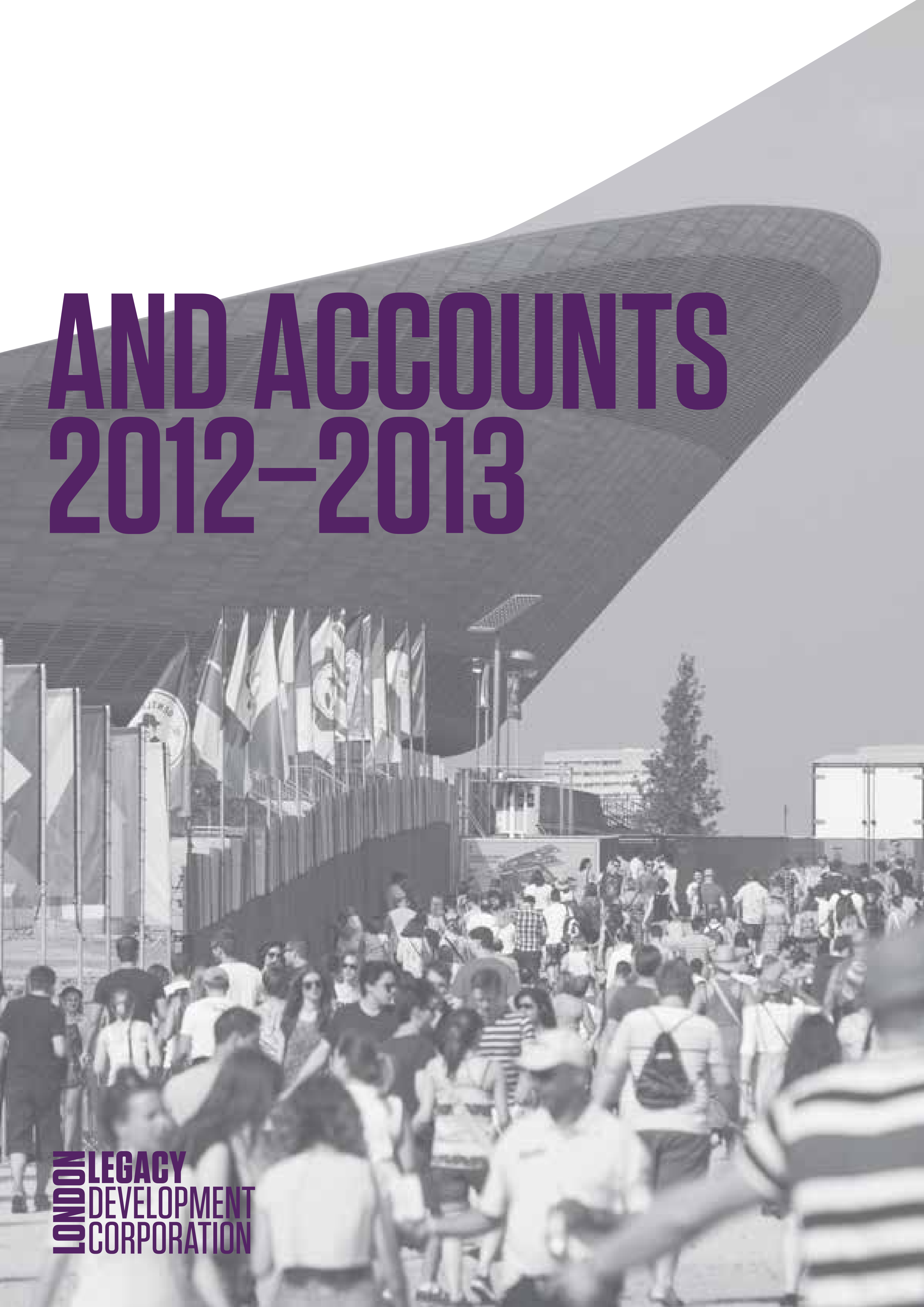
AND ACCOUNTS 2012–2013



LONDON LEGACY DEVELOPMENT CORPORATION


Severfield-

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London Legacy Development Corporation
www.londonlegacy.co.uk

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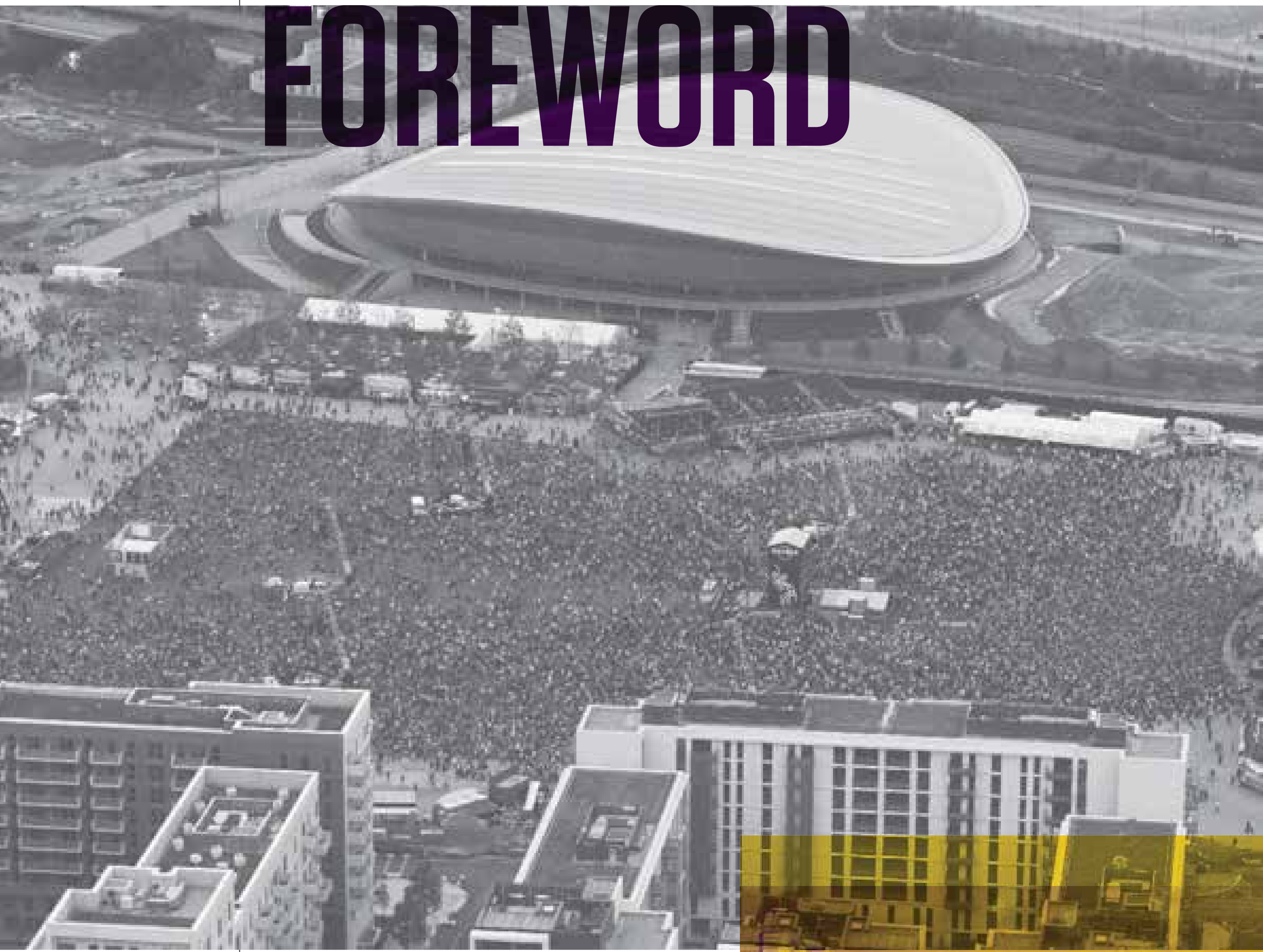
CHAIRMAN'S FOREWORD



"THE LEGACY CORPORATION HAS GRASPED THE LEGACY BATON … AND IS MAKING STELLAR PROGRESS."

BORIS JOHNSON

At the end of the Paralympic Games last summer, with the sounds of Coldplay, Rihanna and Jay-Z ringing in my ears, I reflected on the fact that this incredible moment was only a staging point in the London 2012 project. Like Sir Edmund Hillary and Tensing Norgay 60 years ago, we had surmounted what felt like a summit, only to see the true peak still soaring ahead of us.

This is why, buoyed by the enthusiasm of that amazing summer, when our city matched our athletes in achieving what many had denied was possible, I decided to take personal charge of legacy by taking the chair of London Legacy Development Corporation – the first of a dynamic new breed of Mayoral development corporation, the product of Government's admirable zeal for localism.

One year on from its establishment, the Legacy Corporation has grasped the legacy baton passed to it by the Olympic Delivery Authority and Olympic Park Legacy Company, and is making stellar progress in delivering on our legacy promises. Queen Elizabeth Olympic Park's green spaces, waterways and venues are being transformed. All eight of the retained venues have legacy operators in place, with West Ham's anchor tenancy of the Stadium, and iCity's digital vision for the press and broadcast centres forming the twin pinnacles of this unparalleled post Games achievement for any Olympic city. Outline planning permission is in place for around 7,000 homes, and developers are preparing detailed plans for the first phase, at Chobham Manor, north of the former athletes' village.

All this has only been possible through the hard work of the Legacy Corporation's dedicated and talented employees, and the expertise, sound governance and wise counsel offered by its Board. From athletes, to local politicians, to developers, to financiers, to social entrepreneurs, to cultural innovators, the Board brings a real wealth of experience and perspective to shaping and delivering the legacy vision. I would like to pay particular tribute to Liz McMahon and Robert John, both of whom made sterling contributions before standing down during the course of the year, to my predecessor chairmen, Margaret Ford and Daniel Moylan, who did much to plot the legacy course, and to Andy Altman, who as chief executive brought urban vision from across the Atlantic.

Dennis Hone has now joined the Legacy Corporation from the Olympic Delivery Authority as our permanent chief executive, and is managing the Corporation's transition from an organisation that was seated in the wings, planning and preparing, to one that is the very engine of London's most important regeneration project. Dennis inherits impressive plans for the Park, and the incredible exposure generated by the Games last summer has whetted the appetites of investors and developers from around the globe, offering us new opportunities to generate jobs and growth, in everything from higher education to cultural and visitor attractions.

The next year will be critical, as these expressions of interest solidify into proposals, as the remodelled Park emerges like a butterfly from its metamorphosis, and as the pace of delivering homes for Londoners quickens. In the meantime, we have another fantastic summer of events, opening our facilities to everyone through Ride London, the Open East Festival and the Festival of Disability Sport, welcoming world class athletes back to the Stadium, and even securing a Queen Elizabeth Olympic Park encore from Jay-Z.

Boris Johnson
Mayor of London
30 September 2013

CHIEF EXECUTIVE'S STATEMENT

"WE ARE ALREADY ALMOST HALF WAY THROUGH OUR TRANSFORMATION PROGRAMME [AND] THE LEGACY CONVERSION OF QUEEN ELIZABETH OLYMPIC PARK AND ITS VENUES TO MAKE THEM THE CENTREPIECE OF A REGENERATED DISTRICT."

DENNIS HONE

Running the Olympic Delivery Authority left me little time to think about my next move, but when the opportunity arose to take over at London Legacy Development Corporation, first as interim, then as permanent chief executive, I did not hesitate. Overseeing the transformation of 500 acres of east London from a backwater seven years ago to the centre of the world's attention last summer has been an incredible experience; taking the same site through the next stage of its evolution – to become one of London's most dynamic and best-connected urban districts – is equally inspiring.

Only 12 months have passed since the end of the Games, but we received the Park and venues back from the Organising Committee between September 2012 and the end of January 2013 and we are already almost half way through our transformation programme, clearing away temporary venues and facilities from the Games, connecting the site back to surrounding neighbourhoods with new and remodelled bridges, roads and paths, and completing the legacy conversion of Queen Elizabeth Olympic Park and its venues to make them the centrepiece of a regenerated district.

Plans for operating all eight retained venues are in place, and the first of them – the Copper Box Arena – re-opened this summer together with the core area of the north Park, and the new café and playground that makes it a place for local families to cherish. Over the next year, we will finish the extensive remodelling of the south Park Plaza, complete conversion works to the Aquatics Centre, build a new café and visitor centre, and commence the major work needed to convert the Stadium for its use by West Ham United, UK Athletics and a range of other sports and performance users.

As the first tenants move into the former athletes' village now known as East Village, a new development of family housing is on the starting blocks at Chobham Manor, with the first homes available from 2015. And this autumn, we

hope to announce our plans for the next phase of housing to meet local housing needs.

Our draft Local Plan will be published, to engage local communities in defining the principles for the future shape of developments inside and outside the Park. And we will be preparing a 10 Year Plan setting out how Queen Elizabeth Olympic Park will make a reality of legacy, creating opportunities for sport, for leisure, for work, for living, helping local people to make the most of these, and supporting 'convergence' – the aim that the people of this area should enjoy the same life chances as their fellow Londoners.

When I took over at the Legacy Corporation, I inherited a highly talented organisation that had been inspired by the vision and leadership shown by Margaret Ford and Andy Altman. As we move from preparation to delivery, the organisation will need to adapt, and to find clever ways of working to achieve more with less, in tough economic circumstances. I am confident that we can rise to this challenge together, supported by our world-class board, and chaired by our dynamic and engaging Mayor.

Dennis Hone
Chief Executive Officer
30 September 2013

FINANCIAL REVIEW

London Legacy Development Corporation is a Mayoral development corporation, established under the provisions of the Localism Act 2011. As a functional body of the Greater London Authority (GLA) the Legacy Corporation draws the vast majority of its funding through GLA budgets. Principal funding streams are set out below.

— Funding previously allocated to the Olympic Park Legacy Company (OPLC), the property rights and liabilities of which were transferred by way of a Statutory Instrument to the Legacy Corporation in April 2012, through the 2010 Comprehensive Spending Review (CSR 2010) for the years 2011/12-2014/15. These budgets comprised £217m (capital) and £75m (revenue) for the spending review period.

— Funding (£10m per annum from 2013/14) allocated directly by the Mayor of London, in line with his long-term commitment to supporting the Olympic Park legacy.

— The capital budget previously held by the Olympic Delivery Authority (ODA) for the transformation works on the Olympic Park; in June 2011, this £292m budget, drawn from the Public Sector Funding Package established for the 2012 Games, was transferred to OPLC and staff were seconded from the ODA to manage these works. Additional transformation works have been funded through the CSR 2010 budgets.

During the year under review the Legacy Corporation has received capital funding of £128m and revenue funding of £25m from these sources. Capital spend on transformation and associated works in 2012/13 was £89m, leaving approximately £375m to be spent to complete the transformation of the Park, including the works on the Stadium. Significant progress has been made with the deconstruction of temporary venues on the Park and removal of temporary overlay, together with landscaping and infrastructure works with the Park beginning to re-open from late July 2013. These transformation works are scheduled to be completed by spring 2014 (2016 for the Stadium works).

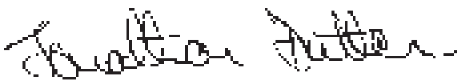
Other capital expenditure has included the purchase of land from the Lee Valley Regional Park Authority to complete the land assembly for the Legacy Corporation's first development site at Chobham Manor. A development agreement has been signed with Taylor Wimpey and London & Quadrant that will see about 850 residential units built over the next five years, with the first homes ready for occupation in 2015.

Revenue expenditure to support the activities of the Legacy Corporation totalled £26m. In our underlying activities, trading losses at 3 Mills were greater than interest and other income generated. The Legacy Corporation has appointed a new managing agent at 3 Mills and will review its longer term strategy for this site during 2013/14.

The property, rights and liabilities of OPLC were transferred to the Legacy Corporation on its establishment on 1 April 2012, as were certain property, rights and liabilities from London Thames Gateway Development Corporation (LTGDC). These transfers included title to OPLC's land holdings in the Olympic Park and LTGDC's smaller property portfolio outside the Park. OPLC's land assets were introduced into the Legacy Corporation's Balance Sheet at cost, which had in the main been agreed on the basis of a market valuation in 2009. The LTGDC assets were introduced at their carrying value. Following the end of the licence to occupy the Park granted to the ODA, the Olympic venues on the Legacy Corporation's land have been introduced, consistent with accounting standards, into the Accounts under merger accounting principles at the fair values at which they were held by the ODA on the dates on which the asset transfers took place (between September 2012 and January 2013). The ODA's valuation approach took the incurred cost in constructing each asset, adjusted to reach a modern equivalent asset value which was then further adjusted to reflect the value of a depreciated asset. This asset based approach has led to the Olympic venues being introduced into the Legacy Corporation's Balance Sheet at a value of £1,124m.

The Legacy Corporation's portfolio has been revalued at 31 March 2013 by Jones Lang LaSalle. The assets are being developed by the Legacy Corporation for their rental potential and they have therefore been reclassified as investment property. A number of different valuation methodologies have been applied but the investment method, where rental incomes are capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The effect of the valuation has been to write down, by £1.28bn, the asset base of the Legacy Corporation to £142m, reflecting the fundamental change in the valuation basis of the assets from a cost-based to an income-based approach.

The Legacy Corporation has access to sufficient funding to complete the transformation and other works scheduled to take place through to the end of the current spending review period in March 2015. It has sought to reduce its expenditure and re-prioritise certain of its activities in order to maximise the value for money generated by its spend. The Legacy Corporation is in discussions with the GLA and via the GLA with Government about its funding needs for the following spending review period and thereafter in the medium to long term. Given ongoing public sector financial constraint there can be no doubt that the Legacy Corporation's finances will come under increasing pressure in the coming years.



Jonathan Dutton
Executive Director of Finance and
Corporate Services
30 September 2013

MEMBERS OF THE LONDON LEGACY DEVELOPMENT CORPORATION

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

Boris Johnson (Chairman)

After securing a second four year term as Mayor of London in the spring of 2012, Boris Johnson became Chairman of the London Legacy Development Corporation last September, following the massive success of the Olympic and Paralympic Games. Prior to becoming Mayor Boris was the Member of Parliament for Henley and the Editor of the Spectator magazine. He has worked for The Times and The Telegraph as a reporter and foreign correspondent, and he still writes a weekly column for the Telegraph. Johnson is a critically acclaimed author. His latest book, "Johnson's Life of London" was published in 2011, and earlier this year he was commissioned to write a biography of Winston Churchill by the Churchill family estate. Boris was born in New York in 1964 and brought up in London. As a teenager he won scholarships to Eton College and later to Oxford University, where he read Classics. He lives in North London with his wife Marina and their four children.

Neale Coleman (Deputy Chairman)

Neale Coleman is the Mayor's Advisor for Olympic and Paralympic Legacy and was formerly the Mayor's Advisor on London 2012, a post he held since the first days of London's bid in 2003. Neale was a Board Member of London2012, the Olympic Bid company and has been a Board member of the Olympic Delivery Authority from its inception. He has extensive experience in major regeneration projects, chaired the Olympic Masterplan Reference Group that led the work during the bid to deliver the Masterplan and planning consent for the Olympic Park and co-chaired the Olympic Delivery Group which oversaw all work on the Games immediately after the successful bid.

Sonita Alleyne

Sonita Alleyne currently holds a number of non-executive posts. These include the Archant Media Group, the British Board of Film Classification and the BBC Trust. Her previous board experience included work with the London Skills and Employment Board and Chair of the Radio Sector Skills Council. Sonita was also a non-executive director of the Department for Culture, Media and Sport at the time London's bid for the 2012 Games was being put together. She was brought up in east London and has chosen it as her professional base since. Sonita won the Carlton Multicultural Achievement Award for TV and Radio in 2002 and is a Fellow of The Royal Society of the Arts and the Radio Academy. She was awarded an OBE for services to broadcasting in November 2003. She founded and launched the educational careers company, the Yes Programme, in 2013. Sonita founded the radio company Somethin' Else and ran it as Chief Executive from 1991 until 2009, when she joined the board and served as a non-executive director until 2011.

Nick Bitel

Nick Bitel is Chief Executive of the London Marathon and one of the country's leading events experts. A consultant at law firm Kerman & Co LLP, he is Chairman of Sport England and a Board Member of UK Sport. He is a former Vice Chairman of Wigan Athletic.

Nicky Dunn

Nicky Dunn has extensive experience in the leisure industry. Her company IMD Group provides strategic advice and operational guidance to venues, events and the Arts. Previously she held a number of positions within the industry, most recently as Chief Executive of Odyssey Arena in Belfast. She oversaw the operational design, planning, opening and management of the venue. Odyssey Arena became internationally recognised as one of the top 10 busiest arenas worldwide. Her experience includes theatres, arenas, stadia and conference and exhibition venues. She chairs the Titanic Foundation that owns The Titanic visitor attraction in Belfast which opened in April 2012 and is on the board of The Lyric Theatre. She was a board member of the Princes Trust (NI) from 2007 to 2011. She is a director of E20 Stadium LLP.

Keith Edelman

Keith Edelman was formerly the Managing Director of Arsenal Holdings plc and was instrumental in the development of the Emirates Stadium and the attendant regeneration of the surrounding area including the development of Highbury Square. He is currently the Senior Independent Director of Supergroup plc, Chairman of Beale plc, Chairman of Goals Soccer Centres Plc and a non-executive director of Thorntons plc and Safestore Holdings. Prior to Arsenal he was CEO of Storehouse plc, Managing Director of Carlton Communications plc, a non-executive director of Eurotunnel and Chairman of Glenmorangie.

David Edmonds

David Edmonds has had extensive experience within the housing, commercial property and regeneration sectors in both private and public sectors. He is a former civil servant and was in charge of the Government's Inner Cities programme in England. He is a former Chief Executive of the Housing Corporation, and has been a board member of English Partnerships, a non-executive director of Hammerson plc, and Chairman of Crisis, the charity for the single homeless. He was also the UK's Telecoms Regulator for five years and the Chairman of NHS Direct for four years. He is currently the Chairman of the Legal Services Board, and in addition chairs the Boards of Kingston University, NHS Shared Business Services, Hammerson plc Pension Trustees, and Swanton Care and Community Ltd. He is a Senior Independent Director of William Hill plc and a Board member of Barchester Health Care. He is Chairman of E20 Stadium LLP.

David Gregson

David Gregson is Chairman of Precise Media Group; of CRI, a leading national health and social care charity; and of the Lawn Tennis Association. He is also a member of the Advisory Boards of both The Sutton Trust and the Education Endowment Foundation. David was previously Chairman of the Mayor of London's Legacy Board of Advisors. He is a director of E20 Stadium LLP.

Philip Lewis

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

Lord Mawson

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

Jayne McGivern

Jayne McGivern is an experienced CEO in the property industry, specialising in the creation and delivery of high value mixed use and regeneration schemes of national importance. Her former roles include CEO (Europe) of Multiplex plc, and managing director of Anschutz Entertainment Group in London, during its acquisition and redevelopment for the O2 (formerly the Millennium Dome). She currently runs Red Grouse, her small private property investment vehicle.

Jules Pipe

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

Lutfur Rahman

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

Chris Robbins

Chris Robbins has been serving Waltham Forest since 2002, when he was elected as a Councillor for Grove Green in Leyton. He has been Leader of the Council since 2009, and prior to that acted as Cabinet Member for Children and Young People. Previously, Chris worked in the trade union movement for 27 years, fighting against low pay, workplace injustice and unemployment. Chris was born and brought up in Bethnal Green and has spent his entire life living in east London. He lives with his family in Leyton, where he has lived for 37 years.

Sir Robin Wales

Sir Robin Wales is the directly elected Mayor of the London Borough of Newham. He was a Councillor from 1982 to 1986 and then from 1992 to 2002 and leader from 1996 to 2002. He was elected Mayor in 2002. He was re-elected for a third term in 2010. His goals include raising employment and aspiration in the Borough and developing the personal, community and economic resilience of Newham's residents. Sir Robin is involved with a number of organisations that are concerned with staging the London 2012 Olympic and Paralympic Games and ensuring the local legacy. He is Chair of the six Olympic Host Boroughs, an organisation which represents the interests of those boroughs most affected by the 2012 Games.

David Ross

David Ross is an entrepreneur and philanthropist, known for co-founding Carphone Warehouse plc and the network of school Academies run by the David Ross Education Trust. He brings considerable business acumen, a commitment to public service, experience in sport and sport infrastructure projects plus his extensive entrepreneurial skills.

Baroness Tanni Grey-Thompson

Tanni Grey-Thompson has competed in five Paralympic Games, winning 11 gold, four silver and one bronze medal. She has held 30 world records. She is a member of the Board of Transport for London, a Director of the London Marathon and Pro Vice-Chancellor of Staffordshire University as well as holding other prominent positions in sports bodies. 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.

ATTENDANCE AT LLDC MEMBERS' AND COMMITTEE MEETINGS DURING 2012/13

Members	Meetings of the Board attended	Meetings of the Audit Committee attended	Meetings of the Investment Committee attended	Meetings of the Planning Decisions Committee attended
Total number of meetings in the period	**9**	**3**	**6**	**6**
Baroness Ford	2/2	–	–	–
Daniel Moylan	2/2	–	–	–
Boris Johnson	4/5	–	–	–
Sonita Alleyne	7	–	–	3
Nicholas Bitel	7	3	–	3
Neale Coleman	3/3	–	2/2	–
Nicky Dunn	9	–	2/2	3
Keith Edelman	5	3	1/2	–
David Edmonds	8	0/1	6	–
David Gregson	6	–	6	2
Baroness Grey-Thompson	3/3	0/1	–	–
Robert John	4/7	2/2	2/4	–
Philip Lewis	8	–	4/4	5
Sir Edward Lister	1/6	–	–	–
Lord Mawson	8	–	–	5
Jayne McGivern	7	–	5	–
Elizabeth McMahon	6/6	2/2	–	–
Jules Pipe	9	–	–	–
Lutfur Rahman	6	–	–	–
Chris Robbins	3	–	–	–
David Ross	1/3	–	–	–
Sir Robin Wales	5	–	–	–
Cllr Geoff Taylor	–	–	–	4
Cllr Conor McAuley	–	–	–	4
Cllr Lester Hudson	–	–	–	4
Cllr Rabinah Khan	–	–	–	1
Cllr Terry Wheeler				5

Note: The Communities Committee was reconstituted in December 2012 as the Regeneration and Communities Committee.

Meetings of the Park Opening and Operations Committee attended	Meetings of the Regeneration and Communities Committee attended	Meetings of the Resources and Remuneration Committee attended	Meetings of the Stadium Committee attended	Notes
1	**2** (see Note)	**4**	**3**	
–	–	–	–	Chairman until May 2012
–	–	1/1	1/1	Chairman June to September 2012
–	–	–	–	Chairman from September onwards
1	0	–	–	
1	1/1	3/4	–	Communities Committee member till 5 December 2012
1	1/1	–	–	Member from 4 December 2012 and Committee member from 14 December 2012
0	–	–	3	Investment Committee member from 5 December 2012
1	–	–	3	Investment Committee member from 5 December 2012
–	–	–	3	Audit Committee member from 5 December 2012
–	1/1	–	3	Regeneration and Communities Committee member from 5 December 2012
0	–	–	–	Member from 4 December 2012 and Committee member from 14 December 2012
–	–	–	–	Member and Committee Member until 15 December 2012
–	–	3/4	–	Investment Committee member until 5 December 2012
–	–	–	–	Member until 4 December 2012
–	2	4/4	–	
–	–	–	2	
–	1/1	4/4	–	Member until 31 October 2012
–	–	–	–	
–	–	–	–	
–	–	–	–	Not including attendance on his behalf at the 19 February 2013 meeting by Cllr Mark Rusling
–	1/1	–	–	Member from 4 December 2012 and Committee member from 14 December 2012
–	–	–	–	
–	–	–	–	Borough representative
–	–	–	–	Borough representative
–	–	–	–	Borough representative
–	–	–	–	Borough representative
				Borough representative; includes one meeting attended by nominated substitute

CREATING THE LEGACY

5 NEW NEIGHBOURHOODS GRANTED OUTLINE PLANNING PERMISSION IN THE LEGACY COMMUNITIES SCHEME (JUNE 2012)

10 TEMPORARY BRIDGES MOVED OR REINSTATED (JUNE 2013)

12,000 TAKE 12 CHALLENGE LAUNCHED TO ENCOURAGE 12,000 LOCAL PEOPLE TO BECOME PHYSICALLY ACTIVE (NOVEMBER 2012–MAY 2013)

£1M INVESTMENT IN DISABILITY SPORT ANNOUNCED (SEPTEMBER 2012)

4,500 JOBS TO BE CREATED FOLLOWING SIGNING OF DEAL WITH ICITY FOR PRESS AND BROADCAST CENTRES (MAY 2013)

8 HEALTHY INITIATIVE EVENTS HOSTED IN LOCAL BOROUGHS BY BARRY MCGUIGAN BOXING ACADEMY TO ENCOURAGE LOCAL PEOPLE TO GET ACTIVE (MARCH – JULY 2013)

OPENING THE PARK

We're half way through the 18 month project to transform the site. It's a big job and it takes time, but we're making great progress. The Park will open in phases as the construction works complete. Part of the north Park, including Timber Lodge café, a new playground and the Copper Box Arena will open to the public at the end of July 2013.

2013

27 JULY – Copper Box sporting venue opens to the public

29 JULY – Core areas of north Park open

2014

EARLY 2014

- Construction of Chobham Manor starts – one of five new neighbourhoods being created
- A series of new bridges will stitch the Park back into nearby communities
- Build of the south Park Hub and Plaza complete

2.27M HOURS WORKED TO TRANSFORM THE PARK SO FAR (MAY 2013)

60 APPRENTICES (97 PER CENT FROM LOCAL AREA) WORKING ON THE PARK (MAY 2013)

11 EVENTS IN THE SUMMER SERIES TO MARK THE START OF THE PARK RE-OPENING (JUNE – SEPTEMBER 2013)

6,500 LOCAL RESIDENTS TOOK PART IN THE FREE BUS TOURS OF THE PARK DURING TRANSFORMATION (NOVEMBER 2012 – MAY 2013)

2 WINGS ON THE AQUATICS STARTED TO BE REMOVED AFTER VENUE HANDED TO LEGACY CORPORATION FROM LOCOG (NOVEMBER 2012)

8 ALL EIGHT PERMANENT VENUES HAVE THEIR LEGACY FUTURE SECURED (MAY 2013)

1,380 NEW TREES PLANTED IN THE PARK (JUNE 2013)

33,000 PEOPLE SIGNED UP FOR THE PARK IN PROGRESS TOURS TO VIEW THE TRANSFORMATION OF THE PARK FROM THE TOP OF THE ARCELORMITTAL ORBIT (MARCH – JUNE 2013)

99 YEAR LEASE SIGNED WITH WEST HAM UNITED TO USE STADIUM AS THEIR HOME GROUND (MARCH 2013)

SPRING 2014

- Opening of the Aquatics Centre
- Lee Valley VeloPark opens for public use
- Opening of south Park and Hub including ArcelorMittal Orbit
- 8.35km of historic waterways around Park open for community use
- Completion of the new Canal Park on western edge of Queen Elizabeth Olympic Park

LAND OWNERSHIP

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

Aquatics Centre and Copper Box Arena

The Aquatics Centre contains a 50m competition pool, 25m competition diving pool, and a 50m warm up pool. Following completion of transformation works in spring 2014 it will have 2,500 permanent seats.

The Copper Box Arena hosted handball, fencing and goalball during the Games and will have 22 sports courts configurations, with a health and fitness zone, when it opens in summer 2013. Greenwich Leisure Limited (GLL) has been appointed as the operator of the Aquatics Centre and the Copper Box Arena. Under the 10 year arrangement, the Legacy Corporation has agreed to pay GLL an annual management fee, and GLL will make a £2.3m contribution to the fit out costs of the two venues. Surpluses and deficits are shared between the Legacy Corporation and GLL.

Stadium

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

Press and Broadcast Centres

The Press and Broadcast Centres provided the media hub during the Games. The Broadcast Centre has 575,000 sq ft of studio accommodation over two floors and office accommodation of 70,000 sq ft over five. The Press Centre is a four storey office building of 260,000 sq ft.

ArcelorMittal Orbit

The ArcelorMittal Orbit at 114m high is the UK's tallest sculpture. Its two observation decks have the capacity to accommodate over 600 visitors per hour. A hub building, on two floors, providing a visitor centre, kitchen, shop and catering area is currently under construction.

LEYTON
VELODROME
PRESS AND BROADCAST CENTRE
EAST VILLAGE
HACKNEY WICK
COPPER BOX
STRATFORD CITY
STRATFORD
AQUATICS CENTRE
STADIUM
FISH ISLAND
CARPENTERS ESTATE
PUDDING MILL
ABBEY MILLS
SUGAR HOUSE LANE
THREE MILLS
BROMLEY BY BOW
Land owned by London Legacy Development Corporation (LLDC)
Land leased to LLDC by third parties
Borough boundaries
LLDC boundary

ACCOUNTS 2012–2013

EXPLANATORY FOREWORD AND FINANCIAL REVIEW

Explanatory Foreword

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

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

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

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

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

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

— **PEOPLE:** To create local opportunities and transformational change, to promote regeneration and convergence for East London, and to ensure value for money for taxpayers.

Over the first year of its life – including the period of the 2012 Games – the Legacy Corporation has taken great strides towards delivering its legacy goals:

— securing planning consent for up to 7,000 homes through the Legacy Communities Scheme;
— mobilising construction works on site to clear Olympic and Paralympic overlay, connect the Park to surrounding neighbourhoods, and complete legacy conversion of venues;
— entering into a development agreement for construction of the first 850 homes at Chobham Manor;
— determined legacy operating plans for the Stadium, and Press and Broadcast Centres;
— taking over responsibility as a planning authority; and
— commissioning an events programme to mark the beginning of the re-opening of the north Park, a year after the Olympic Games opening ceremony.

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

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

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

PURPOSES OF MAJOR SCHEDULES WITHIN THE FINANCIAL STATEMENTS

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

Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with generally accepted accounting practice (UK GAAP).

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Legacy Corporation. The net assets of the Legacy Corporation (assets less liabilities) are matched by the reserves held by the Legacy Corporation. Reserves are reported in two categories. The first category of reserves is usable reserves, being those reserves that the Legacy Corporation may use to provide services, subject to the need to maintain a prudent level of reserves. The second category of reserves is those that the Legacy Corporation is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets were sold, and reserves that are impacted by timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

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

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Legacy Corporation, analysed into usable reserves and other reserves. The surplus on the provision of services is different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves.

Financial Performance

The final Management Accounts for 2012/13 disclosed the following:

Financial Performance 2012/13	Actual	Budget	Variance
	£'000	£'000	£'000
Total capital expenditure	119,366	143,589	24,223
Total revenue expenditure	22,661	23,973	1,312

Capital

The Legacy Corporation's capital expenditure for the year was £119.4m against a budget of £143.6m, a 16.9% underspend. The key driver for this underspend was the delay in carrying out works as a result of the adverse weather conditions experienced in the first quarter of the calendar year. The delays are expected to have been recovered by the end of July 2013 thereby ensuring that works are completed in time for park opening. Cost control on the works performed was good, resulting in the originally budgeted £9.4m contingency still being available to cover costs in 2013/14.

Revenue

Revenue expenditure of £22.7m was 5.5% underspent against a budget of £24.0m. This was largely due to the Park not being liable for business rates in 2012/13.

Assets transferred from the Olympic Delivery Authority

Following the conclusion of the London 2012 Olympic and Paralympic Games (the Games), the Legacy Corporation took over the venues in the Park in order to commence the transformation work required for legacy use. They have been introduced into the Legacy Corporation's accounts under merger accounting principles at the ODA's assessment of Fair Value as required by accounting standards. The Legacy Corporation's assets were revalued by Jones Lang LaSalle as at the year end and this valuation has been incorporated into this Statement of Accounts.

Cash and short-term investments

The Legacy Corporation's short-term cash balances are being 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 participants are the GLA, London Fire and Emergency Planning Authority (LFEPA), and such bodies as sign the Syndicate Agreement agreeing to the terms of the syndicate, currently expected to include The Mayor's Office for Policing and Crime (MOPAC).

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

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

Pension scheme

The Legacy Corporation is a member of the Local Government Pension Scheme, administered by the London Pension 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 deficit on the Pension Scheme will be made good by increased contributions over the employees' remaining working life, as assessed by the Scheme actuary.

Prospects and outlook

In March 2013, the Members approved the three-year Plan which set out the Legacy Corporation's budgets, milestones and targets for the period 2013/14–2015/16.

2013/14 will be a critical year for the Legacy Corporation as the Park and venues re-open and begin operations, with major events programmes establishing the Park's profile as a visitor destination.

The first family homes will also be under construction on Chobham Manor, and local infrastructure plans will be prepared to support integrated urban change across the Park, and in the established neighbourhoods around it.

Funding sources

As set out in the three year plan, external funding for the Legacy Corporation's activities will come from the following sources:

Capital				
£'000s	**2013/14**	**2014/15**	**2015/16**	**Total**
GLA grants	254,791	56,245	0	311,036
Other grants and funding	424	53,008	48,700	102,132
Total	**255,215**	**109,253**	**48,700**	**413,168**

Revenue				
£'000s	**2013/14**	**2014/15**	**2015/16**	**Total**
GLA grants	37,365	38,150	10,400	85,915
Other grants and funding	199	176	165	540
Total	**37,564**	**38,326**	**10,565**	**86,455**

Reserves

At the end of the financial year, the Legacy Corporation had usable reserves of £27,816k made up of the general fund surplus of £8,485k, capital receipts reserve of £1,815k and capital grants unapplied reserve of £17,516k. The Legacy Corporation will work to ensure that it maintains an appropriate level of reserves necessary to run its operations efficiently.

Corporate risks

The Legacy Corporation regularly reviews risks at a project, directorate and corporate level. The table below shows the top corporate risks identified as at February 2013, their potential impact, and what mitigating action is being taken.

Summary	**Impact**	**Mitigation**
Risk that the Park opens later than has been announced	Significant reputational and operational impacts and financial impacts on receipts	Defined and established work programmes and milestone achievement regularly reviewed at Executive and Board levels Park Opening Programme monitoring progress of key projects
Risk that the Park opens without the facilities to encourage people to visit the Park in large numbers. This includes the risk that the large scale events and concerts on the Park in summer 2013 do not succeed in terms of visitor numbers, operations and financial return	Significant reputational and financial impacts	Delivery of events programme and interim uses strategy for visitor attractions including large scale concerts and events in summer 2013.Mobilisation of operators for venues and attractions on the Park Milestone achievements and issues regularly reviewed at Executive and Board levels. Park Opening Programme monitoring progress of key projects

Summary	Impact	Mitigation
Risk that there will be inadequate site management and communications between Games-time and Park opening	Negative impacts on the Legacy Corporation's reputation with local residents (including new residents in East Village from 2013) and prospective visitors	Develop interim uses, park tours and controlled events Implement considerate construction programme and good communications with residents and prospective visitors
Risk of failure to deliver regeneration and convergence impacts of the Park for local communities	A reduction of the regenerative and convergence impact of the Olympic Park for local communities	Implement socio-economic policy Agree strong targets in contracts (Estates and Facilities Management, Transformation and venue operator contract targets already agreed) Close working relationship with partners
Risk that there are delays to the programmes to develop the Local Plan and the Community Infrastructure Levy (CIL)	Negative financial and reputational impacts for the Legacy Corporation	A programme of activities including evidence gathering, consultation and independent examination has been adopted for both the Local Plan and the CIL programme, to be monitored regularly by the LLDC Board
Risk that the Legacy Corporation does not have the capacity to deliver on areas of activity, particularly after the current comprehensive spending review period	Impacts on the legacy programme, damage to the Legacy Corporation's reputation and increasing costs	Negotiations with GLA in the budget and business planning round Work to ensure efficient use of available resources Complete and implement a review of organisational design
Risk that the Legacy Corporation's IT systems, information management and security will not be robust enough to cope with increasing requirements	Commercial and reputational damage to the Legacy Corporation, and potential operational failure	The Legacy Corporation's new IT system has been implemented and resourcing for IT and information management has increased Development and implementation of the Park wide IT strategy is underway with work programme established and regularly reviewed

STATEMENT OF RESPONSIBILITY FOR THE ACCOUNTS

The Legacy Corporation's responsibilities

The Legacy Corporation is required to:

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

The Executive Director of Finance and Corporate Services' responsibilities

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

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

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

Certificate of the Executive Director of Finance and Corporate Services

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Legacy Corporation at the accounting date and of the income and expenditure for the year ended 31 March 2013.

Jonathan Dutton
Executive Director of Finance and Corporate Services
30 September 2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON LEGACY DEVELOPMENT CORPORATION

Opinion on the Corporation's financial statements

We have audited the financial statements of London Legacy Development Corporation for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 26. 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 2012/13.

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

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

As explained more fully in the Statement of the Executive Director of Finance and Corporate Services' responsibilities set out on page 24, the Executive Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Corporation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance and Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

— give a true and fair view of the financial position of London Legacy Development Corporation as at 31 March 2013 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 2012/13.

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

CONCLUSION ON THE CORPORATION'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Respective responsibilities of the Corporation and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the 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.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Corporation has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Corporation put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion
On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, 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 2013.

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

Debbie Hanson
for and on behalf of Ernst & Young LLP, Appointed Auditor
London
30 September 2013

FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2013

	Notes	Year ended 31 March 2013 £'000
Planning and development services[1]		
Gross income	2	(25,906)
Gross expenditure	4	26,601
Net cost of services	3	**695**
Financing and investment income	7	(4,139)
Change in fair value of investment properties[2]	8	1,280,898
Financing and investment expenditure	8	6,834
Taxation and non specific grant income	9	(136,681)
Deficit on the provision of services before tax		**1,147,607**
Corporation tax	10	943
Deferred tax	10	674
Deficit on the provision of services after tax		**1,149,224**
Other comprehensive income and expenditure		
Actuarial gain on defined pension scheme		(407)
Total comprehensive income and expenditure		**1,148,817**

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

2 This is an exceptional item for the write down of investment property including the assets transferred from the Olympic Delivery Authority following the change in valuation methodology

Balance Sheet

as at 31 March 2013

	Notes	As at 31 March 2013 £'000
Long-term assets		
Intangible assets	11	61
Property, plant and equipment	12	2,870
Investment property	13	142,085
		145,016
Current assets		
Short term debtors	14	12,791
Cash and cash equivalents	15	66,288
		79,079
Total assets		**224,095**
Current liabilities		
Short term creditors	16	(36,608)
		(36,608)
Long term liabilities		
Long term creditors	16	(23,919)
Retirement benefit obligation	16	(2,908)
		(26,827)
Total liabilities		**(63,435)**
Net assets		**160,660**
Reserves		
Usable reserves		(27,816)
Unusable reserves	19	(132,844)
Total reserves		**(160,660)**

Movement in Reserves Statement

	Notes	General fund	Capital receipts reserve	Capital grants unapplied account	Total usable reserve	Unusable reserves	Total reserves
							At 1 April 2012
		£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012		0	0	0	0	0	0
Transfers to LLDC	1	(10,313)	0	0	(10,313)	(1,298,368)	(1,308,681)
Adjusted 1 April 2012		(10,313)	0	0	(10,313)	(1,298,368)	(1,308,681)
Movement in reserves during 2012/13							
Deficit on the provision of services	From CIES	1,149,224	0	0	1,149,224	0	1,149,224
Other comprehensive income and expenditure	From CIES	0	0	0	0	(407)	(407)
Total comprehensive income and expenditure		**1,149,224**	**0**	**0**	**1,149,224**	**(407)**	**1,148,817**
Adjustments between accounting and funding basis under regulations	20	(1,147,396)	(1,815)	(17,516)	(1,166,727)	1,166,727	0
Other adjustment		0	0	0	0	(796)	(796)
Decrease/(Increase) in 2012/13		**1,828**	**(1,815)**	**(17,516)**	**(17,503)**	**1,165,524**	**1,148,021**
Balance at 31 March 2013		**(8,485)**	**(1,815)**	**(17,516)**	**(27,816)**	**(132,844)**	**(160,660)**

Statement of Cash Flows

for the year ended 31 March 2013

	Notes	For the year ended 31 March 2013 £'000
Deficit on the provision of services		**(1,149,224)**
Adjustments to net deficit for non-cash movements	18	1,260,537
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	18	(136,681)
Net cash flows from operating activities		**(25,368)**
Investing activities	18	43,391
Financing activities	18	14,048
Net increase/(decrease) in cash and cash equivalents in the year		**32,071**
Cash and cash equivalents at start of the year		**34,217**
Cash and cash equivalents at the end of the year		**66,288**

ACCOUNTING POLICIES

a) Code of practice

The Legacy Corporation is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011(the 2011 Regulations), which those Regulations require to be prepared in accordance with proper accounting practices. The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code), as amended by the 2012/13 Code update, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board.

The Code for 2012/13 is based on International Financial Reporting Standards adopted by the EU ('Adopted IFRS') and requires that local authorities prepare their financial statements in accordance with the International Accounting Standards Board 'Framework for the Preparation and Presentation of Financial Statements' as interpreted by the Code.

The Code is compliant with Adopted IFRS except for capital grants and contributions which are recognised immediately in the Comprehensive Income and Expenditure Statement once there is reasonable assurance that all conditions relating to those grants have been met. Under Adopted IFRS capital grants and contributions are recorded as deferred income and recognised in the Comprehensive Income and Expenditure Statement over the useful life of the asset.

b) Basis of preparation

The Accounts are made up to 31 March. The Legacy Corporation is a single service authority and all expenditure is attributable to the provision of planning and development services.

The accounting policies set out below have been applied consistently to 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) Acquired operations

Under the Localism Act 2011 the Secretary of State transferred the property, rights and liabilities of OPLC to the Legacy Corporation on its establishment on 1 April 2012, as were certain property, rights and liabilities and two staff related to these responsibilities from London Thames Gateway Development Corporation (LTGDC). These transfers included title to OPLC's land holdings in the Olympic Park and LTGDC's smaller property portfolio outside the Park. OPLC's land assets were introduced into the Legacy Corporation's Balance Sheet at cost, which had in the main been agreed on the basis of a market valuation in 2009. The LTGDC assets were introduced at their carrying value. Following the end of the licence to occupy the Park granted to the ODA, the Olympic venues on the Legacy Corporation's land have been introduced, consistent with accounting standards, into the Accounts under merger accounting principles at the fair values at which they were held by the ODA on the dates on which the asset transfers took place (between September 2012 and January 2013). The ODA's valuation approach took the incurred cost in constructing each asset, adjusted to reach a modern equivalent asset value which was then further adjusted to reflect the value of a depreciated asset. This asset based approach has led to the Olympic venues being introduced into the Legacy Corporation's Balance Sheet at a value of £1,124m.

The Legacy Corporation's portfolio has been revalued at 31 March 2013 by Jones Lang LaSalle. The assets are being developed by the Legacy Corporation for their rental potential and they have therefore been reclassified at the year end as investment property. A number of different valuation methodologies have been applied but the investment method, where rental incomes are capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The effect of the valuation has been to write down, by the asset base of the Legacy Corporation to £142m, reflecting the fundamental change in the valuation basis of the assets from a cost-based to an income-based approach

The Localism Act 2011 provided for the Legacy Corporation to be given planning powers. The London Legacy Development Corporation (Planning Functions) Order 2012, effective from 1 October 2012, granted the Legacy Corporation the full range of planning functions which a local planning authority would normally have responsibility for, including those of plan making.

In becoming a local planning authority, the Legacy Corporation has taken on the planning functions of the Olympic Delivery Authority, the London Thames Gateway Development Corporation and the London Boroughs of Hackney, Newham, Tower Hamlets and Waltham Forest for the land within its area. During the life of the Legacy Corporation all planning applications in this area will need to be made to the Legacy Corporation. All associated staff from the Olympic Delivery Authority also transferred from 1 October 2012 to the Legacy Corporation.

For accounting purposes, all transfers have been accounted for as occurring on 1 April 2012 and have been reflected in the Accounts by adjusting the opening Balance Sheet for 2012/13 using merger accounting principles. Transfers have not been reflected in the Comprehensive Income and Expenditure Statement, but have been separately disclosed in the Movement in Reserves Statement. The notes to the Accounts have separately identified transfers of assets and liabilities (and any consequential changes to reserves).

Properties have been classified as Investment Assets in accordance with IAS40 as they are held for their income generating potential or for capital appreciation.

d) Accruals of income and expenditure

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

- revenue from the provision of services is recognised when the Legacy Corporation can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Legacy Corporation; and

- expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.

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

e) Going concern

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

f) The application of new and revised standards

The Code requires the Legacy Corporation to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. The following standards apply:

IAS 19 – Employee Benefits – This standard was amended in 2011 and the changes which relate to the creation of some new classes of components of defined benefit costs and the re-measurement of the net defined benefit liability are likely to have a material impact on the Accounts. The pension fund actuaries have calculated that if the revised standard had been in place for 2012/13 then the expenses recognised for funded benefits would have increased from £1.41m to £1.48m. As this expense is notional and is reversed out via the Movement in Reserves Statement it would have no effect on the Balance Sheet. The impact of IAS 19 is provided in the Actuary's Report.

IAS 1 – Presentation of Financial Statements – This standard was amended in 2011 and the changes relate to the presentation of gains and losses on revaluations currently shown within Other Comprehensive Income and Expenditure. As these changes are presentational there is no impact on the reported amounts.

Changes to IFRS 7 – Financial Instruments and IAS12 – Income Taxes are unlikely to have any impact on the Accounts.

g) 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.

h) Critical judgements on applying accounting policies

The following are significant management judgements in applying the accounting policies of the Legacy Corporation that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note i.

Funding

There is a degree of uncertainty about future levels of funding for the Legacy Corporation. However, the 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

Investment properties values have been assessed using the identifiable criteria under IAS 40 being held for rental income or for capital appreciation. This is a matter of interpretation.

i) Assumptions made about the future and major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Legacy Corporation about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and otherwise relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Legacy Corporation's Balance Sheet as at 31 March 2013 for which there is significant risks of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Investment properties	Investment property valuations have been based on the potential income to be generated by the various assets. Should evidence emerge that causes the Legacy Corporation to amend these estimates, the estimated fair value of its investment properties could change.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate 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 £14.2million charge to the CIES. Conversely, an increase in value would result in increases to the Revaluation Reserve.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	Provisions are defined as probable future liabilities based on past events and there are therefore inherent uncertainties related to provisions that have been made and the amounts set aside.	If future liabilities exceed amounts set aside, additional amounts would have to be met from the Legacy Corporations, General Reserves.
Arrears	Provisions have been made for debt owed to the Legacy Corporation for which payment may not be received. However, particularly in the current economic climate, it is not certain the allowances would be sufficient.	Any deterioration in the collection rates may lead to a larger number of debtors not being able to pay the Legacy Corporation than already provided for. These would have to be written off to reduce the balance of the outstanding debt and be charged to the Comprehensive Income and Expenditure Statement.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to discount rates 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.
VAT	VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. The Legacy Corporation is subject to HMRC's partial VAT recovery scheme. The partial recovery rate of 47% has been based on the rate agreed between the Olympic Park Legacy Company and HMRC.	The Legacy Corporation took over the remit of the Olympic Park Legacy Company and as such, the basis and underlying assumptions built into the calculation of the partial VAT recovery rate is essentially the same. This basis has been informally been agreed with HMRC. There is however the possibility that the recovery rate could change leading to increases or decreases in the irrecoverable VAT charged to the Comprehensive Income and Expenditure Statement.

j) Events after Balance Sheet date

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

Adjusting events

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

Non-adjusting events

These 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.

k) Classification of investment properties

IAS 40 Investment Properties (IAS 40) requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals.

The Legacy Corporation owns a number of commercial properties where all or part of the property is leased out 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 financial performance of the Legacy Corporation.

l) Revenue recognition

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

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

m) Segmental reporting

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

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

Park Opening and Operations

Park Opening and Operations is comprised of two directorates within the Legacy Corporation: Park Operations and Venues, and Infrastructure. Their primary function is to contribute to the Park objective of operating a successful and accessible Park and world-class sporting venues, offering facilities for high-performance and community participation, enticing visitor attractions, and a busy programme of sporting, cultural and community events that will create a sense of excitement and continue to draw crowds to Stratford and the surrounding area.

Real Estate and Regeneration

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

Planning Policy and Decisions

The Legacy Corporation's Planning Policy and Decisions Team was established on 1 October 2012. Its main function is to contribute to the Place objective: creating London's most dynamic urban district, becoming a location of choice for current residents and new arrivals, and linking the Olympic Park estate with surrounding neighbourhoods.

Finance and Corporate

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

The Finance and Corporate Services and the Legal and Procurement directorates provide support across the Legacy Corporation including finance, facilities management, IT and information management, audit, governance, strategy and corporate planning, programme management, procurement and legal services.

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

n) Government grants

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

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

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

Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant is credited to the relevant service line or non-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.

o) 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.

p) 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.

q) Value Added Taxation

VAT payable is included as an expense only to the extent it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

r) 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.

s) 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.

Asset class	Method	Period
Software costs	Straight-line	3–5 years

t) Property, plant and equipment

Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Assets under construction are measured at cost less any recognised impairment loss.

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

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

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

Depreciation

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

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

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current period are as follows:

Buildings	50 years
Furniture fixtures and fittings	5 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.

u) Investment property

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

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

v) Non-current assets held for sale

Non-current assets (and disposal groups comprising of a collection of assets and potentially some liabilities that an entity intends to dispose of in a single transaction) are classified as held for sale if their carrying amount will be recovered principally through sale rather than continuing use, they are available for immediate sale and sale is highly probable.

On initial classification as held for sale, non-current assets or disposal groups are measured at the lower of their previous carrying amount and fair value less costs to sell. No amortisation or depreciation is charged on non-current assets (including those in disposal groups) classified as held for sale.

w) 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.

x) 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 profit or loss in the period in which they arise.

y) Leases (the Legacy Corporation as lessee)

Leased assets

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

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

Lease payments

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

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

Determining whether an arrangement contains a lease

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

At inception or upon reassessment of the arrangement, the Legacy Corporation separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Legacy Corporation concludes 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.

z) Leases (the Legacy Corporation as lessor)

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Legacy Corporation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Legacy Corporation's net investment outstanding in respect of the leases.

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

aa) Impairment of non-financial assets

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

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

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

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

ab) Employee benefits

Defined benefit plans

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

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

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

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

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

— Current service cost: the increase in liabilities as a result of years earned in the financial year, allocated in the Comprehensive Income and Expenditure Statement to the Gross Expenditure line.

— Past service cost: the increase in liabilities arising from fund performance relating to years of service earned in earlier years; debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

- Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid; debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected return on assets: the annual investment return on the fund assets attributable to the Legacy Corporation based on an average of the expected long-term return; credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Gains or losses on settlements and curtailments: the result of actions to relieve the Legacy Corporation of liabilities or events that reduce the expected future service or accrual of benefits of employees; debited or credited to the Surplus or Deficit on the Provision of Services 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; debited to the Pensions Reserve.

Contributions paid to the Local Government Pension Scheme: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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 are 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.

ac) 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 fixed asset revaluation reserve.

ad) Financial instruments

Financial assets within the scope of IAS39 Financial Instruments: Recognition and Measurement (IAS 39) are classified as:

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

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

The Legacy Corporation determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transactional costs. The exception to this is for assets and liabilities measured at fair value, where transaction costs are immediately expensed.

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

Financial assets at fair value through the Comprehensive Income and Expenditure Statement (held for trading)

Financial assets are classified as held for trading if they are acquired for sale in the short term. Assets are carried in the Balance Sheet at fair value with gains or losses recognised in the Comprehensive Income and Expenditure Statement.

ae) Loans and receivables

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

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

af) Trade and other receivables

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

ag) Available for sale financial assets

'Available for sale financial assets' are non-derivative financial assets that are designated as such or are not classified in any of the other categories. After initial recognition, interest is taken to the Comprehensive Income and Expenditure Statement using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised as a separate component of reserves until the investment is no longer recognised, or until the investment is deemed to be impaired at which time the cumulative gain or loss previously reported in reserves is included in the Comprehensive Income and Expenditure Statement.

ah) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than or equal to three months. Cash equivalents are classified as loans and receivables financial instruments.

ai) Trade and other creditors

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

aj) Interest bearing loans and borrowings

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

ak) Obligations under finance leases and PFI arrangements

All obligations under finance leases and PFI arrangements are classified as financial liabilities measured at amortised cost.

al) Fair value measurement of financial instruments

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date, within Level 1 of the fair value hierarchy as defined within IFRS 7.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and pricing models.

In the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the balance sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 7.

am) 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.

an) 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Acquired and transferred operations

As described in Accounting Policies (c) – Acquired Operations, on 1 April 2012, the Legacy Corporation acquired the assets and liabilities of the Olympic Park Legacy Company (OPLC). The Legacy Corporation also acquired assets from the London Thames Gateway Development Corporation (LTGDC) on 1 April 2012. During the financial year, assets from the Olympic Delivery Authority (ODA) valued at £1,124m were transferred to the Legacy Corporation. Merger accounting principles were applied to bring these transfers into the Legacy Corporation's Accounts. The revised opening Balance Sheet which reflects the impact of these transfers is shown below:

At 1 April 2012	OPLC	LTGDC	ODA	Total
	£'000	£'000	£'000	£'000
Long-term assets				
Intangible assets	226	0	0	226
Property, plant and equipment	1,052	0	0	1,052
Investment property	180,974	4,340	1,124,363	1,309,677
Current assets				
Short term debtors	4,861	0	0	4,861
Cash and cash equivalents	19,716	0	14,501	34,217
Total assets	**206,829**	**4,340**	**1,138,864**	**1,350,033**
Current liabilities				
Short term creditors	(14,264)	0	0	(14,264)
Long-term liabilities				
ArcelorMittal Limited	(9,197)	0	0	(9,197)
Olympic Park Transport and Environmental Management Scheme (OPTEMS)	0	0	(12,341)	(12,341)
Section 106 contributions	0	0	(2,160)	(2,160)
Retirement benefit obligation	(3,390)	0	0	(3,390)
Total liabilities	**(26,851)**	**0**	**(14,501)**	**(41,352)**
Net assets	**179,978**	**4,340**	**1,124,363**	**1,308,681**
Reserves				
Usable reserves	(10,313)	0	0	(10,313)
Unusable reserves	(169,665)	(4,340)	(1,124,363)	(1,298,368)
Total reserves	**(179,978)**	**(4,340)**	**(1,124,363)**	**(1,308,681)**

Assets were acquired from three organisations, the Olympic Delivery Authority, the Olympic Park Legacy Corporation and the London Thames Gateway Development Corporation. The Olympic Delivery Authority had as one of its main objectives the construction of venues to enable the delivery of the London 2012 Olympic and Paralympic games. The London Thames Gateway Development Corporation's main objective was the regeneration of east London to recognise its full economic potential. The Legacy Corporation took over the Olympic Park Legacy Company's main objective of delivering a lasting legacy from the London 2012 games by ensuring a legacy use of all main venues and regeneration of Queen Elizabeth Olympic Park.

The assets that were transferred from the Olympic Delivery Authority were valued on a depreciated replacement cost basis consistent with their specialised nature and the aim of providing a venue or the Olympic and Paralympic games and transferred on a fair value basis. The Legacy Corporation has classified these assets as investment properties as they are deemed to be held for their income generating potential or for capital appreciation. This has led to a different valuation for these assets at 31 March, 2013 to that of the Olympic Delivery Authority at their disposal resulting in a significant impairment of assets within the Legacy Company in 2012–13. This has been reflected in the Comprehensive Income and Expenditure Statement as an exceptional item. Further details of the individual asset valuations are contained in Note 13 – Investment property in accordance with IAS40.

2. Gross income

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

	Year ended 31 March 2013
	£'000
Grants received	25,136
Planning fees	248
Other	522
	25,906

3. Segmental analysis

Decisions taken by the Members about resource allocation are made using internal management reports which show total expenditure. These management reports are presented on a segmental basis as shown below:

	Park Opening and Operations	**Real Estate and Regeneration**	**Planning Policy and Decisions**	**Finance and Corporate**	**Total**
					Year ended 31 March 2013 £'000
Income	(100)	(419)	(248)	0	(767)
Expenditure	97,873	23,604	454	20,863	142,794
Net operating expenditure	**97,773**	**23,185**	**206**	**20,863**	**142,027**

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

	Year ended 31 March 2013
	£'000
Net operating expenditure per the segmental analysis	**142,027**
Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the segmental analysis	(22,167)
Amounts included in the segmental analysis not included in the Comprehensive Income and Expenditure Statement	(119,165)
Net costs of services (as on Comprehensive Income and Expenditure Statement)	**695**

Amounts included in the costs of services within the Comprehensive Income and Expenditure Statement but not reported to management in the in-year budget monitoring reports include charges for depreciation and amortisation, pension service costs, and capital grants receivable.

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

Reconciliation of segmental analysis to subjective analysis in the Comprehensive Income and Expenditure Statement for the year ended 31 March 2013:

				Year ended 31 March 2013
	Net operating expenditure per the segmental analysis	Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the segmental analysis	Amounts included in the segmental analysis not included in the Comprehensive Income and Expenditure Statement	Cost of services as per Comprehensive Income and Expenditure Statement
Subjective analysis				**£'000**
Fees, charges and other service income	(767)	(3)	0	(770)
Interest and Investment income	0	(4,139)	0	(4,139)
Government grants and contributions	0	(161,817)	0	(161,817)
Total income	**(767)**	**(165,959)**	**0**	**(166,726)**
Employee expenses	7,468	0	0	7,468
Other expenditure	135,326	9,434	(119,165)	25,595
Depreciation, amortisation and impairment	0	1,281,270	0	1,281,270
Taxation	0	1,617	0	1,617
Total expenditure	**142,794**	**1,292,321**	**(119,165)**	**1,315,950**
Deficit on the provision of services	**142,027**	**1,126,362**	**(119,165)**	**1,149,224**

4. Gross expenditure

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

	Year ended 31 March 2013
	£'000
Staff costs:	
Wages and salaries	5,492
Social security costs	580
Pension costs	1,396
Grants and contributions	3,680
Consultancy costs	3,202
Accommodation costs	2,928
Legal fees	2,298
Communications and marketing	1,811
Agency and seconded staff costs	1,729
Irrecoverable VAT	1,130
Amortisation	223
Depreciation	149
Other	1,983
Total	**26,601**

5. External audit fees

External audit fees are made up as follows:

	Year ended 31 March 2013
	£'000
Auditors' remuneration	
for statutory audit services	30
for non-statutory audit services	0
for non- audit services	0

6. Remuneration

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

a) Employees' remuneration

£'000	Number	£'000	Number
50,000–54,999	4	85,000–89,999	2
55,000–59,999	11	90,000–94,999	1
60,000–64,999	3	95,000–99,999	0
65,000–69,999	4	100,000–104,999	2
70,000–74,999	4	105,000–109,999	1
75,000–79,999	4	110,000–114,999	2
80,000–84,999	5		

b) Senior employees' remuneration

The Accounts and Audit Regulations 2011 require disclosure of individual remuneration details for senior employees. Senior employees are deemed to be the Chief Executive and his direct reports.

Disclosure is made under the various categories and set out as follows:

Name	Title	Salary (incl fees and allowances)	Bonuses	Expenses	Compen-sation for loss of office	Pension contrib-ution	Total remuner-ation including pension contrib-utions
		£'000	£'000	£'000	£'000	£'000	£'000
Andrew Altman[3]	Chief Executive	73	0	1	266	8	348
Dennis Hone[4]	Chief Executive	0	0	0	0	0	0
Malcolm Ross[5]	Executive Director of Park Operations and Venues	175	0	0	121	24	320
Duncan Innes	Executive Director of Real Estate	151	0	1	0	17	169
Jonathan Dutton	Executive Director of Finance and Corporate Services	151	0	0	0	17	168
Paul Brickell	Executive Director of Regeneration and Community Partnerships	134	0	0	0	0	134
Jan Boud	General Counsel	132	0	0	0	15	147
Victoria O'Byrne	Director of Communications and Public Affairs	106	0	1	0	12	119
Mark Camley[6]	Interim Executive Director of Park Operations and Venues	120	0	0	0	14	134
Kathryn Firth	Chief of Design	120	0	0	0	13	133
Vivienne Ramsey[7]	Director of Planning Policy and Decisions	68	0	0	0	8	76
Colin Naish[8]	Executive Director of Infrastructure	0	0	0	0	0	0

3 Mr Altman left in August 2012. Annual equivalent salary is £195,000.
4 Mr Hone was seconded from the ODA for two days per week from August 2012 to March 2013 under which arrangement the Legacy Corporation paid the ODA £90,000 for Mr Hone's services.
5 Mr Ross left in February 2013. Annual equivalent salary is £185,000.
6 Mr Camley's current job title and role took effect from March 2013 and this disclosure includes remuneration in his previous role.
7 Ms Ramsey entered service in October 2012. Annual equivalent salary is £135,000.
8 Post filled by a secondment from the ODA under which the Legacy Corporation paid the ODA £170,000 for Mr Naish's services.

c) Members' remuneration

The Legacy Corporation paid the following amounts to Members during the year:

Name	Title	Salary (incl fees and allowances)	Bonuses	Expenses	Compen-sation for loss of office	Pension contrib-ution	Total remuner-ation including pension contrib-utions
		£'000	£'000	£'000	£'000	£'000	£'000
Baroness Ford [9]	Chairman	24	0	0	32	6	62
Daniel Moylan [10]	Chairman	32	0	0	25	0	57
Boris Johnson [11]	Chairman	0	0	0	0	0	0
Neale Coleman [12]	Deputy Chairman	0	0	0	0	0	0
Sonita Alleyne	Member	14	0	0	0	0	14
Nicholas Bitel	Member	14	0	0	0	0	14
Nicky Dunn	Member	19	0	0	0	0	19
Keith Edelman	Member	28	0	0	0	0	28
David Edmonds	Member	28	0	0	0	0	28
David Gregson	Member	14	0	0	0	0	14
Robert John [13]	Member	11	0	0	0	0	11
Philip Lewis	Member	21	0	0	0	0	21
Lord Mawson	Member	28	0	0	0	0	28
Jayne McGivern	Member	14	0	0	0	0	14
Elizabeth McMahon [14]	Member	8	0	0	0	0	8
Baroness Grey-Thompson [15]	Member	5	0	0	0	0	5
David Ross [16]	Member	5	0	0	0	0	5
Sir Robin Wales [17]	Member	0	0	0	0	0	0
Lutfur Rahman [17]	Member	0	0	0	0	0	0
Jules Pipe [17]	Member	0	0	0	0	0	0
Chris Robbins [17]	Member	0	0	0	0	0	0

9 Baroness Ford was Chairman from April to May 2012. Annual equivalent salary is £95,000.
10 Mr Moylan was Chairman from June to September 2012. Annual equivalent salary is £127,700.
11 Boris Johnson, as Mayor of London, became Chairman from September 2012. This post is unpaid.
12 Mr Coleman has been Deputy Chairman since December 2012. This post is unpaid.
13 Mr John was a Member from April to December 2012
14 Ms McMahon was a Member from April to October 2012
15 Baroness Grey-Thompson became a Member in December 2012
16 Mr Ross became a Member in December 2012
17 Sir Robin Wales, Mr Rahman, Mr Pipe and Mr Robbins are not paid as Members of the Corporation.

d) Termination payments

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

Non-compulsory exit packages	Number of staff	Total cost
		£'000
£0–£20,000	0	0
£20,001–£40,000	3	78
£40,001–£60,000	0	0
£60,001–£80,000	0	0
£80,001–£100,000	0	0
£100,001–£150,000	1	121
£150,001–£200,000	0	0
£200,001–£250,000	0	0
£250,001–£300,000	1	266

7. Financing and investment income

	Year ended 31 March 2013
	£'000
Interest income on deposits	334
Income in relation to investment property	3,510
Expected return on pension assets	295
Financing and investment income	**4,139**

8. Financing and investment expenditure

	Year ended 31 March 2013
	£'000
Interest costs of pension scheme liabilities	358
Changes in fair value of investment properties	1,280,898
Expenditure in relation to investment property	6,476
Financing and investment expenditure	**1,287,732**

9. Taxation and non specific grant income

	Year ended 31 March 2013
	£'000
Capital grants from the Greater London Authority	125,986
Other capital grants	10,695
Taxation and non specific grant income	**136,681**

10. Corporation tax

a. Corporation tax

	Year ended 31 March 2013
	£'000
Income chargeable to corporation tax	7,942
Expenditure that can be offset against chargeable income	(4,013)
Profits chargeable to corporation tax	3,929
Corporation tax	**943**

Provision to meet the Legacy Corporation's corporation tax liability has been made at 24%.

b. Unrecognised deferred tax assets

The Legacy Corporation has a potential deferred tax asset of £7,917k. No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the capital losses can be utilised.

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

	Balance at 1 April 2012	Movement in period	Balance at 31 March 2013
			£'000
Deferred tax assets			
Investment Property	0	20,212	20,212
Total	**0**	**20,212**	**20,212**
Deferred tax liabilities			
Investment Property	0	(20,212)	(20,212)
Property, plant and equipment	0	(660)	(660)
Intangible assets	0	(14)	(14)
Total	**0**	**(20,886)**	**(20,886)**
Net deferred tax liability	**0**	**(674)**	**(674)**

11. Intangible assets

	Computer software	Licences	Total
	£'000	£'000	£'000
Cost			
At 1 April 2012	128	282	410
Additions	55	0	55
At 31 March 2013	183	282	465
Amortisation			
At 1 April 2012	84	100	184
Charged during the period	38	182	220
At 31 March 2013	122	282	404
Net book value at 31 March 2013	**61**	**0**	**61**

12. Property, plant and equipment

	Land and buildings	Furniture, fixtures and fittings	Computer hardware, infrastructure and telecoms/ office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2012	0	962	223	4	1,189
Additions	0	942	1,030	0	1,972
Disposals	0	0	0	0	0
At 31 March 2013	0	1,904	1,253	4	3,161
Depreciation					
At 1 April 2012	0	10	128	0	138
Charged during the period	0	35	116	2	153
At 31 March 2013	0	45	244	2	291
Net book value at 31 March 2013	**0**	**1,859**	**1,009**	**2**	**2,870**

13. Investment property

Investment property	
Valuation	**£'000**
At 1 April 2012	1,309,677
Additions	115,120
Disposals	(1,814)
Net losses in fair value adjustments	(1,280,898)
Total investment property	**142,085**

Following the end of the licence to occupy the Park granted to the ODA, the Olympic venues on the Legacy Corporation's land were transferred to the Legacy Corporation and these have been introduced into the Accounts using merger accounting principles and thus opening values of the Investment Property have been restated. Additions reflect capital works undertaken directly by the Legacy Corporation.

The Legacy Corporation's portfolio was revalued as at 31 March 2013 by Jones Lang LaSalle. The assets, including venues transferred from the ODA, are being developed by the Legacy Corporation for their income generating potential or for capital appreciation and have therefore been reclassified as Investment Property in accordance with IAS40. The net effect of the valuation has been to write down the asset base of the Legacy Corporation to £142m, reflecting the fundamental change in the valuation basis of the assets from the cost-based approach used by the ODA to the income-based approach used by the Legacy Corporation.

The consequence of this change in valuation basis is a writedown in value of £1,280,898k. Investment Property can be analysed as follows:

Asset	Valuation	Basis
	£'000	
Aquatics Centre and Copper Box Arena	5,700	Greenwich Leisure Limited has been appointed as the operator of the Aquatics Centre and Copper Box Arena under a 10 year arrangement. These venues have been valued at £5.7m on the basis of the estimated future income the venues will produce, taking account of the £2.3m contribution to fit out costs that the operator will make.
Press and Broadcast Centres	15,040	The valuation of the Press and Broadcast Centres is based on the potential net income that the Legacy Corporation will receive over the 200 years of the lease with iCity (London) Limited.
Stadium	1,500	The Stadium is subject to an agreement for lease to let the Stadium to E20 Stadium LLP until 2115. The Legacy Corporation's reversionary interest discounted back to the present day is valued at £1.5m.
ArcelorMittal Orbit	16,100	The ArcelorMittal Orbit has been valued at £16.1m on the basis of the earnings that could be generated from operating the attraction.

Asset	Valuation	Basis
	£'000	
Olympic Park	85,000	Receipts from plot sales within the six development zones on the Park have been cash flowed on the basis of the phasing identified in the consented scheme, discounted to a present value. Primary infrastructure section 106 obligations have been deducted from this value.
3 Mills Studios	3,000	The 3 Mills Studios site is held on a lease with 90 years outstanding. It has been valued on the investment method, adopting an estimated rental value for each building with a yield reflecting the leasehold interest and risks attaching to the income stream.
LTGDC transferred assets	5,035	These sites have been valued as industrial land, using comparable evidence to establish market value.
Other assets	10,710	Other sites have been valued using a mixture of estimated rental values applying an appropriate yield and comparable market value information from similar sites.
Total	**142,085**	

14. Short term debtors

	At 31 March 2013	At 1 April 2012
	£'000	£'000
Current		
Central Government bodies	1,301	1,245
Other Local Authorities	0	1,549
Other entities and individuals	11,490	2,067
Total short term debtors	**12,791**	**4,861**

15. Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

	At 31 March 2013	At 1 April 2012
	£'000	£'000
Cash in hand and at bank	26,106	34,217
Investments	40,182	0
Total cash and cash equivalents	**66,288**	**34,217**

16. Current and non-current liabilities

	At 31 March 2013	At 1 April 2012
	£'000	**£'000**
Current		
Central Government bodies	1,300	2,348
Other Local Authorities	545	13
Other entities and individuals	34,763	11,903
Total current liabilities	**36,608**	**14,264**
Non-current		
ArcelorMittal Limited	9,197	9,197
Olympic Park Transport and Environmental Management Scheme (OPTEMS)	10,669	12,341
Section 106 contributions	3,379	2,160
Deferred taxation	674	0
Long term creditors	**23,919**	**23,698**
Retirement benefit obligation (pension liability)	**2,908**	**3,390**
Total non-current liabilities	**26,827**	**27,088**

A loan of £9.197m, taken out to part fund the construction of the ArcelorMittal Orbit is repayable to ArcelorMittal Limited from future profits as and when they are generated.

The Legacy Corporation assumed planning responsibilities for the Mayoral Development Corporation area including Queen Elizabeth Olympic Park from the ODA on 1 October 2012. The Legacy Corporation received from the ODA on that date the unspent balance of the £20m contribution the ODA was obliged to make in 2008 under Section 106 of the Town & Country Planning Act 1990 for Olympic Park Transport and Environmental Management Schemes (OPTEMS). This fund is to be spent on schemes that aim to mitigate the adverse transportation effects of the development of the Park within neighbouring residential and business communities.

The Legacy Corporation also inherited unspent balances of Section 106 contributions received by London Thames Gateway Development Corporation upon that body's dissolution in January 2013.

17. Pensions

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

Local Government Pension Scheme

The Legacy Corporation provided the opportunity for its employees to participate in the LGPS. The LPGS is administered by the London Pensions Fund Authority and is a defined benefit statutory scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme Regulations (1997). The fund's actuaries, Bennett Waddingham, carried out a full triennial valuation as at 31 March 2010. Employers' and employees' contributions to the Scheme were determined by the actuary following this valuation. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The employers' contribution rate for 2012/13 was 11.2%. Members pay contributions at rates correlating to pensionable salary bands. A surplus or deficit on the Account would lead to an adjustment to the contribution rates, which are reviewed every three years.

Employer contributions of £1,483,000 were paid in 2012/13. The number of participating employees was 77 active members. There were 5 deferred pensioners and no actual pensioners at 31 March 2013.

Principal assumptions used by the actuary

	Year ended 31 March 2013
	%
Expected return on assets	**5.6**
Mortality assumptions:	
Longevity at 65 for current pensioners:	
Men	22.8
Women	23.8
Longevity at 65 for future pensioners:	
Men	24.7
Women	25.7
Rate of inflation	3.4
Rate of increase in salaries	4.3
Rate of increase in pensions	2.6
Rate for discounting Scheme liabilities	4.7

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

Amounts charged to the Comprehensive Income and Expenditure Statement

	Year ended 31 March 2013
	£'000
Current service cost	1,099
	1,099
Interest cost	358
Expected return on Scheme assets	(295)
Losses on curtailments and settlements	247
	310
Actuarial losses on Scheme liabilities	4
Actuarial (gains) on Scheme assets	(411)
Net charge to the Comprehensive Income and Expenditure Statement	**1,002**

Reconciliation of present value of the defined benefit obligation

	Year ended 31 March 2013
	£'000
Opening balance	**6,974**
Current service cost	1,099
Contributions by Scheme participants	432
Liabilities assumed in a business combination	519
Transfers in	666
Interest cost	358
Actuarial losses	4
Closing defined benefit obligation	**10,052**

Reconciliation of fair value of Scheme assets

	Year ended 31 March 2013
	£'000
Opening balance	**3,585**
Expected return on assets	295
Contributions by Scheme participants	432
Contributions by the Legacy Corporation including unfunded benefits	1,483
Actuarial gains	411
Estimated benefit paid (net of transfers in and including unfunded)	666
Transfers in	272
Fair value of Scheme assets as at 31 March	**7,144**

Reconciliation of opening and closing surplus

	Year ended 31 March 2013
	£'000
Surplus (deficit) at beginning of the year	**(3,389)**
Current service cost	(1,099)
Employers contributions	1,483
Other finance income	(63)
Settlement and curtailments	(247)
Actuarial gains (losses)	407
Surplus (deficit) as at 31 March	**(2,908)**

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	9,723	10,052	10,393
Projected service cost	1,026	1,076	1,127
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	9,747	10,052	10,357
Projected service cost	**1,030**	**1,076**	**1,122**

Analysis of fair value of Scheme assets

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

	Long Term Return	**As at 31 March 2013**	
	%	**£'000**	**%**
Equities	6.0	5,215	73
Target return portfolio	4.6	714	10
Alternative assets	5.0	1,072	15
Cash	0.5	143	2
Total	**5.6**	**7,144**	**100**

The actual return on Scheme assets for the year was £707,000.

Analysis of movement included in reserve

The actuarial gains in the year ended 31 March 2013 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2013:

	Year ended 31 March 2013
	£'000
Differences between the expected and actual return on assets	411
Fair value of Scheme assets	7,144
Percentage of assets	**5.8%**
Experienced gains on liabilities	0
Present value of Scheme liabilities	10,052
Percentage of the total present value of liabilities	**0**
Actuarial gains recognised in Comprehensive Income and Expenditure Statement	407

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.

Contributions on behalf of the three employees who are members of the above scheme are accounted for in operating costs and amount to £67,000.

18. Cash flow notes

a) Adjustments to net deficit for non-cash movements

	Year ended 31 March 2013
	£'000
Depreciation of property plant and equipment	149
Amortisation of intangibles	223
Reversal of defined benefit pensions services costs	315
Increase in Interest debtors	(182)
Increase in trade and other debtors	(23,134)
Increase in trade and other creditors	2,302
Other non cash movement	(34)
Changes in Fair Value of Investment Property	1,280,898
Adjustment to net deficit for non cash movements	**1,260,537**
Adjust for items included in the net deficit on the provisions of services that are investing or financing activities	
Capital grants credited to the deficit on the provision of services	(136,681)

The cash flows from operating activities includes interest received of £151k.

b) Investing activities

	Year ended 31 March 2013
	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(97,105)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets, proceeds from sale of land and buildings	1,815
Capital grant received	136,681
Other capital receipts	2,000
Net cash outflow from investing activities	**43,391**

c) Financing activities

	Year ended 31 March 2013
	£'000
OPTEMS fund	10,669
S106 fund	3,379
Net cash flow from financing activities	**14,048**

19. Unusable reserves

	Year ended 31 March 2013
	£'000
Capital adjustment account	(135,819)
Pensions reserve	2,908
Accumulated absences account	67
Balance at 31 March	**(132,844)**

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

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

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, 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

	Year ended 31 March 2013
	£'000
Balance as at 1 April	(1,301,757)
Charges for depreciation and amortisation	372
Capital grants applied	(119,165)
Capital receipts reserve	1,815
Revenue expenditure funded from capital under statute	2,018
Impairment charged to the Comprehensive Income and Expenditure Statement	1,280,898
Balance at 31 March	**(135,819)**

Pensions reserve

	Year ended 31 March 2013
	£'000
Balance as at 1 April	3,390
Actuarial gains and losses on pension assets and defined benefit obligations	(407)
Reversal of charges relating to retirement benefits	1,409
Employer's pension contribution and direct payments to pensioners payable in the year	(1,484)
Balance at 31 March	**2,908**

Accumulated absences reserve

	Year ended 31 March 2013
	£'000
Balance as at 1 April	0
Amounts accrued at the end of the year	67
Balance at 31 March	**67**

20. 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	(372)	0	0	(372)	372
Movements in the market value of Investment Property	(1,280,898)	0	0	(1,280,898)	1,280,898
Capital grants and contributions applied	119,165	0	0	119,165	(119,165)
Revenue expenditure funded from capital under statute	(2,018)	0	0	(2,018)	2,018
Adjustments involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	17,516	0	(17,516)	0	0
Adjustments involving the Capital Receipts Reserve					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(1,815)	0	(1,815)	1,815
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,409)	0	0	(1,409)	1,409
Employer's pensions contributions and direct payments to pensioners payable in year	687	0	0	687	(687)
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(67)	0	0	(67)	67
Total adjustments	**(1,147,396)**	**(1,815)**	**(17,516)**	**(1,166,727)**	**1,166,727**

21. 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:

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

All relationships were as delivery partners to the Legacy Corporation and significant transactions in 2012/13 were as follows:

	£'000
Income	
Greater London Authority (GLA)	151,084
Transport for London (TfL)	351
Olympic Delivery Authority (ODA)	1,791
The London Organising Committee of the Olympic and Paralympic Games (LOCOG)	8,511
Crossrail Limited	1,814
Sport England	146
Expenditure	
Olympic Delivery Authority (ODA)	2,108
Lee Valley Regional Park Authority (LVRPA)	674
London Borough of Hackney	678
London Borough of Newham	4,972
London Borough of Tower Hamlets	1,397
London Borough of Waltham Forest	500
London Borough of Barking and Dagenham	42
The London Organising Committee of the Olympic and Paralympic Games (LOCOG)	13
Transport for London (TfL)	52
Greater London Authority (GLA)	29
The Legacy List	150

Members and Executive Management Team

Members of the Legacy Corporation have direct control over the Legacy Corporation's financial and operating policies. The total of Members' allowances paid in 2012/13 is shown in note 5.

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	Expenditure	Nature of Relationship
	£,000	£'000	
Archant Media Ltd	0	10	LLDC Member Sonita Alleyne also non executive director of Archant Media Ltd.
Precise Media Group	0	11	LLDC Member David Gregson also Chairman of Precise Media Group

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

Organisation	Income	Expenditure
	£,000	£'000
Olympic Delivery Authority (ODA)	414	347
London Borough of Newham	0	80
London Borough of Tower Hamlets	0	168
London Borough of Hackney	0	170
London Borough of Waltham Forest	0	126
The London Organising Committee of the Olympic and Paralympic Games (LOCOG)	8,511	0

22. Operating leases – Lessee

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

Commitment to expire	Year ended 31 March 2013
	£'000
Within one year	341
Between 2–5 years	2,724
Over 5 years	3,406

The Legacy Corporation leases office accommodation under a 10 year lease with a break clause effective in May 2017. The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to this lease was £341k.

23. 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 2013
	£'000
Opening capital financing requirement	**9,197**
Capital Investment	
Property plant and equipment	1,971
Investment property	115,121
Intangible assets	55
Revenue expenditure funded from capital under statute	2,018
Sources of finance	
Government grants and other contributions	(119,165)
Closing capital financing requirement	**9,197**

Explanation of movement in year

Sources of Finance	
	£'000
Opening capital financing requirement	9,197
Movement in the underlying need to borrow	0
Movement in year	**0**

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 or a direct charge to revenue.

24. Financial instruments

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

Financial assets	31 March 2013	1 April 2012
	£'000	**£'000**
Financial assets		
Current		
Trade and other receivables	11,799	3,485
Net cash and cash equivalents	66,288	19,106
Financial liabilities		
Current		
Trade and other payables	33,232	19,582
Non-current		
Long term borrowings	9,197	9,197
Other long term liabilities	14,723	17,891

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. The fair value of the trade and other payables is the carrying or billed amount while the fair value of trade and other receivables is taken to be the invoiced or billed amount.

25. 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 over cash deposits not actually being secure or earning appropriate interest;
— Credit risk – the possibility the 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; and
— Market risk – the possibility that financial loss might arise as a result of changes in interest rates.

Treasury management risk

Maintaining affordability of borrowings, preserving invested principal and maintaining prudent levels of liquidity are the key treasury management objectives of the Legacy Corporation. The execution and operational aspects of investment and borrowing, together with the management of external advisors, are delegated to the Greater London Authority (GLA) under a shared service agreement managed by the Executive Director of Finance and Corporate Services. The nature of the Legacy Corporation's current funding model means treasury operations are focussed on the management of short term cash balances. The objectives are security of capital, meeting the organisation's operational cash flow requirements and obtaining the best available yield from balances available for investment. The priorities are ranked in that order, security, liquidity then yield. A risk sharing agreement ensures risk and return relating to each instrument within the jointly controlled portfolio are shared in direct proportion to each participant's investment. The Legacy Corporation has currently invested £40m in the GIS and does not expect any losses in relation to the investment 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, credit worthiness checks on potential suppliers or business partners are performed utilising Dunn and Bradstreet information.

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. Monthly cash flow forecasts are prepared and given to the GLA to inform monthly 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 borrowing for capital expenditure is not currently authorised.

Market risk

Market risk is the possibility that financial loss might arise as a result of changes in interest rates. The Legacy Corporation's exposure to market risk is mainly with its investment in the GIS. The GLA has set Prudential Indicators specifying maximum exposures to variable rate investments, reflecting the fact that the use of fixed rate instruments is the primary means of managing exposure to interest rate movements. Where interest rates appear to be in absolute terms low, as at the current time, the Treasury function places great emphasis on matching the maturity profile of borrowings to prudent forecasts of future income to reduce the likelihood of needing to refinance borrowings at potentially unfavourable future rates. Borrowings and investments may also be arranged in advance at prior agreed rates as a means of managing short-term interest rate exposure.

26. Events after the Balance Sheet date

Since the Balance Sheet date the Legacy Corporation has entered into an agreement for a 200-year lease with iCity (London) Limited for the use of the Press and Broadcast Centres. This agreement is reflected in the asset valuation of the Press and Broadcast Centres included in the Accounts.

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. Its aims were defined by the Mayor of London as follows:

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

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

The Mayor is also able to direct the Legacy Corporation in the exercise of its functions, and to delegate functions to it. In 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. The Mayor is also expected to seek to direct the Legacy Corporation on the approval of certain transactions.

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 2013 and up to the date of approval of the 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. The Legacy Corporation's current committee structure (adopted in December 2012, following a review of previous arrangements), is as follows:

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

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

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

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

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

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

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

Vision and performance

The Legacy Corporation's purpose and strategic objectives are set out in its Three-Year Business Plan, which was adopted in April 2012, and updated and adopted in March 2013, and is available on the Legacy Corporation's website. The vision and objectives are updated on an annual basis, as part of the GLA Group's annual budget and business planning round.

The Business Plan sets milestones and performance indicators. Performance is reported through quarterly reports to the Members and quarterly reports to the GLA on financial and service performance. Financial performance is also reported through monthly management accounts. Performance is also reported in other forums, including the recently established joint GLA-Government Cabinet Committee on Olympic and Paralympic legacy.

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

These documents have all been in place throughout 2012/13, though some have been amended as a result of governance reviews. A separate Scheme of Planning Delegations and Planning Code of Conduct were adopted when town planning powers were granted to the Legacy Corporation in October 2012. 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.

Several reviews of governance arrangements took place during the course of 2012/13. Changes to Standing Orders and committee structures were agreed by Members in July 2012, further changes to committee structures were agreed in December 2012, and changes to delegations were agreed in March 2013. 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 builds on the processes used by its predecessor body, the Olympic Park Legacy Company. It is based on embedding risk management in all aspects of its work programme and ensuring that programme-wide and project risks are identified, quantified, mitigated and monitored effectively. The primary objective is to have effective strategies in place to control risks through reducing the likelihood of a risk arising, reducing the likely impact of a risk should it arise, or – where possible – eliminating the risk.

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

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

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

Management of change

The Legacy Corporation is an organisation whose role will change from planning, to delivery to management as the Park is re-opened, and development programmes are implemented. The Legacy Corporation, which has inherited staff from three predecessor bodies, underwent an organisational review and reshaping exercise in 2012. Further work to develop organisational culture, values and performance management arrangements is planned in the coming months, and will include work to harmonise terms and conditions inherited from predecessor bodies.

Financial and legal controls compliance

The Legacy Corporation's financial management arrangements are in conformity with the governance requirements of the Chartered Institute of Public Finance and Accountancy statement on the Role of the Chief Financial Officer in Local Government:

- The Chief Finance Officer of the Legacy Corporation (designated in accordance with Section 127 of the Greater London Authority Act 1999) is Jonathan Dutton, the Executive Director of Finance and Corporate Services and a Fellow of the Institute of Chartered Accountants in England and Wales.

- The Chief Finance Officer sits on the Executive Management Team, and is able to attend all Members' and committee meetings. He prepares the budget and business plan, including leading internal review processes, and is party to all material business decisions. Financial advice is included on all papers for Members' meetings and sign-off is required above the thresholds specified in the Scheme of Delegations. The execution of contracts and grant agreements is reserved to the Chief Executive and Chief Finance Officer.

- The Chief Finance Officer is also responsible for financial controls, for corporate programme management, for performance measurement and for supporting the Audit Committee's work (including internal audit).

- The Chief Finance Officer is supported by a team including – qualified accountants with significant public sector experience, which provides support on budget monitoring, financial and taxation advice.

The Legacy Corporation ensures compliance with relevant laws and regulations through the activities of its Legal and Procurement Team. Legal advice is required for all significant decisions, whether taken by the Members or under delegated authority, and is recorded in papers for Members' meetings, project initiation documents and other decision documents. Projects (of over £10,000 in value) require approval from the Legal Team before they can commence through Project Initiation Documents (PIDs) in which the Legal Team analyses how the project approach complies with relevant legislation, how it is covered in the Legacy Corporation's powers, the legal implications of the project and the legal instruments to be entered into as a result of this project. All contracts entered into by the Legacy Corporation must also be approved by the Legal Team.

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

Audit Committee and internal audit

The Audit Committee helps to raise the profile of internal control and risk management within the Legacy Corporation through considering a standing item at each meeting and reporting back to the Legacy Corporation's Members. It raises the profile of financial reporting issues within the organisation through a report at every meeting from the Executive Director of Finance and Corporate Services, which reports on key activities including those relating finance and governance, and reporting back to the Legacy Corporation's Members. 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 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. It includes Members with both public and private sector experience, and with expertise in areas including finance, audit, law and governance.

Moore Stephens were appointed by the Members as the Legacy Corporation's internal auditors, and their work is reported to, and monitored and reviewed by, the Audit Committee. Moore Stephens assist in the promotion of good governance through individual audits on activities identified as areas of risk. When complete the reviews are reported to the Executive Management Team and the Audit Committee. The Legacy Corporation's progress against agreed internal audit recommendations are monitored regularly and reported to the Audit Committee. The Internal Auditors provide an annual report summarising their findings for the year.

The full audits carried out in 2012/13 are listed below with assurance ratings:

— Purchase to Pay Phase 2: amber green
— Procurement: green
— Change Control: amber green
— Park Transformation: amber green

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

Whistleblowing and complaints

The Legacy Corporation's Whistleblowing Policy is on the Legacy Corporation's website and training, available for all staff, on the policy and how employees can report concerns was provided in 2012/13. The Audit Committee has been presented with the Whistle Blowing Policy, and the Policy includes provision for staff members to report concerns directly to the Chair of the Audit Committee if necessary.

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

Meeting development needs of Members and senior staff

The Legacy Corporation's people development processes are incorporated into its performance management framework for staff, which is under review as part of the process of organisational development mentioned above. All Members are offered tailored induction programmes, and specialist induction has been provided to Planning Committee members. Staff training has addressed corporate governance and approval issues through presentations at team meetings across the organisation.

Community engagement and partnership

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

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

As Queen Elizabeth Olympic Park re-opens, the Legacy Corporation's website and messaging are being developed to ensure that the Park, venues and related services are fully accessible to the local community and wider audience.

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

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

Governance review

As set out above, the Legacy Corporation's governance arrangements have been reviewed several times during the year, reflecting the Legacy Corporation's status as a new organisation, and the first organisation of its kind. Members have agreed recommendations in response to each of these reviews:

- an initial suite of governance documents, and an initial committee structure, was adopted in April 2012;
- governance procedures were reviewed in July 2012, with minor changes to Standing Orders and the establishment of new committees;
- a Planning Committee, with dedicated Standing Orders and Scheme of Delegations was established in October 2012;
- Committee structures were further revised in December 2012, to enable a strengthened focus on Park opening and operations; and
- delegations were revised in March 2013 to ensure these were able to respond to the Legacy Corporation's changing role, and to unforeseen urgent events that may arise when Queen Elizabeth Olympic Park becomes fully operational.

The Legacy Corporation has also been informed by the internal audits carried out in 2012/13. These are listed above.

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
The need to achieve more with less financially, and to ensure a firm financial footing for future years	Budget review process underway (summer 2013) with GLA Finance Team to secure savings and identify future funding sources
The need to ensure public accountability, effective customer service and the ability to act entrepreneurially, as Queen Elizabeth Olympic Park re-opens	Staff customer service training took place in June 2013, delegations to be reviewed in light of summer 2013 events and re-opening programme
The need to develop staff and corporate culture to respond to a changing role	One Organisation plan to be implemented May 2013 to November 2014
The need to continue to develop effective joint working with other parts of the GLA Group, including through shared services	Shared services plan to be developed for discussion with Mayor's Office and London Assembly, summer 2013

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

Signed:

Dennis Hone
Chief Executive
Date 30 September 2013

Keith Edelman
Chair of the Audit Committee
Date 30 September 2013

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.

Department for Communities and Local Government (DCLG)
A department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

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

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

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

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

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

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

Financial instruments

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

Financial regulations

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

Fixed assets

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

General fund

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

Impairment

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

Income

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

Intangible fixed assets

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

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Leasing costs

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

Liabilities

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

Net Realisable Value (NRV)

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

Operating lease

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

Prior period adjustments

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

Provisions

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

Public Works Loan Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Related parties
Related parties are Central Government, other Local Authorities, subsidiary and associated companies, Members and all Executive Management Team members. For individuals identified as related parties, the following are also presumed to be related parties:
- members of the close family, or the same household; 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.

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