-current assets disposal	1,163	–
Changes in fair value of investment property	168,135	1,280,898
Tax paid	(508)	–
Adjustment to net deficit for non-cash movements	**180,105**	**1,260,609**
Adjust for items included in the net deficit on the provisions of services that are investing or financing activities		
Capital grants credited to the deficit on the provision of services	(190,353)	(136,681)
Gain/loss on sale of investment property	(1,911)	–

The cash flows from operating activities include interest received of £0.2m in the year ending 2014 (2013: £0.2m).

b. Investing activities

	31 March 2014	31 March 2013
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(197,618)	(97,105)
Investment in joint venture	(22,817)	–
Proceeds from the sale of property, plant and equipment, investment property and intangible assets proceeds from sale of land and buildings	1,911	1,815
Capital grant received	190,353	136,681
Other capital receipts	–	2,000
Net cash outflow from investing activities	**(28,171)**	**43,391**

c. Investing activities

	31 March 2014	31 March 2013
	£'000	£'000
Movement on OPTEMS fund	(1,051)	10,669
Movement on S106 fund	1,390	3,379
Net cash flow from financing activities	**339**	**14,048**

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility
The London Legacy Development Corporation (LLDC) is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011. Its aims were defined by the Mayor of London as follows:

> "To promote and deliver physical, social, economic and environmental regeneration in the Olympic Park and surrounding area, in particular by maximising the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence."

The Legacy Corporation is a functional body of the GLA, which operates within the overall legislative and governance framework provided by the GLA Act 1999 and 2007; the Mayor of London appoints members to its board and allocates its budgets. The Legacy Corporation became planning authority within its Mayoral development area on 1 October 2012.

The Mayor is also able to direct the Legacy Corporation in the exercise of its functions, and to delegate functions to it. In July 2012, the Mayor approved a general consent for the LLDC to give financial assistance by way of a grant with a total lifetime cost up to £100,000 in line with Section 213 and 221 of the Localism Act 2011. In November 2012, the Mayor delegated to the Legacy Corporation powers to promote economic development and wealth creation, social development and the improvement of the environment. In July 2013, the Mayor directed the Legacy Corporation on the approval of certain transactions as set out in the London Legacy Development Corporation Governance Direction. This set out arrangements for the Mayor to be consulted on, or approve certain decisions, activities and larger projects of the LLDC and its subsidiaries, over and above the limited circumstances where Mayoral consent is required under the Localism Act. It covers Mayoral approval for such matters as the budgets and business plans of the Legacy Corporation; approving major decisions to spend, borrow, give grants, create subsidiaries and dispose of land interests; and making appointments to the LLDC committees.

The Legacy Corporation is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Legacy Corporation is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The purpose of the governance framework
The governance framework describes the systems and processes by which the Legacy Corporation is directed and controlled, how it is accountable to its stakeholders and communities, and how it monitors the achievement of its strategic objectives and value for money.

The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise risks, to evaluate the likelihood and potential impact of those risks being realised, and to mitigate and manage them efficiently, effectively and economically.

The governance framework has been in place at the Legacy Corporation for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

The governance framework

Board and committees

The Legacy Corporation's board and committees operate within the governance and openness framework prescribed by the Local Government Act 1972. During the year ended 31 March 2014 the Legacy Corporation's committee structure was as follows:

Investment Committee

To ensure the efficient and effective discharge of the Legacy Corporation's functions, through investment of public funds and use of assets and resources.

Audit Committee

To ensure the efficient and effective discharge of the Legacy Corporation's functions, through the proper administration of the Legacy Corporation's financial affairs including but not limited to the maintenance preparation and audit of accounts, internal controls and risk management, internal and external audit.

Regeneration and Communities Committee

To ensure the efficient and effective discharge of the Legacy Corporation's functions, through the advocacy and delivery of regeneration, community engagement, environmental sustainability, education and learning programmes.

Park Opening and Operations Committee

To ensure the efficient and effective discharge of the Legacy Corporation's functions, through the successful preparation, opening and ongoing operations of Queen Elizabeth Olympic Park and its venues.

Chairman's Committee

To ensure effective communication and co-ordination of the Legacy Corporation's different committees and to provide advice on specific matters as requested by the board or Chairman.

Planning Decisions Committee

To enable transparent, efficient and effective discharge of the Legacy Corporation's functions to determine planning applications and to respond to consultation on applications on which the Legacy Corporation is a consultee.

In July 2014 the board resolved to disband the Park Opening and Operations Committee.

Committee members must be members of the Legacy Corporation's board, except where the Mayor of London has approved the appointment of additional members. He has done so in relation to the Planning Decisions Committee, which comprises of three board members, five members nominated by the neighbouring boroughs, and four independent members appointed following advertisement.

Vision and performance

The Legacy Corporation's vision, purpose and strategic objectives are set out in its Ten Year Plan, which was adopted in April 2014. The objectives are updated on an annual basis, as part of the GLA Group's annual budget and business planning round.

The Plan sets milestones and performance indicators. Performance is reported through quarterly reports to the board and quarterly reports to the GLA on financial and service performance. Financial performance is also reported through monthly management accounts.

Standing orders, delegations and codes of conduct

Key governance documents for the Legacy Corporation comprise:

- Standing Orders, which set out arrangements for the conduct of meetings, recording of decisions and managing conflicts of interest, and also include the Members' Code of Conduct and Gifts and Hospitality Code;
- Scheme of Delegations, which sets out arrangements for delegation of decisions to committees and officers;
- Scheme of Planning Delegations, which sets out how the Legacy Corporation will discharge some of its town and country planning functions and responsibilities through delegation to the Planning Decisions Committee and planning officers;
- Planning Code of Conduct, which sets out the approach of Planning Officers and the Planning Decisions Committee Members to planning decision-making;

- Financial Regulations, which set out the framework for managing the Legacy Corporation's financial affairs; and
- Procurement Code, which sets out policies in relation to the proper procurement of goods, services, supplies and works.

These documents have all been in place throughout 2013/14, though some have been amended as a result of the London Legacy Development Corporation Governance Direction made on 2 July 2013 from the Mayor of London. All the above documents are available on the Legacy Corporation's website.

A staff code of conduct (and other people management polices) are published on the Legacy Corporation's intranet site, and issued to staff as part of their induction process.

Changes to the Scheme of Delegations were made to reflect the Governance Direction which came into effect in July 2013 and the governance arrangements will continue to be reviewed and updated to ensure that the organisation's structures and decision-making processes remain appropriate to the Legacy Corporation's changing role. For example, the ongoing role of the Park Opening and Operations Committee is being reviewed following the successful reopening of the Park.

Risk management, fraud and corruption

The Legacy Corporation's risk management processes are based on embedding risk management in all aspects of its work programme and ensuring that programme-wide and project risks are identified, quantified, mitigated and monitored effectively. The primary objective is to have effective strategies in place to control risks through reducing the likelihood of a risk arising, reducing the likely impact of a risk should it arise, or — where possible — eliminating the risk.

Risks and issues are managed at various different levels across the organisation: risks and issues within a project are managed by project managers; risks and issues within a directorate are managed by the relevant executive director or director; and corporate risks are owned by the Executive Management Team.

Corporate level risks and issues are identified through analysing the risk register and considering any other risks and issues impacting on the Legacy Corporation. These are agreed by the Executive Management Team and the risks are summarised in the Legacy Corporation's Ten Year Plan. Updates on corporate risks and issues, including new risks and issues raised, are reported to the board quarterly and to every Audit Committee meeting.

During the year, the Legacy Corporation implemented a new programme and project management reporting system called Execview to provide clear visibility of data, improved data quality, improved data gathering efficiency, increased auditability and accountability across all directorates. The risk registers are now managed using this reporting system.

The Legacy Corporation has an Anti-Fraud, Bribery and Corruption Policy and a Whistle Blowing Policy, and these have been presented to the Audit Committee. Measures include processes to prevent and detect fraud. Preventative controls include the Legacy Corporation's policies and procedures, including senior management authorisation of new suppliers, separation of functions for raising and authorising purchase orders, and other decision-making, procurement and accounting processes. Key detective processes and controls are the systems for authorisation of accounts payable and receivable, and payroll allied to senior management scrutiny of the monthly management accounts.

Management of change

The Legacy Corporation is an organisation whose role will change from planning, to delivery to management as the Park is reopens fully, and development programmes are implemented. During 2013/14 the Legacy Corporation started a 'One Organisation' programme to develop its culture and values, harmonise terms and conditions of employment inherited from predecessor bodies, review its appraisal process and review pay and grading.

Financial and legal controls compliance

The Legacy Corporation's financial management arrangements are in conformity with the governance requirements of the Chartered

Institute of Public Finance Accountants statement on the Role of the Chief Financial Officer in local government:

- The Chief Finance Officer of the Legacy Corporation (designated in accordance with Section 127 of the Greater London Authority Act 1999) is Jonathan Dutton, the Executive Director of Finance and Corporate Services and a Fellow of the Institute of Chartered Accountants in England and Wales.
- The Chief Finance Officer sits on the Executive Management Team, and is able to attend all board and committee meetings. He prepares the budget and corporate plan, including leading internal review processes, and is party to all material business decisions. Financial advice is included on all board papers and sign-off is required above the thresholds specified in the Scheme of Delegations. The execution of contracts and grant agreements is reserved to the Chief Executive and Chief Finance Officer.
- The Chief Finance Officer is also responsible for financial controls, for corporate programme management, for performance measurement and for supporting the Audit Committee's work (including internal audit).
- The Chief Finance Officer is supported by a team including CIPFA-qualified accountants with significant public sector experience, which provides support on budget monitoring, financial and taxation advice.

The Legacy Corporation ensures compliance with relevant laws and regulations through the activities of procurement team and the in-house legal function that became the subject of a shared services arrangement with Transport for London during the financial year (which came into effect on 1 May 2014). Legal advice is required for all significant decisions, whether taken by the board or under delegated authority, and is recorded in board papers, Project Initiation Documents (PIDs) and other decision documents. Projects (of over £10,000 in value) require approval from the legal team before they can commence through PIDs in which the legal team analyses how the project approach complies with relevant legislation, how it is covered in the Legacy Corporation's powers, the legal implications of the project and the legal instruments to be entered into as a result of this project. All contracts entered into by the Legacy Corporation must also be approved by the legal team for signing.

Compliance with other legalisation eg employment or procurement, is ensured by the working policies, procedure and practice of the relevant the Legacy Corporation team. Policies are approved by the Executive Management Team and available for staff on the Legacy Corporation's intranet.

Audit Committee and internal audit

The Audit Committee helps to raise the profile of internal control and risk management within the Legacy Corporation through considering a standing item at each meeting and reporting back to the Legacy Corporation's board. It raises the profile of financial reporting issues within the organisation through a report at every meeting from the Executive Director of Finance and Corporate Services, which reports on key activities including those relating finance and governance, and reporting back to the Legacy Corporation's board. The Audit Committee also helps to raise the profile of internal control, risk management and financial reporting by requesting information on individual areas of concern and asking the internal auditors to review particular areas of risk. Audit Committee meetings are held in public and the papers are made available on the Legacy Corporation's website which helps to enhance public trust in the Legacy Corporation's financial governance.

The Audit Committee is made up of members of the Legacy Corporation's board. It includes members with both public and private sector experience, and with expertise in areas including finance, audit, law and governance.

Moore Stephens were appointed by the board as the Legacy Corporation's internal auditors, and their work is reported to, and monitored and reviewed by, the Audit Committee. Moore Stephens assist in the promotion of good governance through individual audits on activities identified as areas of risk. When complete the reviews are reported to the executive and the Audit Committee. The Legacy Corporation's progress against agreed internal audit recommendations are monitored regularly

and reported to the Audit Committee.
The Internal Auditors provide an annual report summarising their findings for the year. The excerpt below is their audit opinion, extracted from the 2013/14 annual report:

2.4 I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a conclusion as to the adequacy and effectiveness of the LLDC's governance, risk management and internal control processes.

2.5 During the year significant weaknesses were reported in the LLDC's financial control systems. In response to this the Audit Committee requested a prompt follow up of the implementation of recommendations. A review subsequently undertaken in May 2014 confirmed that action had been taken to address the majority of matters raised and implement the related recommendations.

2.6 In my opinion, the LLDC has adequate and effective systems of internal control in place to meet its objectives, with the exception of the matter referred to in paragraph 2.5 above.

2.7 This opinion is informed by all of the work completed by internal audit during the year and our understanding of the organisation, It should be noted that in providing this opinion, assurance can only be reasonable and not absolute in respect of weaknesses in processes.

The full audits carried out as part of the 2013/14 Internal Audit plan are listed below with assurance ratings:

- Park transformation: amber green
- Operational activities: amber
- Payroll: amber
- Ordering receipt and payment: amber
- High level accounting controls: amber red
- Records management: amber green (part of 2013/14 plan but undertaken in early 2014/15).

Explanation of ratings

An amber green rating is defined as: "minor weaknesses have been identified in the control framework or non-compliance which may put achievement of system objectives at risk."

An amber rating is defined as: "Weaknesses have been identified in the control framework or non-compliance which put achievement of system objectives at risk. Some remedial action will be required." An amber red rating is defined as "Significant weaknesses have been identified in the control framework or non-compliance with controls which put achievement of system objectives at risk. Remedial action should be taken promptly."

Good progress has been made in addressing the 36 recommendations set out in the three internal audit reports on the Legacy Corporation's finance systems (payroll, ordering and receipting; high level accounting controls) and referred to in the internal auditors' audit opinion. The Audit Committee has been provided with regular updates on progress to address the recommendations. In May 2014, the Internal Auditors reported that the Legacy Corporation had demonstrated good progress with the implementation of internal audit recommendations. The conclusion approximates to a 'green' assurance rating. Further checks will be undertaken to ensure that the new processes introduced as a result of the recommendations. The internal audit plan for 2014/15 includes carrying out audits in the same three areas. In addition, a financial improvement plan is underway to support and increase the effectiveness of the Legacy Corporation's financial systems to improve the performance of the system and build capacity in the team.

Greater London Authority (GLA) Corporate Governance

The Legacy Corporation is a functional body of the GLA and complies with its annual budgeting process, engages with the London Assembly and its committees as required and also fulfils the requirements of any Mayoral directions that it has been given. There is also an ongoing dialogue with the Mayor's office to ensure that the activities of the Legacy Corporation are aligned with the Mayor's general policy framework. The Legacy Corporation also complies with the requirements of the GLA Group Corporate Governance Framework Agreement relating to having codes of conduct, complaints procedures and the registration and declaration of interests, gifts and hospitality.

The Legacy Corporation is not currently covered by this agreement, which is due shortly to be revised by the GLA and which will then, subject to the views and decision of the Legacy Corporation's board, formally incorporate the Legacy Corporation within its scope.

Whistleblowing and complaints

The Legacy Corporation's Whistleblowing Policy is on the Legacy Corporation's website, available for all staff setting out how employees can report concerns. The Policy includes provision for staff members to report concerns directly to the Chair of the Audit Committee if necessary.

The Legacy Corporation's Complaints Policy was formally adopted and added to the Legacy Corporation's website in May 2013. It sets out how the Legacy Corporation handles complaints, the different stages of the procedure, and how complaints can be made to the Local Government Ombudsman if the complainant is not satisfied with Legacy Corporation's response. This includes a dedicated email address to receive complaints.

Meeting development needs of members and senior staff

The Legacy Corporation's people development processes are incorporated into its performance management framework for staff, which were revised as part of the One Organisation programme previously mentioned. Board members are offered tailored induction programmes, and specialist induction was provided to Planning Committee members. Staff training has addressed corporate governance and approval issues through presentations at team meetings across the organisation.

Community engagement and partnership

The Legacy Corporation's Community and Business Engagement Team manages a programme of active engagement with local people, through participation in relevant local community forums, as well as through dedicated consultation on the legacy masterplan, and the constituent development proposals.

The Legacy Corporation manages a construction hotline, which enables local people to raise issues relating to construction activities (eg lorry movements, dust, noise) 24 hours a day.

As Queen Elizabeth Olympic Park reopened, the Legacy Corporation's website and messaging ensured that the Park, venues and related services are fully accessible to the local community and wider audience.

On being granted planning powers, the Legacy Corporation consulted on and adopted a Statement of Community Involvement, which sets out its approach to engaging and consulting with local people on individual planning applications, and the preparation of a Local Plan.

The Legacy Corporation has partnership arrangements in place with a number of bodies, including neighbouring local authorities and landowners, the Lee Valley Regional Park Authority, the Olympic Delivery Authority and other stakeholders and partners. These address issues from engagement on Park operations and events, to discussion of local job brokerage, sports participation and regeneration schemes.

Governance review

As set out previously, the Legacy Corporation's governance arrangements were reviewed several times during the previous financial year. These have ensured that the Legacy Corporation is able to respond to its changing role, and to unforeseen urgent events that may arise as Queen Elizabeth Olympic Park becomes fully operational.

Significant governance issues

Significant governance challenges for the Legacy Corporation in the year ahead are set out below together with the proposed management response:

Issue: The need to achieve more with less financially, and to ensure a firm financial footing for future years.

Proposed response: Ten Year Plan agreed by board and Mayor of London, though medium term funding challenges remain, including on precise implications of Olympicopolis.

Issue: The need to ensure public accountability, effective customer service and the ability to act entrepreneurially, as Queen Elizabeth Olympic Park reopens.

Proposed response: Staff customer service training completed, and customer satisfaction surveys planned.

Issue: The need to develop staff and corporate culture to respond to a changing role.

Proposed response: One Organisation plan implementation under way May 2013 to November 2014. Completed actions include pay and grading review, new performance management system, corporate processes review.

Issue: The need to continue to develop effective joint working with other parts of the GLA Group, including through shared services.

Proposed response: Legal services shared with TfL from May 2014, internal audit to be provided by MOPAC from 2015 (handover underway), and discussions on sharing insurance services continuing.

Issue: The need to continue developing capability and enhancing the internal control environment in relation to finance.

Proposed response: Financial improvement plan underway and internal auditors approximated a 'green' assurance rating in relation to implemented recommendations.

We will address these and other issues that arise, in order to enhance our governance arrangements, and will keep these under review to ensure fitness for function.

Significant changes in Executive Management Team

Chief Executive

In May 2014, the Chief Executive Dennis Hone announced that he was resigning to take up a new role with Mace Group Ltd ("Mace") as Group Finance Director.

A recruitment process for a new Chief Executive was commenced immediately and was overseen by the Chairman's Committee in line with its terms of reference and the Scheme of Delegations. The post was advertised extensively using traditional and digital methods and attracted an excellent field of diverse and experienced candidates. The Chairman's Committee met in early June to agree the short list and interview panel. Following the interviews, the preferred candidate was recommended to the Mayor for approval under the London Legacy Development Corporation Governance Direction 2013 and the appointment of David Goldstone was made by the Deputy Chairman on behalf of the Legacy Corporation. He will take up his new role at the start of October 2014, following a comprehensive handover from Dennis Hone.

David Goldstone joins the Legacy Corporation from Transport for London where he was Chief Finance Officer. Prior to this post he played a major role in delivering the London 2012 Olympic and Paralympic Games as Finance Director for the Government Olympic Executive between 2007 and 2012, helping ensure the Games were delivered within the £9.3 billion budget. In that capacity he worked closely with the Olympic Delivery Authority on the design and delivery of the Olympic Park, including the regeneration of east London now being delivered by the Legacy Corporation. Before his role on the Games, he spent 12 years involved in the delivery of major investment programmes for government. A trained accountant, he spent the early part of his career at Price Waterhouse and before that was an economics and politics teacher.

To avoid any conflicts of interest, it was agreed with Dennis Hone that during his notice period he would step aside from any dealings or discussions in relation to Mace and any matters would be dealt with by the most appropriate member of the Executive Management Team. Letters to that effect were sent immediately to Mace and to the relevant members of the Executive Management Team. A risk assessment was undertaken by the Legacy Corporation using best practice methodology to identify all real, perceived and potential conflicts of interest and protocols were put into place to mitigate them. The risk assessment and protocols were approved by the Deputy Chairman on behalf of the board and issued to Dennis Hone and Executive Management Team as the approved risk assessment. In relation to the procurement of a developer for the East Wick and Sweetwater neighbourhoods in which Mace is part of a consortium bid, the protocols included relocating the team working on this project to another office, changing the reporting line of the Executive Director of Real Estate in relation to this project from Dennis Hone to the Executive Director of Finance and Corporate Services and the Deputy Chairman, with oversight of the project by the Deputy Chairman and the Chair of the Investment Committee. This risk assessment has been monitored and updated throughout the transition period and there have been no identified breaches.

Executive Director of Finance and Corporate Services

In August 2014, the Executive Director of Finance and Corporate Services, Jonathan Dutton, announced that he was resigning to take up a new role overseas. A recruitment process for a new Executive Director was agreed between Dennis Hone and David Goldstone and commenced immediately. It is proposed that David Goldstone act as the s127 officer in any interim period before the new Executive Director starts.

GLOSSARY OF TERMS

Accruals basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial gains and losses
Actuaries assess financial and non-financial information provided by the Legacy Corporation to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation; and/or
- the actuarial assumptions have changed.

Balances
The balances of the Legacy Corporation represent the accumulated surplus of income over expenditure on any of the funds.

Capital Adjustment Account
The account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (deferred charges). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

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

Capital financing charges
This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying amount
The balance sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Comprehensive Spending Review (CSR)
CSR is the public expenditure planning process introduced by the government in 1997. The CSR in October 2010 set the parameters for public spending for the four years from 2011/12 to 2014/15.

Contingent liabilities or assets
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Legacy Corporation's accounts.

Creditors
Amounts owed by the Legacy Corporation for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current service cost
Current service cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, ie the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment
Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors
These are sums of money due to the Legacy Corporation that have not been received at the date of the balance sheet.

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

Defined contribution scheme
A defined contribution scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Department for Communities and Local Government (DCLG)
A department of central government with an overriding responsibility for determining the allocation of general resources to local authorities.

Depreciation
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

Exceptional items
Material items deriving from events or transactions that fall within the ordinary activities of the Legacy Corporation, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts.

External audit
The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the Legacy Corporation has made proper arrangements to secure value for money in its use of resources.

Expenditure
This is amounts paid by the Legacy Corporation for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

Fair value
Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance lease
A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables, and the most complex ones such as derivatives and embedded derivatives.

Financial regulations
These are the written code of procedures approved by the Legacy Corporation, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Fixed assets
Assets that yield benefits to the Legacy Corporation and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

General Fund
This is the main revenue fund of the Legacy Corporation and includes the net cost of all services financed by government and other trading income.

Impairment
A reduction in the value of a fixed asset below its value brought forward in the balance sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Income
These are amounts due to the Legacy Corporation for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Legacy Corporation).

Intangible fixed assets
These are fixed assets that do not have physical substance but are identifiable and controlled by the Legacy Corporation. Examples include software, licenses and patents.

International Financial Reporting Standard (IFRS)
Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Leasing costs
This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Liabilities
These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

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

Operating lease
This is a type of lease, usually of computer equipment, office equipment, furniture, etc where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Legacy Corporation.

Prior period adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Provisions
Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

Public Works Loan Board (PWLB)
An arm of central government which is the major provider of loans to finance long-term funding requirements for local authorities.

Related parties
Related parties are central government, other local authorities, subsidiary and associated companies, Members and all Executive Management Team members. For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household.
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting standards
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (UK GAAP) and Financial Reporting Standards (FRS).

Reserves
Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revaluation reserve
The reserve records the accumulated gains on the fixed assets held by the Legacy Corporation arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue expenditure
Expenditure incurred on the day-to-day running of the Legacy Corporation. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

Service Reporting Code of Practice (SeRCOP)
Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Treasury management
This is the process by which the Legacy Corporation controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Legacy Corporation.