LONDON LEGACY DEVELOPMENT CORPORATION

ANNUAL REPORT AND ACCOUNTS

2018/2019

STATEMENT OF AUDITED ACCOUNTS

Table of contents

Chair's foreword

Our focus on delivering the best legacy possible from the London 2012 Games has proceeded at pace during the year. The organisation continues to deliver on a broad front of measures from sports events to housing, jobs and skills to schools to ensure there are genuine benefits for east London.

Three areas stand out from a crowded field of schemes.

London Stadium enjoyed not only its busiest year of events for concerts and sports events, bringing millions of pounds in to London's economy, but also made significant progress towards securing the venue's long-term financial future. New agreements have been reached with West Ham United and UK Athletics (UKA), the threat of litigation on seating capacity has been removed and LS185, the stadium operator, is now part of the wider LLDC family. These changes mean that we are able to focus on our new commercial strategy to make London Stadium the best multi-use venue in the country.

East Bank continues to make significant strides forward. This new powerhouse of culture, education, innovation and growth will deliver massive benefits for east London with some of the world's largest and best cultural and education institutions coming together on three sites across the Park. Those benefits can already be seen with partners providing programmes out in the community. Planning permissions have been granted with construction beginning shortly.

Work on our new neighbourhoods has also moved up a gear. Chobham Manor has completed its first phase, with construction well advanced on Phase Two. East Wick and Sweetwater is now starting to rise out of the ground. Meanwhile the Mayor of London has confirmed that at least 50 per cent of new homes across the remaining development sites on the Park – Stratford Waterfront, Pudding Mill and Rick Roberts Way - will be affordable.

As with any project of this scale and scope, significant challenges and opportunities remain in the years ahead, and I am confident that we have the right leadership and staff in place to continue to deliver. My thanks go to the Board for the vital contribution they make on these issues. I would also like to thank Lyn Garner, our chief executive, her executive team and to all our staff and partners who work tirelessly to help create the opportunities for jobs, homes and growth in east London.

Sir Peter Hendy CBE
Chair
31 July 2019

Chief Executive's statement

This has been a hugely challenging but highly effective year for the Legacy Corporation. We have made significant progress on a number of key projects helping us to deliver on the Mayor's priorities and the promises made for the London 2012 Games.

East Bank, the new powerhouse of culture, education, creativity and innovation, was formally launched by the Mayor of London last summer. That major announcement has been followed by a succession of positive steps to move the project forward.

This project is so much more than the wonderful buildings in the heart of the Park. The partners are all developing projects to ensure that they build links with local communities, schools, cultural groups and businesses long before they open the doors of their new buildings.

The EAST Summer School saw the partners collaborate on a programme of activities for local children with taster sessions in printmaking, dance, archaeology, shoe design and engineering.

Later in the summer, UAL's London College of Fashion launched the Fashion District, a cluster of ambitious businesses, academic institutions and investors in East London with the shared goal of making London the global capital of fashion technology.

The V&A unveiled plans for its incredible Collection and Research Centre to be based at Here East while Sadler's Wells continued with its inspirational 'Every Child a Dancer' programme.

The BBC became the final partner to sign its Agreement for Lease ensuring all sites on East Bank will be occupied by institutions of international repute.

Finally, UCL's planning application for its UCL East campus received formal planning consent signalling the start of the university's largest expansion in its history. The planning application for Stratford Waterfront was submitted and formally approved confirming the creation of one of the biggest and most ambitious culture and education projects for a generation.

Our work to deliver thousands of new homes on and around the Park has also seen significant progress during the year.

Chobham Manor, the first neighbourhood to be built on the Park, saw the completion of Phase One together with significant progress on Phases Two and Three. Families are now settling into their new homes as the neighbourhood starts to establish itself.

At East Wick, our second neighbourhood, enabling works were completed and construction on Phase One is progressing rapidly. A little further south, construction of the new road connection for the third development at Sweetwater is also well advanced. When complete the two sites will contribute 1,500 homes in mixed developments, years ahead of the original schedule.

Ensuring people moving onto the Park have the right social and community infrastructure is vital for us in creating settled communities. In September, the Bobby Moore Academy secondary school opened its doors to its first-year intake. The children not only enjoy state-of-the-art facilities but also get to use the London Marathon Trust's Community Track as their playground and sports field during school hours.

Later in the year we celebrated the hard work of young people leaving education and entering employment. Our East Works Awards showcased the diversity of talent, innovation and businesses on and around the Park. The awards help to highlight how creating opportunities for young people and working with employers to address skills gaps is at the heart of what we aim to deliver.

Beyond the Park boundary, great progress has been made in Hackney Wick with the completion and opening of the new Hackney Wick Station and the approval of the masterplan with its vision to create a new neighbourhood centre. Shortly after came news that Hackney Wick and Fish Island had been selected to be among the Mayor of London's first Creative Enterprise Zones, cementing the area's reputation as a hub for creativity and innovation.

Consultation on the new draft Local Plan and CIL Review was completed during the year, an important piece of work providing the blueprint for how we will create the mix of new homes, business space and public amenities that meet the need of local people as well as those of our growing capital.

Queen Elizabeth Olympic Park itself enjoyed its most successful year to date with more than six million visits enjoying the world-class venues, events, wonderful parklands and open spaces. The Park retained the coveted Green Flag Award, meeting the exacting standards of high quality horticulture and active community participation for the fifth year running.

A year-round calendar of events provided something for everyone from the family-focused Great Get Together attracting 10,000 people to music and dance events like Arcadia and Elrow Town.

Perhaps the most memorable of all events staged on the Park during the year was the simple and poignant Shrouds of the Somme installation. Marking the centenary of the 100th anniversary of the end of the First World War, the exhibition drew visitors from all over the UK and overseas as well as providing local school children with the chance to learn about the sacrifices made by a generation of young people a centenary ago.

The venues continue to establish themselves with the London Aquatics Centre celebrating its fifth year of operation. Once again, there were over one million visits to the venue this year, the vast majority of these were by local people including thousands of local schoolchildren.

The Copper Box Arena serves as a vital community asset for sports facilities as well as hosting elite clubs like London Pulse netball and London Lions basketball teams. A range of commercial lets for large-scale events is helping to improve the commercial viability of the venue.

Our other major venue, the ArcelorMittal Orbit, which includes the World's longest tunnel slide continues to be an important and unique visitor attraction for London.

The London Stadium has been central to the Park's vibrancy and legacy since it re-opened fully in 2016 but it has also had to face significant pressures that have consumed both time and budget. New arrangements with West Ham United and UKA mean that all sides benefit from improved terms and conditions and relationships have improved. In addition, the stadium operator, LS185, is now part of the LLDC Group.

The venue itself had its busiest events season to date with six concerts featuring the Rolling Stones, Jay Z and Beyoncé and the Foo Fighters, two athletics meets, a Saracens versus Harlequins rugby union premiership match plus all of West Ham's home football fixtures. More than two million people visited the venue and while there are still significant challenges to address the future looks much brighter.

I am pleased to see the Legacy Corporation continue to deliver against its vision. A huge amount has been delivered in a relatively short space of time yet so much more is still to come. The organisation is strong, focused and well-equipped to continue its track record of delivery for the people of east London and beyond.

Lyn Garner
Chief Executive
31 July 2019

Members of the London Legacy Development Corporation

The Members of the London Legacy Development Corporation during the year ending 31 March 2019 were:

Sir Peter Hendy CBE (Chair)
Sir Peter Hendy CBE took up his role in July 2017. He is also Chair of Network Rail, and a Trustee of the Science Museum group. He was Commissioner of Transport for London (TfL) from 2006 to 2015, having served as TfL's Managing Director of Surface Transport since 2001. He led, and played a key role in preparing for, the successful operation of London's transport for the 2012 Olympic and Paralympic Games. He was formerly Deputy Director UK Bus for FirstGroup and previously Managing Director of CentreWest London Buses. He started his career in 1975 as a London Transport graduate trainee. Sir Peter was president of the International Public Transport Association (UITP) from 2013 to 2015, and currently International President of the Chartered Institute of Logistics and Transport; he is also a fellow of the Chartered Institute of Highways and Transportation and of the Institute of Civil Engineers. He was knighted in the 2013 New Year's Honours List, having been made CBE in 2006.

Sonita Alleyne OBE
Sonita Alleyne OBE is founder of the Yes Programme and recently elected as the next Master of Jesus College, University of Cambridge. She is on the board of the Cultural Capital Fund; a board member of the Museum of London; and most recently appointed to the Mayor’s Skill for Londoners Business Partnership Members Group. Previous roles include the BBC Trust; Chair of the Radio Sector Skills Council; non-executive director of the Department for Culture, Media and Sport; and a Governor at the University of the Arts London. Sonita won the Carlton Multicultural Achievement Award for TV and Radio. She is a Fellow of The Royal Society of the Arts and the Radio Academy.

Clare Coghill
Clare Coghill was elected to the London Borough of Waltham Forest in May 2010 to represent the High Street Ward in Walthamstow. She became Junior Cabinet Member for Health later in the same year. Subsequently, she held a junior portfolio focussed on Town Centres. Clare was appointed as Cabinet Member for Children and Young People in May 2012, leading the Council’s work on Children’s Social Care, Safeguarding and Education. In 2014, Clare was appointed the Cabinet Member for Economic Growth & High Streets and led a fresh approach to regeneration, planning and development. Waltham Forest has excellent infrastructure, green space and transport links; therefore, the priorities lie in developing new, good quality, affordable housing and vibrant town centres. Clare’s policy innovations in this role focussed on pubs, the night-time economy and economic growth. Clare became Leader of the Council in May 2017, and was re-elected for a four-year term in May 2018. Clare was born and raised in the West Midlands, and went on to study English Literature at the University of York, followed by a Master’s degree in English Literature and Translation at the University of Montpellier, in the south of France.

Nicky Dunn OBE
Nicky Dunn OBE 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, planning, designing, overseeing construction of and operating large venues. Her experience includes theatres, arenas, stadia and conference and exhibition venues. Nicky chairs the Titanic Foundation, which owns the award-winning Titanic Belfast visitor attraction, Netball world cup 2019, and Jockey Club Live. She is also a Trustee of the Young Vic Theatre. She was a board member of the Princes 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 Chairman of Revolution Bars Group Plc, Chairman of Bullion by Post Limited, Chairman of Pennpetro Plc, Senior Independent Director of Headlam Group

Plc and a Non-Executive Director of Altitude Group Plc. Prior to Arsenal, he was CEO of Storehouse plc and Managing Director of Carlton Communications Plc.

Philip Glanville
Philip Glanville was elected Mayor of Hackney in September 2016, becoming the borough's second directly elected Mayor. He was re-elected in May 2018, giving Hackney Labour their best result since 1986. Previously a councillor in Hoxton West for ten years, Philip spent three years as Cabinet Member for Housing before becoming Deputy Mayor in 2016. As Cabinet Member for Housing, Philip oversaw the delivery of genuinely affordable homes, which he is continuing as Mayor, committing the Council to tripling the number of council homes built since 2010, including 800 for social rent. Employment, skills and education are also a key priority for the Mayor; supporting schools, ensuring that we actively help young people into careers and that all residents, whatever their age, have the skills and support they need to get into employment, return to work or start a business ─ all contributing towards his agenda to bridge the gap between Hackney's residents and their growing local economy. Critical to this agenda has been the Council's award winning in-house apprenticeship programme. Philip is committed to being a campaigning Mayor, standing up for Hackney's most vulnerable residents and for local government's important role in fighting austerity. He writes extensively on these subjects, and more recently has been part of the growing 'new municipalism' movement in local government. He has served on the LLDC Board since 2016, and is currently the Chair of London Councils' Grants Committee, Co-Chair of Thrive London and London Councils' Digital Champion.

Baroness Tanni Grey-Thompson
Baroness Tanni Grey-Thompson of Eaglescliffe has competed in five Paralympic Games, winning 11 gold, four silver and one bronze medal. She has held thirty world records. She is Chair of ukactive. In December 2012, she became a Member of the London Legacy Development Corporation. 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. Baroness Grey-Thompson was recently appointed as a member of the Board for the BBC. She has recently ended her term on the Board for the London Marathon and Transport for London.

Philip Lewis (Deputy Chair)
Philip Lewis is a chartered surveyor and heads the property division of the Kirsh Group, the international trading business founded by Natie Kirsh. In March 2019, he was appointed as Non-Executive Chairman of Smeg UK Ltd. Previously he was Chief Executive of Lambert Smith Hampton and Milner Estates Plc and Executive Chairman of Safestore Plc and Hines UK. He was Chairman of Sport England, London, past President of the British Council of Shopping Centres and a member of the London Land Commission. He has held non-executive roles with a number of companies and is involved in various charitable organisations.

Jules Pipe CBE
Deputy Mayor for Planning, Regeneration & Skills

Jules Pipe is working on key priorities for the Mayor, including: revision of the London Plan, major regeneration projects across the capital, ensuring London's infrastructure needs are delivered to benefit all Londoners, and building a skills system that properly addresses the needs of young people and the economy. Jules has unrivalled knowledge of London government, becoming the first directly elected mayor of Hackney in 2002 and serving as Chair of London Councils from 2010 until he joined the Mayor's team in 2016.

Pam Alexander OBE
Pam Alexander OBE is an economic geographer passionate about housing and regeneration. Until January 2019 Chair of Covent Garden Market Authority, rebuilding the famous fruit and vegetable and flower market at the heart of the Nine Elms Opportunity Area, Pam chairs the Cultural Steering Group for Nine Elms, sits on the Nine Elms Strategy Board and is an Ambassador on the London Mayor's Cultural Leadership Board, working particularly on Creative Enterprise Zones. She is also a Non-Executive Director of the Connected Places Catapult and Chair of Commonplace Digital Ltd. Pam advises Grimshaw LLP on gender diversity and is a founder member of Equilibrium Network. She is also involved in supporting her local theatres in Clapham and Battersea. Pam was until recently a Trustee of the Design Council, chairing Design Council Cabe, and a non-executive Director of Crossrail Ltd and of Crest Nicholson Plc. Previously she was Chief Executive of the South East England Development Agency (SEEDA) and of English Heritage and Deputy CE of the Housing Corporation, after many years as a civil servant in the then Department of the Environment. She was also a trustee of Brighton Dome Brighton Festival, chair of Peabody, a director of the Academy of Urbanism and a member of the previous Mayor of London’s Design Advisory Group. Pam was made OBE in 2012 for services to regeneration in the South East.

Shanika Amarasekara
Shanika Amarasekara is General Counsel to the British Business Bank which is the UK Government Development Bank to facilitate access to finance for small and medium sized businesses. She joined as a founder member of the Senior Management Team which set up and launched the bank in 2014. Prior to this she worked as General Counsel at an institution established by a number of central banks to promote financial stability and economic development. Shanika previously held senior positions at RBS and Allen & Overy.

Simon Blanchflower CBE
For the last 20 years Simon Blanchflower has been involved in leading the development and delivery of major infrastructure projects. Following the successful conclusion of his role as the Major Programme Director on the Thameslink Programme, which included the re-building of London Bridge station, he has recently been appointed as the Chief Executive of East West Rail Co Ltd. He has experience of chairing the Boards of charitable companies and for the last 30 years has invested into his local community in North Kensington with particular interests in education and housing. He is a Fellow of the Institution of Civil Engineers.

Rokhsana Fiaz OBE
Rokhsana Fiaz OBE was elected as the Mayor of Newham in May 2018. Prior to this, she was a councillor for Custom House Ward from 2014, and the CEO of an international UNESCO supported charity promoting interfaith and global citizenship across the world. She has large-scale projects for local authorities, the European Commission and the Council of Europe, and in 2009 was honoured with the Officer of the Order of the British Empire (OBE) for services to Black and Minority Communities in the UK.

Sukhvinder Kaur-Stubbs
Sukhvinder Kaur-Stubbs has spent over 30 years placemaking through her community development work for English Partnerships, infrastructure with the Black Country Development Corporation, regeneration with the Regional Development Agency for the West Midlands and then overseeing joint ventures as a member of the Home Group and Chair of Swan New Housing. She is also an accomplished CEO having led two high profile organisations through major change programmes and onto success in influencing government policies on inclusion and diversity as well as shifting public discourse on these subjects. First at the think tank the Runnymede Trust, she helped craft what became the 2010 Equal Treatment Act and then at the philanthropic Barrow Cadbury Trust she pioneered approaches to improve community cohesion. Sukhvinder has served across the public, private and voluntary sectors including the boards of Severn Trent Water, Government's watchdog Consumer Futures, the Cabinet Office Better Regulation Executive and Chair of the Taylor Bennett Foundation. Currently, she is NED for Lewisham and Greenwich NHS Trust where she chairs Workforce and Education, a board member of the Tower Hamlets GP Care Group, Governor at the Leathersellers Federation and MD of Engage-Building Networks of Trust.

Geoff Thompson

Geoff Thompson MBE FRSA DL was the World United Karate Organisation world heavyweight champion and world team karate champion between 1982 and 1986 and won more than 50 national and international titles during a distinguished sporting career. Following his retirement from competitive sport, he established himself as an influential sports politician and administrator, taking on numerous public and private sector appointments with the aim of promoting equality, diversity and inclusion at all levels of society. Having experienced material deprivation and social and cultural exclusion while growing up in Hackney, Geoff is a lifelong advocate for the role that education, sport and culture can play in improving the lives of disadvantaged young people through the bidding, hosting and legacy of major games. He is the Founder and Executive Chair of the Youth Charter, a UK-based international charity and United Nations Non-Governmental Organisation that uses the ethics of sport and artistic excellence to tackle the problems of educational non-attainment, health inequality, anti-social behaviour and crime in some of Britain’s most troubled communities. Geoff is also the Chair of the University of East London and an Advisory Board Member of the Muhammad Ali Centre, Louisville, Kentucky. His public and private sector appointments include chairing Sport England's Advisory Group on Racial Equality in Sport and serving as a member of its grant assessment panel. Among other appointments, he has been a director of the Sports Council Trust Company, a board member of the New Opportunities fund, an honorary fellow of the former Institute of Leisure, Amenities and Management, fellow of the Royal Society of Arts and independent assessor for the Office of the Commissioner for Public Appointments. In 1995, Geoff was appointed an MBE for his services to sport and in 2016, 2017 and 2018 he was included in the Top 100 BAME (Black and Minority Ethnic) Leaders in Business List, in association with the Sunday Times. He is also a Deputy Lieutenant for Greater Manchester.

Rachel Blake

Rachel Blake is the Deputy Mayor for Planning, Tackling Poverty and Air Quality at the London Borough of Tower Hamlets. She was elected to represent the Labour Party for Bow East Ward in May 2014 and appointed to Cabinet in July 2015. In Cabinet, she has worked on the production of a new Local Plan, a new Housing Strategy, a programme of 2000 new affordable homes and a Tackling Poverty programme. Prior to this position, she held a range of roles in Local, Regional and National Government working on Housing, Regeneration and Planning Policy. She is also a member of the Local Government Association Policy Board for Environment, Economy, Housing and Transport.

Changes to Board membership

Five new Board members were appointed on 1 April 2018. They are Pam Alexander OBE, Shanika Amarasekara, Simon Blanchflower, Sukhvinder Kaur-Stubbs and Geoff Thompson. Mayor of the London Borough of Tower Hamlets, John Biggs, stepped down from the Board in May 2018, and Cllr Rachel Blake was appointed as the borough representative. Mayor of the London Borough of Hackney Phillip Glanville and Cllr Clare Coghill of the London Borough of Waltham Forest, were reappointed to the board in May 2018 following their re-elections in the local government elections. Following her election as Mayor of the London Borough of Newham in May 2018, Rokhsana Fiaz was appointed to the Board in June 2018.

Attendance at LLDC Board and Committee meetings during 2018/19

	Meetings of the Board attended	Meetings of the Audit Committee attended	Meetings of the Investment Committee attended	Meetings of the Regeneration and Communities Committee attended	Meetings of the Chair's Committee attended	Meetings of the Planning Decisions Committee attended	Meetings of the Health, Safety and Security Committee attended	Notes
Total number in the period	9	3	7	3	4	9	1	
Peter Hendy	9/9	-	7/7	-	4/4	-	-	
Pam Alexander	9/9	-	-	-	-	7/7	-	See note 1
Sonita Alleyne	9/9	-	7/7	3/3	4/4	-	-	
Shanika Amarasekara	7/9	2/3	5/7	-	-	-	-	See note 2, 3
Cllr Rachel Blake	9/9	-	-	-	-	1/2	-	See note 1
Simon Blanchflower	9/9	-	7/7	-	2/2	-	1/1	See note 4
Cllr Clare Coghill	3/9	-	-	-	-	-	-	See note 3
Nicky Dunn	9/9	-	7/7	-	4/4	-	1/1	
Keith Edelman	7/9	3/3	6/7	-	3/4	-	1/1	See note 2, 3
Rokhsana Fiaz	9/9	-	-	-	-	-	-	See note 5.
Philip Glanville	6/9	-	-	-	-	-	-	See note 3
Tanni Grey-Thompson	7/9	3/3	-	2/3	-	-	-	
Sukvinder Kaur-Stubbs	8/9	-	-	3/3	-	8/9	-	See note 2
Philip Lewis	8/9	-	-	-	4/4	8/9	-	
Jules Pipe	5/9	-	-	-	-	-	-	See note 3
Geoff Thompson	9/9	1/3	-	3/3	-	-	-	
Piers Gough	-	-	-	-	-	9/9	-	
Louise Wyman	-	-	-	-	-	4/9	-	
Emma Davies	-	-	-	-	-	5/9	-	
James Fennell	-	-	-	-	-	8/9	-	
Cllr Nick Sharman (LBH)	-	-	-	-	-	8/9	-	
Cllr Forhad Husain (LBN)	-	-	-	-	-	1/1		See note 1
Cllr Ken Clark (LBN)	-	-	-	-	-	1/1		See note 1
Cllr Juliet Marriott (LBN)	-	-	-	-	-	1/1		See note 1
Cllr Rachel Tripp (LBN)	-	-	-	-	-	2/5		See note 1
Cllr James Beckles (LBN)	-	-	-	-	-	4/7	-	See note 1
Cllr Daniel Blaney (LBN)	-	-	-	-	-	2/3		See note 1
Cllr Dan Tomlinson (LBTH)	-	-	-	-	-	5/7	-	See note 1
Cllr Terry Wheeler (LBWF)	-	-	-	-	-	1/2		See note 1
Cllr Jennie Gray (LBWF)	-	-	-	-	-	0/2		See note 1, 6
Cllr Marie Pye (LBWF)	-	-	-	-	-	4/5	-	See note 1

Notes:
A dash (-) indicates that an individual is not a Member of a Board or Committee
1. Joined or left the Planning Decisions Committee during the financial year: Pam Alexander joined the Committee in July 2018. Cllr Rachel Blake was appointed until 31 May 2018 as a Committee Member, then from 28 June 2018 as the substitute to Cllr Daniel Tomlinson. Cllr Forhad Husain and Cllr Ken Clark were appointed until 1 May 2018; Cllr Juliet Marriott was appointed from 21-31 May 2018; Cllr Rachel Tripp was appointed from 21 May – 31 May 2018 and from 28 June 2018 to January 2019 as a Member and then as a substitute Member for Cllr James Beckles from 11 March 2018; Cllr James Beckles was appointed from 28 June 2018; Cllr Daniel Blaney was appointed with Mayor Rokhsana Fiaz as substitute from 18 January 2019; Cllr Terry Wheeler was appointed as from 21 May – 31 May 2018 as a Committee Member, then from 28 June 2018 as the substitute to Cllr Jennie Gray then to Cllr Marie Pye; Cllr Jennie Gray was appointed from 28 June 2018 to 26 July 2018; Cllr Marie Pye was appointed from 18 October 2018.
2. Indicated that they were unable to attend specific Board or Committee meetings when the meeting calendar was issued.
3. Unable to attend a Board meeting called at short notice.
4. Joined or left a Committee during financial year: Simon Blanchflower joined the Chair's Committee from 29 January 2019.
5. Joined Board during the course of the financial year: Mayor Rokhsana Fiaz was appointed on 5 June 2018.
6. Cllr Terry Wheeler deputised for Cllr Jennie Gray at 2 Planning Decisions Committee meetings and for Cllr Marie Pye at 1 meeting.

Narrative Report

The Legacy Corporation

London Legacy Development Corporation (Legacy Corporation) is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011, with the vision of creating a dynamic new metropolitan centre for London. Its mission is:

> "*To use the opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want to live, work and visit*."

The Mayor of London appoints the Members to the Legacy Corporation's Board and allocates its budget. In addition, the Legacy Corporation is required to prepare its Statement of Accounts in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

1. **LIVE**

   Establish successful and integrated neighbourhoods, where people want to live, work and play

2. **WORK**

   Retain, attract and grow a diverse range of high quality businesses and employers, and maximise employment opportunities for local people

3. **VISIT**

   Create a diverse, unique, successful and financially sustainable visitor destination

4. **INSPIRE**

   Establish a 21st century district promoting cross-sector innovation, education, culture, sport, aspiration and participation in east London

5. **DELIVER**

   Deliver excellent value for money, and champion new models and standards which advance the wider cause of regeneration, in line with LLDC's core values: Ambition, Responsibility, Collaboration and Excellence.

In November 2016, the Legacy Corporation Board approved its updated five-year strategy which sets out the areas of focus for the organisation for the five years from 2015 to 2020 to support its mission and delivery of its objectives.

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 Code. These Accounts have been produced in accordance with this guidance and regulation. The Legacy Corporation replaced the Olympic Park Legacy Company, a company limited by guarantee, established in 2009 to create a lasting legacy from the London 2012 Games. As part of the statutory instrument creating the Legacy Corporation, it took over the property, rights and liabilities of the Olympic Park Legacy Company.

Financial review

Overview

Substantial progress was made during the year on **East Bank**, the Legacy Corporation's flagship project to deliver a world-class cultural and education district on the Park. The project will bring together the Victoria and Albert Museum (V&A), Sadler's Wells Theatre and the BBC alongside the University of the Arts London College of Fashion (UAL) in the heart of the Park at Stratford Waterfront, with University College London (UCL) creating a new campus, UCL East, comprising academic facilities and student residential accommodation, in the south of the Park at Marshgate and Pool Street. The V&A Collection and Research Centre will be located at Here East. Together, these institutions will form a new cultural and educational hub for east London, cementing the regeneration of the area, being a catalyst for job creation and economic growth, and strongly complementing the world-leading creative and technology sectors of east London.

The project is funded through a mixture of partner and private sector funding, philanthropic funding and public sector funding from the Mayor of London and Government. In total, this investment is anticipated to generate 2,500 new jobs, over £1.5 billion of economic benefit at net present values and deliver 100,000m^2 of cultural and education space.

In May 2018, the Full Business Case to Government for their support in funding the project was approved, conditional on putting in place legal agreements with the East Bank partners and achieving planning consent. Over the course of the year, legal agreements were concluded with all partners, and planning permission progressed. In May 2018 UCL received outline planning permission for their development (with reserved matters approval in March 2019). In November 2018, the Legacy Corporation submitted a planning application for the Stratford Waterfront site; this was subsequently approved by the Legacy Corporation's Planning Decision Committee on 30 April 2019 and by the GLA on 12 June 2019 (the Section 106 agreement was signed on 22 July 2019).

In January 2019, the lease with UCL for its sites in the south of the Park was executed triggering a significant lease premium to the Legacy Corporation. UCL will self deliver their developments.

LLDC will procure and deliver the cultural and educational buildings on Stratford Waterfront. Procurement of construction works is well underway and by the end of 2018/19, the Legacy Corporation had successfully procured 5 out of a current total of 27 works packages with a combined value of £43.4m. Early enabling works on site commenced in November 2018 and substructure works are on target to commence in June 2019.

Looking forward to 2019/20, the project will complete the final stages of design, procure the remaining works packages and increase its on-site construction activity; as a result, the volume and value of transactions processed through the Legacy Corporation's accounts will materially increase.

The **London Stadium** remained a key focus for the Legacy Corporation throughout 2018/19. In January 2019, the Legacy Corporation took the significant step of acquiring the Stadium operator, London Stadium 185 Limited, via its wholly-controlled partnership, E20 Stadium LLP. This gives the Legacy Corporation full control of the Stadium operations, enabling it to better maximise the commercial opportunities at the Stadium and reduce its operating costs. Accordingly, the financial results of London Stadium 185 Limited from the acquisition date to 31 March 2019 are consolidated into the Legacy Corporation's Group Accounts (via the E20 Stadium LLP accounts) in line with International Accounting Standards (see Note G16 for further details).

In addition, relationships with key London Stadium stakeholders improved over the year. In November 2018, the LLDC settled a substantial legal dispute with West Ham United Football Club (West Ham), the Stadium's key tenant throughout the Premier League season, and reached agreement on a number of outstanding commercial matters which will benefit both parties. This means that the Corporation's time and energy can be better utilised improving the financial performance of the venue. In addition, an agreement in principle (and subsequently contracted in July) was reached with UK Athletics which will secure reductions in Stadium operating costs for the future and see more community activity in the Stadium.

Funding for the Legacy Corporation's programme for the development of the Park is provided through loan financing from the Greater London Authority (GLA), to be repaid from capital receipts generated from the exploitation of the Legacy Corporation's ownership of development platforms on and around the Park and future contributions from East Bank partners to development costs. During the 2018/19 budget process, the GLA and the Corporation agreed to cap the LLDC borrowing limit at £520m and the GLA agreed to directly fund part of the East Bank project, invest directly to develop LLDC's remaining development sites and, where extra funding is required, fund LLDC directly so that its borrowing limit is not breached.

In 2018/19, the Legacy Corporation made a £6.4m net repayment of loan funding to the GLA. This consists of £72.9m loan funding drawn down during the year, offset by a £56.6m cash repayment in January 2019 and a £22.8m year-end reclassification of loan funding provided to E20 Stadium LLP (to revenue). The total outstanding loan balance due to the GLA as at 31 March 2019 is therefore £319.6m (from £326.0m as at 31 March 2018).

Overall, the net capital funding requirement for the year from the GLA was £0.2m (on an accruals basis), which was significantly less than budgeted (£62.1m). The Legacy Corporation's capital expenditure for the year was £80.2m against a budget of £120.4m reflecting mainly timing differences on capital projects, most particularly Legacy Community Scheme infrastructure works. Capital income was £21.7m positively higher than planned due to the early receipt of capital receipts from the Chobham Manor development, previously expected to be received in 2019/20.

In September 2018, the Mayor announced support for additional affordable housing to be delivered across the Corporation's remaining uncontracted development portfolio. Approximately 3,000 new homes will be built across Stratford Waterfront, Pudding Mill Lane and Rick Roberts Way over the next 10 to 20 years, and the agreement reached with the Mayor supports an average of 50 percent affordable housing across these three sites, with the GLA absorbing the consequential reduction in capital receipts, expected to be through housing and infrastructure grant investment and proposed additional long term general funding, presently assessed to be c£10m a year.

The Legacy Corporation's investment property portfolio has been revalued at 31 March 2019 in line with accounting policies. The assets are being developed or held by the Legacy Corporation for their income potential or capital appreciation and are therefore classified as investment property. A number of valuation methodologies have been applied but the investment method, where rental income is capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The Legacy Corporation's investment property portfolio is now valued at £185.9m, a net decrease in fair value of £60.7m from the prior year. This is mainly driven by planned disposals of investment properties; during 2018/19, LLDC received a total of £73.9m in capital receipts from the sale of properties on the Chobham Manor development and the UCL site as part of the East Bank project. The valuation also reflects a further reduction in the value of the Rick Roberts Way site, largely driven by the increase in affordable housing assumed on the site, consistent with the Mayor of London's policy on affordable housing. The post balance sheet achievement of planning consent for East Bank (subject to Stage 2 approval and conclusion of the Section 106 agreement) is likely to be reflected in an improvement in the value of the corporate investment property portfolio as contributions from partners to development costs become unconditional. The movements in investment properties are detailed more fully in Note 13 to the accounts.

A deferred tax liability of £18.6m is recognised within the Legacy Corporation's accounts (2017/18: £31.1m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the historic increase in the value of its portfolio is realised. An amendment to the Local Authorities Capital Finance and Accounting Regulations permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities and, accordingly, the deferred tax charge is recognised in the Legacy Corporation's Capital Adjustment Account in the financial statements.

The Legacy Corporation provided funding to E20 Stadium LLP for its operational and capital requirements in the year by way of a loan, amounting to £24.6m excluding interest. In light of the partnership's current long-term financial forecasts, the Legacy Corporation currently holds its interest[1] in the partnership at nil value. As a result both the Legacy Corporation's investment and the loan are impaired within the 2018/19 accounts.

E20 Stadium LLP's forecasts also impact upon the London Stadium's valuation as at 31 March 2019 in E20 Stadium LLP's accounts. The fair value of the Stadium is assessed on an annual basis by independent valuers and based largely upon E20 Stadium LLP's long-term forecasts. It is therefore subject to fluctuation each year, particularly as the commercial plans for the Stadium develop. As at 31 March 2019, the Stadium's fair value is assessed to be nil due to the level of costs included in E20 Stadium LLP's long-term forecasts. In 2016/17, E20 Stadium LLP recognised a provision for future losses arising from two onerous contracts; this provision remains as at 31 March 2019 and is consolidated in full within the Legacy Corporation's Group Accounts.

The Legacy Corporation was set up as a time-limited organisation that would in due course complete its development programme; return its planning powers to the Boroughs; and establish long-term arrangements for the management of Queen Elizabeth Olympic Park and surrounding neighbourhoods and for the continued realisation of the ambition "to use the opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK".

The Mayor has stated publicly that he would like this "Transition" of Legacy Corporation functions to begin in 2024/25 and so we have begun to work with the Mayor, the Boroughs and our stakeholders to develop a strategy for Transition. The Legacy Corporation Board set a clear direction of travel at its meeting in November 2018 and will review a high-level Transition Strategy in January 2020 for consideration by the Mayor.

The Legacy Corporation has appointed a Head of Transition Programme and an internal Transition Programme Board has been established comprising staff from across the organisation. Staff are fully involved in development of the strategy. There are no financial implications in the 2019/20 financial year.

[1] Amounts previously invested in the partnership as equity

Land ownership

The majority of Queen Elizabeth Olympic Park land is owned by the Legacy Corporation with further land leased from third parties, predominately 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, and meeting rooms. It reopened at the start of March 2014 as a venue accessible to the public and capable of hosting elite sports. With 2,500 permanent spectator seats, the venue has hosted a range of local and national competitions. The venue has had more than 4.8 million visitors pass through its doors since it opened in 2014, with 900 school children attending weekly lessons and 4,000 people signed up to the Better Swim School programme (including children) and 700 to the Tom Daley's learn to dive programme.

The Copper Box Arena hosted handball, fencing and goalball during the London 2012 Olympic and Paralympic Games, and reopened as a multi-use arena in July 2013. With a seating capacity for up to 7,500 spectators, the Arena hosts sport including basketball, netball, handball, badminton, fencing and boxing and is increasingly used for a wide range of events including e-sport tournaments and product launches. The venue also contains an 80-station gym.

The Legacy Corporation retains the freehold of the London Aquatics Centre and the Copper Box Arena and engages Greenwich Leisure Limited (GLL) as the operator of both venues. Under the 10-year arrangement, which expires in March 2024, GLL meet the majority of operating costs and receive the incomes whilst paying a fee to LLDC. Surpluses and deficits are shared between the Legacy Corporation and GLL and the Legacy Corporation is responsible for the maintenance of these venues.

Stadium

The Stadium is surrounded by water on three sides and the 'island' site, excluding bridges, is leased by LLDC to E20 Stadium LLP until 2115. The venue has been transformed into a multi-use world class stadium. Over the year the Stadium played host to Premier League football as the home to West Ham United, as well as the Athletics World Cup, Muller Anniversary Games and Gallagher Premiership rugby, and also staged a major concert series featuring Rolling Stones, Foo Fighters, Jay-Z and Beyoncé. The partnership entered into a 25-year service concession arrangement with London Stadium 185 Limited on 30 January 2015 which grants the operator sole and exclusive rights to promote, sell and manage events in the Stadium and South Park. In January 2019, E20 Stadium LLP acquired all of the share capital of the operator from Vinci Stadium, bringing control of the Stadium operation under LLDC.

Here East

The buildings are leased to Innovation City (London) Limited (iCITY), trading as Here East for a period of 200 years to May 2214 with the Legacy Corporation receiving a proportion of net rents. iCITY's is vision to provide an innovative new commercial space focused around established and start up technology companies. During 2018/19 an option agreement was agreed and put in place between the Legacy Corporation and iCITY, which allows iCITY to call for the grant of a new 999 year lease and disposal of the Legacy Corporation's interest for a capital receipt, conditional upon iCITY meeting certain conditions.

Here East consists of 1.2 million square feet of space, and features three main buildings — a 300,000 square feet innovation centre, a 1,045-seat auditorium and an 850,000 square feet building housing educational space, broadcast studios, office space and a state-of-the-art data centre. Here East tenants include British Telecommunications (broadcasting BT Sport), Studio Wayne McGregor, Loughborough University in London, Plexal, Scope, MatchesFashion.com and University College London Bartlett School of Architecture.

ArcelorMittal Orbit

The ArcelorMittal Orbit has been open to the public since 5 April 2014. At 114.5m high the ArcelorMittal Orbit is the UK's tallest sculpture incorporating two observation platforms at 76m and 80m which provide stunning views across London and Queen Elizabeth Olympic Park. Since its opening there have been 783k visits to the ArcelorMittal Orbit.

In June 2016, LLDC launched the world's longest and tallest tunnel slide adjoined to the tower. Over 310k people have bought tickets for the Slide since it opened. Abseiling remains popular and UpSlide Down, a new stair climb option, was launched in 2017.

The Legacy Corporation retains the freehold of the ArcelorMittal Orbit and Engie manage the venue on behalf of the Legacy Corporation as part of their wider contract for delivering estates and facilities management services on the Park and receive a management fee. The Legacy Corporation meets all cost associated with the facility and receives all income.

The Podium building adjacent to the ArcelorMittal Orbit contains the Last Drop cafe and hospitality suite. Engie pay the Legacy Corporation a rent and service charges for the premises, with a potential turnover share. The contract with Engie runs to 2024.

Timber Lodge

The Timber Lodge is in the northern part of Queen Elizabeth Olympic Park. It is a single storey timber framed building providing a café and canteen, toilet facilities and two function rooms, which are available for hire. The land is leased by the Legacy Corporation from Lee Valley Regional Park Authority, which expires in July 2053 and the building is sublet to the Company of Cooks who took on operation of the Timber Lodge in 2018/19 for a term of five years to January 2024.

Off Park properties

A number of off Park properties were transferred from the former London Development Agency and former London Thames Gateway Development Corporation and located in the areas neighbouring the Park. The majority are in Hackney Wick and to the south of Stratford High Street in Bromley-by-Bow and managed by Knight Frank LLP on behalf of the Legacy Corporation and are occupied on a variety of short-term leases.

3 Mills Studio

3 Mills Studio is a large film and TV studio offering production offices, construction and prop stores, make up, costume and green rooms and a mix of production related tenants such as camera hire and casting. The site is on land owned by the Lee Valley Regional Park Authority with a long lease to the Legacy Corporation until August 2103.

The Clock Mill forms part of this site and is let to East London Science School Trust until August 2021.

Knight Frank LLP has managed 3 Mills Studios for the Legacy Corporation since 2013. The contract now extends to March 2020.

Development platforms

The Legacy Corporation owns several development platforms, listed below:

Chobham Manor

The Legacy Corporation has a development agreement in place with Chobham Manor LLP, which is a joint venture between London & Quadrant and Taylor Wimpey. The agreement is to deliver a new residential neighbourhood at Chobham Manor, just south of Lee Valley VeloPark. Planning permission has now been granted for all four phases of the scheme, with Phase 1 complete, Phase 2 partially completed, construction for Phase 3 underway and the whole development due to complete by 2022/23.

The development will comprise 859 new homes of which 75 percent will be family homes with three or more bedrooms and 28 percent affordable homes (affordable rent, social rent or intermediate housing). Works are progressing on site.

East Wick and Sweetwater

The Legacy Corporation entered into an agreement with a joint venture between Places for People Homes and Balfour Beatty Investments in February 2015 for the development of approximately 1,500 new homes, including private rented and affordable homes, at East Wick and Sweetwater. The homes will be accompanied by a mix of social infrastructure including nurseries, primary schools and a library. The zonal master plan for East Wick has been approved, as has the Reserved Matters consent for Phase One. The Reserved Matters Application for Phases Two and Three construction will be submitted jointly in autumn 2019 following completion of design work. Construction works on the development and related infrastructure works is underway with Phase One due to be completed in 2020/21, the development is scheduled for 2027/28 completion.

Stratford Waterfront

Located opposite the London Aquatics Centre in the south of the Park, this development platform forms part of the East Bank project and will be home to UAL's London College of Fashion, Sadler's Wells and Victoria and Albert Museum (incorporating the Smithsonian Institution), and the BBC as well as residential and retail. All partner institutions have signed Agreements for Lease with the Legacy Corporation; each of these leases carries a 399 year term.

UCL East

Also, part of the East Bank project, this development platform will, in its first phase, comprise 50,000m^2 of new university campus, with academic and student residential accommodation. UCL has appointed its contractor for their main academic buildings at Marshgate and a preferred bidder approved for their mixed-use Pool Street West building. UCL's Reserved Matters Application was approved by the Planning Decisions Committee in March 2019, subject to conditions. UCL have a 299 year lease from January 2015 for the Marshgate and Pool Street sites.

Pudding Mill

The Pudding Mill development platform currently has outline planning consent under the Legacy Communities Scheme for up to 1,290 homes, as part of a mixed-use development. The outline scheme also includes a new local centre close to the DLR station. The Legacy Corporation is working with the GLA to review the housing strategy for this development and explore ways in which it can increase levels of affordable housing and accelerate delivery to meet housing need.

Rick Roberts Way

Rick Roberts Way is jointly owned by the Legacy Corporation and the London Borough (LB) of Newham. It is planned as the final phase of the Legacy Communities Scheme and has outline consent for up to 400 homes and a secondary school (which, in agreement with LB Newham, was delivered on Stadium Island). LLDC is working with LB Newham to agree a delivery route for this site.

Comprehensive Income and Expenditure Statement

The following table reports the same underlying information as the Comprehensive Income and Expenditure Statement, but in the form of the Legacy Corporation's management accounts.

£'000	2018/19	2018/19	2018/19
	Actual	**Budget**	**Variance**
Total net revenue expenditure	16,676	19,207	(2,531)
Trading net (surplus)/deficit	686	1,244	(558)
Total	**17,362**	**20,451**	**(3,089)**

The Legacy Corporation recorded net expenditure of £17.4m for the year, which was £3.1m lower than budget. The Legacy Corporation generated revenue income of £15.3m during the year, which was £2.0m better than budget. This is mainly due to higher than planned programming and events income (in Park Operations and Venues). Revenue expenditure for the year of £32.6m was £1.0m below budget, which was due, in part, to Regeneration and Community Partnerships spend on their Socio Economic programme reprofiling into 2019/20. The Legacy Corporation continually seeks to manage its cost base down and has been efficient and effective in the use of its revenue resources.

The Expenditure and Funding Analysis (Note 3) provides a reconciliation between the figures reported within the Legacy Corporation's management accounts (above) and its Net Cost of Services, as reported in the Comprehensive Income and Expenditure Statement.

Balance Sheet

The Balance Sheet as at 31 March 2019 is summarised below.

	31 March 2019 £'000	31 March 2018 £'000
Long term assets	244,501	279,730
Cash and cash equivalents	58,894	21,550
Net current assets/(liabilities)	(39,496)	(18,949)
Net pension liabilities	(17,157)	(15,250)
Other long term liabilities	(355,331)	(370,254)
Net assets	**(108,589)**	**(103,174)**
Represented by		
Usable reserves	8,715	2,676
Unusable reserves	99,873	100,497
Total reserves	**108,589**	**103,174**

<u>Usable reserves are made up of:</u>

General funds	21,546	9,360
Deferred tax reserve	(12,831)	(6,684)
Total usable reserves	**8,715**	**2,676**

Long term assets

LLDC's long terms assets relate primarily to LLDC's investment property. Overall the value of investment property assets has decreased from £246.7m at the end of last year to £185.9m as at 31 March 2019, driving an overall net decrease in long term assets. Disposals in relation to Chobham Manor residential properties and UCL East, as part of the East Bank project, were completed in the year and an increase in the affordable housing modelling assumptions applied to the Rick Roberts Way development platform have reduced the value of investment property. The Legacy Corporation's portfolio was valued as at 31 March 2019 by GL Hearn Limited – external, independent property valuers, who have appropriate recognised professional qualifications. The assets are being held 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.

Also included within long term assets are assets under construction (within Property, Plant and Equipment), which relate to expenditure incurred on the East Bank project (see Note 12).

Cash and cash equivalents

The Legacy Corporation's short-term cash balances, which relate to balances held to meet liabilities on the Legacy Corporation's balance sheet in respect of its obligation under the Olympic Park Transport Environment Management Strategy (OPTEMS) and Section 106 schemes, 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 current participants include the GLA, London Fire and Emergency Planning Authority, the London Pensions Fund Authority and The Mayor's Office for Policing and Crime.

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.

As at 31 March 2019 the value of the Legacy Corporation's cash and cash equivalents was £58.9m (31 March 2018: £21.6m) The balance held with the GIS at 31 March 2019 is £42.0m (31 March 2018: £15.9m), with the balance of £16.9m (31 March 2018: £5.7m) being held within the Legacy Corporation's bank accounts (see Note 16).

The Legacy Corporation does not hold significant cash balances for its operational need. Working capital is requested from the GLA on a weekly basis based on forecast requirements. Cash inflows are generated from other sources including trading operations, planning fees and events held on the Park. Consequently, the Legacy Corporation has low sensitivity to variations in cash flow during the year. In 2018/19, the Legacy Corporation also received £73.9m in capital receipts from its investment properties (which were largely used to repay borrowings to the GLA), which are forecast to grow further in the future. Future plans may be affected by a number of factors, including inflationary increases that affect the Legacy Corporation's capital and revenue costs, housing market movements, planning assumptions and the level of affordable housing that are material to receipts from the disposal of development land, and potential changes to the Legacy Corporation's strategy, such as accelerating planned housing developments and delivering higher affordable housing on GLA owned land. The Legacy Corporation continues to follow closely the impact of the withdrawal of the United Kingdom from the European Union on the property and construction sector in particular.

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 liability has increased from £15.3m (as at 31 March 2018) to £17.2m as at 31 March 2019 due to a change in the demographic assumptions (such as life expectancy) used by the actuary. A total of £3.0m (net) has been credited to the Comprehensive Income and Expenditure Statement of which £0.6m is related to the re-measurement of the net defined benefit liability, which is offset by service costs (£3.5m), net interest charged on the deferred liability (£0.5m) and the movement on the deferred tax pension asset (£0.4m). The deficit on the Pension Scheme will be made good by increased contributions by the Legacy Corporation over the employees' remaining working life, as assessed by the Scheme actuary.

Other assets and liabilities

The Legacy Corporation has a rolling loan facility with the GLA to finance the Legacy Corporation's capital expenditure. As at 31 March 2019, the Legacy Corporation had drawn down loan funding to the value of £319.6m. This loan will be repaid from capital receipts generated from the exploitation of the Legacy Corporation's ownership of development platforms on and around the Park. Interest payable on the loan is based on a 50-year Public Works Loan Board rate and is funded by GLA grant.

£42.5m of liabilities on the Legacy Corporation's balance sheet relate to its obligation under the Olympic Park Transport Environment Management Strategy (OPTEMS), Section 106 schemes and Community Infrastructure Levy. The Legacy Corporation has ring-fenced the funds required to meet its obligations.

Provisions and contingent liabilities

The Legacy Corporation continues to recognise a contingent liability in relation to a loan of £13.0m (principal £9.2m plus unpaid interest), which was used to part fund the construction of the ArcelorMittal Orbit and is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated (in the first instance against interest on the loan until wholly repaid then 50% against the principal thereafter). A discounted projected cash flow is used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in prior years.

No provisions are recognised as at 31 March 2019 in the Legacy Corporation's single entity accounts.

Reserves

The Legacy Corporation's net revenue expenditure is fully funded by the GLA via a revenue grant. This grant is agreed annually on a four-year rolling basis via the GLA's statutory budgeting process and is drawn by the Legacy Corporation throughout the year on a cash-basis. This arrangement gives rise to timing differences between net expenditure calculated on an accruals-basis and the Legacy Corporation's net cash requirement. It also means that the Legacy Corporation's ability to generate surpluses within its General Fund is restricted.

Accordingly, at the end of the financial year, the Legacy Corporation had negative usable reserves of £8.7m in the General Fund (2017/18: £2.7m). However, considering the Legacy Corporation's funding arrangements with the GLA, the level of usable reserves reported in the statutory accounts is considered adequate for the Legacy Corporation to meet its current and future financial challenges.

Forecasted net cash position

In line with the Legacy Corporation's approved long-term financial model, as updated for the 2018/19 outturn, the net cash position of the Legacy Corporation's activities in the coming three years is expected to be as follows:

Capital

	2019/20	2020/21	2021/22	Total
	£m	**£m**	**£m**	**£m**
Capital expenditure	**174.2**	**239.8**	**193.3**	**607.3**
Funded by:				
Capital receipts	(32.3)	(38.1)	(39.4)	(109.8)
Other grants/funding	(56.9)	(108.3)	(123.5)	(288.7)
Borrowing from GLA drawdown	(85.0)	(93.4)	(30.4)	(208.8)

Revenue

	2019/20	2020/21	2021/22	Total
	£m	**£m**	**£m**	**£m**
Income	(13.4)	(12.0)	(10.9)	(36.3)
Revenue expenditure	35.4	31.3	29.9	96.6
Financing costs	11.2	14.0	15.8	41.0
Net expenditure	**33.2**	**33.3**	**34.8**	**101.3**
Funded by:				
GLA funding for core activities	(16.8)	(16.0)	(16.0)	(48.8)
GLA funding for financing	(11.2)	(14.0)	(15.8)	(41.0)
Reserves	(5.2)	(3.3)	(1.4)	(9.9)
Net revenue position	**-**	**-**	**1.6**	**1.6**

Cost reduction and commercial income opportunities such as advertising, sponsorship and additional visitor attractions on the Park are being explored to assist in bridging the forecast revenue deficit in 2021/22.

Changes to accounting policies

The Legacy Corporation has not adopted any new accounting policies in 2018/19.

Commentary on key live projects

East Bank

Significant progress was made on the East Bank project in the year.

LLDC has entered into binding Agreements for Lease with all the partner institutions. The V&A has signed an Agreement for Lease with Here East for their Collection and Research Centre. Funding from the Government was confirmed in 2018/19 through approval of the Full Business Case (subject to conditions).

The Planning Decisions Committee resolved to grant planning consent for the Stratford Waterfront planning application on 30 April 2019. The GLA subsequently gave approval on 12 June 2019 (and the Section 106 agreement was signed on 22 July 2019).

RIBA stage 3 design for Stratford is complete and procurement for initial Stratford Waterfront contracts are underway with contracts awarded for Enabling Works, Substructure, Tower Cranes, Carpenter's Land Bridge and Common Site Services, with procurement underway for other construction packages. Enabling works are underway on site.

Work on UCL East has continued, UCL has appointed its contractor for its main academic buildings at Marshgate and a preferred bidder approved for their mixed-use Pool St West building. UCL's Reserved Matters Application was approved by the Planning Decisions Committee in March 2019, subject to conditions. Enabling works have now commenced.

The costs will be met through a mixture of partner and private sector funding, philanthropic funding and public-sector funding from the Mayor of London and Government, following the approval of the final business case. In total, this investment is anticipated to generate 2,500 new jobs, economic benefits of over £1.5 billion at net present values and deliver 100,000m^2 of cultural and educational space.

The Legacy Corporation continues to work with partners to develop collaborative projects and proposals to help deliver the programme's strategic objectives. A Strategic Objectives Delivery Plan, which sets out how the overall regeneration objectives of the project, is in place and updated annually.

Chobham Manor development

In November 2012 LLDC entered into a development agreement with Chobham Manor LLP (a joint venture between Taylor Wimpey and London & Quadrant). The development of 859 homes of which 28 per cent is affordable, will contain 75 per cent family housing (defined as three bedrooms or more) in line with planning requirements and will be supported by facilities including a nursery and community spaces.

350 homes have now been completed. Phase One (consisting of 259 homes in blocks 1A, 1B, 1C and 1D) is now fully complete. In Phase Two, the first block is complete and 86 out of the 91 units have been occupied. In 2018/19 the Legacy Corporation recognised £20.3m of capital receipts arising from its share of proceeds from sales of homes on the Chobham Manor site.

Planning permission has now been granted for all four phases of the scheme, with Phase One complete, Phase Two partially completed, construction for Phase Three underway and the whole development due to complete by 2022/23. This development zone is held as an investment property (as part of 'Queen Elizabeth Olympic Park' asset) in the Legacy Corporation's accounts, further detail of which is given in Note 13.

East Wick and Sweetwater

East Wick and Sweetwater Projects Ltd (a joint venture between Places for People and Balfour Beatty) was appointed by the Legacy Corporation in February 2015 to create new neighbourhoods in East Wick and Sweetwater. The plans include building up to 1,500 new homes with up to 30 per cent affordable and 500 homes to rent on the Park. East Wick and Sweetwater will create a vibrant new community on the west of the Park, linking to existing communities in Hackney Wick and Fish Island. Construction works on the development and related infrastructure works is underway with Phase One due to be completed in 2020/21 and who development scheduled for 2027/28 completion. The Reserved Matters Application for Phases 2 and 3 construction will be submitted jointly in autumn 2019 following completion of design work.

LLDC funded infrastructure works to support the development were granted planning permission in March 2017. Construction work on Stour Road (H16) Bridge is close to completion (this completed in May 2019) and the north/south road build and Monier Road (H14) Bridge are due to complete in 2019/20.

It is anticipated that the Legacy Corporation will begin to receive capital receipts from this development in 2020/21. This development zone is held as an investment property (as part of 'Queen Elizabeth Olympic Park' asset) in the Legacy Corporation's accounts, further detail of which is given in Note 13.

Hackney Wick Neighbourhood Centre

Outline planning permission for the regeneration of the central area around Hackney Wick station was issued in March 2018 following GLA Stage 2 sign-off. The application was submitted jointly with LB Hackney and prioritised no net loss of employment space. Work is ongoing to procure a developer for LLDC's land in this area in 2019/20.

Hackney Wick Station

Improvements to Hackney Wick Station completed in 2018/19. The improvements include new routes to reduce journey-times between the station and Here East and Queen Elizabeth Olympic Park; a new and enlarged station concourse; the installation of lifts to the platforms; and the creation of a new north-south pedestrian route for both passengers and other pedestrians under the railway embankment. The construction was delivered by Network Rail and the new station entrance opened in May 2018.

Bobby Moore Academy

The Bobby Moore Academy, a split-site all-through school consisting of a two-form entry primary school at Sweetwater and a six-form entry secondary school at Stadium Island, is operated by the David Ross Education Trust. The primary school opened on 11 September 2017 for the start of the 2017/18 academic year for classes of year 7 secondary school students (whilst the secondary school was being completed), with the first primary intake starting in September 2018. The secondary school on Stadium Island opened in September 2018 for the 2018/19 academic year, for year 7 and 8 students.

Prospects and outlook

Looking forward the Legacy Corporation has a number of key milestones to achieve in 2019/20.

The Legacy Corporation's significant residential projects, Chobham Manor and East Wick and Sweetwater, will provide new homes for people who want to live in the area. These projects will also generate significant capital receipts for the Legacy Corporation, supporting repayment of borrowings to the GLA, but are being delivered at a time when the UK housing market is softening; this could impact upon the level of receipts realised by the Legacy Corporation.

Construction on Chobham Manor Phase Two is underway and due for completion in summer 2019, with construction of Phase Three to continue for completion in 2021/22. East Wick and Sweetwater Phase One works will continue and are on schedule for completion in 2020/21 with construction complete in 2019/20 for supporting infrastructure works, the H14 bridge and the North South Highway.

Following granting of outline planning for the Legacy Corporation's residential development at Stratford Waterfront procurement to select a developer will commence. Development strategies will also be progressed on LLDC's future housing developments at Pudding Mill and Rick Roberts Way. In May 2019, designers were appointed to progress the Pudding Mill site.

New facilities created as part of the East Bank project will not only strengthen the Park's offer for local, national and international visitors, but also create a home for skilled artists, designers, academics, engineers, scientists, architects and craftspeople – and the global companies that need this talent. Key milestones in 2019/20 are: granting of planning application for Stratford Waterfront; start on site construction for cultural and educational buildings at Stratford Waterfront and UCL's university campus, and delivery of construction procurement programmes.

Marquee events at the London Stadium in 2019/20 will see it host Major League Baseball (MLB) in June 2019, the first time MLB matches have been held in Europe, as well as athletics with the Mueller anniversary games and summer concerts. These events will further enhance the Stadium's reputation as a world-class multi-use stadium. West Ham United Football Club will also begin its fourth season in the stadium, bringing Premier League and cup football to Stratford.

The Legacy Corporation has access to sufficient funding through the GLA to complete the development programme set out in its five-year strategy and budget and begin to repay the investment made by the Greater London Authority in the Olympic legacy. The Corporation's four-year budget was approved by the Legacy Corporation Board and the Mayor in March 2019, and will be revisited annually as part of the statutory budget process of the GLA.

The Legacy Corporation continually seeks to maximise the value for money of the investment in its activities and ensure that the organisation is as lean and effective as possible, while still resourced to deliver a challenging programme.

Performance Measures

The following performance indicators demonstrate how the Legacy Corporation has used its resources to deliver against its five strategic objectives during the year.

Measure	Progress to 31 March 2019
Further completion of units at Chobham Manor.	Phase 1 of Chobham Manor has now completed. The first block of the second phase of homes is complete and mostly occupied; the rest of Phase 2 is on schedule to complete in summer 2019. Construction works for Phase 3 is already underway.
Start on site at East Wick and Sweetwater.	The main package of construction works in Phase 1 commenced in this year.
Prepare development strategy for Rick Roberts Way.	Work continues with joint landowners LB Newham and stakeholders to reach agreement on a delivery strategy and programme ahead of aiming to agree timeline and objectives.
Pudding Mill developer procurement launched.	The delivery of Pudding Mill has been a major factor in agreeing a way forward with the GLA around affordable housing, Procurement of design teams for this development is underway.
Bobby Moore Academy secondary school site opens.	The school opened in September 2018 and was officially opened by Sir Geoff Hurst MBE in December 2018.

Complete the Hackney Wick station improvement works.	The station is open to the public and the works are complete, with the new underpass due to open in 2019/20.
Appoint a developer for Hackney Wick Neighbourhood Centre.	The procurement strategy to select a development partner was approved by LLDC's Investment Committee in June 2017. Following GLA planning approval, the aim is to commence procurement in summer 2019.
3 Mills river walls repair work undertaken.	Construction commenced in this period with scheduled completion in October 2019.
3 Mills future use agreed.	Delivery strategy approved by Investment Committee and Board
Deliver an effective and responsive planning service. At least 70% of applications determined in time.	This target has been exceeded each month in 2018/19, with actual performance ranging from 71% at its lowest to 100% at its highest.
Construction workforce targets (current rather than lifetime figures): • 25% of the workforce have permanent residency in Host Boroughs • 25% of the workforce are from BAME groups • 5% of the workforce are women • 3% of the workforce are disabled • 3% of the workforce are apprentices	The most recent construction figures available are to end of March 2019 • 37% of construction employees working on the Park are Host Borough residents • 80% of the workforce are from BAME groups • 5% of the workforce are women • 1% of the workforce are disabled people • 4% of the workforce are apprentices
Copper Box Arena and London Aquatics Centre workforce targets (current rather than lifetime figures): • 70% of the workforce have permanent residency in the Host Boroughs • 55% are from BAME groups • 50% are women • 3 – 5% are disabled	The most recent figures available are as of June 2018 (these figures are reported annually): • 69% workforce Host Borough residents • 37% are from BAME groups (see commentary below) • 48% workforce are women • 4% workforce are disabled
Estates and Facilities workforce targets (current rather than lifetime figures): • 70% of the workforce have permanent residency in the Host Boroughs • 25% are from BAME groups • 30% are women • 5% are disabled	As of December 2018, the workforce performance is shown below: • 62% workforce Host Borough residents • 61% workforce are from BAME groups • 31% workforce are women • 6% workforce are disabled
Maintain Green Flag status for the Park	The Park had its Green Flag status confirmed for the fifth year in a row in July 2018.

Meet estimate of 6 million visitors to the Park in 2018/19.	Estimate exceeded: visitor numbers to the Park from April 2018 to February 2019 are estimated at over 6.5m.
London Aquatics Centre throughput of 1m.	Estimate exceeded: figures for 2018/19 show over 1,029,000 visits to the London Aquatics Centre.
Copper Box Arena throughput of 445,000.	Estimate exceeded: figures for 2018/19 show over show over 459,000 visits to the Copper Box Arena
ArcelorMittal Orbit throughput of 180,000.	Figures for 2018/19 show over 155,000 visits to ArcelorMittal Orbit.
Full business case for East Bank approved by HMG.	The Full Business Case was approved, subject to conditions.
Progress Stratford Waterfront design, planning and procurement.	RIBA stage 3 design complete, OJEU procurement for Enabling Works, Tower Cranes, Building Control and Carpenter's Land Bridge, Substructure Works, complete and contract let. Procurements underway for the remaining 25 works packages, the majority to be let in 2019/20. Submission of the Planning application has been made with determination in April 2019.
Continue to work with East Bank partners and to facilitate the development of the partnership to ensure the continued delivery of the East Bank strategic objectives around economic growth; education, jobs, skills, participation, raising aspirations and improving external perceptions to maximise the value of the cluster.	The Strategic Objectives Delivery Plan is in place with East Bank partners. Initiatives in place include engagement in the East Works employment and skills programme; commencement of the Creative Content programme (with the Open Doors event held at Here East in July 2018); leadership of the EAST Education programme; and the STEP into Smithsonian programme.
Delivery of East Education programme with East Bank partners.	The EAST Education framework has been launched by all East Bank partners as the shared strategic approach to education engagement.
Health and safety: Construction undertaken without a fatal accident on site; to prevent any life-changing injury or occupational ill-health for any individual; and to minimise reportable accidents to a rate below 0.17 per 100,000 hours worked.	Over the past year we have fully achieved meeting this milestone, with no reportable accidents representing a rate of 0.0.
Unqualified annual accounts for 2017/18.	2017/18 annual accounts approved with an unqualified opinion.

Corporate risks

The Legacy Corporation regularly reviews risks at a project, directorate and corporate level. The table below shows the current top corporate risks identified their potential impact, and what mitigating action is being taken.

Summary	Impact	Mitigation	Current RAG
Risk that the East Bank will be delayed, or costs will be more than anticipated.	Financial implications and programme delays.	Effective design management and coordination. Rigorous cost and change control. Close work with partners, GLA and Government. Coordination with Planning. Three lines of defence assurance approach.	R
Risk to East Bank funding.	Financial implications and programme delays.	Full Business Case approved by Government. Close working with Foundation for Future London. Ensure best outcome from residential development.	R
East Bank construction interface and procurement risk.	Financial implications and programme delays.	Experienced and well- resourced project management partner, LLDC team and assurance. Initial procurements have been delivered on time.	R
Risk relating to capital and revenue income.	Financial and/ or delivery impacts. Reputational impacts.	Development and implementation of Housing Strategy, tight monitoring and financial control, close working with GLA.	R
Risk that the Stadium restructuring will not sufficiently improve the financial position of the Stadium.	Financial and reputational impacts.	E20 Stadium LLP Board and funders considering commercial options. Stadium operations brought in house.	R
Risk relating to current housing development delivery.	Financial and reputational impacts.	Close work with development partners and GLA, close economic and financial monitoring.	R
Risk relating to future housing development delivery.	Financial and reputational impacts.	Close working with GLA in particular on affordable housing, agreeing Housing Strategy, ensure attractive propositions to market.	R
Risk relating to security on the Park and the threat level.	Reputational, operational and financial implications.	Monitoring threat levels across the Park ensuring appropriate security resource and implementation of new security measures.	R
Local transport infrastructure insufficient for growing demand.	Reputational and operational impacts Potential limiter on economic development in Stratford area.	Work with partners to determine and deliver projects to improve transport infrastructure.	R

Risk of unauthorised climbers at ArcelorMittal Orbit.	Financial, H&S and reputational impacts.	Close working with operator, review of security measures.	A
Future transition of LLDC activities.	Negative impacts on regeneration of the area.	Transition strategy being developed. Close working with key stakeholders.	A
Electric capacity requires reinforcement.	Financial impacts.	Energy strategy commissioned, review and implement findings.	A
Delivery of the strategy for 3 Mills Studios	Financial and reputational impacts	Formalised working with partners and engagement with stakeholders.	A
Risk relating to trading activities including venues (CBA, LAC, AMO), events and car park.	Financial impacts, reduced income or increased costs.	Manage and monitoring financial targets and contracts. Spend to save initiatives. Implement commercial strategy.	A
Risk about successful implementation of the Local Plan including sufficiency of community infrastructure	Reputational impacts.	Progress reporting including annual monitoring report, review of local plan including population forecasts	A
Risk relating to the potential impact of policy change on the Corporation.	Programme delays, budget impacts.	Continue political engagement work and briefings. Work through implications of withdrawal from the EU.	A
Risk about the impacts of health and safety failures on site.	The possibility of serious injuries or fatalities, the consequences of which may include significant delays and reputational damage.	A comprehensive health and safety programme is in place, designed to identify and manage the construction risks and led actively by LLDC and its project management partner. Oversite through Health, Safety and Security Committee	A
Risk relating to failure to embed fraud and assurance processes.	Financial and reputational impacts.	New finance system implemented; anti-fraud policy updated; financial and procurement controls; assurance from internal and external audit; ongoing fraud awareness briefings. Mandatory fraud workshop held for finance practitioners.	A
Risk relating to the success of off-Park developments.	Financial and reputational impacts.	Local Plan approved and being implemented. Work ongoing on development opportunities including Hackney Wick, Pudding Mill Lane, Bromley by Bow.	A
Staff resourcing, recruitment and retention.	To ensure that resource is sufficient for delivery against LLDC's objectives.	High quality recruitment and communications. Remuneration package including benefits. Staff training and development.	A

Risk relating to impact of construction on residents and visitors.	Reputational impacts.	Deliver a clear communication plan which manages expectations and explains the reasons for the construction work and communicates future developments.	A
Risk relating to carbon savings from the District Heating Network	Reputational and financial impacts	Work on policy, liaison with GLA and with Engie.	A
Risk relating to meeting priority theme targets and wider regeneration aspirations.	Reputational impacts.	A strong set of targets agreed through procurement and contracts; close working with partners.	G
Risk relating to information security non-compliance.	Potential loss, theft or corruption of data with reputational and financial impacts.	Information security gap analysis complete, action plan being implemented. Ongoing information security briefings.	G

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. The Legacy Corporation is funded by the GLA; therefore, its level of usable reserves in the statutory accounts does not fully determine its ability to meet current and future financial challenges. The second category of reserves is those that the Legacy Corporation is not able to use to provide services (Unusable Reserves). This category of reserves is brought about by accounting entries and 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'. They are not cash-backed reserves or an additional source of funding for the Legacy Corporation.

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.

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 Deputy Chief Executive;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Deputy Chief Executive's responsibilities

The Deputy Chief Executive 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 Deputy Chief Executive 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 Deputy Chief Executive

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 2019.

Gerry Murphy
Deputy Chief Executive
31 July 2019

Independent Auditor’s Report to the Members of the London Legacy Development Corporation

Opinion

We have audited the financial statements of London Legacy Development Corporation for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Corporation and Group Movement in Reserves Statement,
- Corporation and Group Comprehensive Income and Expenditure Statement,
- Corporation and Group Balance Sheet,
- Corporation and Group Cash Flow Statement,
- and the related notes 1 to 28, and G1 to G16.

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 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of London Legacy Development Corporation and Group as at 31 March 2019 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 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the Comptroller and Auditor General’s (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Deputy Chief Executive’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Deputy Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Corporation’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The Deputy Chief Executive is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, London Legacy Development Corporation put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Corporation;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Deputy Chief Executive

As explained more fully in the Statement of the Deputy Chief Executive's Responsibilities set out on page 31, the Deputy Chief Executive 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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Deputy Chief Executive is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to cease operations, or have no realistic alternative but to do so.

The 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the London Legacy Development Corporation had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the London Legacy Development Corporation put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 London Legacy Development Corporation had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Corporation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the 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 Corporation's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of London Legacy Development Corporation in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of London Legacy Development Corporation, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Legacy Development Corporation and the Corporation's board members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain
Ernst + Young LLP

Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

London

1 August 2019

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2019

	Notes	Gross Income £'000	Gross Expenditure £'000	Net Expenditure £'000
Communication, Marketing and Strategy	2/4	(60)	1,718	1,658
Development	2/4	(85)	8,181	8,096
Executive Office	2/4	(31)	2,166	2,135
Finance, Commercial and Corporate Services	2/4	(709)	8,436	7,727
Park Operations and Venues	2/4	(1,768)	1,919	151
Planning Policy & Decisions	2/4	(1,957)	2,737	780
Regeneration and Community Partnerships	2/4	(20)	2,456	2,436
Stadium	2/4	(2,862)	30,466	27,604
East Bank	2/4	-	-	-
GLA Grant	2/4	(51,625)		(51,625)
Corporate Items	2/4		380	380
Net cost of services		**(59,116)**	**58,458**	**(658)**
Financing and investment income	7	(13,649)	-	(13,649)
Change in fair value of investment properties	13	-	3,348	3,348
Impairment of investment in joint venture	14	-	-	-
Financing and investment expenditure	8	-	27,935	27,935
Capital grants and contributions	9	(4,755)	-	(4,755)
(Surplus) or deficit on provision of services before tax		**(77,520)**	**89,741**	**12,221**
Corporation tax	10		6,581	6,581
Deferred tax	10	(12,441)		(12,441)
(Surplus) or deficit on the provision of services after tax		**(89,961)**	**96,322**	**6,361**
Deferred tax asset on the net defined benefit liability	10		(390)	(390)
Remeasurement of the net defined benefit liability/asset	18	-	(555)	(555)
Total comprehensive income and expenditure		**(89,961)**	**95,377**	**5,416**

For the year ended 31 March 2018

	Notes	Gross Income £'000	Gross Expenditure £'000	Net Expenditure £'000
Communication, Marketing and Strategy	2/4	(458)	2,428	1,970
Development	2/4	(71)	21,378	21,307
Executive Office	2/4	(34)	2,092	2,057
Finance, Commercial and Corporate Services	2/4	(324)	8,247	7,923
Park Operations and Venues	2/4	(1,606)	1,720	114
Planning Policy & Decisions	2/4	(1,853)	2,875	1,022
Regeneration and Community Partnerships	2/4	(344)	4,012	3,669
Stadium	2/4	(2,732)	17,633	14,901
Corporate Items	2/4	(36,388)	341	(36,047)
Net cost of services		**(43,810)**	**60,726**	**16,916**
Financing and investment income	7	(11,751)	-	(11,751)
Change in fair value of investment properties	13	-	13,750	13,750
Impairment of investment in joint venture	14	-	4,906	4,906
Financing and investment expenditure	8	-	25,970	25,970
Capital grants and contributions	9	(14,802)	-	(14,802)
(Surplus) or deficit on provision of services before tax		**(70,363)**	**105,352**	**34,989**
Corporation tax	10	-	1,012	1,012
Deferred tax	10	(6,752)	-	(6,752)
(Surplus) or deficit on the provision of services after tax		**(77,115)**	**106,364**	**29,249**
Other comprehensive income and expenditure				
Remeasurement of the net defined benefit liability/asset	18	(3,081)	-	(3,081)
Total comprehensive income and expenditure		**(80,196)**	**106,364**	**26,168**

Balance Sheet

As at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Long term assets			
Intangible assets	11	184	17
Property, plant and equipment	12	57,411	32,135
Investment property	13	185,945	246,655
Investment in subsidiary	14	-	-
Long term debtors	15	961	923
		244,501	**279,730**
Current assets			
Short term debtors	15	23,375	21,610
Cash and cash equivalents	16	58,894	21,550
		82,269	**43,160**
Total assets		**326,770**	**322,890**
Current liabilities			
Short term creditors	17	(62,871)	(40,559)
		(62,871)	**(40,559)**
Long term liabilities			
Long term borrowing	17	(321,566)	(328,512)
Long term creditors	17	(15,130)	(10,666)
Deferred tax liability	10	(18,635)	(31,076)
Retirement benefit obligation	18	(17,157)	(15,250)
		(372,488)	**(385,504)**
Total liabilities		**(435,359)**	**(426,063)**
Net assets		**(108,589)**	**(103,173)**
Reserves			
Usable reserves	20	8,715	2,676
Unusable reserves	20	99,873	100,497
Total reserves		**108,589**	**103,173**

These financial statements replace the unaudited financial statements certified by Gerry Murphy (Deputy Chief Executive) on 31 May 2019.

Movement in Reserves Statement

As at 31 March 2019

	Notes	General Fund	Total usable reserve	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2018		2,676	2,676	100,496	100,496	103,172
Movement in reserves during 2018/19						
Deficit on the provision of services	From CIES	6,360	6,360	-	-	6,360
Other comprehensive income and expenditure	From CIES	(390)	(390)	(555)	(555)	(945)
Total comprehensive income and expenditure		**5,970**	**5,970**	**(555)**	**(555)**	**5,415**
Adjustments between accounting and funding basis under regulations	21	69	69	(69)	(69)	-
Transfer to reserve		-	-		-	-
Decrease/(Increase) in 2018/19		**6,039**	**6,039**	**(624)**	**(624)**	**5,415**
Balance at 31 March 2019		**8,715**	**8,715**	**99,873**	**99,873**	**108,589**

As at 31 March 2018

	Notes	General Fund	Total usable reserve	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2017		(3,426)	(3,426)	80,431	80,431	77,005
Movement in reserves during 2017/18						
Deficit on the provision of services	From CIES	29,248	29,248	-	-	29,248
Other comprehensive income and expenditure	From CIES	68	68	(3,149)	(3,149)	(3,081)
Total comprehensive income and expenditure		**29,316**	**29,316**	**(3,149)**	**(3,149)**	**26,167**
Adjustments between accounting and funding basis under regulations	21	(23,214)	(23,214)	23,214	23,214	-
Transfer to reserve	20	-	-	-	-	-
Decrease/(Increase) in 2017/18		**6,102**	**6,102**	**20,065**	**20,065**	**26,167**
Balance at 31 March 2018		**2,676**	**2,676**	**100,496**	**100,496**	**103,172**

Statement of Cash Flows

For the year ended 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Surplus/(Deficit) on the provision of services		(6,360)	(29,248)
Adjustments to net (deficit) for non-cash movements	19	89,031	52,798
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities	19	(4,755)	(14,802)
Net cash flows from operating activities		**77,916**	**8,748**
Investing activities	19	(37,605)	(15,774)
Financing activities	19	(2,969)	- 2,969
Net increase/(decrease) in cash and cash equivalents		**37,342**	**(9,994)**
Cash and cash equivalents at the start of the year		21,550	31,544
Cash and cash equivalents at the end of the year		**58,894**	**21,550**

Accounting policies

a) General Principles

The Legacy Corporation is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (the 2015 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 2018/19* (the Code), and the *Service Reporting Code of Practice*, 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 and the Legacy Corporation Group's ("the Group") transactions for the 2018/19 financial year and its position at 31 March 2019. The Group financial statements have been prepared in accordance with the Code.

b) Basis of accounting

The Accounts are made up to 31 March 2019.

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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 that the Legacy Corporation has in place appropriate funding from the Greater London Authority, and other sources, and will therefore continue in operational existence for the foreseeable future and meet its liabilities as they fall due for payment.

e) Accounting Standards issued but not yet effective

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.

At the date of authorisation of the financial statements, the following amendments to the Code, standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses.

- amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

- IFRS 16 Leases – The Legacy Corporation has deferred implementation of the new standard following the 2018/19 agreement from the CIPFA/LASAAC local authority accounting Code Board to defer implementation in local authority financial statements to 2020/21. The new standard introduces a single lessee model which will require the Legacy Corporation to disclose assets leased under Operating leases on its Balance Sheet. The impact of this will be assessed through the year, as the public sector application is being determined.

The Legacy Corporation does not consider the above-mentioned amendments to the Code and standards, amendments or interpretations issued by the IASB to be applicable or have a material impact in 2018/19.

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

The Legacy Corporation's funding is agreed annually for a four-year rolling budget via the GLA's statutory budgeting process. The Legacy Corporation maintains a long-term financial plan, which is shared with the GLA and is heavily dependent on future receipts from the sale of development properties and support from the GLA.

This provides the Legacy Corporation with a level of certainty about future levels of funding, however is subject to constant review. 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.

Joint Ventures and Subsidiaries

The Legacy Corporation is a member of E20 Stadium LLP, which is classified as a subsidiary of the Legacy Corporation and consolidated into the Legacy Corporation's Group Accounts in line with international accounting standards. Stratford East London Holdings Limited (a wholly owned subsidiary of the Legacy Corporation) is the second member of the partnership.

The Code requires local authorities with material interests in subsidiaries to prepare Group financial statements. Subsidiaries are those entities over whose activities the Group has control by itself. The Group's financial statements incorporate, as appropriate, the financial statements of the Legacy Corporation and E20 Stadium LLP as at the year end.

Subsidiaries are consolidated into the Group accounts (from the date of acquisition) by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures are accounted for using the equity method (equity-accounted investment) and are initially recognised at cost. The prior year Group financial statements therefore included 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 ceased (30 November 2017).

Stratford East London Holdings Limited has a 1 percent non-controlling share in E20 Stadium LLP and has undertaken no financial transactions during the reporting period. The Legacy Corporation has not consolidated any financial information in relation to Stratford East London Holdings Limited.

On 21 January 2019, E20 Stadium LLP acquired the full share capital, and therefore control, of London Stadium 185 Limited, the operator of the London Stadium. E20 Stadium LLP has determined that the acquisition of London Stadium 185 Limited constitutes a business combination as defined by IFRS 3 Business Combinations and accounted for under the acquisition method.

Accordingly, the financial results of London Stadium 185 Limited from the acquisition date to 31 March 2019 are consolidated into the Legacy Corporation's Group Accounts (via the E20 Stadium LLP accounts) in line with international accounting standards.

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 in the following table:

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. This includes changes to the affordable housing assumptions on the Corporation's remaining development sites on the Park, which are likely increase in future years in line with the Mayor's affordable housing strategy. Uncertainty around the withdrawal of the United Kingdom from the European Union, and the impact on the property and construction sector in particular, could have an adverse effect on property values and, therefore, the Legacy Corporation's investment property portfolio.	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 £13.8m 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. Assets under Construction are measured at historical cost where those costs are considered to meet the recognition criteria in IAS 16 (Property, plant and equipment).	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The carrying amount of Assets under Construction could reduce if there are changes to the capital projects to which the costs relate (e.g. abortive costs).
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.

Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Legacy Corporation's assets and liabilities. Where Level 1 inputs are not available, the Legacy Corporation employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, external valuers GL Hearn). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 13 and 26.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Group Accounts (share of losses in joint venture/subsidiary)	The Legacy Corporation's Group Accounts include its share of losses in E20 Stadium LLP, which in 2018/19 include a number of estimations relation to the London Stadium's fair value and a provision for onerous contracts (see Narrative Report, page 16).	The Stadium's valuation and the provision for onerous contracts are based largely upon E20 Stadium LLP's long-term forecasts. If actual results were to differ from the underlying assumptions then this could have a material impact upon the Legacy Corporation's share of losses reported in its Group Accounts.

i) Events after the Reporting Period

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 recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured.

Revenue generated from planning fees is recorded on completion of the service provided.

Revenue generated from rental of commercial properties is recorded in line with the accounting policy described in paragraph ‘x) Leases’ depending on whether the commercial properties are leased out under a finance or an operating lease.

Revenue generated from the organisation of event is recorded as deferred revenue until the event occurs.

Revenue is measured after the deduction of Value Added Tax (where applicable).

The Legacy Corporation implemented IFRS 15 – *Revenue from Contract with Customers* for the first time in 2018/19. The standard required the Legacy Corporation to recognise revenue from a contract only when the authority has satisfied the identified performance obligations of the contract. This has not had a material impact on the Legacy Corporation Financial Statements.

k) Segmental reporting

The Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis both include a segmental analysis, which requires local authorities to report performance based on how their organisations are structured and how they operate and monitor and manage financial performance.

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 Board, when making decisions regarding the allocation of resources and for the assessment of performance.

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

Communications, Marketing and Strategy

The Communications, Marketing and Strategy 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. It is responsible for preparing the Legacy Corporation’s strategy concerning the organisation and its role.

Development

The Development directorate leads on the design and development of Queen Elizabeth Olympic Park. They are responsible for delivering the Legacy Communities Scheme – the Park masterplan which sets out new residential neighbourhoods as well as commercial, educational, recreational and other developments across the Park. They are also tasked with delivering the Legacy Corporation's East Bank project (though this is reported as if it were a separate 'directorate' in management reporting). In addition, the Development directorate is responsible for Housing Strategy and overseeing developments that are under contract.

Executive Office

The Executive Office includes the Legacy Corporation's Chair and Chief Executive who, together with the Executive Management Team, lead the work that the Legacy Corporation does as an organisation.

Staff in the Executive Office support the Legacy Corporation's senior leadership, as well as providing the important functions of Human Resources and Health and Safety to LLDC.

Finance, Commercial and Corporate Services

The Finance, Commercial and Corporate Services directorate provides support across the Legacy Corporation for finance, IT and information management, governance, programme management and assurance, commercial and procurement. As part of the Mayor's shared service agenda, legal and insurance services are provided by Transport for London, internal audit by MOPAC, the Mayor's Office of Policing and Crime, (both functional bodies within the Greater London Authority Group), and treasury management and secretariat services are provided by the Greater London Authority. In addition, the Legacy Corporation is part of the Greater London Authority Group Collaboration Board initiative, which seeks to promote collaboration across the GLA Group in areas of common interest and in line with Mayoral priorities.

Park Operations and Venues

Park Operations and Venues has the objective of operating a successful and accessible Park and world-class sporting venues, offering facilities for high-performance and community participation, enticing visitor attractions, ensuring the successful financial legacy of the Park and securing a busy programme of sporting, cultural and community events that will create a sense of excitement and continue to draw visitors to Stratford and the surrounding area. The Executive Director of Park Operations and Venues is the Legacy Corporation's lead on health and safety and security.

Planning Policy and Decisions

The Planning Policy and Decisions Team fulfils a statutory function and contributes to the Legacy Corporation's 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.

Regeneration and Community Partnerships

The Regeneration and Community Partnerships directorate has a wide range of responsibilities which tie directly to the Legacy Corporation's priority themes around regeneration, community engagement and equality and inclusion.

The directorate runs community and business engagement, outreach programmes, schools programmes and a number of other socio-economic projects to further these goals.

Stadium

The Stadium directorate holds the cost of the Legacy Corporation's investment in, and funding of, E20 Stadium LLP, including capital investment and ongoing working capital requirements.

l) Government grants and contributions

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-ring-fenced 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.

Community Infrastructure Levy

The Legacy Corporation has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments) with appropriate planning consent. The Legacy Corporation charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue 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.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

o) Value Added Taxation (VAT)

VAT payable is included as an expense only to the extent it is not recoverable from HMRC. VAT receivable is payable to HMRC and 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

Expenditure, of £10,000 and above, on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Legacy Corporation and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (repairs and maintenance) is charged as an expense when it is incurred. Expenditure below £10,000 may be grouped and capitalised where practicable to do so.

Measurement

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.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – depreciated historical cost

- Non-property assets – depreciated historical cost basis as a proxy for current value.

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.

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 to 10 years
Plant and equipment	3 to 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.

Disposals

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.

The following policy is applied to the de-recognition of fully depreciated assets:

- asset life of five years – write off after eight years if existing use cannot be determined (or sooner if confirmed no longer in use), and

- asset life of three years – write off after five years if existing use cannot be determined (or sooner if confirmed no longer in use).

s) Interests in companies and other entities

The Legacy Corporation has material interests in companies and other entities that have the nature of subsidiaries and require it to prepare group accounts. In the Legacy Corporation's own single-entity accounts, the interest 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 solely 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 properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

u) Provisions, contingent liabilities and contingent assets

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.

Contingent liabilities

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Legacy Corporation. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Legacy Corporation.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

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. On 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. After initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases where the Legacy Corporation does not assume the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the Legacy Corporation's Balance Sheet.

Lease payments

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 across each period for the lease term to produce a constant rate of interest on the remaining balance of the liability.

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.

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 any such arrangement into those for the lease and those for other elements (such as services) based on 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.

Leases where the Legacy Corporation does not assume the risks and rewards of ownership are classified as operating leases and the leased assets are retained in the Legacy Corporation's Balance Sheet.

Lease payments

Finance lease income is allocated to accounting periods 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 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 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

Most 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 independent of 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 based on 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 due to 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 due to 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

The Legacy Corporation implemented IFRS 9 Financial Instruments (replacing IAS 39 Financial Instruments) for the first time in 2018/19. This has not had a material impact on the Legacy Corporation Financial Statements.

Financial assets within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are classified as:

- financial assets at fair value through other comprehensive income if the financial asset is held within the Legacy Corporation's business model where its objective is achieved by collecting contractual cash flows and selling financial assets;
- financial assets at amortised cost where the financial asset is held within the Legacy Corporation's business model to collect contractual cash flows;
- financial assets at fair value through profit or loss where designated by the Legacy Corporation

Financial liabilities within the scope of IFRS 9 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) Financial assets at amortised cost

Financial assets at amortised cost 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 financial assets at amortised cost 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 (soft loans) is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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 'financial assets at amortised cost' 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 because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, 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.

ai) Fair Value Measurement

The Legacy Corporation measures some of its non-financial assets such as investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Legacy Corporation measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Legacy Corporation takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Legacy Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Notes to the Statement of Accounts

1. Correction of prior period accounting errors

There have been no corrections required to the prior period financial statements.

2. Gross income

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

	31 March 2019	31 March 2018
	£'000	**£'000**
Grants received	(51,629)	(36,779)
Planning fees	(1,039)	(781)
Recharges	(4,622)	(3,681)
Events income	(184)	(1,183)
Other	(1,642)	(1,386)
	(59,116)	**(43,810)**

The grants received are mainly those from the Greater London Authority and the recharges are mainly related to construction and other services provided by the Legacy Corporation to E20 Stadium LLP.

3. Expenditure and Funding Analysis

The information presented in this note represents accurate information of the segments used by management to drive the business (see Segmental Reporting accounting policy).

2018/19	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments for revenue items reported below Net Cost of Services (Note 1)	Other differences (Note 2)	Net Expenditure Chargeable to the General Fund Balances (Management Reporting)
Subjective analysis	**£'000**	**£'000**	**£'000**	**£'000**
Communication, Marketing and Strategy	1,658	-	-	1,658
Cultural & Education District	-	-	-	-
Development	8,096	(306)	(7,876)	(86)
Executive Office	2,135	-	-	2,135
Finance, Commercial and Corporate Services	7,726	(110)	(2,306)	5,310
Park Operations and Venues	151	5,175	(265)	5,061
Planning Policy & Decisions	780	-	47	827
Regeneration and Community Partnerships	2,436	2	(32)	2,406
Stadium	27,603	(5)	(25,293)	49
Management Reporting Total	**50,585**	**4,756**	**(35,725)**	**17,362**
GLA Grant	(51,623)			
Corporate Items	380			
Net Cost of Services	**(658)**			
Other income and expenditure (GF Only)	6,698			
Other income and expenditure (non-GF)	320			
Surplus or deficit	**6,360**			
Other income and expenditure (non-GF)	(320)			
Movement on General Fund balance	**6,039**			
Opening General Fund Balance at 31 March 2018	**2,676**			
Closing General Fund at 31 March 2019	**8,715**			

Notes

1. Income and expenditure that is reclassified as Finance and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement (CIES) in

2. Adjustments that mainly relate to the recognition of revenue items that are permitted to be funded by capital resources under the Local Authorities Capital Finance and Accounting Regulations - these items are reported to management as capital expenditure for budgetary reasons.

2017/18	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments for revenue items reported below Net Cost of Services (Note 1)	Other differences (Note 2)	Net Expenditure Chargeable to the General Fund Balances (Management Reporting)
Subjective analysis	**£'000**	**£'000**	**£'000**	**£'000**
Communication, Marketing and Strategy	1,970	36	-	2,006
Development	21,307	(20,809)	(532)	(34)
Executive Office	2,057	(35)	-	2,022
Finance, Commercial and Corporate Services	7,923	(2,364)	(71)	5,488
Park Operations and Venues	114	3,025	(8)	3,131
Planning Policy & Decisions	1,022	-	-	1,022
Regeneration and Community Partnerships	3,669	-	(218)	3,451
Stadium	14,901	(136)	(14,449)	316
Management Reporting Total	**52,963**	**(20,283)**	**(15,278)**	**17,402**
GLA Grant	(36,388)			
Corporate Items	341			
Net Cost of Services	**16,916**			
Other income and expenditure (GF Only)	(10,813)			
Other income and expenditure (non-GF)	23,146			
Surplus or deficit	**29,249**			
Other income and expenditure (non-GF)	(23,146)			
Movement on General Fund balance	**6,103**			
Opening General Fund Balance at 31 March 2017	**(3,426)**			
Closing General Fund at 31 March 2018	**2,676**			

Notes

1. Income and expenditure that is reclassified as Finance and Investment Income and Expenditure in the Comprehensive Income and Expenditure

2. Adjustments that mainly relate to the recognition of revenue items that are permitted to be funded by capital resources under the Local Authorities Capital Finance and Accounting Regulations - these items are reported to management as capital expenditure for budgetary reasons.

4. Gross expenditure

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

	31 March 2019	31 March 2018
	£'000	**£'000**
Staff costs:		
Wages and salaries	6,878	6,732
Social security costs	797	807
Pension costs	3,163	3,039
Other staff costs	243	251
Grants and contributions	358	914
Consultancy and Strategy Development costs	2,452	3,250
Accommodation costs	1,291	1,180
Legal fees	3,791	3,125
Communications, events and marketing	867	1,688
Agency and seconded staff costs	523	659
REFCUS	3,830	21,406
REFCUS - Recharges	519	539
Insurance	590	726
IT and Stationery	1,052	1,160
Security	3	29
Travel	34	34
Amortisation	49	55
Depreciation	328	286
Impairment of financial assets	26,898	14,449
Other	4,792	394

Revenue Expenditure Funded from Capital under Statute (REFCUS) mainly relates to expenditure on the Hackney Wick Station project during 2018/19. Impairment of financial assets relates to the loan funding provided to E20 Stadium LLP.

5. External audit fees

External audit fees are made up as follows:

	31 March 2019	31 March 2018
	£'000	**£'000**
Auditors' remuneration		
for statutory audit services	23	30
for non-statutor y audit services	-	-
for non- audit services	-	-
Total	**23**	**30**

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. Senior employees are included in the following table; in line with the Code entries are banded according to actual payments in the year, rather than annual equivalent salaries. The table below is on a cash basis.

Employees' remuneration

	31 March 2019	31 March 2018
£	**Number**	**Number**
50,000- 54,999	7	5
55,000- 59,999	14	15
60,000- 64,999	7	6
65,000- 69,999	6	8
70,000- 74,999	10	7
75,000- 79,999	1	4
80,000- 84,999	3	3
85,000- 89,999	2	4
90,000- 94,999	3	1
95,000- 99,999	3	3
100,000- 104,999	3	0
105,000- 109,999	1	2
110,000- 114,999	2	0
115,000- 119,999	-	3
120,000- 124,999	2	2
125,000- 129,999	1	1
130,000- 134,999	-	0
135,000- 139,999	-	-
140,000 - 144,999	-	-
145,000 - 149,999	-	-
150,000- 154,999	-	2
155,000- 159,999	2	-
160,000- 164,999	-	1
165,000- 169,999	1	-
170,000- 174,999	-	1
175,000-179,999	1	1
180,000- 184,999	1	1
185,000- 189,999	-	-
190,000- 194,999	-	-
195,000- 199,999	1	-
200,000- 204,999	-	-
205,000- 209,999	-	-
210,000- 214,999	-	-
215,000- 219,999	-	-
220,000- 224,999	-	-
225,000- 229,999	-	-
230,000- 234,999	-	-
235,000- 239,999	-	-

b) *Senior employees' remuneration*

Members of the Legacy Corporation's Executive Management Team

31 March 2019

Name	Title	Salary (incl fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Lyn Garner	Chief Executive Officer	198	40	0	-	0	238
Colin Naish	Executive Director of Construction	181	-	0	-	22	203
Gerry Murphy	Deputy Chief Executive Officer	176	-	1	-	21	198
Paul Brickell	Executive Director of Regeneration and Community Partnerships	157	-	0	-	19	176
Mark Camley	Executive Director of Park Operations and Venues	157	-	-	-	19	175
Rosanna Lawes	Executive Director of Development	169	-	1	-	20	190
Anthony Hollingsworth	Director of Planning Policy and Decisions Team	129	-	-	-	15	144
Ed Stearns (1)	Director of Communication, Marketing and Strategy	95	-	0	-	11	106
Andrea Gordon	Head of Human Resources	104	-	0	-	13	117

1 Ed Stearns w as appointed Director of Communication, Marketing and Strategy in June 2019. Annual equivalent (basic) salary is £114,691

Senior employees' remuneration

Members of the Legacy Corporation's Executive Management Team

31 March 2018

Name	Title	Salary (incl fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Lyn Garner (1)	Chief Executive Officer	22	0	-	-	0	22
David Goldstone (2)	Chief Executive Officer	132	0	1	-	21	154
Colin Naish	Executive Director of Construction	179	-	0	-	21	200
Gerry Murphy	Deputy Chief Executive Officer	176	5	1	-	20	202
Paul Brickell	Executive Director of Regeneration and Community Partnerships	154	-	1	-	19	173
Mark Camley	Executive Director of Park Operations and Venues	154	-	-	-	19	173
Rosanna Lawes	Executive Director of Development	164	-	2	-	20	186
Anthony Hollingsworth	Director of Planning Policy and Decisions Team	125	-	-	-	15	140
Ben Fletcher (3)	Director of Communication, Marketing and Strategy	128	-	-	-	15	143
Andrea Gordon	Head of Human Resources	100	-	0	-	12	112

1 Lyn Garner w as appointed Chief Executive in February 2018. Annual equivalent (basic) salary is £195,000.

2 David Goldstone left in November 2017. Annual equivalent (basic) salary is £198,920.

3 Ben Fletcher left in March 2018. Pay in the year includes (basic) salary of £124,872 plus an annual market supplement and pay for annual leave ow ed.

c) Members' remuneration

31 March 2019

Pam Alexander, Shanika Amarasekara, Simon Blanchflower, Sukhvinder Kaur-Stubbs and Geoff Thompson were appointed on 1 April 2018.

Name	Title	Salary (incl fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
		£'000	£'000	£'000	£'000	£'000	£'000
Sir Peter Hendy CBE	Chair	36		-	-	-	36
Keith Edelman	Chair of the Audit Committee	35	-	-	-	-	35
Nicky Dunn OBE	Chair of E20 Stadium LLP	28	-	-	-	-	28
Philip Lewis	Chair of the Planning and Decisions Committee & Deputy Chair	28	-	-	-	-	28
Geoff Thompson MBE	Member	14					14
Pam Alexander OBE	Member	14	-				
Sonita Alleyne OBE	Chair of the Regeneration and Communities Committee	28	-	-	-	-	28
Sukhvinder Kaur-Stubbs	Member	14		-	-		14
Baroness Grey-Thompson	Member	14	-	-	-	-	14
Shanika Amarasekara	Member	17		-	-	-	17
Simon Blanchflower CBE	Chair of the Health and Safety Committee	15	-	-	-	-	15
Rachel Blake	Member	-	-	-	-	-	-
Jules Pipe CBE	Mayor's Representative	-		-	-	-	-
Clare Coghill	Member	-	-	-	-	-	-
Rokhsana Fiaz OBE	Member	-	-	-	-	-	-
Philip Glanville	Member	-	-	-	-	-	-

31 March 2018

Name	Title	Salary (incl fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sir Peter Hendy CBE (1)	Chair	25		-	-	-	25
Lord Mawson	Chair of the Regeneration and Communities Committee	28	-	-	-	-	28
Keith Edelman	Chair of the Audit Committee	35	-	-	-	-	35
Nicky Dunn OBE	Chair of E20 Stadium LLP	28	-	-	-	-	28
Philip Lewis (2)	Chair of the Planning Decisions Committee & Deputy Chair	28	-	-	-	-	28
David Gregson	Chair of the Investment Committee	35	-	-	-	-	35
Sonita Alleyne OBE	Member	14	-	-	-	-	14
Nicholas Bitel	Member	14	-	-	-	-	14
Baroness Grey-Thompson	Member	14	-	-	-	-	14
Sir Robin Wales	Member	-	-	-	-	-	-
Jules Pipe CBE	Mayor's Representative	-	-	-	-	-	-
Chris Robbins	Member	-	-	-	-	-	-
John Biggs	Member	-	-	-	-	-	-
Philip Glanville	Member	-	-	-	-	-	-

1 Sir Peter Hendy became Chair in July 2017. Annual equivalent salary is £36,154.

2 Philip Lewis, in his capacity as the Deputy Chair (unremunerated role), fulfilled the role of Chair from November 2016 until July 2017 when Sir Peter Hendy was appointed.

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 left under compulsory severance 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 settlement 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		Total cost £000	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
£0 – £20,000	1	3	10	41
£20,001 -£40,000	1	-	32	-
£40,001- £60,000	-	-	-	-
£60,001 - £80,000	1	-	63	-
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
£200,001 - £250,000	-	-	-	-
£250,001 - £300,000	-	-	-	-

7. Financing and investment income

	31 March 2019	31 March 2018
	£'000	**£'000**
Interest income on deposits	(2,282)	(27)
Income in relation to investment property	(11,367)	(11,725)
Net gain on disposal of investment property	-	-

Income in relation to investment property includes income generated by the Legacy Corporation's venues, such as the ArcelorMittal Orbit and 3 Mills Studios. Within the net gain on disposal of investment property £73.9m in capital receipts from the sale of properties on the Chobham Manor development platform in line with the Housing Strategy and the UCL site as part of the East Bank project (note these are offset by the corresponding reduction in asset value, resulting in a net gain of nil).

8. Financing and investment expenditure

	31 March 2019	31 March 2018
	£'000	**£'000**
Net interest on the net defined benefit liability (asset)	464	510
Expenditure in relation to investment property	16,572	14,636
Interest costs on borrowing	10,899	10,824
Financing and investment expenditure	**27,935**	**25,970**

Interest costs of £10.9m were incurred in 2018/19 relating to the GLA loan facility used to fund the Legacy Corporation's capital programmes.

9. Taxation and non-specific grant income

	31 March 2019	31 March 2018
	£'000	£'000
Other capital grants and contributions	(4,755)	(14,802)
Taxation and non specific grant income	**(4,755)**	**(14,802)**

Other capital grants and contributions in 2018/19 include funding received by the Legacy Corporation towards the East Bank capital project (£3.3m) and Hackney Wick Station project (£0.3m), contributions made by University College London (£0.2m) to the East Bank capital costs and recharged services provided by the Legacy Corporation to E20 Stadium LLP (£0.6m).

10. Corporation tax

a) Corporation tax

	31 March 2019	31 March 2018
	£'000	£'000
Net deficit on provision of services before tax	12,221	34,988
Remeasurement of the net defined benefit liability/asset	(945)	(3,081)
Non-taxable income/non-deductible expenditure	(83,289)	(37,234)
Profits chargeable to corporation tax (pre-losses)	**(72,013)**	**(5,327)**
Loss brought forward	37,376	
Corporation tax	**6,581**	**1,012**
Corporation tax rebate (prior years)	-	-
Corporation tax	**6,581**	

The Legacy Corporation has a £3.0m payment on account with Her Majesty's Revenue and Customs, which will be offset against the £6.6m in-year Corporation Tax charge.

b) Movement in recognised deferred tax assets and liabilities during the year

	Balance at 31 March 2018	Movement in period	Balance at 31 March 2019
	£'000	£'000	£'000
Deferred tax assets			
Investment property	1,537	127	1,664
Capital losses carried forward	1,700	-	1,700
Total	**3,237**	**127**	**3,364**
Deferred tax liabilities			
Investment property	(31,176)	9,522	(21,654)
Property, plant and equipment	(3,137)	2,792	(345)
Intangible assets	0	-	-
Total	**(34,313)**	**12,314**	**(21,999)**
Net deferred tax liability recognised in the surplus on the provision of services after tax	**(31,076)**	**12,441**	**(18,635)**
Deferred tax assets			
Pension	3,124	390	3,514
Net deferred tax asset recognised in other comprehensive income and expenditure	**3,124**	**390**	**3,514**

A deferred tax liability of £18.6m is recognised within the Legacy Corporation's accounts (2017/18: £31.1m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the historic increase in the value of its portfolio is realised. An amendment to the Local Authorities Capital Finance and Accounting Regulations permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities and, accordingly, the deferred tax charge is recognised in the Legacy Corporation's Capital Adjustment Account in the financial statements.

The deferred tax rate used (17%) is deemed appropriate on the basis that it is the rate currently enacted by the Finance Act 2016, applying to financial years beginning 1 April 2020 (the temporary differences are not expected to be realised before that time).

The Legacy Corporation also has deferred tax assets (relating to its investment properties) of £13.8m that are not being recognised as there is currently no expectation that the gains will be realised through the sale of the associated assets. It also has an unrecognised deferred tax asset of £17.3m relating to its share of losses in the E20 Stadium LLP partnership.

Prior year comparators are shown below.

	Balance at 31 March 2017	Movement in period	Balance at 31 March 2018
	£'000	£'000	£'000
Deferred tax assets			
Investment property	1,265	272	1,537
Capital losses carried forward	1,700	-	1,700
Total	**2,965**	**272**	**3,237**
Deferred tax liabilities			
Investment property	(38,284)	7,108	(31,176)
Property, plant and equipment	(2,502)	(635)	(3,137)
Intangible assets	(7)	7	-
Total	**(40,793)**	**6,480**	**(34,313)**
Net deferred tax liability recognised in the surplus on the provision of services after tax	**(37,828)**	**6,752**	**(31,076)**
Deferred tax assets			
Pension	3,192	(68)	3,124
Net deferred tax asset recognised in other comprehensive income and expenditure	**3,192**	**(68)**	**3,124**

11. Intangible assets

	Computer Software	Licences	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2017	336	339	675
Additions	19	14	33
At 31 March 2018	355	353	708
At 1 April 2018	355	353	708
Additions	32	186	218
At 31 March 2019	**387**	**539**	**926**
Amortisation			
At 1 April 2017	326	309	636
Charged during the period	19	36	55
At 31 March 2018	346	345	691
At 1 April 2018	346	345	691
Charged during the period	9	40	50
At 31 March 2019	**355**	**385**	**741**
Net book value at 31 March 2018	**9**	**8**	**17**
Net book value at 31 March 2019		**153**	**184**

12. Property, plant and equipment

	Furniture, fixtures and fittings	Computer hardware, infrastructure and telecoms/ office equipment	Motor Vehicles	Assets under Construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2017	2,571	884	4	15,591	19,050
Additions	40	27	-	15,124	15,190
At 31 March 2018	**2,610**	**910**	**4**	**30,716**	**34,240**
At 1 April 2018	2,610	910	4	30,716	34,240
Additions	70	464	-	29,440	29,974
Assets written out	-	-	-	(4,369)	(4,369)
At 31 March 2019	**2,680**	**1,374**	**4**	**55,786**	**59,844**
Depreciation					
At 1 April 2017	979	836	4	-	1,819
Charged during the period	253	33	-	-	286
At 31 March 2018	**1,231**	**869**	**4**	**-**	**2,105**
At 1 April 2018	1,231	869	4	-	2,105
Charged during the period	272	56	-	-	328
At 31 March 2019	**1,503**	**925**	**4**	**-**	**2,433**
Net book value at 31 March 2018	**1,379**	**41**	**-**	**30,716**	**32,136**
Net book value at 31 March 2019	**1,177**	**449**	**-**	**55,786**	**57,411**

Assets under Construction relates to expenditure incurred in relation to the East Bank project.

13. Investment property

	31 March 2019	31 March 2018
Valuation	**£'000**	**£'000**
Opening balance at 1 April	246,656	284,100
Additions:		
Subsequent expenditure	16,537	10,107
Disposals	(73,899)	(33,801)
Changes in fair value	(3,348)	(13,750)
Total Investment property	**185,945**	**246,656**

The Legacy Corporation's portfolio was valued as at 31 March 2019 by GL Hearn Limited. 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.

In June 2018, the Mayor of London set out his vision for East Bank, a new cultural and education district at Queen Elizabeth Olympic Park. At the same time, the Mayor also announced that at least 50 per cent of new homes across the remaining development sites on the Park – Stratford Waterfront, Pudding Mill and Rick Roberts Way – will be affordable; these assumptions are now factored into the valuation of those sites.

Investment property can be analysed as follows:

Asset	31 March 2019	31 March 2018	Change	Basis
	£'000	£'000	£'000	
London Aquatics Centre and Copper Box Arena	14,545	12,815	1,730	Greenwich Leisure Limited was appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10 year arrangement. These venues have been valued at £14.6m 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.
Here East (former Press and Broadcast Centre)	13,430	18,470	(5,040)	The valuation of the former Press and Broadcast Centre (known as Here East) is based on the potential net income that the Legacy Corporation will receive over the 200 years of the lease with iCITY (London) Limited.
Multi Storey Car park	4,400	5,040	(640)	The valuation of the Multi Storey Car Park is based on the potential net income that the Legacy Corporation will receive over the 200 years licence with iCITY (London) Limited.
Stadium	1,500	1,500	(0)	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	4,820	5,630	(810)	The ArcelorMittal Orbit has been valued at £4.8m on the basis of the earnings that could be generated from operating the attraction.
Queen Elizabeth Olympic Park	137,280	176,985	(39,705)	The valuation of the Queen Elizabeth Olympic Park is based on residual appraisal. The net decrease this year is mainly due to the further disposal of Chobham Manor properties during the year.
3 Mills Studios	1,750	2,500	(750)	The 3 Mills Studio site is held on a lease with 87years outstanding. It has been valued on the investment method, assuming the buildings are let as offices and warehouses, and have adopted a market rent. The value of the property has decreased mainly as a result of the increased cost of flood defences.
LTGDC transferred assets	12,395	15,380	(2,985)	These sites have been valued as industrial land, which has increased in value, using comparable evidence to establish market value, for all bar one property, where an estimated rental value was used.
Other assets	(4,175)	8,335	(12,510)	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 net decrease in market value is mainly due to the change in modelling analytics on one of the key sites.
Total	**185,945**	**246,656**	**(60,710)**	

Fair Value Hierarchy

Details of the Legacy Corporation's investment properties and information about the fair value hierarchy as at 31 March 2019 are as follows:

Asset	Fair Value as at 31 March 2019	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	£'000	**£'000**	**£'000**	**£'000**
London Aquatics Centre and Copper Box Arena	14,545	-	14,545	-
Here East (former Press and Broadcast Centre)	13,430	-	13,430	-
Multi Storey Car park	4,400	-	4,400	-
Stadium	1,500	-	-	1,500
ArcelorMittal Orbit	4,820	-	-	4,820
Queen Elizabeth Olympic Park	137,280	137,280	-	-
3 Mills Studios	1,750	1,750	-	-
LTGDC transferred assets	12,395	12,395	-	-
Other assets	- 4,175	- 4,175		
Total	**185,945**	**147,250**	**32,375**	**6,320**

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The office and commercial units located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The authority's office and commercial units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The fair value of the Legacy Corporation's investment property is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuation experts (GL Hearn Limited) work closely with Legacy Corporation officers on a regular basis regarding all valuation matters.

14. Investments in subsidiaries

E20 Stadium LLP

The Legacy Corporation is a member of E20 Stadium LLP, a former joint venture with Newham Legacy Investments Limited. The E20 Stadium partnership is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works and ongoing operations of the London Stadium, which is the permanent home of West Ham United Football Club and the national competition centre for UK Athletics.

On 30 November 2017, the Legacy Corporation took full control of E20 Stadium LLP; accordingly, from 1 December 2017, E20 Stadium LLP became classified as a subsidiary of the Legacy Corporation.

E20 Stadium LLP is therefore consolidated into the Group accounts (from 1 December 2017 in the prior year comparators) by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

In January 2019, the Legacy Corporation took the significant step of acquiring the Stadium operator, London Stadium 185 Limited, via its controlled partnership, E20 Stadium LLP. The amount paid by E20 Stadium LLP to acquire London Stadium 185 Limited was £1.0m, of which £0.3m related to the settlement of existing relationships between the parties. Notwithstanding that the company is loss-making, after careful consideration the acquisition was considered to be value for money as it gives the Legacy Corporation full control of the Stadium operations and removes contractual complexity, thereby enabling it to better maximise the commercial opportunities at the Stadium (including sponsorship and marketing in the wider Park context) and reduce its operating costs. Accordingly, the financial results of London Stadium 185 Limited from the acquisition date to 31 March 2019 are consolidated into the Legacy Corporation's Group Accounts (via the E20 Stadium LLP accounts) in line with International Accounting Standards.

The acquisition is considered by management to be value for money as it secures full control to better influence the Stadium's cost base, join sponsorship and marketing assets (to use more effectively and build in the wider Park context) and to drive better commercial performance.

The following table summarises the financial information of E20 Stadium LLP and its subsidiary London Stadium 185 (acquired 21 January 2019) as included in its own financial statements

	E20 Stadium LLP	London Stadium 185 Ltd	E20 Stadium LLP Group*
	£'000	**£'000**	**£'000**
Revenue	(5,721)	(3,831)	(5,714)
Cost of sales	17,493	1,231	15,457
Other operating expenses	5,771	2,750	8,510
Operating Loss	**17,543**	**150**	**18,253**
Depreciation and impairment	2,637	149	2,226
Financing costs	2,256	-	2,255
Exceptional costs	4,869	308	5,912
Total Loss for the year	**27,305**	**607**	**28,646**

* Note this excludes intra-group transactions, so is not a sum of the two entities' respective figures

Within Exceptional costs above are legal fees in relation to the West Ham seating capacity court case (which concluded during 2018/19), costs relating to restructuring activities (including a restructuring specialist) and the price paid by E20 Stadium LLP to acquire London Stadium 185 Limited and other costs associated with the transaction. These are not deemed to be business-as-usual costs and are therefore disclosed separately from the Stadium's underlying operating loss.

Forecasts of E20 Stadium LLP's financial outlook, particularly in relation to the cost of hosting West Ham United matches and the cost of moving the relocatable seats between football and athletics modes, required an assessment in 2016/17 of whether any of its contracts were deemed to be onerous (loss-making) in line with accounting standards. This assessment concluded that two of its contracts were deemed to be onerous: the Concession Agreement with West Ham United and the Access Agreement with UK Athletics. Consequently, E20 Stadium LLP established a provision for these losses.

Whilst progress was made during 2018/19 to improve the Stadium's future financial position, management has concluded that there should be no change to the onerous contracts conclusion as at 31 March 2019. Accordingly, the provision remains within E20 Stadium LLP's accounts (and consolidated into the Legacy Corporation's Group Accounts at 31 March 2019).

E20 Stadium LLP's forecasts also impact upon the Stadium's valuation as at 31 March 2019. The fair value of the Stadium is assessed on an annual basis by independent valuers and based largely upon E20 Stadium LLP's long-term forecasts. It is therefore subject to fluctuation each year, particularly in the early stages of the partnership's operations. As at 31 March 2019 the Stadium's fair value is assessed to be £nil (31 March 2018 £nil) accordingly the value of the capital works on the Stadium are fully impaired in the partnership's draft accounts.

Given this, the Legacy Corporation currently holds its interest in the partnership at nil value (31 March 2018: £nil). Furthermore, the funding provided to E20 Stadium LLP during the year by way of a loan (£26.9m) has been impaired as at 31 March 2019 based on E20 Stadium LLP's current financial forecasts.

The Legacy Corporation's also has another subsidiary, Stratford East London Holdings Limited, which was established on 1 December 2017 and from that date became the second member of the E20 Stadium partnership. Stratford East London Holdings Limited has a 1 percent non-controlling share in E20 Stadium LLP and has undertaken no financial transactions during the reporting period. Therefore, the Legacy Corporation has not consolidated any financial information in relation to Stratford East London Holdings Limited.

Capital commitments

As 31 March 2019, the E20 Stadium LLP group has capital commitments of £0.7m (2017/18: £1.0m). The Legacy Corporation is committed to finance the full amount of £0.7m (2017/18: £1.0m).

Working capital commitment

E20 Stadium LLP is currently dependent for its working capital on funds provided by the Legacy Corporation.

15. Short and long-term debtors

	31 March 2019	31 March 2018
	£'000	£'000
Short term		
Central Government bodies	7,691	1,506
Other Local Authorities	561	411
Other entities and individuals	15,123	19,693
Long term		
Other entities and individuals	961	923
Total long term debtors	**961**	**923**

The non-current debtor at 31 March 2019 (£1.0m) relates to a repayable loan issued to the Foundation for Future London (FFL) charity in 2015/16.

16. Cash and cash equivalents

	31 March 2019	31 March 2018
	£'000	£'000
Cash in hand and at bank	16,877	5,648
Investments	42,017	15,903
Total cash and cash equivalents	**58,894**	**21,551**

17. Current and non-current liabilities

	31 March 2019	31 March 2018
	£'000	£'000
Current		
Central government bodies	(8,819)	(1,680)
Other local authorities	(12,106)	(13,065)
Other entities and individuals	(41,946)	(25,814)
Total current liabilities	**(62,871)**	**(40,559)**
Non-current		
Long-term borrowing	(321,566)	(328,512)
Section 106 contributions	(14,656)	(10,187)
Stadium rent premium	(474)	(479)
Long term creditors	**(15,130)**	**(10,666)**
Deferred tax liability	(18,635)	(31,076)
Retirement benefit obligation (pension liability)	(17,157)	(15,250)
Total non-current liabilities	**(372,488)**	**(385,504)**

The Legacy Corporation has a rolling loan facility with the Greater London Authority to finance the Legacy Corporation's capital expenditure serving interest at the Public Works Loan Board 50-year rate, which is funded by GLA grant. As at 31 March 2019, the Legacy Corporation had drawn down funding to the value of £319.6m. Interest payable in the year to 31 March 2019 is £10.9m. Also included within long-term borrowing is loan funding from the London Enterprise Panel for the Hackney Wick Station project.

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 Local Government Pension Scheme (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 (2013). The fund's actuaries, Barnett Waddingham, carried out a full triennial valuation as at 31 March 2016, and the value of the liabilities as at this date has been rolled forward. 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 2018/19 was 12% (2017/18: 12%). 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. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023.

Employer contributions of £1.1m were paid in 2018/19 (2017/18: £1.1m). The number of participating employees was 119 active members as at 31 March 2019 (118 active members as at 31 March 2018). There were 82 deferred pensioners and 11 actual pensioners at 31 March 2019.

Principal assumptions used by the actuary

	31 March 2019	31 March 2018
Expected return on assets	%	%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	22.5
Women	23.8	24.8
Longevity at 65 for future pensioners:		
Men	23.2	24.8
Women	25.7	27.1
Rate of inflation	2.3%	3.3%
Rate of increase in salaries	3.9%	3.8%
Rate of increase in pensions	2.4%	2.3%
Rate for discounting scheme liabilities	2.5%	2.6%

The term of the employer's liabilities is estimated at 29 years.

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2019	31 March 2018
	£'000	**£'000**
Service cost	3,466	3,341
Total included in net cost of services	**3,466**	**3,341**
Net interest on the defined liability	464	510
Administration expenses	25	22
Total included in deficit on provision of services before tax	**489**	**532**
Remeasurement of the net defined benefit liability/asset	(555)	(3,149)
Deferred tax asset on the net defined benefit liability	(390)	68
Total	**3,010**	**792**

Reconciliation of present value of the defined benefit obligation

	31 March 2019	31 March 2018
	£'000	**£'000**
Opening balance	**37,862**	**35,824**
Current service cost	3,466	3,341
Contributions by scheme participants	700	733
Change in financial assumptions	3,000	(2,841)
Change in demographic assumptions	(2,438)	-
Experience loss/(gain) on defined benefit obligations	-	-
Past service costs, including curtailments	-	-
Liabilities assumed / extinguished on settlements	-	-
Estimated benefits paid net of transfers in	(274)	(205)
Interest cost	990	1,010
Closing defined benefit obligation	**43,306**	**37,862**

The service cost includes the estimated impact (£572k) on the Corporation's pension liabilities for the recent McCloud judgement, which relates to age discrimination within the New Judicial Pension Scheme.

Reconciliation of fair value of scheme assets

	31 March 2019	31 March 2018
	£'000	**£'000**
Opening balance	**19,488**	**17,044**
Interests on assets	526	500
Return on assets less interest	1,117	308
Other actuarial gains/(losses)	-	-
Administration expenses	(25)	(22)
Contributions by scheme participants	1,103	1,130
Contributions by the Legacy Corporation including unfunded benefits	700	733
Estimated benefit paid (net of transfers in and including unfunded)	(274)	(205)
Fair value of scheme assets as at 31 March	**22,635**	**19,488**

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 2019	31 March 2018
	£'000	**£'000**
Present value of the defined benefit obligation	(43,306)	(37,862)
Fair value of plan assets	22,635	19,488
Deferred tax asset on the defined benefit obligation	3,514	3,124
Net liability arising from defined benefit obligation	**(17,157)**	**(15,250)**

Local Government Pension Scheme assets comprised:

	31 March 2019		31 March 2018	
	£'000	%	£'000	%
Employer asset share - Bid value				
Equities	12,315	54%	11,571	59%
Target Return Portofolio	6,036	27%	4,432	23%
Infrastructure	1,364	6%	981	5%
Property	2,128	9%	1,452	7%
Cash	792	4%	1,052	6%

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	42,107	43,306	44,540
Projected service cost	2,961	3,056	3,154
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	43,456	43,306	43,157
Projected service cost	3,056	3,056	3,056
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	44,390	43,306	42,254
Projected service cost	3,154	3,056	2,961
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	44,802	43,306	41,860
Projected service cost	3,161	3,056	2,955

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 2019 is £1.1m.

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 2019, the overall deficit of the pension scheme was £132m, of which the Legacy Corporation's share represents 0.189% (£0.25m). Contributions on behalf of the one employee who is a member of the above scheme are accounted for in operating costs and amount to £24,173 in the year to 31 March 2019 (2018: £18,718).

19. Cash flow notes

a) Adjustments to net deficit for non-cash movements

	31 March 2019	31 March 2018
	£'000	£'000
Depreciation of property plant and equipment	328	286
Amortisation of intangibles	50	55
Project costs expensed	-	-
Reversal of defined benefit pensions services costs	3,955	3,873
Increase in interest debtors	-	-
Reversal of impairment on investment in joint venture	-	4,906
Cash payments for employer's contributions to pension funds	(1,103)	(1,130)
(Increase) in trade and other debtors	(1,778)	(3,977)
Increase/(decrease) in trade and other creditors	22,803	7,973
Increase/(decrease) in deferred tax liability	(12,441)	(6,752)
Increase/(decrease) in bad debt provision	(24)	18
Other non-cash movement	-	-
Net book value of non-current assets disposal	73,899	33,801
Changes in Fair Value of Investment Property	3,348	13,750
Tax paid	-	-
Stadium Lease Premium	(5)	(5)
Adjustment to net deficit for non-cash movements	**89,031**	**52,798**
Adjust for items included in the net deficit on the provisions		
of services that are investing or financing activities		
Capital grants and contributions credited to the deficit on the provision of services	4,755	14,802
Gain/loss on sale of investment property	-	-

b) Investing activities

	31 March 2019	31 March 2018
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(46,729)	(25,670)
Property, plant and equipment assets written out	4,369	
Investment in joint venture	0	(4,906)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets proceeds from sale of land and buildings	-	-
Capital grant received and other capital receipts	4,755	14,802
Net cash outflow from investing activities	**(37,605)**	**(15,775)**

c) Financing activities

	31 March 2019	31 March 2018
	£'000	£'000
Movement on Borrowings	(6,946)	1,171
Movement on OPTEMS fund	(491)	(1,403)
Movement on S106 fund	4,468	(2,737)
Net cash flow from financing activities	**(2,969)**	**(2,969)**

20. Reserves

Usable reserves

The Legacy Corporation's net revenue expenditure is fully funded by the GLA via a revenue grant. This grant is agreed annually on a four-year rolling basis via the GLA's statutory budgeting process and is drawn by the Legacy Corporation throughout the year on a cash-basis. This arrangement gives rise to timing differences between net expenditure calculated on an accruals-basis and the Legacy Corporation's net cash requirement. It also means that the Legacy Corporation's ability to generate surpluses within its General Fund is restricted.

Accordingly, at the end of the financial year, the Legacy Corporation had negative usable reserves of £0.7m in the General Fund. However, considering the Legacy Corporation's funding arrangements with the GLA, the level of usable reserves reported in the statutory accounts is considered adequate for the Legacy Corporation to meet its current and future financial challenges.

A deferred tax liability of £18.6m is recognised within the Legacy Corporation's accounts in relation to its investment properties (2017/18: £31.1m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the historic increase in the value of its portfolio is realised. An amendment to the Local Authorities Capital Finance and Accounting Regulations in 2016/17 permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities and reflects the reality that the majority of the Legacy Corporation's future Corporation Tax liabilities will be generated by capital receipts. It also means that the deferred tax charge can be recognised in the Legacy Corporation's Capital Adjustment Account, rather than the General Fund (as previously required).

General Fund

	31 March 2019	31 March 2018
	£'000	£'000
Balance as at 1 April (excluding deferred tax)	2,676	(3,426)
Movements (excluding deferred tax)	6,039	6,102
Balance at 31 March before recognition of deferred tax	**8,715**	**2,676**
Deferred tax - balance brought-forward	0	0
Deferred tax - movement in year	0	0
Balance at 31 March	**8,715**	**2,676**

Unusable reserves

	31 March 2019	31 March 2018
	£'000	£'000
Capital Adjustment Account	79,089	82,019
Pensions Reserve	20,671	18,374
Accumulated Absences Account	112	104
Balance unusable reserves at 31 March	**99,873**	**100,497**

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, e.g. 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 2019	31 March 2018
	£'000	**£'000**
Balance as at 1 April	82,019	61,551
Charges for depreciation and amortisation	378	341
Capital grants and contributions applied	(4,755)	(14,802)
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	73,899	33,801
Capital receipts received during the year	(73,899)	(33,801)
Revenue expenditure funded from capital under statute	4,349	21,945
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Statement	3,348	18,656
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Statement	(12,831)	(6,684)
Corporation Tax liability for the year	6,581	1,012
Balance at 31 March	**79,089**	**82,019**

Pensions Reserve

	31 March 2019	31 March 2018
	£'000	£'000
Balance as at 1 April	18,374	18,780
Remeasurements of the net defined benefit liability/(asset)	(555)	(3,149)
Reversal of charges relating to retirement benefits	3,955	3,873
Employer's pension contribution and direct payments to pensioners payable in the year	(1,103)	(1,130)
Balance at 31 March	**20,671**	**18,374**

Accumulated Absences Reserve

	31 March 2019	31 March 2018
	£'000	£'000
Balance as at 1 April	104	101
Settlement or cancellation of accrual made at the end of the preceding year	(104)	(101)
Amounts accrued at the end of the current year	112	104
Balance at 31 March	**112**	**104**
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	(8)	(3)

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.

	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	(378)	-	-	(378)	378
Movements in the market value of investment property	(3,348)	-	-	(3,348)	3,348
Disposals of investment property	(73,899)	-	-	(73,899)	73,899
Current and Deferred tax liability movements	6,250	-	-	6,250	(6,250)
Impairment of joint venture investment	-	-	-	-	-
Capital grants and contributions applied	4,755		-	4,755	(4,755)
Revenue expenditure funded from capital under statute	(4,349)	-	-	(4,349)	4,349
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	73,899	(73,899)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		73,899		73,899	(73,899)
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,955)	-	-	(3,955)	3,955
Employer's pensions contributions and direct payments to pensioners payable in year	1,103	-	-	1,103	(1,103)
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	(8)	-	-	(8)	8
Total adjustments	**69**	**0**	**0**	**69**	**(69)**

For the year ended 31 March 2018

	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	(341)	-	-	(341)	341
Movements in the market value of investment property	(13,750)	-	-	(13,750)	13,750
Disposals of investment property	(33,801)	-	-	(33,801)	33,801
Current and Deferred tax liability movements	5,672	-	-	5,672	(5,672)
Impairment of joint venture investment	(4,906)	-	-	(4,906)	4,906
Capital grants and contributions applied	14,802		-	14,802	(14,802)
Revenue expenditure funded from capital under statute	(21,945)	-	-	(21,945)	21,945
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	33,801	(33,801)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		33,801		33,801	(33,801)
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,873)	-	-	(3,873)	3,873
Employer's pensions contributions and direct payments to pensioners payable in year	1,130	-	-	1,130	(1,130)
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	(3)	-	-	(3)	3
Total adjustments	**(23,214)**	**0**	**0**	**(23,214)**	**23,214**

22. Trading operations

The Legacy Corporation reflects seven trading operations in its management accounts:

3 Mills Studios: The Legacy Corporation holds a 99-year lease over 3 Mills Studios from Lee Valley Regional Park Authority, of which the unexpired term is 85 years. The Studios are managed by Knight Frank LLP on behalf of the Legacy Corporation.

ArcelorMittal Orbit: The ArcelorMittal Orbit is managed by Engie on behalf of the Legacy Corporation. The revenues from the ArcelorMittal Orbit mainly comprise ticketing sales, catering sales and fees, charges relating to private functions and special events. Engie are paid a management fee.

The Podium: The Podium adjacent to the ArcelorMittal Orbit contains The Last Drop cafe and hospitality suite. Engie pay the Legacy Corporation a rent and service charges for the premises, with a potential turnover share.

London Aquatics Centre and Copper Box Arena: The Copper Box Arena, a multi-use arena, and the London Aquatics Centre, a world-class swimming facility, are both operated by Greenwich Leisure Limited. The Copper Box Arena hosts a combination of community sport facilities and major sporting and non-sporting events.

Timber Lodge: The Legacy Corporation has a head lease from Lee Valley Regional Park Authority for the Timber Lodge, which is now operated by Company of Cooks. The venue provides space to be rented out to community groups and local businesses and, along with The Podium in the South Park, provides public conveniences. LLDC became responsible for the four kiosks in the south park during the year; these are operated by Company of Cooks.

Off-park properties: Off-park properties were transferred over from the former London Development Agency and former London Thames Gateway Development Corporation and are predominantly located in the areas neighbouring the Park. The majority are in Hackney Wick and to the south of Stratford High Street in Bromley-by-Bow and are currently managed by Knight Frank. The Legacy Corporation receives rental and service charge income from these properties.

Operation		31 March 2019		31 March 2018	
		£'000	£'000	£'000	£'000
3 Mills	Turnover	(4,690)		(4,426)	
	Expenditure	3,619		3,562	
	EFM	-		-	
	Deficit/(Surplus)		(1,071)		(864)
ArcelorMittal Orbit	Turnover	(1,798)		(1,967)	
	Expenditure	1,678		1,611	
	EFM	178		184	
	Deficit/(Surplus)		58		(172)
The Podium	Turnover	(421)		(356)	
	Expenditure	19		22	
	EFM	173		164	
	Deficit/(Surplus)		(229)		(170)
London Aquatics Centre	Turnover	(482)		(358)	
	Expenditure	440		219	
	EFM	1,414		1,337	
	Deficit/(Surplus)		1,373		1,198
Copper Box Arena	Turnover	(123)		(372)	
	Expenditure	(35)		(540)	
	EFM	880		821	
	Deficit/(Surplus)		722		(91)
Timber Lodge	Turnover	(132)		(78)	
	Expenditure	11		21	
	EFM	91		85	
	Deficit/(Surplus)		(30)		28
Off-Park Assets	Turnover	(628)		(966)	
	Expenditure	490		229	
	EFM	-		-	
	Deficit/(Surplus)		(137)		(737)
	Net (surplus) or deficit on trading operations		**686**		**(808)**

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement and include a recharge of Estates and Facilities Management costs. As all the venues used for trading are classified as investment properties all income and expenditure is recognised as income and expenditure in relation to investment property (see Note 13).

Estates and facilities management (EFM) costs are apportioned to each venue according to key drivers to better present their full cost. The above table distinguishes these from other costs to enable a year-on-year comparison of performance to be made.

Summary	31 March 2019	31 March 2018
	£'000	**£'000**
Income in relation to investment property	(8,274)	(8,523)
Expenditure in relation to investment property	8,960	7,715
Net deficit on trading operations charged to financing and investment	686	(808)

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. This note has been prepared on a payments and receipts basis.

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 2018 and 2019 were as follows:

	31 March 2019	31 March 2018
	£'000	£'000
Income		
Greater London Authority[1]	(48,591)	(36,408)
E20 Stadium LLP[2]	(3,950)	(3,821)
Transport for London	(315)	-
London Borough of Newham	(78)	(52)
Lee Valley Regional Park Authority	-	-
London Borough of Hackney[3]	(258)	(500)
London Borough of Waltham Forest[4]	-	-
London Borough of Barking and Dagenham	-	-
Foundation for Future London (FFL)[5]	(1)	-
London Borough of Tower Hamlets[6]	-	(1,000)
London Borough of Haringey	-	-
Network Rail[7]	-	-
London Stadium 185[8]	(116)	
British Broadcasting Corporation[9]	(10)	
Stratford East London Holdings Limited	-	

	31 March 2019	31 March 2018
	£'000	£'000
Expenditure		
Greater London Authority[1]	11,048	10,544
E20 Stadium LLP[2]	32	-
Transport for London	964	788
London Borough of Newham	641	470
Lee Valley Regional Park Authority	154	28
London Borough of Hackney[3]	121	1,064
London Borough of Waltham Forest[4]	100	16
London Borough of Barking and Dagenham	-	-
Foundation for Future London (FFL)[5]	-	-
London Borough of Tower Hamlets[6]	-	179
London Borough of Haringey	-	-
Network Rail[7]	2,637	10,216
London Stadium 185[8]	(18)	
British Broadcasting Corporation[9]	-	
Stratford East London Holdings Limited	-	

1 Jules Pipe is the Mayor of London's Deputy Mayor for Planning, Regeneration and Skills. LLDC Deputy Chief Executive is a Member of the Greater London Authority Land Fund Investment Committee.

2. LLDC Deputy Chief Executive Officer Gerry Murphy is the representative of Stratford East London Holdings Ltd on the Board of E20. LLDC Board Members Keith Edelman and Shanika Amarasekara are current E20 Stadium LLP Board Members. Former LLDC Board Member, David Gregson, was a Member of the E20 Board during 2017/18. LLDC Board Member Nicky Dunn is the Chair of the E20 Stadium LLP Board.

3 LLDC Board member Philip Glanville is the Mayor of Hackney. LLDC Board member Jules Pipe was the Mayor of Hackney until July 2016.

4 LLDC Board Member Clare Coghill is the Leader of the Waltham Forest Council.

5 The Foundation for Future London (FFL) is an independent charity. Deputy Chief Executive Gerry Murphy is the LLDC Nominee for FFL.

6. LLDC Board Member Rachel Blake is a Councillor in the London Borough of Tower Hamlets.

7 LLDC Board Member Simon Blanchflower was an employee of Network Rail. LLDC Chair Sir Peter Hendy is Chair of Network Rail.

8 LLDC Deputy Chief Executive Gerry Murphy, LLDC Chief Executive Officer Lyn Garner and LLDC Executive Director of Park Operations and Venues are all Directors of London Stadium 185 Ltd.

9 LLDC Board member Baroness Grey-Thompson is a Board Member of the British Broadcasting Corporation.

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 2018/19 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 2019	Income 31 March 2018	Expenditure March 2019	Expenditure March 2018	Nature of Relationship
	£,000	£,000	£,000	£,000	
Deloitte	-	-	177	326	Executive Director of Development Rosanna Lawes' partner is a Director of Deloitte
Future of London			6	5	LLDC Chief Executive Officer Lyn Garner is the Chair of Future of London
MACE			4,753		LLDC Chair Sir Peter Hendy's son is an employee of Mace.
Commonplace Digital Ltd			28		Board Member Pam Alexander is a Chair of Commonplace Digital Ltd.
London Youth Rowing			4		E20 Director Alan Skewis is a Trustee and Board Member of London Youth Rowing

Related parties – Outstanding balances

Outstanding balances with related parties as at 31 March 2018 and 2019 are as follows:

Organisation	Income 31 March 2019	Income 31 March 2018	Expenditure 31 March 2019	Expenditure 31 March 2018
	£,000	**£,000**	**£,000**	**£,000**
Greater London Authority	-	(771)	-	-
E20 Stadium LLP	-	-	-	330,825
Transport for London	-	-	253	91
London Borough of Newham	(55)	-	-	-
London Borough of Hackney	(258)	-	-	-

24. Operating leases

a) *Leases as lessee*

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

	31 March 2019	31 March 2018
	£'000	**£'000**
Within one year	1,630	1,229
Between 1-5 years	3,445	4,034
Over 5 years	35,497	37,055
	40,572	**42,318**

On 31 March 2015, the Legacy Corporation signed the Olympic Waterways Legacy (OWL) Agreement with the Canal River Trust.

The rent payable for the Waterways lease with the Canal River Trust is contingent and therefore has not been included in the future minimum lease payments. It shall be revised on 1 January 2022 and annually thereafter for the remainder of the lease period. The amount due will be based on the number of existing outfalls, taking into account the number of new, abandoned or surrendered outfalls in the year.

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2019	31 March 2018
	£'000	**£'000**
Rent payable in year	1,649	1,649
	1,649	**1,649**

b) *Leases as lessor*

Details of properties leased 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 Island: leased to E20 Stadium LLP under a 102 year lease arrangement.
- Here East: leased to iCITY (London) Limited over a 200-year lease.
- Multi Storey Car Park: proportion of spaces leased to iCITY (London) Limited.
- Off Park rental properties: currently leased by a mixture of industrial and residential tenants.
- Queen Elizabeth Olympic Park: various cafe and kiosks leased across the Park, including the Podium and Timber Lodge.
- Chobham Manor: leased to Chobham Manor LLP for residential and business development over a 250-year lease.

At 31 March, the future minimum lease (at nominal value) receivables under non-cancellable leases are:

	31 March 2019	31 March 2018
	£'000	**£'000**
Within one year	2,586	2,816
Between 1-5 years	9,923	9,447
Over 5 years	432,604	434,826
	445,113	**447,089**

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2019	31 March 2018
	£'000	**£'000**
Rent receivable in year	3,344	3,335
	3,344	**3,335**

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.

Financial assets	31 March 2019	31 March 2018
	£'000	**£'000**
Opening capital financing requirement	**349,456**	**345,877**
Capital Investment		
Property plant and equipment	29,974	15,190
Investment property	16,537	10,107
Investment in joint venture	-	4,906
Intangible assets	218	33
Revenue expenditure funded from capital under statute	4,349	21,945
Loans to third parties	0	0
Sources of finance		
Government grants and other contributions	(78,654)	(48,603)
Closing capital financing requirement	**321,880**	**349,456**

Explanation of movement in year

Sources of finance	**31 March 2019**	**31 March 2018**
	£'000	**£'000**
Opening capital financing requirement	349,456	345,877
Increase/(decrease) in underlying need to borrow	(27,576)	3,579
Closing capital financing requirement	**321,880**	**349,456**

The Capital Financing Requirement represents the underlying need for the Legacy Corporation to borrow for capital purposes. It increases when capital expenditure in any year is not financed immediately by use of capital receipts, application of capital grants, third party loans or a direct charge to revenue.

26. Financial instruments

Categories of financial instruments

The following categories of financial instruments are carried in the Balance Sheet:

	31 March 2019	31 March 2018
	£'000	**£'000**
Financial assets		
Current		
Financial assets at amortised costs	8,903	12,002
Net cash and cash equivalents	58,894	21,551
Non-current		
Financial assets at amortised costs	961	923
Total financial assets	**68,758**	**34,476**
Financial liabilities		
Current		
Financial liabilities at amortised costs	(25,869)	(12,118)
Non-current		
Financial liabilities at amortised costs	(336,695)	(339,178)
Total financial liabilities	**(362,564)**	**(351,296)**

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

	2018/19 Financial liabilities measured at amortised costs	2018/19 Financial assets at amortised costs	2017/18 Financial liabilities measured at amortised costs	2017/18 Financial assets at amortised costs
	£'000	**£'000**	**£'000**	**£'000**
Interest expense	10,899	-	10,824	-
Interest income	-	(2,282)	-	(27)
Net fair value adjustment on initial recognition		(38)		(36)
Total in Surplus or Deficit in Provision of Services	**10,899**	**(2,320)**	**10,824**	**(63)**

Fair values of assets and liabilities

Financial liabilities and financial assets represented by financial assets at amortised cost 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:

	2018/19 Carrying amount	2018/19 Fair value	2017/18 Carrying amount	2017/18 Fair value
	£'000	**£'000**	**£'000**	**£'000**
Financial assets	-	-	-	-
Financial assets at amortised cost	9,864	9,864	12,925	12,925
Cash and cash equivalents	58,894	58,894	21,551	21,551
Total financial assets	**68,758**	**68,758**	**34,476**	**34,476**
Financial liabilities at amortised costs				
Borrowings	(321,566)	(321,593)	(328,512)	(416,010)
Short-term creditors	(25,869)	(25,869)	(12,118)	(12,118)
Long-term creditors	(15,129)	(15,129)	(10,666)	(10,666)
Total financial liabilities	**(362,564)**	**(362,591)**	**(351,296)**	**(438,793)**

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 (Fair Value Level 2).

Borrowings consist entirely of capital loan funding from the Greater London Authority. The fair value of the loan has been valued by Link Asset Services using Level 2 inputs.

The long-term creditors consisted mostly of Section 106 obligations and Community Infrastructure Levy collected on behalf of the Mayor of London – these are measured using Level 2 inputs.

Material Soft Loans Made by the Legacy Corporation

Loan to Foundation for Future London

The loan to Foundation for Future London (FFL) is deemed to be a material soft loan - the loan is an interest-free loan of £1.0m to FFL as at 31 March 2019 repayable by 31 March 2020.

	31 March 2019	31 March 2018
	£000	**£000**
Opening balance at the start of the year	**923**	**887**
Nominal value of new loans granted in the year	-	-
Fair value adjustment on initial recognition	-	-
Increase in the discounted amount	38	36
Closing balance at the end of the year	**961**	**923**
Nominal value at 31 March	**1,000**	**1,000**

The interest rate at which the fair value of this soft loan has been made is arrived at by taking the Legacy Corporation's prevailing cost of borrowing (3.41% average) and adding an allowance for risk that the loan might not be repaid by FFL (20% based on its time in existence).

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.
- 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 Deputy Chief Executive. 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 £42m in the GLA Group Investment Syndicate (GIS) 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 2019		
£'000	**Gross value**	**Impairment value**	**Net Value**
Deposits with financial institutions	56,612		56,612
Accrued interest on deposits	2,282		2,282
Debtors with subsidiary	-		-
Trade debtors	8,971	(68)	8,903
Loans to third parties	961	-	961
Total exposure	**68,826**	**(68)**	**68,758**

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 from third parties is not currently authorised. The Legacy Corporation may also lend to its subsidiaries with permission from the Mayor of London.

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

	2018/19	2017/18
	£'000	**£'000**
Maturing in 1 - 2 years	(1,787)	(21,366)
Maturing in 2 - 5 years	(45,896)	(3,398)
Maturing in 5 - 10 years	(191,710)	(25)
Maturing in more than 10 years	(96,118)	(314,390)
Long term financial liabilities with more than one year to mature	**(335,510)**	**(339,178)**
Long term financial liabilities maturing within one year	**-**	**-**
Total financial liabilities	**(335,510)**	**(339,178)**

27. Contingent liabilities and assets

The Legacy Corporation recognises the following contingent liabilities and asset:

ArcelorMittal Orbit Loan

A loan of £13.0m (principal £9.2m plus unpaid interest), to part fund the construction of the ArcelorMittal Orbit is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated (in the first instance against interest on the loan until wholly repaid then 50% against the principal thereafter). A discounted projected cash flow was used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in prior years. The Legacy Corporation accordingly recognises a contingent liability in respect of the loan.

28. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 31 May 2019. In preparing the accounts the Legacy Corporation has considered events between the 31 March 2019 and 31 May 2019.

The LLDC's agreements for lease with the BBC and University of the Arts London (UAL) for the Stratford Waterfront site were conditional as at the balance sheet date; the key outstanding conditions being securing satisfactory planning permissions and conclusion of the financial viability assessments.

Planning approval was granted by LLDC's Planning Decisions Committee on 30 April 2019 and by the GLA on 12 June 2019 (the Section 106 agreement was signed on 22 July 2019). In addition, the financial viability assessments were concluded in May 2019. As a result, the long-term valuation of Stratford Waterfront is expected to materially increase in 2019/20 to reflect the financial contributions to the development from the BBC and UAL, which were not considered in the valuation as at 31 March 2019 due to the outstanding conditions.

Group accounts

Introduction

The Legacy Corporation is a member of E20 Stadium LLP, a former joint venture with Newham Legacy Investments Limited. The E20 Stadium partnership is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works and ongoing operations of the London Stadium, which is the permanent home of West Ham United Football Club and the national competition centre for UK Athletics.

On 30 November 2017, the Legacy Corporation took full control of E20 Stadium LLP; accordingly, from 1 December 2017, E20 Stadium LLP became classified as a subsidiary of the Legacy Corporation.

The Legacy Corporation has another subsidiary, Stratford East London Holdings Limited, which was established on 1 December 2017, from which date it became the second member of E20 Stadium LLP. Stratford East London Holdings Limited has a 1 percent non-controlling share in E20 Stadium LLP and has undertaken no financial transactions during the reporting period. Therefore, the Legacy Corporation has not consolidated any financial information in relation to Stratford East London Holdings Limited.

On 21 January 2019, the Legacy Corporation acquired the Stadium operator, London Stadium 185 Limited, via its subsidiary E20 Stadium LLP. This gives the Legacy Corporation full control of the London Stadium operations, enabling it to better maximise the commercial opportunities at the Stadium and further reduce its operating costs. Accordingly, the financial results of London Stadium 185 Limited from the acquisition date to 31 March 2019 are consolidated into the Legacy Corporation's Group Accounts (via the E20 Stadium LLP accounts) in line with international accounting standards.

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 or subsidiaries 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. In contrast, subsidiaries are those entities over whose activities the Group has control by itself. The Group's financial statements incorporate the financial statements of the Legacy Corporation and the E20 Stadium LLP (as appropriate) as at the year end.

Subsidiaries are consolidated into the Group accounts (from the date of acquisition) by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures are accounted for using the equity method (equity-accounted investment) and are initially recognised at cost. The prior year Group financial statements therefore included 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 ceased (30 November 2017).

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 refer 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 2019

	Notes	Gross Income £'000	Gross Expenditure £'000	Net Expenditure £'000
Communication, Marketing and Strategy	G1/G2	(20)	1,686	1,666
Development	G1/G2	(85)	8,181	8,096
Executive Office	G1/G2	(2)	2,166	2,164
Finance, Commercial and Corporate Services	G1/G2	(340)	8,438	8,098
Park Operations and Venues	G1/G2	(1,315)	1,919	604
Planning Policy & Decisions	G1/G2	(1,957)	2,737	780
Regeneration and Community Partnerships	G1/G2	(20)	2,456	2,436
Stadium[1]	14/G1/G2	(7,181)	17,526	10,345
East Bank	G1/G2	-	-	-
GLA Grant	G1/G2	(51,625)		(51,625)
Corporate Items	G1/G2	-	380	380
Net cost of services		**(62,544)**	**45,488**	**(17,056)**
Financing and investment income	G3	(8,726)	-	(8,726)
Change in fair value of investment properties	13	-	5,424	5,424
Financing and investment expenditure	G4	-	38,348	38,348
Capital grants and contributions	G5	(5,315)		(5,315)
(Surplus) or deficit on provision of services before tax		**(76,585)**	**89,260**	**12,675**
Share of the joint venture (surplus) or deficit		-	-	-
Loss on acquisition of subsidiary		-	1,435	1,435
Corporation tax	10	-	6,581	6,581
Deferred tax	10	(12,441)	-	(12,441)
(Surplus) or deficit on the provision of services after tax		**(89,026)**	**97,276**	**8,250**
Deferred tax asset on the net defined benefit liability	10		(390)	(390)
Remeasurement of the net defined benefit liability/asset	18	-	(555)	(555)
Total comprehensive income and expenditure		**(89,026)**	**96,331**	**7,305**

[1]Includes consolidated transactions of LS185 Ltd from 21st January 2019

For the year ended 31 March 2018

	Notes	Gross Income £'000	Gross Expenditure £'000	Net Expenditure £'000
Communication, Marketing and Strategy	G2/G3	(458)	2,428	1,970
Development	G2/G3	(71)	21,378	21,307
Executive Office	G2/G3	(22)	2,092	2,069
Finance, Commercial and Corporate Services	G2/G3	(246)	8,247	8,001
Park Operations and Venues	G2/G3	(1,572)	1,720	148
Planning Policy & Decisions	G2/G3	(1,853)	2,875	1,022
Regeneration and Community Partnerships	G2/G3	(344)	4,012	3,669
Stadium[1]	14/G1/G2/G3	(3,336)	7,310	3,974
Corporate Items	G2/G3	(36,388)	341	(36,047)
Net cost of services		**(44,290)**	**50,403**	**6,113**
Financing and investment income	G4	(11,420)	-	(11,420)
Change in fair value of investment properties	13	-	13,750	13,750
Financing and investment expenditure	G5	-	29,178	29,179
Capital grants and contributions	G6	(14,664)	-	(14,664)
(Surplus) or deficit on provision of services before tax		**(70,374)**	**93,331**	**22,958**
Share of the joint venture (surplus) or deficit	G1	-	10,031	10,031
Loss on acquisition of subsidiary	G11	-	50,547	50,547
Corporation tax	10	-	1,012	1,012
Deferred tax	10	(6,752)	-	(6,752)
(Surplus) or deficit on the provision of services after tax		**(77,126)**	**154,921**	**77,796**
Other comprehensive income and expenditure				
Remeasurement of the net defined benefit liability/asset	18	(3,081)	-	(3,081)
Total comprehensive income and expenditure		**(80,207)**	**154,921**	**74,715**

[1]Includes consolidated transactions of E20 Stadium LLP from 1 December 2017

Group Balance Sheet

As at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Long term assets			
Intangible assets	G9	184	17
Property, plant and equipment	G10	61,072	32,135
Investment property	G11	185,806	246,655
Long term debtors	G6	961	923
		248,023	**279,730**
Current assets			
Short term debtors	G6	24,732	21,056
Cash and cash equivalents	G7	62,833	23,567
		87,565	**44,623**
Total assets		**335,588**	**324,353**
Current liabilities			
Short term creditors	G8	(111,506)	(72,836)
		(111,506)	**(72,836)**
Long term liabilities			
Long term borrowing	G8	(321,566)	(328,512)
Long term creditors	G8	(192,972)	(195,623)
Deferred tax liability	10	(18,635)	(31,076)
Retirement benefit obligation	18	(17,157)	(15,250)
Investment in subsidiary		-	-
		(550,330)	**(570,461)**
Total liabilities		**(661,836)**	**(643,297)**
Net assets		**(326,248)**	**(318,944)**
Reserves			
Usable reserves	G12	(7,186)	(11,603)
Unusable reserves	G12	333,433	330,547
Total reserves		**326,248**	**318,944**

Group Movement in Reserves Statement

As at 31 March 2019

	Notes	General Fund	Total usable reserves	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2018		**(11,603)**	**(11,603)**	**330,547**	**330,547**	**318,944**
Movement in reserves during 2018/19						
Deficit on the provision of services	From GCIES	6,815	6,815	-	-	6,815
Authority's share of the reserves of subsidiaries associated and joint ventures	From GCIES	1,435	1,435		-	1,435
Other comprehensive income and expenditure	From GCIES	(390)	(390)	(555)	(555)	(945)
Total comprehensive income and expenditure		**7,859**	**7,859**	**(555)**	**(555)**	**7,304**
Adjustments between accounting and funding basis under regulations	G13	(3,442)	(3,442)	3,442	3,442	-
Transfer to reserve		-	-	-	-	-
Decrease/(Increase) in 2018/19		**4,417**	**4,417**	**2,887**	**2,887**	**7,304**
Balance at 31 March 2019		**(7,186)**	**(7,186)**	**333,434**	**333,434**	**326,248**

As at 31 March 2018

	Notes	General Fund	Total usable reserves	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2017		**(3,426)**	**(3,426)**	**247,656**	**247,656**	**244,230**
Movement in reserves during 2017/18						
Deficit on the provision of services	From CIES	17,216	17,216	-	-	17,216
Authority's share of the reserves of subsidiaries associated and joint ventures	From CIES	60,578	60,578	-	-	60,578
Other comprehensive income and expenditure	From CIES	68	68	(3,149)	(3,149)	(3,081)
Total comprehensive income and expenditure		**77,862**	**77,862**	**(3,149)**	**(3,149)**	**74,713**
Adjustments between accounting and funding basis under regulations	G9	(86,039)	(86,039)	86,039	86,039	-
Transfer to reserve		-	-	-	-	-
Decrease/(Increase) in 2017/18		**(8,177)**	**(8,177)**	**82,890**	**82,890**	**74,713**
Balance at 31 March 2018		**(11,603)**	**(11,603)**	**330,547**	**330,547**	**318,944**

Group Statement of Cash Flows

For the year ended 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Surplus/(Deficit) on the provision of services		(8,249)	(77,794)
Adjustments to net (deficit) for non-cash movements	G14	104,457	115,982
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities	G14	(5,315)	(14,802)
Interest Receivable		(38)	0
Net cash flows from operating activities		**90,855**	**23,386**
Investing activities	G14	(42,641)	(28,394)
Financing activities	G14	(8,948)	(2,969)
Net increase/(decrease) in cash and cash equivalents		**39,266**	(7,977)
Cash and cash equivalents at the start of the year		23,567	31,544
Cash and cash equivalents at the end of the year		**62,833**	**23,567**

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. Group Gross Income

	31 March 2019	31 March 2018
	£'000	**£'000**
Grants received	(51,629)	(36,779)
Planning fees	(1,039)	(781)
Recharges	(1,189)	(2,627)
Events income	(2,369)	(1,183)
Interest income on deposits	408	-
Other	(6,725)	(2,921)
	(62,544)	

G2. Group Gross Expenditure

	31 March 2019	31 March 2018
	£'000	**£'000**
Staff costs:		
Wages and salaries	7,246	6,782
Social security costs	837	813
Pension costs	3,173	3,042
Other staff costs	244	252
Grants and contributions	358	914
Consultancy and Strategy Development costs	3,878	4,048
Accommodation costs	3,198	949
Legal fees	3,936	3,628
Communications, events and marketing	854	1,480
Agency and seconded staff costs	531	686
Irrecoverable VAT	-	-
REFCUS	3,830	21,406
REFCUS - Recharges	519	369
Insurance	1,277	734
IT and Stationery	1,052	1,160
Security	3	29
Travel	34	35
Amortisation	49	55
Depreciation	328	286
Impairment of financial assets	9	0
Other	14,128	3,736
Total	**45,488**	**50,402**

G3. Group financing and investment income

	31 March 2019	31 March 2018
	£'000	£'000
Interest income on deposits	(26)	(27)
Income in relation to investment property	(8,700)	(11,394)
Net gain on disposal of investment property	-	-
Financing and investment income	**(8,726)**	**(11,421)**

G4. Group financing and investment expenditure

	31 March 2019	31 March 2018
	£'000	£'000
Net interest on the net defined benefit liability (asset)	464	510
Expenditure in relation to investment property	27,391	17,844
Interest costs on borrowing	10,492	10,824
Financing and investment expenditure	**38,346**	**29,178**

G5. Group taxation and non-specific grant income

	31 March 2019	31 March 2018
	£'000	£'000
Other capital grants and contributions	(5,314)	(14,663)

G6. Group short term and long-term debtors

	31 March 2019	31 March 2018
	£'000	£'000
Short term		
Central Government bodies	9,121	1,293
Other Local Authorities	561	-
Other entities and individuals	15,050	19,763
Long term		
Other entities and individuals	961	923
Total long term debtors	**961**	**923**

G7. Group Cash and Cash Equivalents

	31 March 2019	31 March 2018
	£'000	£'000
Cash in hand and at bank	20,816	7,469
Investments	42,017	15,903
Total cash and cash equivalents	**62,833**	**23,372**

G8. Group current and non-current liabilities

	31 March 2019	31 March 2018
	£'000	£'000
Current		
Central government bodies	(8,819)	(1,012)
Other local authorities	(12,194)	(10,824)
Other entities and individuals	(90,493)	(60,999)
Non-current		
Long-term borrowing	(321,566)	(328,512)
Section 106 contributions	(17,984)	(10,187)
Stadium rent premium	-	-
Long Term Provisions	(174,988)	(185,436)
Long term creditors	**(192,972)**	**(195,623)**
Deferred tax liability	(18,635)	(31,076)
Retirement benefit obligation (pension liability)	(17,157)	(15,250)
Investment in joint venture	-	-
Total non-current liabilities	**(550,330)**	

G9. Group Intangible Asset

	Computer Software	Licences	Total
	£'000	£'000	£'000
Cost			
At 1 April 2017	336	57	393
Additions	19	14	33
At 31 March 2018	**355**	**71**	**426**
At 1 April 2018	355	71	426
Additions	32	186	217
At 31 March 2019	**387**	**256**	**644**
Amortisation			
At 1 April 2017	326	27	354
Charged during the period	19	36	55
At 31 March 2018	**346**	**63**	**409**
At 1 April 2018	346	63	409
Charged during the period	9	41	50
At 31 March 2019	**355**	**104**	**459**
Net book value at 31 March 2018	**10**	**8**	**17**
Net book value at 31 March 2019	**32**	**153**	**184**

G10. Group Property, Plant and Equipment

	Furniture, fixtures and fittings	Computer hardware, infrastructure and telecoms/ office equipment	Motor Vehicles	Assets under Construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2017	2,571	883	4	15,591	19,049
Additions	40	27	-	15,124	15,191
Project costs expensed	-	0	-	-	0
Disposals	-	-	-	-	0
At 31 March 2018	**2,611**	**910**	**4**	**30,716**	**34,240**
At 1 April 2018	2,611	910	4	30,716	34,240
Additions	3,731	464	-	29,440	33,635
Project costs expensed	-	-	-	0	0
Assets written out	-	-	-	(4,369)	(4,369)
At 31 March 2019	**6,341**	**1,374**	**4**	**55,786**	**63,505**
Depreciation					
At 1 April 2017	979	836	4	-	1,819
Charged during the period	253	34	-	-	286
Reclassification	-	-	-	-	-
At 31 March 2018	**1,232**	**869**	**4**	**-**	**2,105**
At 1 April 2018	1,232	869	4	-	2,105
Charged during the period	272	56	0	-	328
Reclassification	-	-	-	-	0
At 31 March 2019	**1,504**	**926**	**4**	**-**	**2,433**
Net book value at 31 March 2018	**1,379**	**41**	**(0)**	**30,716**	**32,136**
Net book value at 31 March 2019	**4,838**	**449**	**(0)**	**55,786**	**61,072**

G11. Group Investment Property

	31 March 2019	31 March 2018
Valuation	**£'000**	**£'000**
Opening balance at 1 April	246,656	284,100
Additions:		
- Subsequent expenditure	18,474	10,107
Disposals	(73,899)	(33,801)
Changes in fair value	(5,424)	(13,750)
Total Investment property	**185,806**	**246,656**

G12. Reserves

Usable reserves

At the end of the financial year, the Legacy Corporation had usable reserves of £7.2m in the General Fund.

A deferred tax liability of £18.6m is recognised within the Legacy Corporation's accounts in relation to its investment properties (2017/18: £31.1m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the historic increase in the value of its portfolio is realised. An amendment to the Local Authorities Capital Finance and Accounting Regulations in 2016/17 permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities and reflects the reality that the majority of the Legacy Corporation's future Corporation Tax liabilities will be generated by capital receipts. It also means that the deferred tax charge can be recognised in the Legacy Corporation's Capital Adjustment Account, rather than the General Fund (as previously required).

General Fund

	31 March 2019	31 March 2018
	£'000	**£'000**
Balance as at 1 April (excluding deferred tax)	(11,603)	(3,426)
Movements (excluding deferred tax)	4,417	(8,177)
Balance at 31 March before recognition of deferred tax	**(7,186)**	**(11,603)**
Deferred tax - balance brought-forward	0	0
Deferred tax - movement in year	0	0
Balance at 31 March	**(7,186)**	**(11,603)**

The Legacy Corporation's Group General Fund balance differs from that in its single entity accounts due to the elimination of intra-Group transactions (between the Legacy Corporation and E20 Stadium LLP) within the Group Accounts.

Unusable reserves

	31 March 2019	31 March 2018
	£'000	**£'000**
Capital Adjustment Account	312,650	312,069
Pensions Reserve	20,671	18,374
Accumulated Absences Account	112	104
Balance unusable reserves at 31 March	**333,433**	**330,547**

Capital Adjustment Account

	31 March 2019	31 March 2018
	£'000	**£'000**
Balance as at 1 April	312,069	228,777
Charges for depreciation and amortisation	378	341
Capital grants and contributions applied	(4,755)	(14,802)
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	73,899	33,801
Capital receipts received during the year	(73,899)	(33,801)
Revenue expenditure funded from capital under statute	4,349	21,775
Revaluation/(Impairment) charged to the CIES	6,859	81,650
Deferred tax liability on revaluation charged to the CIES	(12,831)	(6,684)
Corporation Tax liability for the year	6,581	1,012
Balance at 31 March	**312,650**	**312,069**

Pensions Reserve

	31 March 2019	31 March 2018
	£'000	**£'000**
Balance as at 1 April	18,374	18,780
Remeasurements of the net defined benefit liability/(asset)	(555)	(3,149)
Reversal of charges relating to retirement benefits	3,955	3,873
Employer's pension contribution and direct payments to pensioners payable in the year	(1,103)	(1,130)
Balance at 31 March	**20,671**	**18,374**

Accumulated Absences Reserve

	31 March 2019	31 March 2018
	£'000	**£'000**
Balance as at 1 April	104	104
Settlement or cancellation of accrual made at the end of the preceding year	(104)	(104)
Amounts accrued at the end of the current year	112	104
Balance at 31 March	**112**	**104**

G13. Adjustments between accounting basis and funding under regulations

For the year ended 31 March 2019

	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	(378)	-	-	(378)	378
Movements in the market value of investment property	(5,425)	-	-	(5,425)	5,425
Disposals of investment property	(73,899)	-	-	(73,899)	73,899
Current and Deferred tax liability movements	6,250	-	-	6,250	(6,250)
Movements in the market value of subsidiary	(1,435)	-	-	(1,435)	1,435
Capital grants and contributions applied	4,755	-	-	4,755	(4,755)
				-	-
Revenue expenditure funded from capital under statute	(4,349)	-	-	(4,349)	4,349
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	73,899	(73,899)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		73,899		73,899	(73,899)
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,955)	-	-	(3,955)	3,955
Employer's pensions contributions and direct payments to pensioners payable in year	1,103	-	-	1,103	(1,103)
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	(8)			(8)	8
Total adjustments	**(3,442)**	**-**	**-**	**(3,442)**	**3,442**

For the year ended 31 March 2018

	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	(341)	-	-	(341)	341
Movements in the market value of investment property	(13,750)	-	-	(13,750)	13,750
Disposals of investment property	(33,801)	-	-	(33,801)	33,801
Current and Deferred tax liability movements	5,672	-	-	5,672	(5,672)
Movements in the market value of joint venture	(67,900)	-	-	(67,900)	67,900
Capital grants and contributions applied	14,802	-	-	14,802	(14,802)
Revenue expenditure funded from capital under statute	(21,775)	-	-	(21,775)	21,775
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	33,801	(33,801)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure		33,801		33,801	(33,801)
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,873)	-	-	(3,873)	3,873
Employer's pensions contributions and direct payments to pensioners payable in year	1,130	-	-	1,130	(1,130)
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	(3)	-	-	(3)	3
Total adjustments	**(86,038)**	**-**	**-**	**(86,038)**	**86,038**

G14. Cash Flow Notes

a) Adjustments to net deficit for non-cash movement

	31 March 2019	31 March 2018
	£'000	**£'000**
Depreciation of property plant and equipment	328	286
Amortisation of intangibles	49	55
Project costs expensed	-	-
Reversal of defined benefit pensions services costs	3,955	3,873
Reversal of share of loss or profit on joint venture		10,031
Reversal of share of loss or profit on subsidiary	-	58,059
Cash payments for employer's contributions to pension funds	(1,103)	(1,130)
(Increase) in trade and other debtors	(3,651)	(3,977)
Increase/(decrease) in trade and other creditors	38,021	7,973
Increase/(decrease) in bad debt provision	(25)	18
Increase/(decrease) in deferred tax liability	(12,441)	(6,752)
Net book value of non-current assets disposal	73,899	33,801
Changes in Fair Value of Investment Property	5,424	13,750
Stadium Lease Premium		(5)
Adjustment to net deficit for non cash movements	**104,457**	**115,982**
Adjust for items included in the net deficit on the provisions of services that are investing or financing activities		
Capital grants and contributions credited to the deficit on the provision of services	5,315	14,802
Interest Receivable	(38)	-

b) *Investing activities*

	31 March 2019	31 March 2018
	£'000	**£'000**
Purchase of property, plant and equipment, investment property and intangible assets	(52,326)	(25,670)
Property, plant and equipment assets written out	4,369	
Investment in joint venture	-	(4,906)
Loan to joint venture	-	(12,619)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets proceeds from sale of land and buildings		-
Capital grant received and other capital receipts	5,315	14,802
Net cash outflow from investing activities	**(42,641)**	**(28,394)**

c) Financing activities

	31 March 2019	31 March 2018
	£'000	**£'000**
Movement on Borrowings	(12,926)	1,171
Movement on OPTEMS fund	(491)	(1,403)
Movement on S106 fund	4,468	(2,737)
Net cash flow from financing activities	**(8,949)**	**(2,969)**

G15. Financial Instruments

Categories of financial instruments

The following categories of financial instruments are carried in the Balance Sheet:

	31 March 2019	31 March 2018
	£'000	**£'000**
Financial assets		
Current		
Financial assets at amortised costs	9,483	12,002
Net cash and cash equivalents	58,894	21,551
Non-current		
Financial assets at amortised costs	961	923
Total financial assets	**69,338**	**34,476**
Financial liabilities		
Current		
Financial liabilities at amortised costs	(27,316)	(12,118)
Non-current		
Financial liabilities at amortised costs	(514,538)	(339,178)
Total financial liabilities	**(541,854)**	**(351,296)**

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

	2018/19 Financial liabilities measured at amortised costs	2018/19 Financial assets at amortised costs	2017/18 Financial liabilities measured at amortised costs	2017/18 Financial assets at amortised costs
	£'000	**£'000**	**£'000**	**£'000**
Interest expense	10,492	-	10,824	-
Interest income	-	(2,282)	-	(27)
Net fair value adjustment on initial recognition		(38)		(36)
Total in Surplus or Deficit in Provision of Services	**10,492**	**(2,319)**	**10,824**	**(63)**

Fair values of assets and liabilities

Financial liabilities and financial assets represented by financial assets at amortised costs 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:

	2018/19 Carrying amount	2018/19 Fair value	2017/18 Carrying amount	2017/18 Fair value
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets at amortised cost	10,444	10,444	12,925	12,925
Cash and cash equivalents	58,894	58,894	21,551	21,551
Total financial assets	**69,338**	**69,338**	**34,476**	**34,476**
Financial liabilities at amortised costs				
Borrowings	(321,566)	(321,593)	(328,512)	(416,010)
Short-term creditors	(27,316)	(27,316)	(12,118)	(12,118)
Long-term creditors	(192,972)	(192,972)	(10,666)	(10,666)
Total financial liabilities	**(541,854)**	**(541,881)**	**(351,296)**	**(438,793)**

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 (Fair Value Level 2).

Borrowings consist entirely of capital loan funding from the Greater London Authority. The fair value of the loan has been valued by Link Asset Services using Level 2 inputs.

The long-term creditors consisted mostly of Section 106 obligations and Community Infrastructure Levy collected on behalf of the Mayor of London – these are measured using Level 2 inputs.

Material Soft Loans Made by the Legacy Corporation

Loan to Foundation for Future London

The loan to Foundation for Future London (FFL) is deemed to be a material soft loan - the loan is interest free loan of £1.0m to FFL as at 31 March 2019 repayable by 31 March 2020.

	31 March 2019	31 March 2018
	£000	£000
Opening balance at the start of the year	**923**	**887**
Nominal value of new loans granted in the year	-	-
Fair value adjustment on initial recognition	-	-
Increase in the discounted amount	38	36
Closing balance at the end of the year	**961**	**923**
Nominal value at 31 March	**1,000**	**1,000**

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 2019		
£'000	**Gross value**	**Impairment value**	**Net Value**
Deposits with financial institutions	56,612		56,612
Accrued interest on deposits	2,282		2,282
Debtors with joint-venture group	-		-
Trade debtors	9,551	(68)	9,483
Loans to third parties	961	-	961
Total exposure	**69,405**	**(68)**	**69,338**

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 from third parties is not currently authorised. The Legacy Corporation may also lend to its subsidiaries with permission from the Mayor of London.

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

	2018/19	2017/18
	£'000	**£'000**
Maturing in 1 - 2 years	(1,782)	(21,366)
Maturing in 2 - 5 years	(45,882)	(3,398)
Maturing in 5 - 10 years	(191,685)	(25)
Maturing in more than 10 years	(95,688)	(314,390)
Long term financial liabilities with more than one year to mature	**(335,037)**	**(339,178)**
Long term financial liabilities maturing within one year	**-**	**-**
Total financial liabilities	**(335,037)**	**(339,178)**

G16. Business combinations

On 21 January 2019, E20 Stadium LLP acquired the full share capital, and therefore control, of London Stadium 185 Limited, the operator of the London Stadium. E20 Stadium LLP has determined that the acquisition of London Stadium 185 Limited constitutes a business combination as defined by IFRS 3 Business Combinations and accounted for within E20 Stadium LLP's accounts under the acquisition method.

Annual governance statement

Scope of responsibility

The Legacy Corporation is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011 with aims defined by the Mayor of London as:

> "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 became a planning authority within its Mayoral development area on 1 October 2012.

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 Mayor is also able to direct the Legacy Corporation in the exercise of its functions, and to delegate functions to it. The Mayor has given the following significant delegations and directions:

- In April 2016, the Mayor delegated to the Legacy Corporation powers to maintain and upkeep the Queen Elizabeth Olympic Park, to collect a Fixed Estate Charge to fund this obligation, and directed LLDC to use these delegated powers. Whilst LLDC already maintains and upkeeps QEOP and levies and collects a Fixed Estate Charge, the direction and delegation will have the effect of putting it beyond doubt that LLDC is acting as a public authority in terms of its obligations to maintain and upkeep the QEOP. This direction and delegation complements and supplements the general powers delegated in 2012 (see below).

- In July 2014, the Mayor approved a general consent for the Legacy Corporation to give financial assistance by way of a grant with a total lifetime cost up to £150,000 in line with Section 213 and 221 of the Localism Act 2011 and gave automatic consent to grants funded under section 106 agreements, or grants paid from the Community Infrastructure Levy collected by the Legacy Corporation for projects or types of infrastructure contained in the regulation 123 list published by the Legacy Corporation. This replaced an earlier consent given in 2012.

- 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 Legacy Corporation 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 Legacy Corporation committees.

- 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 April 2016, the Mayor delegated to the Legacy Corporation powers to maintain and upkeep the Queen Elizabeth Olympic Park (QEOP) and to collect a Fixed Estate Charge to fund this obligation, and directed LLDC to use these delegated powers. This complemented and supplemented the general powers delegated in 2012.

No new delegations or directions were given during 2018/19.

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 2019 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. In January 2019, the LLDC Board agreed to establish a new Health, Safety and Security Committee reflecting the changing risk profile of the organisation with the commencement of the construction programme on East Bank and the acquisition of the Stadium operator, effectively bringing the operation of the Stadium in house. During the year ended 31 March 2019 the Legacy Corporation's committee structure was as follows:

- **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.

- **Chair'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 Chair.

- **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.

- **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.

- **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.

- **Health, Safety and Security Committee**
  To ensure the efficient and effective discharge of the London Legacy Development Corporation's functions, through the safe and secure provision of services and access including to the Park, Venues, Development and Construction sites.

Following a recommendation in the May 2016 internal audit report Governance Review - Board Information which was reported to the Audit Committee in July 2016, LLDC undertakes an annual review of Committee terms of reference in February 2017 which was reported to the Board in March 2017. The last annual review was reported to the Board in September 2018.

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 three Board members, five members nominated by the neighbouring boroughs, and four independent members appointed following advertisement.

London Stadium Governance

E20 Stadium LLP is a limited liability partnership between LLDC and Stratford East London Holdings Ltd (SELH), a wholly owned subsidiary of LLDC. The E20 Board comprises three LLDC Board members (Nicky Dunn, Keith Edelman and Shanika Amarasekara) and one member nominated by SELH (Gerry Murphy, LLDC's Deputy Chief Executive). The E20 Board is the formal Board of E20 Stadium LLP and also acts as an advisory Board to the LLDC Chief Executive on matters pertaining to the London Stadium. Decision making in relation to LLDC's expenditure on and income from the London Stadium follows LLDC's Scheme of Delegations.

London Stadium 185 Ltd (LS185) is a wholly owned subsidiary of E20 Stadium LLP. Its Board consists of: Gerry Murphy, Mark Camley (LLDC Executive Director of Park Operations and Venues), Graham Gilmore (LS185 Chief Executive) and Darren Raczkowski (LS185, Operations Director). Lyn Garner (LLDC Chief Executive) is the Chair of the LS185 Board. Peter Swordy (LS185 Director of Health, Safety and Compliance) joined the Board on 15 May 2019.

East Bank Governance

The **Investment Committee** is the lead governance body for the Corporation with oversight of the delivery of East Bank. It makes decisions on land transactions and major procurements over £10m and recommendations to the Board on such transactions over £20m. In addition, the Regeneration and Communities Committee oversees the measures to deliver the East Bank strategic objectives, the Audit Committee receives updates on East Bank assurance and the new Health, Safety and Security Committee oversees health, safety and well-being matters on the Stratford Waterfront construction site.

A governance structure for East Bank is in place including the **East Bank Board** which provides Board level leadership, collaboration, strategic direction and oversight for the overall programme with senior representation from LLDC, the East Bank partners and the GLA, and an **East Bank Programme Board**, which provides oversight and direction for the overall programme, resolving any escalated issues from the project boards and working groups. As a multi-party project, the programme governance refers decisions back to partners' corporate governance structures as required and each partner will also have their own internal project or programme governance arrangements.

The structure was revised in late 2017 to put benefits at the heart of the governance arrangements. The drivers for change came out of two assurance reviews of the project. The revised governance structure has also been revised to reflect UCL taking on the delivery of the UCL East project.

A **Risk and Assurance Board** (RAB) provides support to the East Bank Programme Board in executing their duties in relation to the oversight of an integrated assurance programme with an independent Chair and representatives from LLDC, East Bank partners, the GLA and Government (represented by the Infrastructure and Projects Authority). In late 2018, the role and focus of the RAB was reviewed by the LLDC and the independent Chair to reflect the start of the construction activity on the project. It will focus on construction delivery with an annual review of strategic objectives and risks to delivering the full business case with a view to informing the annual reporting to Government on East Bank progress. The independent Chair also attends Investment Committee meetings.

The East Bank RAB is supported by an independent third line assurance provided by RSM Consulting (UK) LLP who undertake a programme of reviews on key areas of activity, reporting to the Risk and Assurance Board.

Vision and performance

In 2015/16 the Legacy Corporation adopted a Five-Year Strategy for the Queen Elizabeth Olympic Park and surrounding areas covering the years 2015 to 2020. This was refreshed in October 2016 to reflect the priorities of the new Mayor of London as well as progress made on delivery since it was published in 2015. The revised strategy was approved by the Board in November 2016. The Legacy Corporation's vision, purpose and strategic objectives are set out in its Ten-Year Plan. Cost movements and changes in assumptions and policy from the approved Plan have been reflected in an updated model that has been considered by the LLDC Board and the GLA at regular intervals. The revised Plan will be finalised in 2019 for formal approval by LLDC's Board and GLA thereafter.

Performance against measures and milestones included in the Annual Budget, Ten Year Plan and the Strategy is reported through quarterly reports to the Board and quarterly reports to the GLA on financial and service performance. The quarterly reports are published on the QEOP website, and considered by the GLA-LLDC Finance and Policy Liaison meetings. Financial performance is also reported through monthly management accounts which are considered by the Executive Management Team monthly and by the Investment Committee.

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.
- 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 2018/19. Changes to the scheme of delegations (and consequential amendments to the Financial Regulations and Standing Orders) were approved by the Board in November 2018 to: delegate authority to sign Here East consents and specified documents, leases and licences, contracts up to £1m and non-disclosure agreements to specified officers; to delegate the approval of the award of specified East Bank construction contracts that fall within Investment

Committee delegations to the Chief Executive provided the contract value is either within or no more than 1% above budget, and to give specific delegations to specified officers in relation to administering East Bank construction contracts for approving the expenditure of contingency within the approved budgets.

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.

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.

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, mitigating the likely impact of a risk should it arise, or – where possible – eliminating the risk.

Risks and issues are managed at various 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. Risks are managed through the Legacy Corporation's programme and project management reporting system, Execview.

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 updated, reviewed and agreed by the Executive Management Team. Updates on corporate risks and issues are reported to every Audit Committee meeting and to the Board through the corporate dashboard and discussed in an annual risk review.

The Legacy Corporation has an Anti-Fraud, Bribery and Corruption Policy and a Whistle Blowing Policy, these are presented to the Audit Committee on a cyclical basis. The Anti-Fraud, Bribery and Corruption Policy was last reviewed by the Committee in July 2017. This policy will be on the agenda for review at the November 2019 Audit Committee meeting; the Whistle Blowing Policy was last reviewed by the Committee in July 2018. 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 making payments, and other procurement and accounting processes. Key detective processes and controls are the systems for authorisation of accounts payable and receivable, general ledger journals and payroll allied to senior management scrutiny of the monthly management accounts. LLDC's Anti-Fraud, Bribery and Corruption Policy and its Whistleblowing Policy are LLDC's policies relating to fraud and the process to allow staff to report concerns.

In 2018/2019 no member of LLDC staff raised any issues under these policies however in the period from February 2019 to June 2019 LLDC has received 2 whistleblowing letters from staff members not directly employed by LLDC, working for Engie. As per policy these incidents have been fully investigated. At the time of completing these accounts investigations are still ongoing.

The Legacy Corporation undertakes quantified risk assessments on its corporate level risks and on major project risks (including the East Bank project) to inform contingency management. In 2015/16 the Board approved the LLDC's risk appetite statement which sets out the level of risk that the Legacy Corporation is prepared to accept, tolerate, or be exposed to across different the activities it undertakes. The risk appetite statement was reviewed in 2018/19 by the Board and Audit Committee.

People Strategy

LLDC's People Strategy is in its 3rd year of implementation and to ensure we are still meeting the emerging needs of the business, a review of the progress against the key deliverables has been carried out to make sure we are on track.

The People Strategy continues to focus on People Development, Working Smarter, Performance Management, Health and Wellbeing and Reward and Recognition. In 2018 LLDC achieved the Excellence level for the Mayor's Healthy Workplace Charter for its outstanding offer of Health and Wellbeing initiatives and support for staff.

New Reward and Recognition Schemes have been developed and implemented and 2018 has seen a huge focus on agile and flexible working, with over 40% of the organisation now working on flexible patterns.

Diversity and Inclusion

LLDC continues to drive forward the Diversity and Inclusion agenda through its Diversity and Inclusion group to monitor the organisation's progress against its Diversity action plans and standards.

The group meets on a bi-monthly basis and is sponsored by an LLDC Board Member. Diversity and Inclusion has become a key priority for the organisation as we not only continue to address our Gender and Ethnicity pay gaps, but we focus on raising the profile of LLDC as a place to work and encourage and support our local communities to apply for roles with us. We have a revised action plan focusing on 4 key areas – Leadership, Recruitment, Progressing Talent from within and Creating an inclusive culture.

Modern Slavery Statement

LLDC's Modern Slavery Statement for 2018/19 was approved by the Board in September 2018 and is set out below.

London Legacy Development Corporation Modern Slavery and Human Trafficking Statement 2018/19

This Statement sets out the steps that the London Legacy Development Corporation (LLDC, the Corporation) has taken to address the risks of slavery and human trafficking in our supply chains pursuant to section 54 of the Modern Slavery Act 2015. Our aim is to inform our partners, suppliers, staff and the public about LLDC's policy with respect to modern slavery, human trafficking, forced and bonded labour and labour rights violations in our supply chains and the steps taken to identify, prevent and mitigate the risks. It outlines the policies and processes we have in place, the areas we have identified as high risk and the actions we have taken to mitigate such risks and the plans we have in place to strengthen our commitment to the Act.

While LLDC is not a "commercial organisation" as defined by the Act, so has no requirement to publish a statement, LLDC recognises that it is good practice to ensure that the Corporation is compliant with the Act. The Statement also applies to E20 Stadium LLP, a limited liability partnership which LLDC controls. This is our first annual Statement to be published setting out significant actions the Corporation will undertake in 2018/19 to further strengthen its work in respect to modern slavery.

LLDC's structure, business and supply chains

London Legacy Development Corporation is a Mayoral Development Corporation, established on 1 April 2012, under the provisions of the Localism Act 2011, with the vision of creating a dynamic new metropolitan centre for London. LLDC is owned by the Mayor of London and is part of the Greater London Authority (GLA) group.

In 2017/18, we spent over £70m on goods and services with over 400 suppliers. Our supply chains are generally simple and involve predominantly UK companies. Nevertheless, we do source goods and services from further afield from time to time. We recognise the importance of taking appropriate steps to reduce the risk of modern slavery within our supply chains.

LLDC's policies in relation to slavery and human trafficking

The GLA has a Responsible Procurement Policy which covers LLDC and refers to reflecting best practice and demonstrates that procurement activities meet all relevant legislative requirements including the Modern Slavery Act. The policy states that "businesses should consider human rights, labour standards, the environment and anti-corruption when making business decisions. We therefore always consider the measures that we can put in place to ensure that our services will be delivered in a manner that reflects these values. In this way, the GLA remains committed to extending its heritage of ethical sourcing and employment to its activities abroad."

LLDC's Procurement and Regeneration teams are working together to develop a Responsible Procurement Implementation Plan to ensure that we are meeting the requirements of this policy. The plan will feed into an overarching GLA group plan commencing in 2018/19.

The Mayor's Chief of Staff leads the Collaborative Procurement Board for the GLA Group, in which LLDC actively participates.

As part of LLDC's standard Selection Questionnaire for OJEU procurements, prospective suppliers who are relevant commercial organisations as defined in the Act are asked to demonstrate compliance with the Act to LLDC.

LLDC has updated its Whistle Blowing Policy to include modern slavery and people trafficking as a matter regarded as malpractice (to be approved by the Audit Committee in July 2018).

Risk analysis on where there is a risk of slavery and human trafficking taking place

The principal categories that LLDC deems as carrying material risks of human rights abuses are construction, catering and facilities management services such as cleaning and stewarding and security services. Further risk and opportunity assessments to identify other contracts and areas of spend, where there may be a high risk, will be undertaken in 2018/19.

LLDC's due diligence processes in relation to slavery and human trafficking in its business and supply chains

LLDC is examining options for embedding supply chain due diligence into its processes to address the risk of modern slavery, human trafficking, forced and bonded labour and other human rights risks in the supply chain. As a priority in 2018/19, attention will be paid to modern slavery risks in construction, catering and facilities management services, wherever lower pay is prevalent and where demand for unskilled labour in the supply chain may be met by third party agencies. Contractors will be encouraged to recruit directly wherever possible and to undertake regular audits of third-party agencies to check for the signs of human rights abuse.

LLDC's standard contracts include clauses that oblige contractors to comply with the Modern Slavery Act. This text is from LLDC's standard low value goods and services contract: "The Supplier shall in the performance of the Contract (at no additional cost to the Legacy Corporation) comply, and ensure that any sub-contractors comply, in all respects with relevant and binding UK and European Community laws or any other regulation or by-law (including, without limitation, with the Modern Slavery Act 2015 and the Anti-Slavery Policy) from time to time in force which is or may become applicable during the period the Contract is in force.

Effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate

The annual exercise we undertake with employers on the Park in relation to payment of the London Living Wage and the non-exploitative use of Zero Hours contracts will be extended to include questions about the businesses compliance with the Modern Slavery Act and their related due diligence work with supply chains from June 2018. The responses will be analysed and further information or monitoring visits will be requested by LLDC where required.

Training

Key staff in the Programme Management Office and Procurement team have received guidance from the GLA group's Responsible Procurement team who have expertise in this field. Key staff have also joined webinars on the subject. Training on Modern Slavery for relevant staff members will be undertaken in 2018/19 and an awareness raising session scheduled as part of an all staff meeting.

Our key goals for 2018/19

LLDC reconfirms its commitment to better understanding its supply chains and working towards greater transparency and responsibility towards people working in them.

We will continue to work with our partners and suppliers to undertake supply chain due diligence and mitigate the risks to human rights in our supply chains. We will also ensure that these issues are considered as part of transition plans setting out how LLDC's functions will be undertaken when the Corporation comes to the end of its operations. As LLDC acquires knowledge and develops capability across all higher-risk spend categories, the intention is to codify and communicate for wider use in the GLA group those due diligence processes that are found to be the most successful.

In 2018/19 LLDC will pursue six key goals:

- *Develop and deliver a comprehensive programme of improvement to implement the Mayor's Responsible Procurement Policy, including metrics to evidence its effectiveness. This is being undertaken by the Procurement and Regeneration teams.*
- *Review wording in standard LLDC contracts to ensure suppliers actively co-operate with LLDC to identify and mitigate risks of modern slavery and human trafficking. This will be undertaken by the Procurement team.*
- *Introduce a programme of training in promoting respect for human rights in supply chains for commercial staff in LLDC and an awareness raising briefing session for all staff. This will be undertaken by PMO working with the Corporation's Human Resources team.*
- *Commence a programme to encourage contractors in industries where low pay is prevalent to undertake regular audits of third-party employment agencies that they use to source workers, especially where workers are not then employed or paid directly by LLDC's contractors. This will be undertaken with support from the GLA group's Responsible Procurement team.*
- *Complete a risk and opportunity assessment to identify other contracts and areas of spend, where there may be a high risk of poor working conditions, human rights abuses or negative impacts on security and crime. This will be undertaken by PMO and Procurement.*
- *Consider joining a group for sharing industry best practice, such as Ethical Trading Initiative (ETI), a leading alliance of companies, trade unions and non-governmental organisations (NGOs) that promotes respect for workers' rights around the globe. This will be undertaken by PMO.*

Progress against these actions will be reported to the Audit Committee at least twice a year.

This Statement has been produced for Audit Committee the Board approval and will be published on the Corporation's website and reviewed at least once annually.

LLDC has made progress in 2018/19 to deliver on our modern slavery action plan though it's Modern Slavery Group which includes officers from LLDC's finance, regeneration, procurement and PMO teams and support from TfL's responsible procurement lead.

LLDC has implemented changes to strengthen LLDC's NEC3 contracts (including East Bank) in relation to compliance by the contractor and their sub-contractors with the Modern Slavery Act and ensure that contractors meet the requirements of a Certified Ethical Labour Scheme. The relevant clauses have been inserted into new contracts and bidders' Modern Slavery Statements are assessed as part of East Bank procurements. Work is ongoing to ensure contractors are monitored in implementing these requirements, which is the key priority for 2019/20. LLDC uses the Labour Agency Vendor Accord for supply of construction workers to sites, to ensure compliance with London Living Wage and Modern Slavery. This is in place for Stratford Waterfront (through MACE) at East Wick and Sweetwater and Chobham Manor. LLDC also undertook an audit in 2018/19 to ensure that key employers on the Park comply with the Modern Slavery Act, with the result that all respondents were compliant. This is undertaken annually with the next audit due Quarter 2 of 2019/20.

The Modern Slavery Group also undertook a risk analysis on area of focus where there may be a risk of poor working conditions, human rights abuses or negative impacts on security and crime and as a result, agreed that construction should be the current focus given the quantum of activity.

Staff training has been undertaken, including a briefing at an all staff meeting in February 2019 and a training session for relevant staff on responsible procurement delivered by TfL's Responsible Procurement team in January 2019. Discussions are ongoing about the potential advantages of joining a group for sharing industry best practice, officers have opened discussions with the Ethical Training Initiative.

We are working closely with the GLA to implement the Mayor's Responsible Procurement policy, metrics have been agreed and reported on through the Responsible Procurement Metric Submission to the GLA, including a metric relating to Modern Slavery.

Financial and legal controls compliance

The Legacy Corporation's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) 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 Gerry Murphy, the Deputy Chief Executive and Executive Director of Finance, Commercial and Corporate Services and a member 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. She 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, Chief Finance Officer and any Board member, apart from:

    - specified 3 Mills Studio Agreements which have been delegated to senior members of the Park Operations and Venues team or to the 3 Mills Studio operator under a power of attorney; specified standard form event hire agreements which have been delegated to senior members of the Park Operations and Venues team;
    - contracts procured through the GLA Group Collaborative Procurement Board which have been delegated to TfL;
    - where the authentication of the use of the seal for freehold and leasehold disposals at Chobham Manor of values up to £1m within approved budget has been delegated to specified senior officers in the Development directorate;
    - standard event hire agreements with a value of £15,000 or less require which have been delegated to senior members of the Park Operations and Venues team;
    - standard form employment contracts which have been delegated to any one of the Chief Executive, the Deputy Chief Executive or the HR Director;
    - Here East consents and specified documents, leases and licences which have been delegated to any one of the Chief Executive, Deputy Chief Executive or Executive Director of Park Operations and Venues;
    - contracts valued up to £1m which have been delegated to any two members of the Executive Management Team (EMT), one must be the budget holder (up to their delegated authority limits and within approved budget); and
    - non-disclosure agreements which can be signed can be signed by any two members of EMT.

- 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 suitably qualified team which provides support on budget monitoring, financial and taxation management, and which includes a CIPFA-qualified Director of Finance with significant public sector experience.

The Legacy Corporation ensures compliance with relevant laws and regulations through the activities of an in-house commercial procurement team and a shared services arrangement with Transport for London's (TfL) legal team. This shared services arrangement 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. All contracts entered into by the Legacy Corporation must also be approved by the TfL legal team for signing (unless the agreement is an un-amended LLDC standard contract or have been prepared by external legal advisers) through approval of the Contact Authorisation Form. Legal advice is also sought on some Project Initiation Documents (PIDs) and Business Cases (if the project is novel, contentious or repercussive); or not contained within the current approved budgets (i.e. a new project) regarding how the project approach complies with relevant legislation, how it is covered in the Legacy Corporation's powers, any other legal implications and any legal instruments to be entered into as a result of this project.

Compliance with other legalisation (e.g. employment or procurement) is ensured by the working policies, procedures and practice of the relevant the Legacy Corporation team. Policies are approved by the Executive Management Team following consultation with the Employee Forum and Management Forum 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 on internal control and risk management 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 Deputy Chief Executive, 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 with expertise in areas including finance, audit, law and governance.

In April 2015, the Mayor's Office of Policing and Crime (MOPAC) commenced work as the Legacy Corporations Internal Auditors as part of the Mayor of London's shared services agenda. The internal auditors work is reported to, and monitored and reviewed by, the Audit Committee. MOPAC assist in the promotion of good governance through implementation of the Internal Audit Plan, as approved by the Audit Committee. The Internal Audit Plan includes individual audits on activities identified as areas of risk. When complete the reviews are reported to the relevant executive and the Audit Committee. The Legacy Corporation's progress against agreed internal audit recommendations are monitored regularly and reported to the Audit Committee; MOPAC also perform follow up reports on previously completed audits and report these to the Audit Committee.

The Internal Auditors provide an annual report summarising their findings for the year, the 2018/19 annual report is on the agenda for the first Audit Committee meeting in 2019/20:

> The LLDC governance framework is clearly defined and is in line with best practice to meet statutory requirements. The risk management framework is based on recognised best practice and the LLDC Board has clearly defined the risk appetite for the organisation.
>
> The Head of Internal Audit's overall opinion for 2018/19 is that LLDC has an adequate internal control environment and controls to mitigate risks are generally operating effectively.

The full audits carried out as part of the 2018/19 Internal Audit plan are listed below with assurance ratings[2]:

- Material (financial) systems (green, reflecting substantial assurance)
- ArcelorMittal Orbit Ticketing (amber, reflecting limited assurance)
- Venue Operations (amber, reflecting limited assurance)
- ICT transition (yellow, reflecting adequate assurance)
- Retention and Recruitment (green, reflecting substantial assurance)
- Major Procurement (green, reflecting substantial assurance)
- Housing Programme Delivery (audit being completed, rating to follow)

Follow ups to 2017/18 internal audits, are set out below:

- ArcelorMittal Orbit Enhancements: Two recommendations, one completed, and one partially completed.
- Major Construction Projects – Housing Development: Two recommendations, both Implemented
- Material system: Two recommendations, both implemented.

Other reports:

- LS185 – London Stadium Investigation Report (assurance rating not applicable)

Code of Corporate Governance

The Legacy Corporation's code of corporate governance sets out the Legacy Corporation's approach to openness, accountability and effective governance. During 2017, the code was revised to reflect the seven principles set out in "Delivering Good Governance in Local Government: Framework" issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE) in 2016. This guidance replaced the previous guidance upon which the Legacy Corporation's former code was based. The revised code was

[2] Green – substantial: there is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives. Yellow – adequate: the control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met. Amber – limited: the control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives. Red – no assurance: a control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.

presented to the Audit Committee in July 2017. The Code is next due to be presented to the Audit Committee in November 2019.

Performance against the code is evaluated on an annual basis and included in the Annual Governance Statement and any areas for improvement identified. Overall, the Legacy Corporation performs well against the code: it is committed to the seven principles and has a framework of policies and procedures, behaviours and values in place which support good governance.

Work undertaken during 2018/19 includes:

- refreshing the transparency pages on the Legacy Corporation's website
- a review of the Whistle Blowing Policy by the Audit Committee

The areas for further work identified for the next financial year include:

- reviewing the corporate policies referenced in the code and presenting key policies to the Audit Committee
- further enhancements to the transparency pages

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 given. There is also an on-going 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 became a signatory to the GLA Group Framework Agreement in September 2016 and has incorporated its requirements of the Agreement into its operational and governance arrangements.

Whistleblowing and complaints

The Legacy Corporation's Whistleblowing Policy is on its intranet, 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 Audit Committee last reviewed the policy in July 2018.

The Legacy Corporation's Complaints Policy was formally adopted and added to the website in May 2013 and was last reviewed in February 2018. 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

LLDC's aim is to support staff to enhance their skills and knowledge whilst creating a learning culture that encourages personal responsibility for development. We have done this through delivery of a comprehensive learning programme for all staff, which has provided leadership and management, diversity and inclusion, governance and business and health and wellbeing training. In addition, we have supported four women to participate in a Women's Leadership Development programme, 'Our Time' which has enabled them to learn, develop and network through routes that may not have previously been accessible to them. Six members of the LLDC Board are Our Time Champions.

The Learning & Development offering continues to deliver a blended approach to ensure that are staff are not only technical experts in their professional fields, but they have the life and business skills to create new career opportunities for them.

Community and Business Team

Creating successful new places is about much more than building houses, roads and schools. Its people that bring a place to life and give it identity and potential. This is what the Communities and Business programme – "Living Places" is all about. The Legacy Corporation's Community and Business Team manages a programme of active engagement with local people and organisations through; delivery of community projects and interim uses, consultation on development proposals and through participation in relevant local community forums and hosting its own local representative groups including Park Panel, Youth Board and Legacy Youth Voice. These groups provide important ongoing opportunities for the two-way flow of information, issues and ideas between the diverse local communities around the Park and the Legacy Corporation.

During the financial year, the Legacy Corporation has completed a number of consultation activities relating to the long-term development of the Park. The Stratford Waterfront consultation engaged over 7,000 participants and has been shortlisted for a Planning Award in recognition of the best practice quality of the consultation programme. The Corporation has also updated its Code of Consultation and supported a number of developer partners to maintain consistently high consultation and construction site relations standards (mitigating the impact of activities such as lorry movements, dust, noise, temporary road closures etc).

The Great Get Together event in June 2018 welcomed over 12,000 people taking part in this community celebration at Queen Elizabeth Olympic Park. This was in addition to the two half term family fun days which saw over 900 local people take part. The Park hosted its first ever Summer School which brought together East Bank partners to create a unique and inspiring 2 week programme of free courses for young people aged 13 – 16 years old.

A new Community Sports strategy was developed alongside the successful delivery of Active August 2018 which engaged nearly 3,000 people in free sport and physical activities across the Park. London Marathon Community Track opened and enjoys a good range of community uses alongside the daily term-time use of the newly opened Bobby Moore Academy secondary school.

Also, this financial year, Hub 67 (a temporary community centre in Hackney Wick designed and built by The Corporation in direct collaboration with local residents) celebrated receiving over 14,500 visitors since it opened in 2014. The Corporation also supported East Village residents to open a new temporary community space called "The Hall" as well as a resident-led community strategy for Chobham Manor.

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 and other stakeholders and partners. These address issues from engagement on Park operations, events and site relations management to discussion of local job brokerage, sports participation and regeneration schemes.

Board effectiveness review update

The Chair will consider the scope, format and timing of an external Board effectiveness review during 2019/20.

Significant changes in the Board

Five new Board members were appointed by the Mayor of London on 1 April 2018 following a recruitment process (Pam Alexander, Shanika Amarasekara, Simon Blanchflower, Sukhvinder Kaur-Stubbs and Geoff Thompson). There were changes to some Borough representatives following the local government elections. The Borough representatives are: Philip Glanville, Mayor of Hackney; Rokhsana Fiaz, Mayor of Newham; Cllr Rachel Blake as the representative from the London Borough of Tower Hamlets; Cllr Clare Coghill, Leader of Waltham Forest Council.

Significant governance developments since the reporting date

At the LLDC Audit Committee in March 2019, the Audit Committee's Terms of Reference were updated to reflect the oversight of Legacy Corporation's subsidiary, the Stadium operator LS185, within its remit. A new Health, Safety and Security Committee has been established to reflect the start of start of construction on East Bank, an increase in construction and operational interfaces across the Park and venues, and the acquisition of the Stadium operator, effectively bringing the operation of the Stadium in house.

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	Proposed response
Enabling an effective and high performing Board.	Regular Board away days to enable strategic input. Annual meetings by the Chair with Board members. Board effectiveness review in late 2019. Continued succession planning which takes account of term lengths of Board members. Continuous improvement of quality of Board and Committee papers.
Achieving more with less financially, and ensuring a firm financial footing for future years.	Long term financial plan is refined through discussion with the Board and Mayor of London, this also sets out the medium-term funding challenges and support the Corporation's budget submission to the GLA.
Managing the risks to the successful delivery of the East Bank and ensuring that there is effective stakeholder engagement at all levels.	Integrated assurance framework in place which follows recognised best practice of the three lines of defence model to provide assurance to funders, partners and the Legacy Corporation Board that the risks to the programme are being successfully managed. East Bank Risk and Assurance Board, with an independent Chair, refocused in 2018/19 to concentrate on construction delivery of East Bank. Governance structures in place include partners and funders as well as a stakeholder forum for wider engagement. Regular review of governance structures.
Developing staff and corporate culture to respond to a changing role.	Delivery of the People Strategy. Communication and staff engagement.
Continuing to develop effective joint working with other parts of the GLA Group, including through shared services.	Effective shared service arrangements in place for legal, treasury management, secretariat services, internal audit provision, insurance services and sharing some elements of procurement with the GLA. Secondments to support Old Oak Common Development Corporation. Preparations for an IT shared service with the GLA underway.
Continuing enhancing the internal control environment.	Continuous review and enhancement of budgeting and business planning process. Regular audits of finance systems (recent Material systems audit received a green – substantial assurance rating.)

Ensuring the Legacy Corporation has the right skills to deliver its objectives as its purpose evolves.	Continued workforce planning and reviews of staff and resourcing.
Resolving issues relating to delivery of E20 Stadium Business Plan.	E20 Stadium LLP Board members and funders considering commercial/restructuring options. Acquisition of LS185, the Stadium operator, in January 2019 to effect better control and influence of Stadium operations.
Ensuring effective operations at London Stadium following the LS185 acquisition and delivering progress in getting the London Stadium on a firm financial footing	Senior Management Group of LS185, E20 Stadium LLP, and LLDC executive provide oversight and monitor development of a commercial strategy for the Stadium. Development of a commercial strategy for the Stadium.
Ensuring a comprehensive Transition Strategy is developed and laying the foundations for effective implementation	Early engagement with the Board, GLA and local Boroughs and staff. Establishing effective Transition governance structures.

The Legacy Corporation will address these and other issues that arise, in order to enhance its governance arrangements, and will keep these under review to ensure fitness for function.

Lyn Garner

Chief Executive

31 July 2019

Peter Hendy

Chair

31 July 2019

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, i.e. 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.

Ministry of Housing, Communities and Local Government (MHCLG)

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, and
- 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.