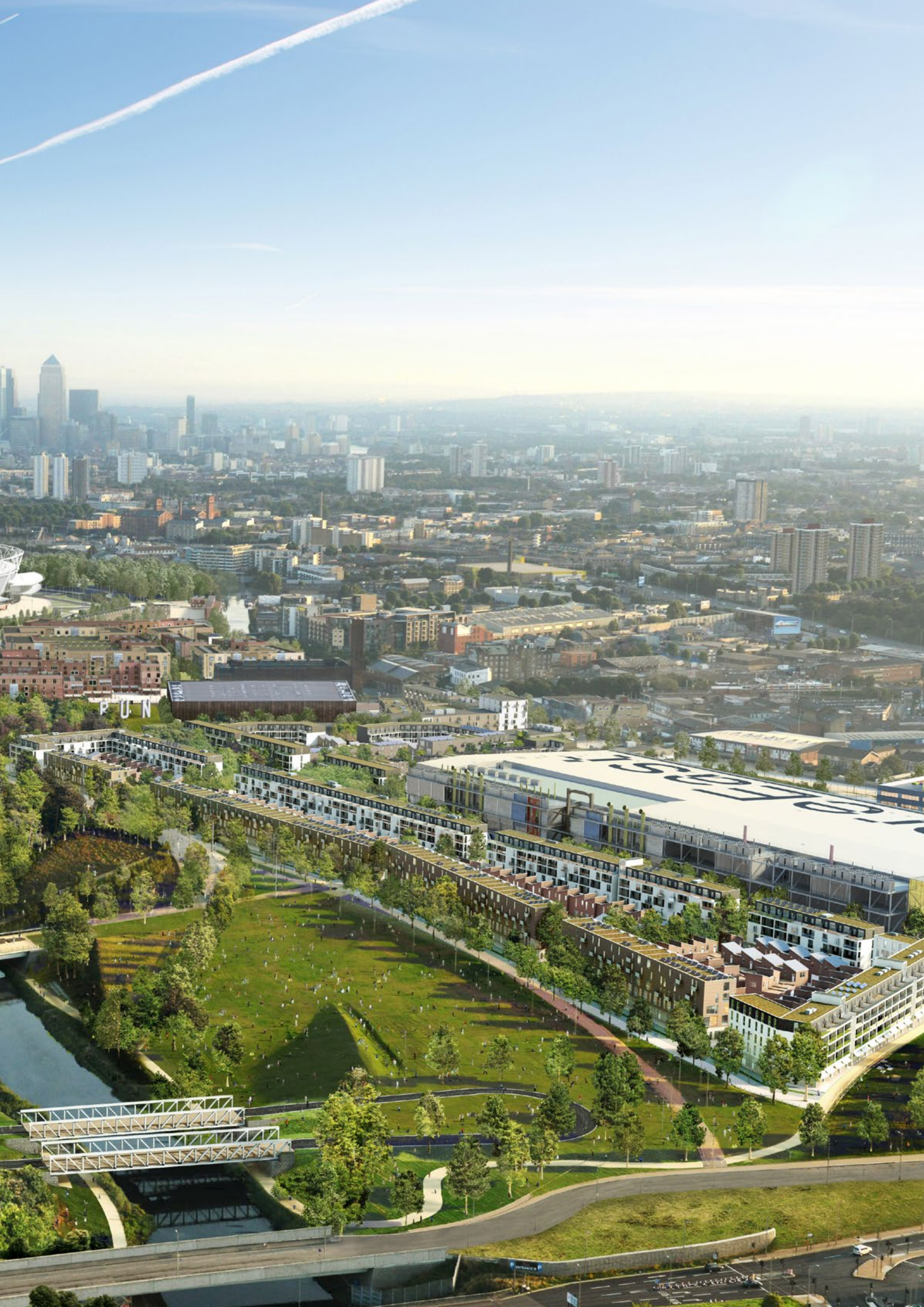
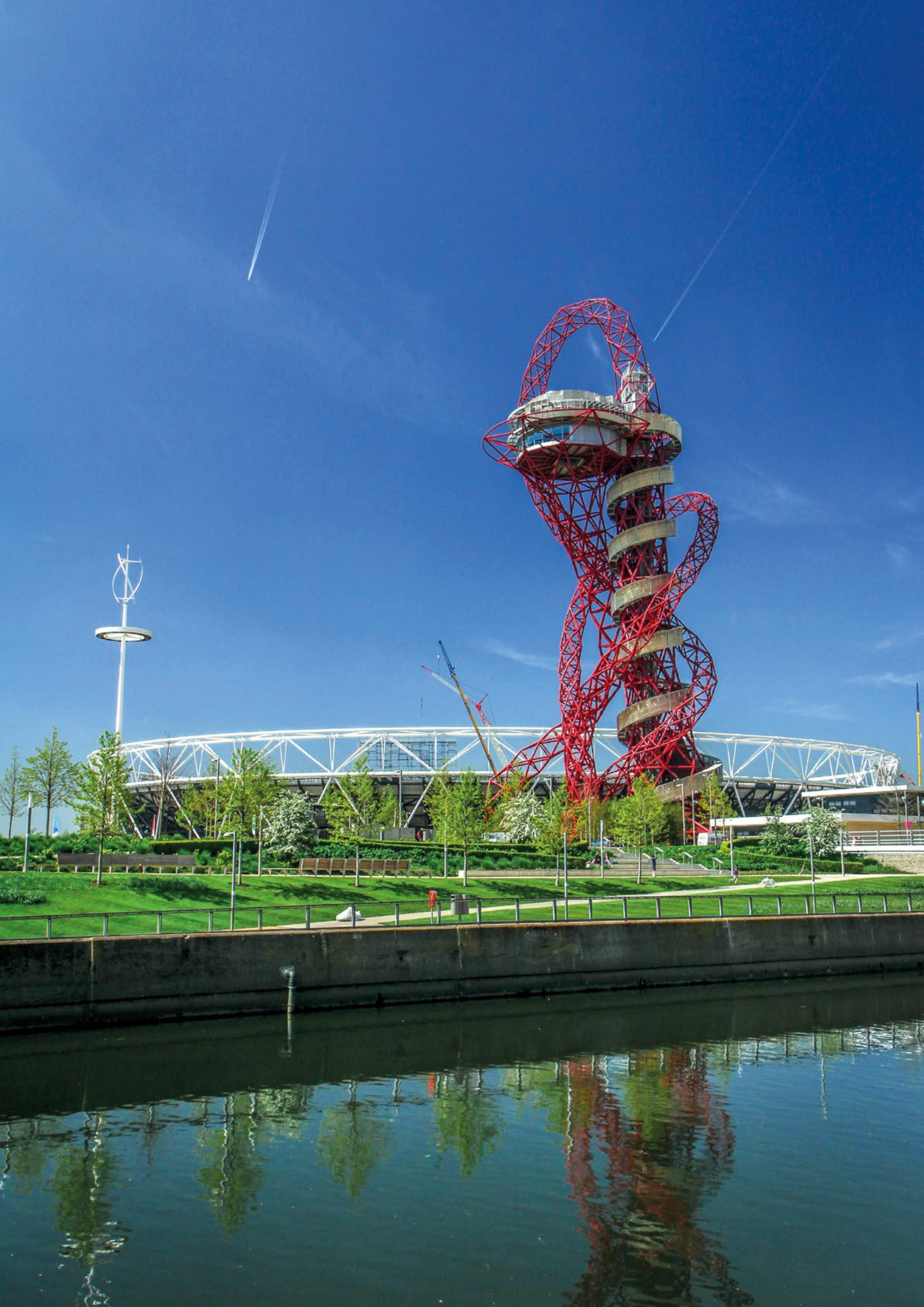
LONDON LEGACY DEVELOPMENT CORPORATION

2016–2017

ANNUAL REPORT AND ACCOUNTS

STATEMENT OF AUDITED ACCOUNTS





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London Legacy
Development Corporation
QueenElizabethOlympicPark.co.uk

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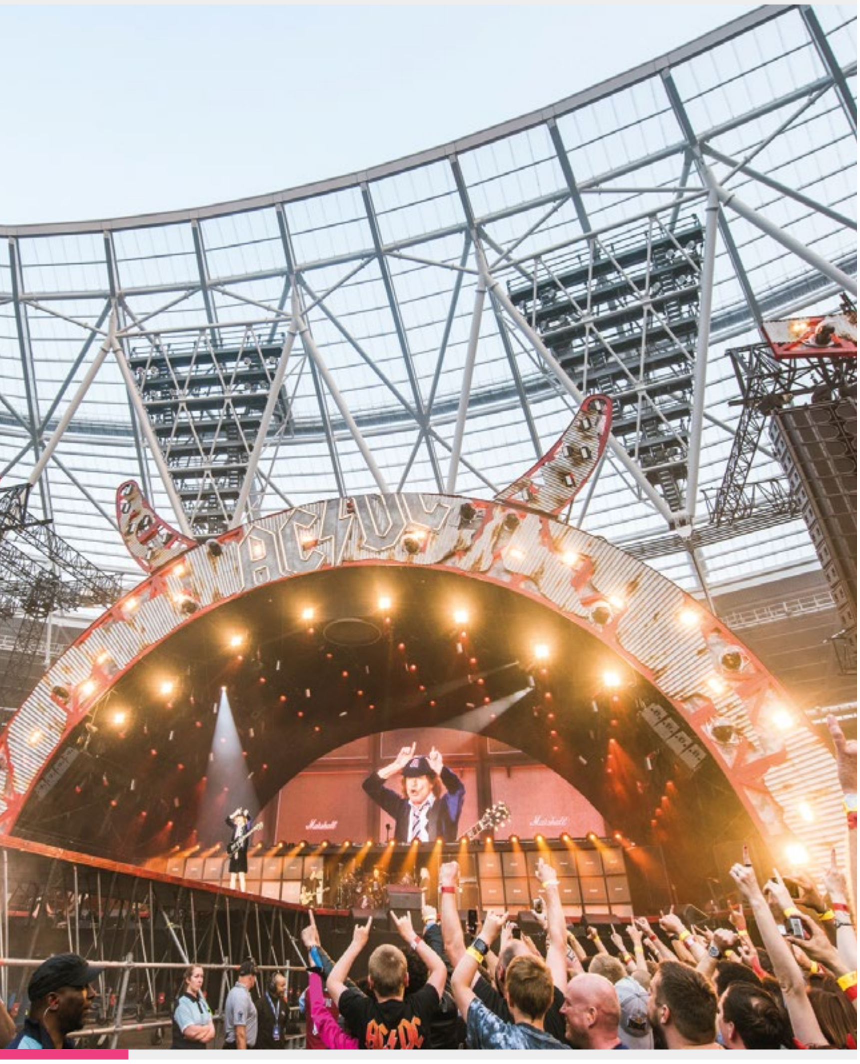
CHAIRMAN'S FOREWORD

I write in my capacity as Deputy Chairman, as we await the arrival of a new Chairman, to reflect on the last 12 months, which has seen London Legacy Development Corporation achieve a series of major milestones in the transformation of Queen Elizabeth Olympic Park and the surrounding area.

We have worked closely with the Mayor and his team at City Hall to ensure that our priorities and long term plan fit the Mayor's manifesto to deliver his commitments to create a City for all Londoners.



Queen Elizabeth Olympic Park is now firmly established as a new and increasingly important part of London.

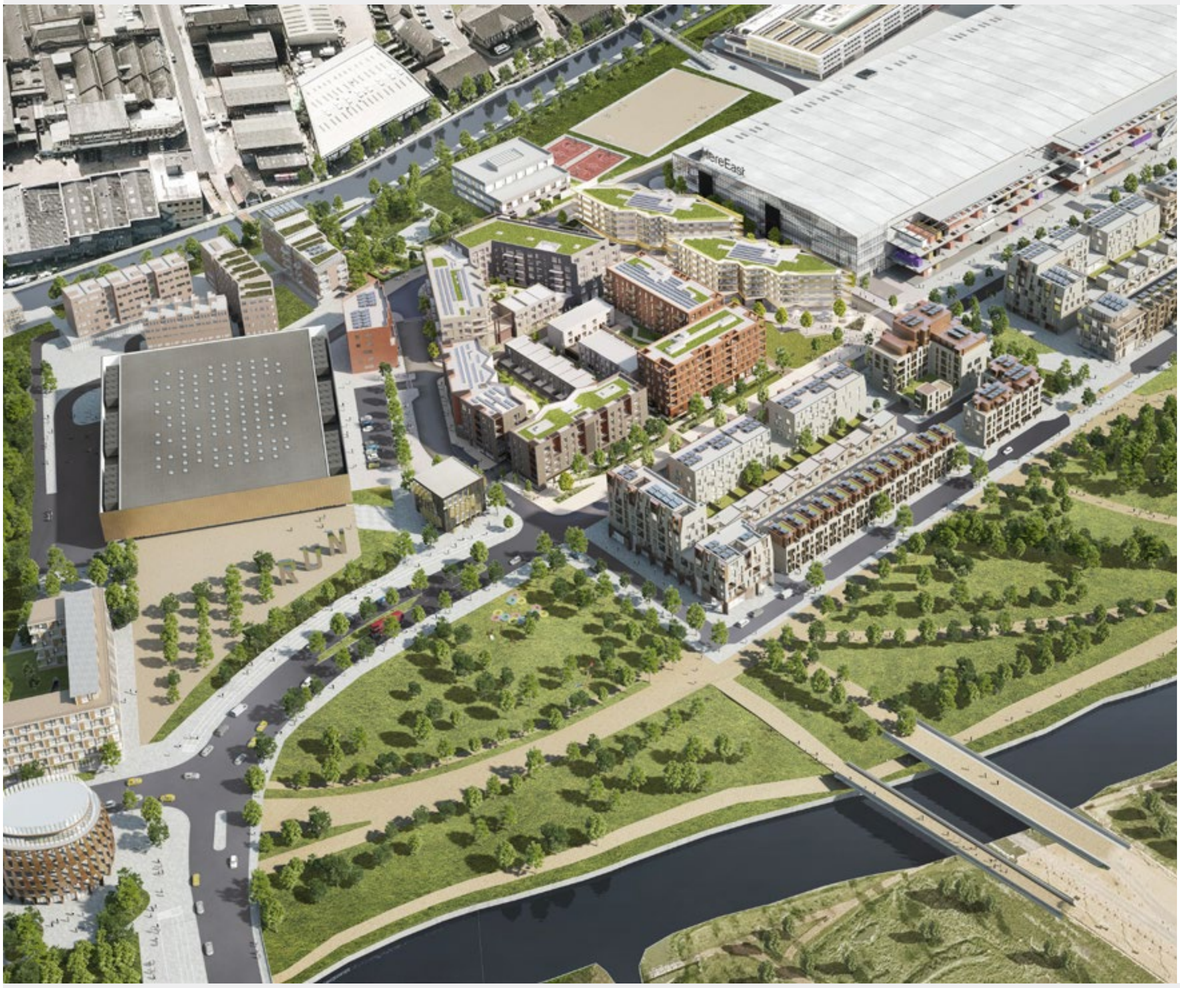
As well as hosting the first season of Premier League football at London Stadium, we have also seen the start of the regeneration work of Hackney Wick Overground Station, the opening of The Slide at the ArcelorMittal Orbit, the approval of the Hackney Wick Masterplan, the start of work on Bobby Moore Academy School and the first pupils arriving at Mossbourne Riverside Academy, as we make sure that the Park and surrounding areas become a thriving new and vibrant community for London.

We continue to deliver our plans to build 24,000 homes in the area by 2031 which includes five new neighbourhoods on Queen Elizabeth Olympic Park. This will deliver a mix of up to 6,800 multi-generational and affordable homes served by new schools, leisure facilities and public transport links.

We have also seen great progress in the emergence of the area as London's newest business district, with new tech, cultural and education businesses moving into Here East and the new office headquarters at International Quarter London which approach completion.

Queen Elizabeth Olympic Park is now firmly established as a new and increasingly important part of London. Its venues and parkland have attracted more than 15 million visitors in the first three years of opening.

The re-opening of the London Stadium in June was marked by an AC/DC concert in front of 60,000 fans. The iconic venue had been undergoing work since 2013 to transform it into a year-round multi-use facility. The last year has seen a full programme of events with more than



1 million spectators enjoying a wide variety of sports including the London Anniversary Games, The Great Newham Run, international rugby league and the start of West Ham United's concession at its new home.

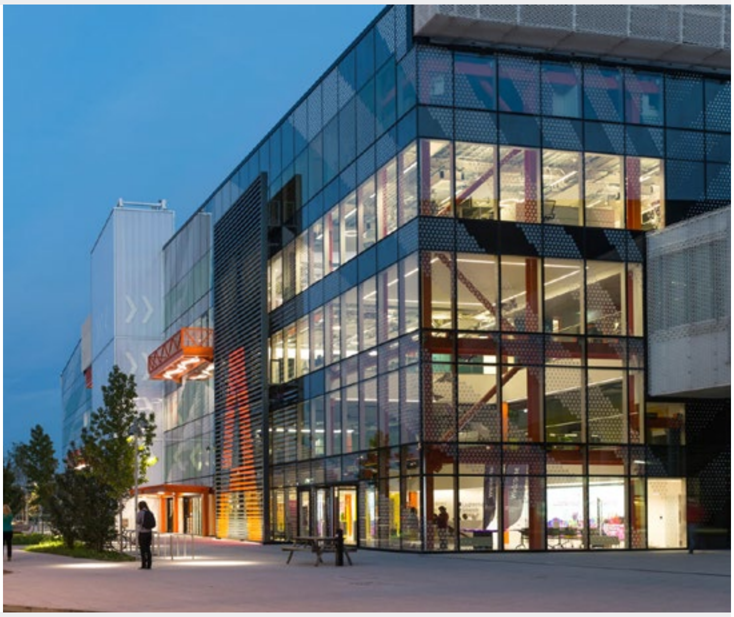
I am grateful to Chief Executive David Goldstone, his executive team and staff at LLDC for their hard work to ensure that Queen Elizabeth Olympic Park has the most successful legacy programme of any modern Olympic and Paralympic Games.

I would also like to thank my colleagues on the LLDC Board for their commitment and enthusiasm over the last 12 months. In particular, David Edmonds, who resigned as Chairman of LLDC in November 2016. David had been involved in the legacy programme since becoming a member of the Board of the Olympic Park Legacy Company in 2010 and subsequently became a London Legacy Development Corporation Board member from its inception in 2012 and played a key role in the delivery of a successful post games legacy.

We look forward to continued success for the future.

Philip Lewis
Deputy Chairman
28th July 2017

CHIEF EXECUTIVE'S STATEMENT



It has been another year of accelerating development as London Legacy Development Corporation continues to create a new, modern and accessible part of London that is actively integrating into the surrounding area and transforming Queen Elizabeth Olympic Park into a new centre for jobs and homes for east London.

We have been actively working with the new Mayor of London, Sadiq Khan and his team since the election in May 2016, ensuring that we align our plans for the Park and surrounding areas with the priorities set out in his manifesto.

On the Park, we have now had over 15 million visitors since reopening in 2013, and our permanent venues continue to attract millions of visitors. The Zaha Hadid-designed London Aquatics Centre has seen more than 2.5 million visitors pass through its doors since it opened in 2014, including hosting more than 50,000 school pupils. LLDC continues to price the venue competitively and it remains cheaper to swim in this world class facility than in many standard public pools across London; this helps ensure that the local community is able to fully benefit from this important piece of Games legacy.

The Copper Box Arena has attracted more than 1.4 million people since its opening in 2013. Alongside the wide range of sports on offer to participants, the 7,500-seat venue hosted an even bigger range of events for spectators including a Dizzee Rascal concert; Disrupt London, Europe's largest tech start-up conference; the National Taekwondo Championships; and the opening match of the Vitality Netball International Series, part of our ongoing involvement in netball, one of the fastest growing sports in the UK.

In June, The Slide at the ArcelorMittal Orbit opened attracting more than 115,000 sliders in its first 10 months of operation. The venue is now firmly established as a key tourist and visitor attraction and has returned a profit for the year. This is a stark contrast to the position for the venue 12 months ago.

LLDC continues to support the operation of the venues whilst seeking opportunities to reduce the requirement for subsidy, as we continue to develop our understanding of the resource requirements of the venues as we ensure that they are operated as efficiently as possible.

The first residents in the Park's initial 828-home neighbourhood, Chobham Manor, moved in to their new homes last year and work continues to deliver the 1,500 homes that will be brought forward at East Wick and Sweetwater, following the granting of detailed planning permission in January 2017.

Work is well underway at International Quarter London (IQL) on its four million square feet business district that will provide space for 25,000 workers. One million square feet has already been pre-let to the Financial Conduct Authority and Transport for London and work on their buildings is nearing completion. The first residents have also started to move in to Glasshouse Gardens, a residential development of 333 homes linked to the site.

Here East, the new creative and digital hub based in the former press and broadcast centres, is rapidly taking shape. This new business district will create over 5,000 jobs with the likes of BT Sport, Loughborough University London, Plexal (the new 68,000 square feet innovation centre at Here East), Infinity data centre and Studio Wayne McGregor already in occupation. UCL Engineering and The Bartlett (UCL's Faculty of the Built Environment) have recently joined the existing tenants.

Here East also currently plays host to the Global Disability Innovation Hub which was launched by the Mayor on National Paralympic Day in September 2016. The Hub will be London's new global research centre bringing together the top minds in Disability Innovation through collaboration, technology, partnerships and study to improve the lives of disabled people worldwide, ensuring we deliver a Paralympic legacy like no other.

London Stadium has just completed its first season of Premier League football, and after some initial operational difficulties the Stadium is now showing itself to be a world class, multi-use venue. Attracting the best sporting and entertainment events that national and international markets have to offer, it drives footfall to the Park, has created jobs and boosted the economic regeneration of east London as Premier League football provides a global television audience to London Stadium every week.

Over the next year the Stadium will host concerts by Robbie Williams, Depeche Mode and Guns 'n' Roses, as well as the World Athletics and Para Athletics Championships which will once again draw the eyes of the world to the Park.

The Cultural and Education District partners have begun work on a revised masterplan for Stratford Waterfront, due to planned changes to the London View Management Framework in the new London Plan, which has required a reduction in the size of the residential towers in the original scheme. Details of the revised scheme and layout for the site will be announced later in 2017. The project is on track to open the first buildings on Stratford Waterfront in autumn 2022 whilst UCL have continued to progress their plans for a new campus in the South of the Park. A key milestone has recently been achieved as the Planning Applications for the new campus masterplan has been submitted.

LLDC has successfully delivered two Sport England funded programmes this year: Active People, Active Park (APAP) and Motivate East. These flagship programmes have been successful in reaching disabled people, women and BAME communities in particular. The APAP programme attracted 121,716 participants during the year while Motivate East reached 24,877 disabled people in the local area.

Sport and physical activity continues to be vital for social integration and healthy communities and the LLDC has submitted a bid to be one of Sport England's Local Pilot areas to firmly establish a sustainable model around sport and volunteering.

As well as encouraging greater levels of participation the Park continues to host world class sport: alongside Premier League football we have hosted the NEC Wheelchair Tennis Masters; European Aquatics Championships; National Taekwondo Championships; the Vitality Netball International Series; International Rugby League and many others.

Finally, I would like to express my thanks to David Edmonds, our former Chairman, who resigned in November 2016. David was involved in the development of our regeneration programme throughout, from early planning through to delivering the transformation of the Park and the ongoing legacy, and made an invaluable contribution My personal thanks are also due to Philip Lewis, who has provided great support and guidance to me, the Board and executive since taking on the Chairman's duties until a full time successor is appointed.

David Goldstone
Chief Executive
28th July 2017

MEMBERS OF THE LONDON LEGACY DEVELOPMENT CORPORATION

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

PHILIP LEWIS DEPUTY CHAIRMAN

Philip is a chartered surveyor and heads the property division of the Kirsh Group, the international trading business founded by Natie Kirsh. He is also a Board Member of the London Land Commission. 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

SONITA ALLEYNE

Sonita currently holds a number of non-executive posts, including the British Board of Film Classification and The Cultural Capital Fund. 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. 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.

JOHN BIGGS

John Biggs has been the directly elected Executive Mayor of Tower Hamlets since June 2015. Before that John served on Tower Hamlets Council between 1988 and 2000 in multiple roles including Leader of the council. Between 2000 and 2016 John was the London Assembly Member for City and East London, chairing the Assembly's Budget and Performance Committee. John stood down from the London Assembly in 2016 to concentrate on his role as Mayor of Tower Hamlets where he is working to improve the openness and transparency of the Council, to increase the availability of affordable housing for residents, to improve access to employment and training opportunities for local people, and to enhance the physical environment of the borough. Elected following a period of some controversy and instability in Tower Hamlets, he is also keen to strengthen the reputation of the Borough and the confidence of its communities. A graduate of Chemistry and at postgraduate level in Computer Science and Law, John has worked as an analyst in the City and as Director of a political pressure group. John is an Honorary Fellow of Queen Mary University of London and Birkbeck University of London.

NICK BITEL

Nick is Chief Executive of the London Marathon Events and one of the country's leading events experts. A consultant at law firm Kerman & Co LLP, he is Chairman of Sport England, a Board Member of UK Sport and a Trustee of the Wimbledon Foundation, a registered charity. Nick is a former Vice Chairman of Wigan Athletic. Nick is also the Director of Major Event Organisers Association Limited.

NICKY DUNN OBE

Nicky has extensive experience in the leisure industry. Her company IMD Group provides strategic advice and operational guidance to venues, events and the arts. Previously she held a number of positions within the industry, planning, designing, overseeing construction of and operating large venues. Her experience includes theatres, arenas, stadia and conference and exhibition venues. Nicky chairs the Titanic Foundation, Netball world cup 2019, and Jockey Club Live. She is also a Trustee of the Young Vic Theatre. She was a board member of the Princes Trust (NI) from 2007 to 2011.

KEITH EDELMAN

Keith was formerly the Managing Director of Arsenal Holdings plc and was instrumental in the development of the Emirates Stadium and the attendant regeneration of the surrounding area including the development of Highbury Square. He is currently Chairman of Revolution Bars Group Plc, Chairman of Bullion by post Limited, Senior Independent Director of Supergroup Plc and a Non-Executive Director of the Hillingdon Hospital Trust. Prior to Arsenal, he was CEO of Storehouse plc and Managing Director of Carlton Communications plc.

DAVID GREGSON

David is Chairman of the Lawn Tennis Association. He is also a member of the Advisory Boards of The Sutton Trust and of the Apeldoorn Conference Series. David is Chairman of LLDC's Investment Committee and a Board Member of E20 Stadium LLP. He was previously Chairman of the Mayor of London's Legacy Board of Advisors.

LORD MAWSON

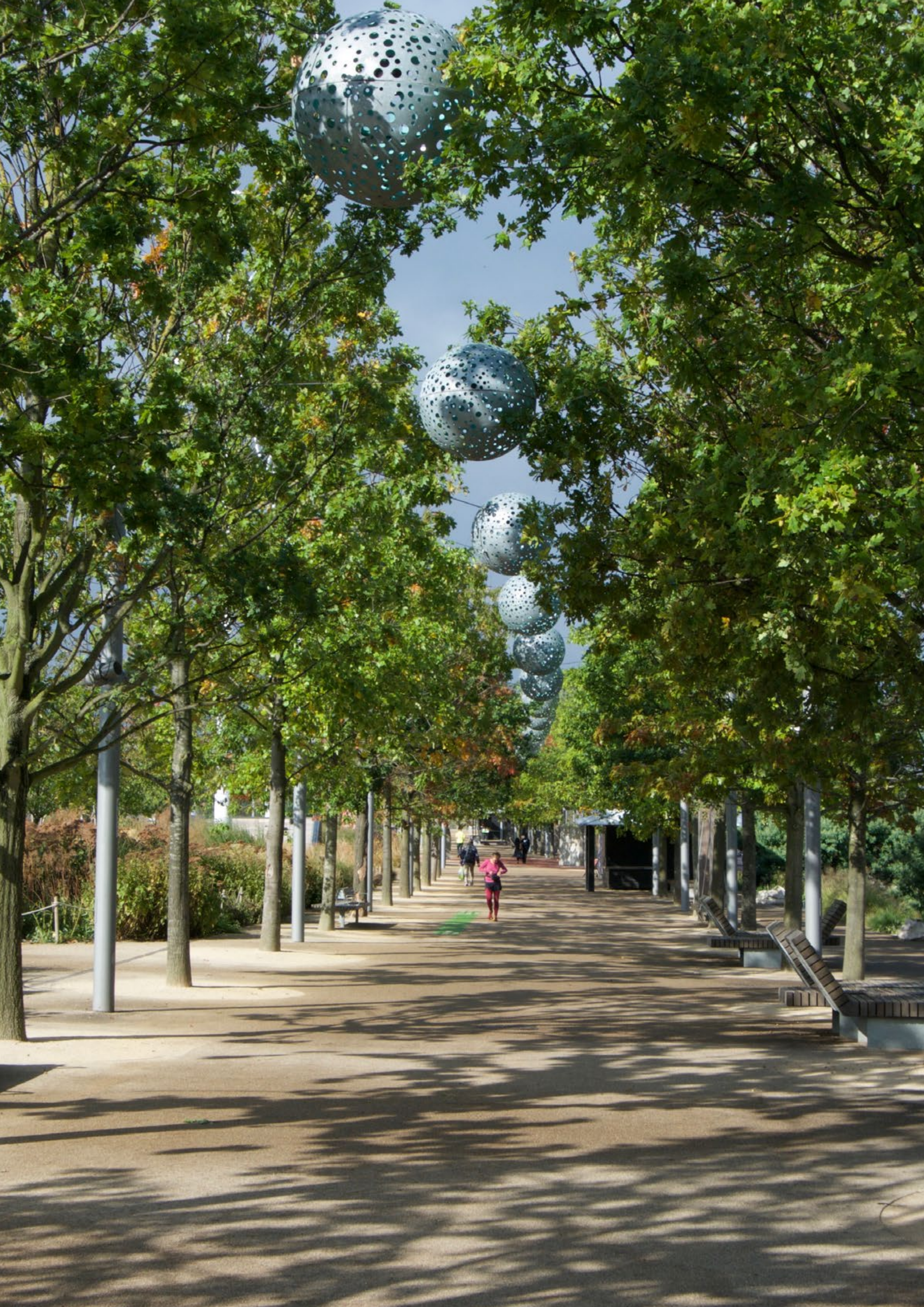
Lord Mawson is one of the UK's leading social entrepreneurs. Over 30 years he has created a family of projects, including the renowned Bromley-by-Bow Centre in east London. Today he is a leader, motivator and adviser to major projects including the St Paul's Way Transformation Project in the London Borough of Tower Hamlets and Water City, a visionary plan to revitalise east London. He is the Director of Water City Community Interest Company. In addition, he is now Chairman of Well North, a public health initiative supported by Public Health England, which is building 10 innovative pathfinder projects in the north of England. He was a member of the new Estates Regeneration Advisory Panel by Lord Heseltine, a government programme designed to improve 100 housing estates across England.

JULES PIPE

Jules Pipe is working on key priorities for the Mayor, including: the revision of the London Plan, major regeneration projects across the capital, providing young people with skills for their future careers, and ensuring London's infrastructure needs are delivered to benefit all Londoners. Jules has unrivalled knowledge of London government, becoming the first directly elected mayor of Hackney in 2002 and serving as Chair of London Councils for six years

CHRIS ROBBINS

Chris Robbins has been serving Waltham Forest since 2002, when he was elected as a Councillor for Grove Green in Leyton. He is now in his third term as Leader of the Council, having first been elected as Leader in 2009, and prior to that acted as Cabinet Member for Children and Young People.



Previously, Chris worked in the trade union movement for 27 years, representing low paid workers in health, local government and the printing industry. Cllr Robbins was 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 41 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 and was re-elected for a fourth term in 2014. His goals include raising employment and aspiration in the Borough. Sir Robin was involved with a number of organisations that were concerned with staging the London 2012 Olympic and Paralympic Games and ensuring the local legacy. He is Chair of Local London, the East London sub-regional partnership'.

BARONESS GREY-THOMPSON

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

PHILIP GLANVILLE

Philip Glanville was elected Mayor of Hackney in September 2016, becoming the borough's second directly elected Mayor. Philip was previously a councillor in Hoxton for ten years, and spent three years as Cabinet Member for Housing before becoming Deputy Mayor in 2016. As Cabinet member for Housing, Philip oversaw the delivery of genuinely affordable homes, with 1,670 new homes for rent, shared ownership and low-cost ownership set to be delivered by the Council and its partners over the four years from 2014. As Mayor, Philip has committed the Council to doubling the number of council homes built from 2018, and for Hackney to become the first borough in London to build 500 Living Rent homes - where no-one pays more than a third of their income in rent. Employment, skills and education are also a key priority for the Mayor; supporting schools, ensuring that we actively help young people into careers and that all residents, whatever their age, have the skills and support they need to get into employment, return to work or start a business. Philip previously worked for an HIV charity in Old Street and in various roles in Parliament. He was born in Hillingdon, moved to Worcester, before moving back to London in 1999 to go to university, and moved to Hackney in 2003. He became civily partnered in 2011 before getting married in 2014.

Changes to Board membership: During 2016/17 there were several changes to the Board membership. On 29 July 2016, Jules Pipe stood down as the Mayor of the London Borough of Hackney and a member of the Legacy Corporation Board to take up the role as the Mayor of London's Deputy Mayor for Planning, Regeneration and Skills. Following his election as the Mayor of Hackney, Philip Glanville was appointed to the Board as the representative from Hackney on 24 October 2016. Jules Pipe was subsequently appointed to the Board by Mayor of London on 1 August 2016.

On 2 November 2016, David Edmonds resigned as Chairman and a member of the Legacy Corporation Board with immediate effect. Philip Lewis, in his capacity as the Deputy Chairman has fulfilled the role pending the recruitment of a new Chairman. The biography of David Edmonds is available in the previous annual report.

ATTENDANCE AT LLDC BOARD AND COMMITTEE MEETINGS 2016–2017

Members	Meetings of the Board attended	Meetings of the Audit Committee attended	Meetings of the Investment Committee attended
Total number of meetings in the period	**9**	**3**	**5**
Sonita Alleyne	6	-	2/2
John Biggs	5	-	-
Nick Bitel	8	3	-
Nicky Dunn	9	3	5
Keith Edelman	7	3	2
David Edmonds	5/5	-	2/2
David Gregson	7	-	5
Philip Glanville	4/5	-	-
Tanni Grey Thompson	7	3	-
Philip Lewis	8	-	-
Lord Mawson	6	-	-
Jules Pipe	6	-	-
Cllr Chris Robbins	0	-	-
Sir Robin Wales	4	-	-
Lynda Addison	-	-	-
Cllr Rachel Blake	-	-	-
Cllr Ken Clark	-	-	-
Emma Davies	-	-	-
James Fennell	-	-	-
Piers Gough	-	-	-
Cllr Forhad Hussain	-	-	-
Cllr Geoff Taylor	-	-	-
Dru Vesty	-	-	-
Cllr Terry Wheeler	-	-	-
Louise Wyman	-	-	-

Notes:
A dash (-) indicates that an individual is not a member of a Board or Committee
1. Joined or left a Committee during financial year: Sonita Alleyne (joined the Investment Committee in January 2017), David Edmonds (left the Investment Committee in November 2016)
2. Unable to attend a Board meeting called at short notice
3. Resigned during the course of the financial year: David Edmonds (November 2016), Jules Pipe Hackney representative (July 2016)
4. Some Members indicated that they were unable to attend specific Board or Committee meetings when the meeting calendar was issued
5. Joined Board during the course of the financial year: Jules Pipe as Deputy Mayor of Planning, Regeneration and Skills (September 2016), Philip Glanville (September 2016)
6. Cllr Claire Coghill attended the March 2017 meeting on behalf of Cllr Robbins
7. Joined or left the Planning Decisions Committee during the financial year: Lynda Addison (appointment term ended December 2016), Dru Vesty (appointment term ended December 20
Gough (appointment term ended December 2016, reappointed January 2017), Emma Davies (joined January 2017), James Fennell (January 2017), Louise Wyman (January 2017)

Meetings of the Regeneration and Communities Committee attended	Meetings of the Chairman's Committee attended	Meetings of the Planning Decisions Committee attended	Notes
3	**3**	**10**	
2	-	-	See note 1
-	-	-	See note 2
-	-	8	See note 2
-	2	-	
-	3	-	See note 4
-	1/1	-	See note 1 and 3
2	3	-	See note 2
-	-	-	See note 5
-	-	-	
-	3	10	See note 4
3	2	5	See note 2
-		-	See note 2, 3 and 5
-	-	-	See note 2 and 6
-	-	-	See note 2
-	-	7/7	See note 7
-	-	4	
-	-	9	
-	-	3/3	See note 7
-	-	3/3	See note 7
-	-	9	See note 7
-	-	9	
-	-	7	
-	-	5/7	See note 7
-	-	10	
-	-	3/3	See note 7
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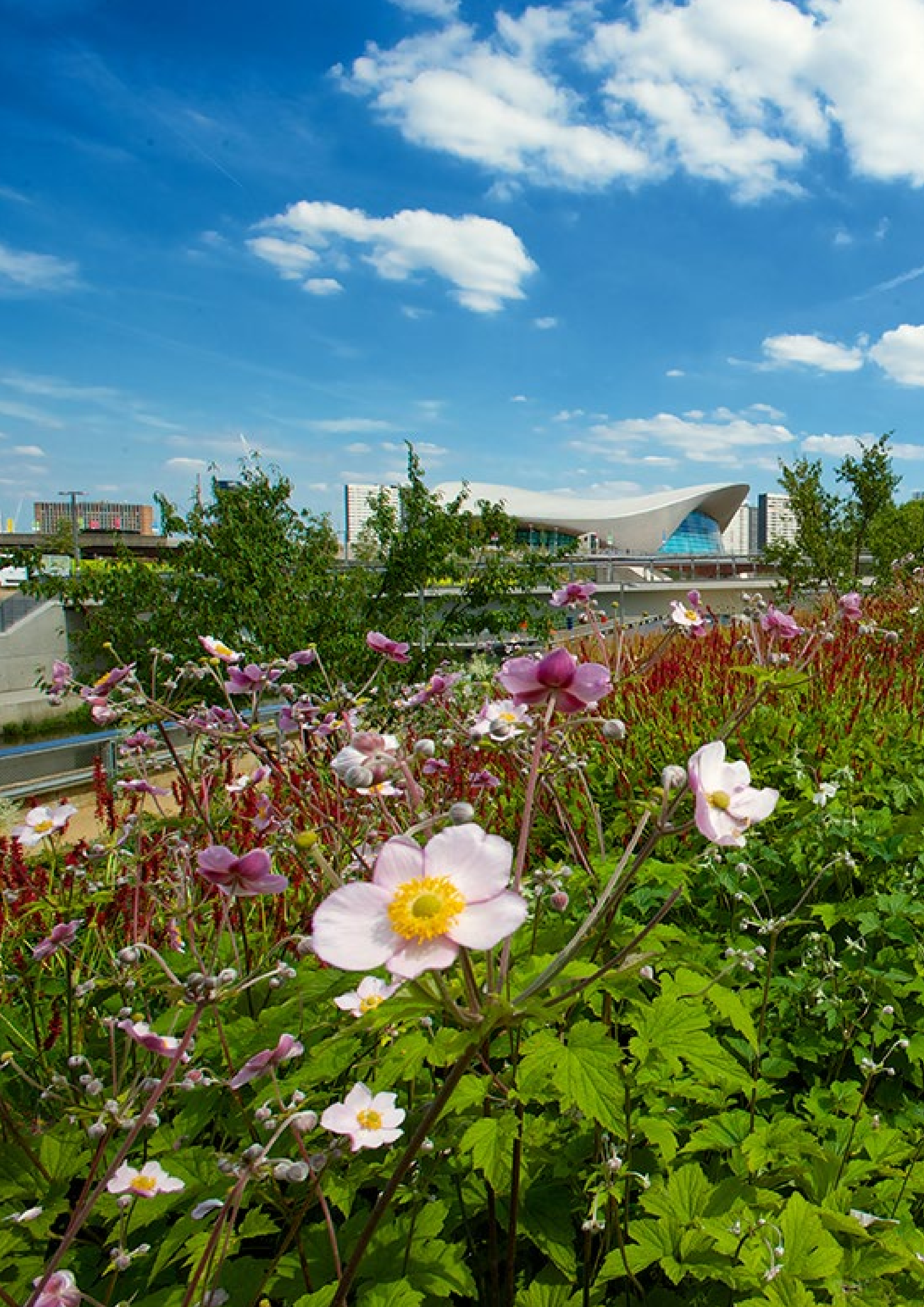


Opening Queen Elizabeth Olympic Park to the public in April 2014 was a crucial staging post in the move from Games-time to a long-term legacy. There are now clearly defined and costed plans in place for all eight permanent venues, and the Park has been reopened as an amenity for Londoners, an international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

LAND OWNERSHIP

The majority of Queen Elizabeth Olympic Park land is owned by the Legacy Corporation with additional land leased from third parties, predominately the Lee Valley Regional Park Authority.

London Aquatics Centre and Copper Box Arena
The London Aquatics Centre contains a 50m competition pool, 25m competition diving pool and a 50m warm-up pool — as well as a 50-station gym, dry diving facilities, a café, crèche, meeting rooms and seminar and sport science space. It reopened at the start of March 2014 as a venue accessible to the public and capable of hosting elite sports. With 2,500 permanent spectator seats, the venue has hosted a range of local and national competitions, including the Invictus Games, British Swimming Championships, FINA World Diving Championships and in 2016, the LEN European Aquatics Championships. The venue has had more than 2.5 million visitors pass through its doors since it opened in 2014, including hosting more than 50,000 school pupils, and has 3,800 young people signed up to the Better Swim School programme and 700 to the learn to dive programme.

The Copper Box Arena hosted handball, fencing and goalball during the London 2012 Olympic and Paralympic Games, and reopened as a multi-use arena in July 2013. With a seating capacity for up to 7,500 spectators, the Arena hosts a wide range of sport including basketball, netball, handball, badminton, fencing and boxing. The venue also contains a café and 80-station gym with events spanning major sporting tournaments, television broadcasts and corporate events.

Greenwich Leisure Limited (GLL) is the operator of the London Aquatics Centre and the Copper Box Arena. Under the 10-year arrangement, GLL get an annual fee and surpluses and deficits are shared between the Legacy Corporation and GLL.

Stadium
The Stadium is surrounded by water on three sides and the ‘island’ site, excluding bridges, is leased to E20 Stadium LLP, a joint venture between the Legacy Corporation and Newham Legacy Investments Limited (a wholly owned subsidiary of London Borough of Newham), until 2115. The venue has been transformed into a multi-use world class stadium. Since the transformation works were completed in 2016 the Stadium has hosted a major music concert (AC/DC), Diamond League athletics and a series of community events, followed by the commencement of West Ham United’s tenancy at the start of the 2016/17 Premier League season. The Stadium has since played host to near capacity crowds throughout the football season, confirming its position as the centrepiece of Queen Elizabeth Olympic Park and as a major London attraction. The partnership entered into a 25-year service concession arrangement with London Stadium 185 Limited (a subsidiary of Vinci Stadium) on 30 January 2015. The agreement relates to the operation of the Stadium and South Park within Queen Elizabeth Olympic Park and grants the operator sole and exclusive rights to promote, sell and manage events in the Stadium and South Park.

Here East
The Here East buildings are leased to Innovation City (London) Limited (iCITY) for a period of 200 years to May 2214 with the Legacy Corporation receiving a proportion of net rents. iCITY is a joint venture between Delancey and Inifinity SDC, with a vision to provide an innovative new commercial space focused around established and start up technology companies. Here East consists of 1.2 million square feet of space, and will feature three main buildings — a 300,000 square feet innovation centre, a 1,045-seat auditorium and an 850,000 square feet building housing educational space, broadcast studios, office space and a state-of-the-art data centre. iCITY tenants include:

- British Telecommunications – broadcasting BT Sport;
- IDSC Developments (No6) Ltd (trading as Infinity) – a data centre;
- Studio Wayne McGregor;
- Loughborough University in London; and
- University College London Bartlett School of Architecture

ArcelorMittal Orbit
The ArcelorMittal Orbit has been open to the public since 5 April 2014. At 114.5m high the ArcelorMittal Orbit is the UK's tallest sculpture incorporating two observation platforms at 76m and 80m which provide stunning views across London and Queen Elizabeth Olympic Park. Since its opening 472,000 people have visited the ArcelorMittal Orbit.

In June 2016, LLDC launched the world's longest and tallest tunnel slide adjoined to the tower. This contributed to the highest annual attendance with 193,000 visits in 2016/17. Abseiling promotion has proven popular and initiatives are underway to enhance the visitor experience with new internal and external facilities, including photography, retail, and stair climbs.

Engie (formerly known as Cofely) manage the ArcelorMittal Orbit on behalf of the Legacy Corporation as part of their wider contract for delivering estates and facilities management services on the Park and receive a management fee. The Legacy Corporation meets all cost associated with the facility and receives all income. The Podium building adjacent to the ArcelorMittal Orbit contains the Podium Bar & Kitchen and hospitality suite. Engie pay the Legacy Corporation a rent and service charges for the premises, with a potential turnover share. The operator contract with Engie runs to 2024.

Timber Lodge
The Timber Lodge is located in the northern part of Queen Elizabeth Olympic Park. It is a single storey timber framed building providing a café and canteen, toilet facilities and two function rooms, which are available for hire. The land is leased by the Legacy Corporation from Lea Valley Regional Park Authority and the building is sublet to the Camden Society who have run the Timber Lodge since its opening in July 2013 and the contract runs until July 2018.

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

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

Knight Frank (formerly Deloitte Real Estate) has managed 3 Mills Studios for the Legacy Corporation since 2013. The contract has recently been re-tendered and now extends to March 2019.

Development platforms
The Legacy Corporation owns a number of development platforms, listed below:

Chobham Manor
The Legacy Corporation has a development agreement in place with Chobham Manor LLP, which is a joint venture between London & Quadrant and Taylor Wimpey Construction. The agreement is for a new residential neighbourhood at Chobham Manor, just south of Lee Valley VeloPark. Planning permission has now been granted for all four phases of the scheme, with Phase 1 nearing completion and Phase 2 underway. The development will comprise 828 new homes of which 75% will be family homes with three or more bedrooms and

Land owned by London Legacy Development Corporation (LLDC)

Land transferred to LVRPA but not yet removed from LLDC registered title

Land leased or held under license to LLDC by third parties

Borough boundaries

LLDC boundary

28% affordable homes (affordable rent, social rent or intermediate housing). Works are progressing on site and due to complete by 2021.

East Wick and Sweetwater

The East Wick and Sweetwater development will deliver 1,500 new homes, including private rented and affordable homes. The homes will be accompanied by a mix of social infrastructure including nurseries, primary schools and a library. The Legacy Corporation entered into a development agreement with its development partner, a joint venture between Places for People Homes and Balfour Beatty Investments, in February 2015. The zonal master plan for East Wick has been approved, as has the Reserved Matters Application (RMA) for Phase 1. The RMA for Phase 2 is due to be submitted in summer 2017 and the development partner expects to start the first phase of works later in the year.

Pudding Mill Lane

The Pudding Mill Lane development platform currently has outline planning consent as part of the Legacy Communities Scheme for up to 1,290 homes, as part of a mixed use development. The outline scheme also includes a new local centre close to the DLR station. This is currently one of the later planned phases of development, but the Legacy Corporation is working with the GLA to explore ways in which it can accelerate delivery to meet housing need.

Rick Roberts Way

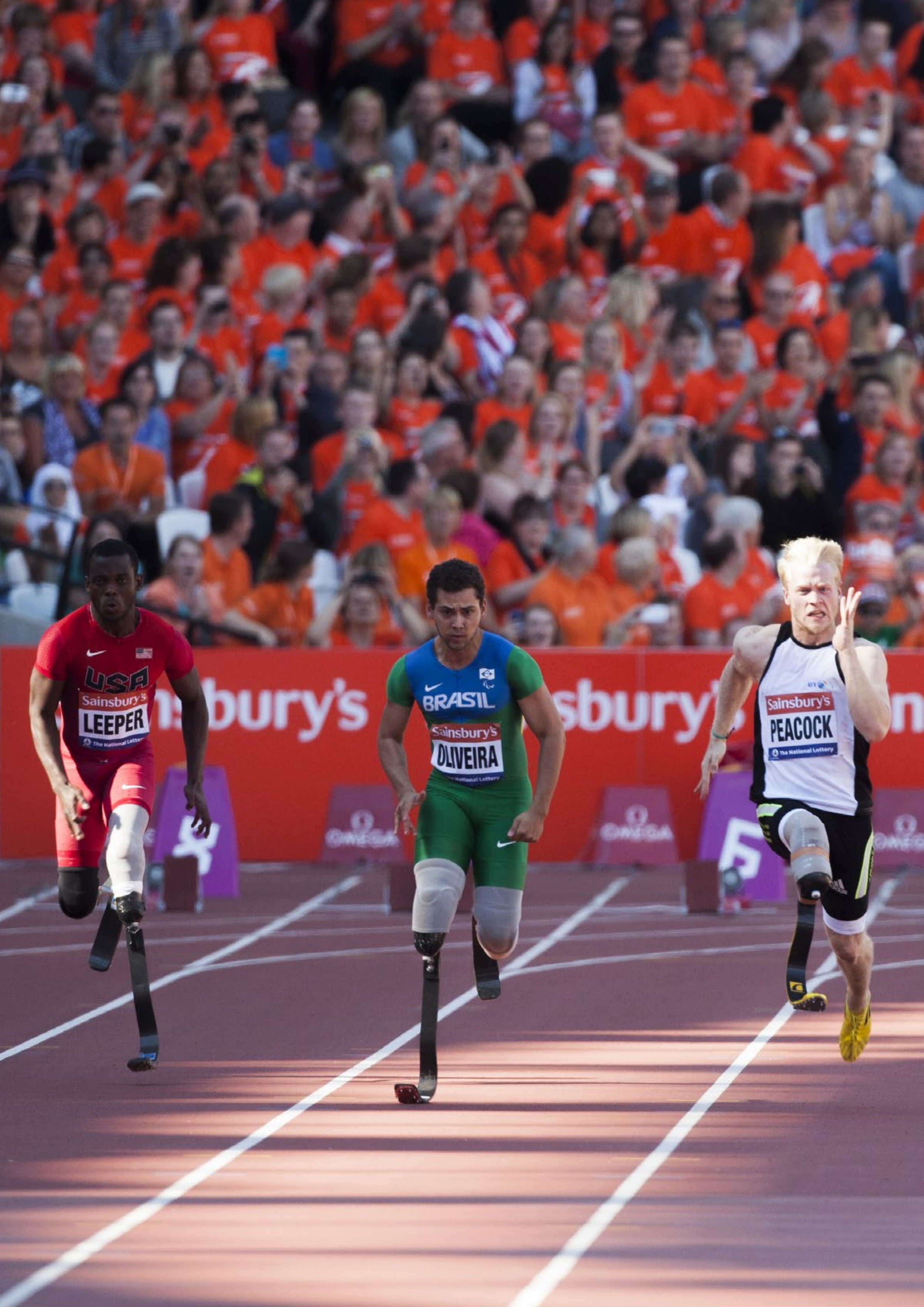
Rick Roberts Way is jointly owned by the Legacy Corporation and the London Borough of Newham. It is planned as the final phase of the Legacy Communities Scheme and has outline consent for up to 400 homes and a secondary school. The secondary school is now being delivered earlier on the Stadium Island site and the Legacy Corporation and London Borough of Newham are working together on the future development capacity of the site; interim uses are currently being considered.

Stratford Waterfront

Located opposite the London Aquatics Centre in the south of the Park, this development platform forms part of the Cultural and Education District project and will be home to University of the Arts London’s College of Fashion, Sadler’s Wells and Victoria and Albert Museum incorporating the Smithsonian, as well as residential and retail properties.

University College London (UCL) East

Also part of the Cultural and Education District project, this development platform will, in its first phase, comprise 50,000m2 of new university facilities, including academic facilities, and student residential accommodation. The Legacy Corporation signed an Agreement for Lease with UCL in April 2015. Under the terms of this agreement, upon satisfaction of a number of conditions, a 299-year lease of land will be granted by the Legacy Corporation to UCL.



USA
Sainsbury's
LEEPER
The National Lottery
BRASIL
Sainsbury's
OLIVEIRA
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PEACOCK
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OMEGA

NARRATIVE REPORT

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

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

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

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

1. LIVE

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

2. WORK

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

3. VISIT

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

4. INSPIRE

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

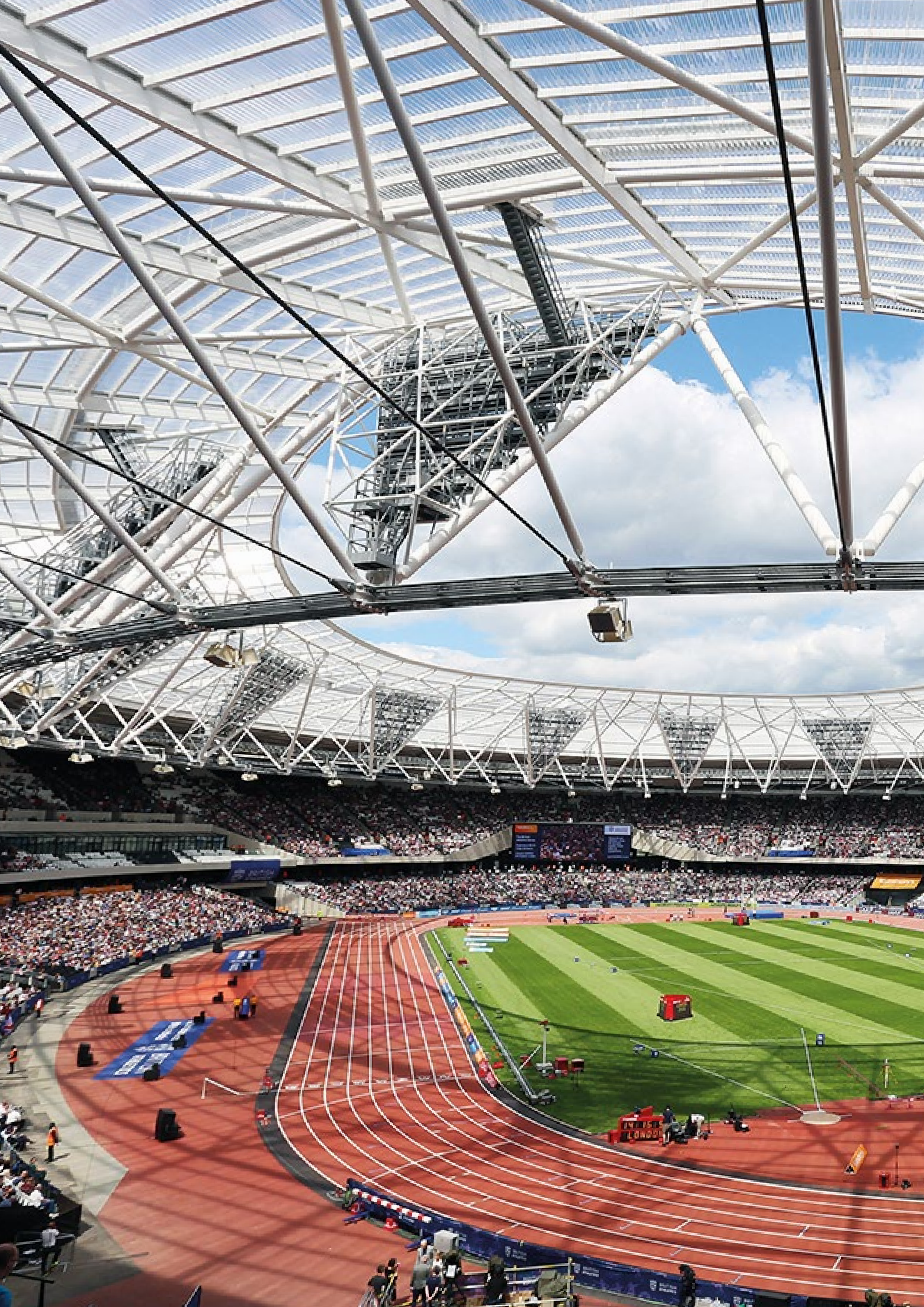
5. DELIVER

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

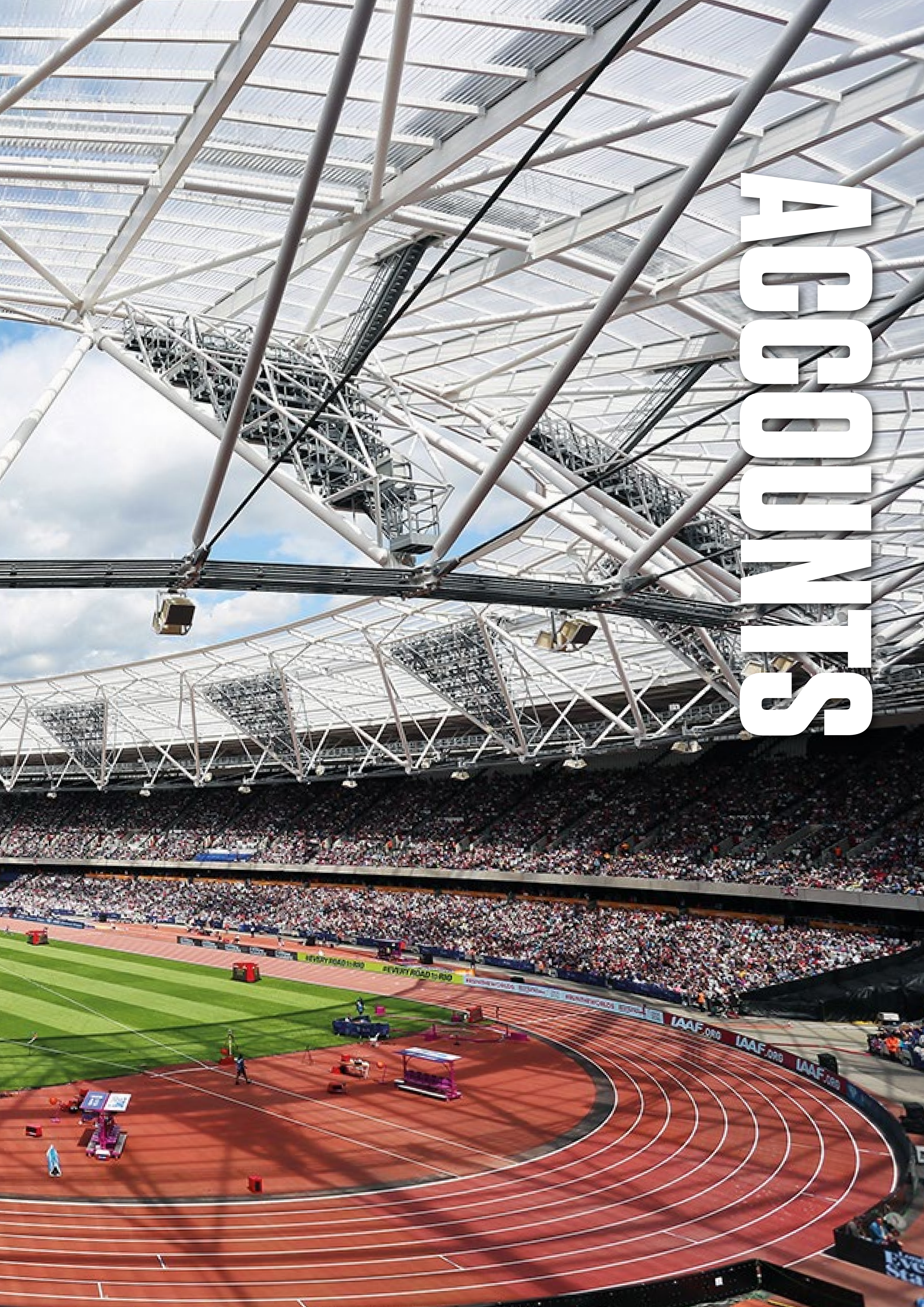
In November 2016, the Legacy Corporation Board approved its updated five year strategy which sets out the areas of focus for the organisation for the five years from 2015 to 2020 to support its mission and delivery of its objectives.

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

Regulation 31 of the Local Authorities (Capital Finance and Accounts (England)) Regulations 2000 directs that the appropriate accounting practices for local authorities are those in the CIPFA 'Code of Practice for Local Authorities' (the Code). These Accounts have been produced in accordance with this guidance and regulation. The Legacy Corporation replaced the Olympic Park Legacy Company, a company limited by guarantee, established in 2009 to create a lasting legacy from the London 2012 Games. As part of the statutory instrument creating the Legacy Corporation, it took over the property, rights and liabilities of the Olympic Park Legacy Company.



ACCOUNTS



FINANCIAL REVIEW

Overview

It has been another busy year for the Legacy Corporation, which has seen the re-opening of the London Stadium following a period of significant transformation works, a series of successful events on the Park including the Shell Eco Marathon and progress on delivery of the Cultural and Education District (CED) vision, bringing world class arts and educational institutions to the Park. Details of the scheme and layout for the site will be announced later in 2017. The project remains on track to open the first buildings on Stratford Waterfront in autumn 2022. UCL's new campus in the Park has made good progress and major new employers are moving into Here East and the International Quarter London.

The Legacy Corporation has delivered strong revenue performance for the year. The opening of The Slide at the ArcelorMittal Orbit in June 2016 has proved a great success, helping to boost the attraction's financial performance from a net deficit of £0.7m last year to a net surplus (after allocated estate and facilities management costs) of £0.2m in 2016/17; current projections expect this trend to continue into 2017/18. The Legacy Corporation also managed to secure significant cost reductions and savings in areas such as estate and facilities management and utility costs at the London Aquatics Centre and Copper Box Arena.

Overall, LLDC's net capital funding requirement for the year from the Greater London Authority (GLA) was £59.8m, which reflected a small underspend against a budget of £60.9m. LLDC's planned capital expenditure for the year was £122.5m against which we spent £78.6m, reflecting mainly timing differences on capital projects, including CED. Whilst we have continued to welcome new residents to the homes being built at Chobham Manor, this underspend was offset by an adverse variance on capital income (£42.8m) mainly due to slippage in the timing of receipts from the Chobham Manor development and lower than expected contributions from CED partners due to changes in the delivery of design works.

Funding for the Legacy Corporation's programme for the development of the Park is on the basis that capital investment will be self-financing over the long term, repaid from capital receipts generated from the exploitation of the Legacy Corporation ownership of development platforms on and around the Park. In 2016/17 consistent with this, the Legacy Corporation drew down £55.8m of loan funding from the GLA reflecting actual cash drawn down to fund capital expenditure in the period and movements in accruals, bringing the total outstanding loan balance due to the GLA as at 31 March 2017 to £327.3m. Expected future capital receipts generate a long-term surplus for the GLA helping it to repay the National Lottery's investment in the London 2012 Games.

The Legacy Corporation's portfolio has been revalued at 31 March 2017 in line with accounting policies. The assets are being developed by the Legacy Corporation for their income potential and are classified as investment property. A number of valuation methodologies have been applied but the investment method, where rental income is capitalised at appropriate yields, and the profits method, where earnings are multiplied by an appropriate factor, predominate. The Legacy Corporation's investment property portfolio is now valued at £284.1m, a net decrease in fair value of £88.7m from the prior year, reflecting the lower level of residential development within the CED development plans (and the associated costs of the development) in the valuation of Queen Elizabeth Olympic Park development zones. The movements in long-term assets are detailed more fully in the note 13 to the accounts.

During the last quarter of 2016/17 work began on a revised masterplan for Stratford Waterfront (part of the CED project), due to changes to the London View Management Framework in the new London Plan, which has required a reduction in the size of the residential towers in the original CED scheme. These factors affect the layout of the site, and therefore aspects of its design, which has meant that around £16.8m of project costs incurred need to be expensed from the

Legacy Corporation's balance sheet and into its Comprehensive Income and Expenditure Statement, resulting in a charge this year to the General Fund.

A deferred tax liability of £37.8m is recognised within the Legacy Corporation's accounts in relation to its investment properties (2015/16: £58.5m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the increase in the value of its portfolio is realised. The CIPFA Code of Practice on Local Authority Accounting is silent on how to treat such deferred tax and the Legacy Corporation is required to revert to International Accounting Standards, which under IAS 12 (Income Taxes) charges the full liability to the General Fund – this is the approach followed by LLDC in prior years. During 2016/17, LLDC and the GLA secured an amendment to the Local Authorities Capital Finance and Accounting Regulations, which now permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities. This amendment takes effect from 1 April 2016 and now more accurately reflects the reality that the majority of the Legacy Corporation's future Corporation Tax liabilities will be generated by capital receipts. It also now means that the deferred tax charge can be recognised in the Legacy Corporation's Capital Adjustment Account, rather than the General Fund. The previous years' deferred tax charge has therefore been reversed and the updated liability (as at 31 March 2017) charged to the Capital Adjustment Account.

The Legacy Corporation is a member of a joint venture, E20 Stadium LLP, with Newham Legacy Investments Ltd, a subsidiary of the London Borough of Newham. This partnership is designed to give the local area ownership of a key asset within the Park – the London Stadium – under the terms of a 102 year lease. The partnership is responsible for the transformation of the Stadium to a multi-use venue along with further planned improvements to the Stadium that will deliver broad benefits across the range of its operations. The Legacy Corporation invested £35.3m in E20 Stadium LLP in the year under review.

A significant milestone in the London Stadium's history was reached this year when the works to transform it from its Olympic form to a multi-use arena were completed and the Stadium was formally handed over to its operator, London Stadium 185, a subsidiary of Vinci Stadium. Since then there have been a number of notable successes in its operations, including a major concert (AC/DC), Diamond League athletics and hosting West Ham United Football Club's first season playing Premier League football in the Stadium.

Notwithstanding these successes, forecasts of the partnership's financial outlook, particularly in relation to the cost of West Ham United Football Club matches and the cost of moving the relocatable seats between pitch (football) and athletics modes, has required an assessment of whether any of its contracts are now deemed to be onerous (loss-making). An assessment of its main contracts (in line with IAS 37) has concluded that two of these are deemed to be onerous. Consequently, within its draft 2016/17 accounts, E20 Stadium LLP has recognised a provision for these losses, adversely impacting its reported position for the year. Accordingly, as a member of the joint venture, LLDC is recognising its share of E20 Stadium LLP's reported loss within its Group Accounts – see note 14 for more information regarding the Legacy Corporation's investment in the joint venture.

E20 Stadium LLP's forecasts also impact upon the Stadium's valuation as at 31 March 2017. The fair value of the Stadium is assessed on an annual basis by independent valuers and based largely upon E20 Stadium LLP's long-term forecasts. It is therefore subject to fluctuation each year, particularly in the early stages of the partnership's operations. As at 31 March 2016 the Stadium's fair value was assessed to be £22.5m; however due to the inclusion of increased costs in E20 Stadium LLP's latest forecasts, the fair value of the Stadium is assessed by the independent valuers to be nil as at 31 March 2017; accordingly the value of the capital works on the Stadium are impaired in the partnership's draft accounts. In 2016/17 the total comprehensive loss of the partnership was

£268.2m of which £62.3m relates to the impairment of the Stadium capital works and £200.0m to the onerous contracts provision. Given this, the Legacy Corporation currently holds its interest in the partnership at nil value, and as a result the contribution made by the Legacy Corporation during the year (£35.3m) has been fully impaired.

Over the next couple of years on Queen Elizabeth Olympic Park we are expecting to see further homes coming to market on Chobham Manor and East Wick and Sweetwater and further retail, office and workshop accommodation at Here East. The International Quarter will welcome Transport for London (TfL) and the Financial Conduct Authority (FCA). Development of Hackney Wick Neighbourhood Centre will begin and development strategies for Pudding Mill Lane and Rick Roberts Way sites will be developed. Further into the future, the Legacy Corporation will welcome world class cultural and educational bodies to the Park in the Cultural and Education District.

Comprehensive Income and Expenditure Statement

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

£'000	2016/17	2016/17	2016/17
	Actual	**Budget**	**Variance**
Total net revenue expenditure	17,867	22,600	(4,733)
Trading net (surplus)/deficit	557	3,187	(2,630)
Total	**18,424**	**25,787**	**(7,363)**
Amounts included in the Comprehensive Income and Expenditure Statement not reported to management in the management accounts	(37,881)		
Amounts included in the management accounts not included in the Comprehensive Income and Expenditure Statement	33,350		
Net costs of services (as in the Comprehensive Income and Expenditure Statement)	**13,893**		

The Legacy Corporation's revenue performance has again been strong in 2016/17, generating income of £13.7m (£3.5m higher than budgeted) whilst containing expenditure well within budget (£32.2m against a budget of £36.1m). The Legacy Corporation seeks to manage its cost base down and has been efficient and effective in the use of its revenue resources.

The increase in income is driven mainly from trading activities, in particular the ArcelorMittal Orbit, where income was £0.7m higher than planned due to the success of The Slide since its opening in June, strong performance from events and filming on the Park and higher than budgeted planning-related income (planning fees, CIL administration fees and Quality Review Panel charges).

Balance sheet

The balance sheet as at 31 March 2017 is summarised below.

	31 March 2017	31 March 2016
	£'000	**£'000**
Long-term assets	302,255	387,178
Cash and cash equivalents	31,544	22,094
Net current assets/(liabilities)	(16,640)	(11,430)
Net pension liabilities	(15,588)	(8,805)
Other long-term liabilities	(378,576)	(337,438)
Net assets	**(77,006)**	**51,599**

Represented by		
Usable reserves	(3,426)	41,937
Unusable reserves	80,431	(93,536)
Total reserves	**77,006**	**(51,600)**

Long-term assets

The decrease in long-term assets relates largely to the net decrease in the fair value of investment property reflecting a change in assumptions regarding the Cultural and Education District development within this year's valuation. Whilst significant income from the sale of residential properties will be generated by the development, the number of residential properties being built on the site will be less than envisaged in the existing Legacy Communities Scheme outline planning permission. This reduction was previously expected to be re-provided elsewhere on the Corporation's development sites; however, reviews of capacity and density restrictions now mean this is less likely. Furthermore, due to planned changes to the London View Management Framework in the new London Plan, there has been a reduction in the size of the CED residential towers from the original scheme.

The Legacy Corporation's portfolio was valued as at 31 March 2016 by GL Hearn Limited – external, independent property valuers, who have appropriate recognised professional qualifications. The assets are being held by the Legacy Corporation for their income generating potential or for capital appreciation and have therefore been classified as investment property in accordance with IAS 40. Overall the value of investment assets has decreased from £372.8m at the end of last year to £284.1m as at 31 March 2017.

Cash and short-term investments

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

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 Deputy Chief Executive 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. The balance held with the GIS at 31 March 2017 is £15.8m (31 March 2016: £15.7m).

The Legacy Corporation does not hold significant cash balances. Working capital is requested from the GLA on a weekly basis based on forecast requirements. Cash inflows are generated from other sources including trading operations, planning fees and events held on the Park. Consequently, the Legacy Corporation has low sensitivity to variations in cash flow during the year. In 2016/17, the Legacy Corporation also received £7.9m in capital receipts from development land, which are forecast to grow significantly in the future. Future plans may be affected by a number of factors, including inflationary increases that affect the Legacy Corporation's capital and revenue costs, fluctuations in the House Price Index, planning assumptions and the level of affordable housing that are material to receipts from the disposal of development land, and potential changes to the Legacy Corporation's strategy, such as accelerating planned housing developments. The Legacy Corporation is following closely the impact of the EU referendum outcome on the property and construction sector in particular.

Pension scheme

The Legacy Corporation is a member of the Local Government Pension Scheme, administered by the London Pensions Fund Authority. The net liability (the amount by which pension liabilities exceed assets) affects the Legacy Corporation's net worth as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the Legacy Corporation's financial position in relation to its pension obligations remains healthy. The net pension liability as at 31 March 2017 has increased from £8.8m to £15.6m in 2016/17, however this is due to a change in the financial assumptions (e.g. discount rate) used by the actuary. A total of £0.4m (net) has been credited to the Comprehensive Income and Expenditure Statement of which £7.0m is related to the remeasurement of the net defined benefit liability, which is offset by service costs (£1.8m), net interest charged on the deferred liability (£0.4m) and the movement on the deferred tax pension asset (£1.3m). The deficit on the Pension Scheme will be made good by increased contributions by the Legacy Corporation over the employees' remaining working life, as assessed by the Scheme actuary.

Other assets and liabilities

The Legacy Corporation has a rolling loan facility with the Greater London Authority to finance the Legacy Corporation's capital expenditure. As at 31 March 2017, the Legacy Corporation had drawn down funding to the value of £327.3m. This loan will be repaid from capital receipts generated from the exploitation of the Legacy Corporation's ownership of development platforms on and around the Park.

£14.3m of liabilities on the Legacy Corporation's balance sheet relate to its obligation under the Olympic Park Transport Environment Management Strategy (OPTEMS) and Section 106 schemes. The Legacy Corporation has ring-fenced the funds required to meet its obligation.

Provisions and contingent liabilities

In 2015/16 the Legacy Corporation disclosed a contingent asset regarding its historic VAT recovery rate (1 April 2012 – 31 March 2015). Conclusion on the issue was reached with HMRC during 2016/17 and the Legacy Corporation received a repayment of VAT that it had overpaid during the period. Therefore, this contingent asset is no longer being recognised in the accounts.

A contingent liability was recognised last year in regard to the relocation of a road near the Here East building on Queen Elizabeth Olympic Park. Whilst the related construction work was to be done by Here East's contractor Laings, under the direction of Here East, and at the cost of the East Wick and Sweetwater (EWS) Developers, the Legacy Corporation provided a warranty such that until the EWS Development Agreement (DA) goes unconditional, it would provide an indemnity to the EWS Developer for the cost of the road and fees up to a maximum sum of £1.0m. The DA has since gone unconditional and no payments were required from the Legacy Corporation. Therefore, this contingent liability is no longer being recognised in the accounts.

The Legacy Corporation continues to recognise a contingent liability in relation to a loan of £11.3m (principal £9.2m plus unpaid interest), which was used to part fund the construction of the ArcelorMittal Orbit and is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMital Orbit as and when they are generated (firstly against interest on the loan then 50% against the principal thereafter). A discounted projected cash flow is used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in 2016/17.

No provisions are recognised as at 31 March 2017.

Reserves

At the end of the financial year, the Legacy Corporation had usable reserves of £3.4m in the General Fund. The level of usable reserve is closely monitored and is considered sufficient in light of the Legacy Corporation's funding by the GLA and its current and future financial challenges.

Forecasted net cash position

In line with the Legacy Corporation's approved long-term financial model as updated for the 2016/17 outturn, the net cash position of the Legacy Corporation's activities in the coming three years is expected to be as follows:

Capital

£'000	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m
Capital expenditure	**138.8**	**134.3**	**276.4**	**549.5**
Funded by:				
Capital receipts	(48.9)	(218.8)	(110.7)	(378.3)
Other grants/funding	(11.7)	(0.5)	(0.5)	(12.7)
Borrowing from GLA drawdown/(repayment)	(78.2)	84.9	(165.3)	(158.6)
Total funding	**(138.8)**	**(134.4)**	**(276.4)**	**(549.6)**

Revenue

£'000	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m
Income	(11.0)	(9.4)	(7.8)	(28.2)
Revenue expenditure	35.3	30.8	28.3	94.4
Financing costs	12.2	10.9	14.2	37.3
Net expenditure	**36.4**	**32.3**	**34.8**	**103.5**
Funded by:				
GLA funding for core activities	(16.8)	(16.8)	(16.8)	(50.4)
GLA funding for financing	(12.2)	(10.9)	(14.2)	(37.3)
Reserves	(7.4)	(3.8)	-	(11.2)
Net revenue position	**-**	**0.9**	**3.8**	**4.6**

Cost reduction and commercial income opportunities such as advertising, sponsorship and additional visitor attractions on the Park are being explored to assist in bridging the forecast revenue deficits in 2018/19 and 2019/20, however these are unlikely to eliminate the deficit and additional funding will be sought from the GLA.

Changes to accounting policies

The Legacy Corporation has not adopted any new accounting policies in 2016/17.

Commentary on key live projects

Cultural and Education District

The Cultural and Education District will be one of the most significant legacies of the London 2012 Games. It will bring together the world-class cultural institutions of the Victoria and Albert Museum (V&A) and Sadler's Wells Theatre, and first-rank educational institutions of University College London (UCL) and the University of the Arts London (UAL). Together, these institutions will form a new cultural and educational hub for east London, cementing the regeneration of the area, being a catalyst for job creation and economic growth, and strongly complementing the world-leading creative and technology sectors of east London. The developments will be located on Queen Elizabeth Olympic Park (QEOP).

In the light of planning issues around the strategic historic views, masterplanning for UAL, V&A, Sadler's Wells Theatre and associated public realm and infrastructure re-commenced for Royal Institute of British Architects (RIBA) stage 1 in May 2017. Work is progressing on the RIBA Stage 2 design of the Marshgate (South Lawn academic facilities) site by UCL and on the Pool Street (mixed-use student residential and academic) facilities by UCL.

The costs will be met through a mixture of partner and private sector funding, philanthropic funding and public sector funding from the GLA and Government, subject to a final business case. In total this investment is anticipated to generate 2,500 new jobs, economic benefits of over £1 billion at net present values and deliver 100,000m2 of cultural and educational space. The Legacy Corporation continues to work with partners to develop collaborative projects and proposals to help deliver the programme's strategic objectives. A Strategic Objectives Delivery Plan which sets out how the overall regeneration objectives of the project will be achieved is in draft form for completion in 2017/18.

Chobham Manor development

In November 2012 LLDC entered into a development agreement with Chobham Manor LLP (a joint venture between Taylor Wimpey and London & Quadrant). The development of 828 homes of which 28 per cent is affordable, will contain 75 per cent family housing (defined as three bedrooms or more) in line with planning requirements and will be supported by facilities including a nursery and community spaces.

The first homes were occupied from late 2015 and all the units on Phase 1 have been pre-sold. In 2016/17 the Legacy Corporation recognised £7.9m of capital receipts arising from its share of proceeds from sales of homes on the Chobham Manor site. The piling works for Phase 2 (207 homes) have continued on schedule and been completed for the first block where construction of the substructure has commenced. Applications for Reserved Matters Approval (RMA) for Phase 3 (253 homes) and Phase 4 (140 homes) were reported to the Planning Decisions Committee (PDC) in March 2017. The PDC has now granted consent for phases 3 and 4. This development zone is held as an investment property (as part of 'Queen Elizabeth Olympic Park' asset) in the Legacy Corporation's accounts, further detail of which is given in note 13.

East Wick and Sweetwater

Places for People and Balfour Beatty have been appointed to bring forward plans to create new neighbourhoods in East Wick and Sweetwater. The plans include building up to 1,500 new homes with up to 30 per cent affordable and 500 private homes to rent on the Park, six years ahead of the original masterplan. Work to develop East Wick and Sweetwater will create a vibrant new community on the west of the Park, linking to existing communities in Hackney Wick and Fish Island. The aim is to complete the development in 2023. The RMA for Phase 1 was granted planning permission in January 2017 and the start on site date is planned for late summer 2017.

Construction work on the infrastructure works for the development, including new roads and Fish Island bridges, is due to start on site in June

2017. An RMA and a non-material amendment for the Fish Island bridges (Monier Road and Stour Road) were submitted and granted planning permission by the PDC in March 2017. It is anticipated that the Legacy Corporation will begin to receive capital receipts from this development in 2019/20.

Hackney Wick Neighbourhood Centre

The outline planning application for the regeneration of the central area around Hackney Wick station was submitted for planning approval in April 2016. The application was submitted jointly with LB Hackney and prioritised retaining and re-providing employment space. Planning permission for the scheme was granted in April 2017.

Hackney Wick Station

Improvements to Hackney Wick Station have been identified as a key factor in helping to unlock the full economic potential of Hackney Wick. The Legacy Corporation has secured a loan of £8.5m from the London Enterprise Panel (LEP) and support from the London Boroughs of Hackney and Tower Hamlets for improvements to the station. The improvements include new routes to reduce journey-times between the station and Here East and Queen Elizabeth Olympic Park; a new and enlarged station concourse; the installation of lifts to the platforms; and the creation of a new north-south pedestrian route for both passengers and other pedestrians under the railway embankment. The Easter 2017 works to construct a new subway were undertaken successfully and on schedule. Piling has now been completed to the embankment retaining structures, and piling for the new ticket hall is underway. Work on the station is due to be completed by early 2018.

Bobby Moore Academy

The Bobby Moore Academy, a split-site all-through school consisting of a two form entry primary school at Sweetwater and a six form entry secondary school at Stadium Island, will be operated by the David Ross Education Trust. Construction on the primary school commenced in August 2016 and is due to open fully in December 2017 with sectional opening from September 2017. The construction phase on the secondary school commenced in November 2016 and is on schedule to meet its opening date of September 2018.

Leaway

Construction of the Twelvetrees Bridge pedestrian and cycle ramp at Bromley by Bow completed in the last quarter of 2016/17, closing a major gap in the Leaway continuous pedestrian and cycle route from Queen Elizabeth Olympic Park to the Royal Docks and River Thames. As a result of this and other works led by the Legacy Corporation the Leaway now runs off-road, alongside the river and canals, except for a short stretch between Cody Dock and Canning Town, which still uses roads. This final gap will be closed once Poplar Reach Bridge is constructed across the Lea as part of the Mayor of London's Poplar Housing Zone. As well as enabling many more people to enjoy the river valley, these small infrastructure projects are essential in allowing new homes to be built on a string of derelict post-industrial sites along the valley. The Legacy Corporation also completed work on behalf of LB Tower Hamlets to repair and enhance Silvocea Way, a riverside walkway along the west of the River Lea.

Prospects and outlook

Looking forward the Legacy Corporation has a number of key milestones to achieve in 2017/18.

The Legacy Corporation's significant residential projects, Chobham Manor and East Wick and Sweetwater, will provide new homes for people who want to live in the area. These projects will also generate significant capital receipts for the Legacy Corporation, enabling it to repay its borrowings from the GLA, and the GLA to repay the National Lottery's investment in the London 2012 Games.

Chobham Manor Phase 1 is due to complete in 2017/18 and East Wick and Sweetwater commence Phase 1 works in 2017/18.

Improvement works to the Hackney Wick Station will be completed and a developer for the Hackney Wick Neighbourhood Centre project appointed. These are key elements to the Legacy Corporation's vision to regenerate the Hackney Wick area.

New facilities created as part of the Cultural and Education District project will not only strengthen the Park's offer for national and international visitors, but also create a home for skilled artists, designers, academics, engineers, scientists, architects and craftspeople – and the global companies that need this talent. Key milestones in 2017/18 are submission of planning applications for both UCL's new campus and Stratford Waterfront, determination of the final business case to Government and completion of procurement for the construction of the Stratford Waterfront development. The Legacy Corporation anticipates a re-launch of the re-scoped programme in Autumn 2017.

Marquee events at the London Stadium will see it host the 2017 World Athletics Championship and the World Para Athletics Championships as well as a number of Summer concerts, which will further enhance the Stadium's reputation as a world-class multi-use stadium. West Ham United Football Club will also begin its second season in the stadium, bringing Premier League and cup football to Stratford.

In November 2016 the Mayor of London announced an investigation into the finances of the London Stadium. The review, being undertaken by Moore Stephens LLP, is due to report in autumn 2017 and focuses on a number of areas including the history of the Stadium's financial and operational arrangements, the key decision points and contractual commitments made and a forward-look at the Stadium's financial viability in terms of ongoing and future costs and revenue. The Legacy Corporation is currently working with Newham Legacy Investments Limited (a subsidiary of London Borough of Newham) to agree the funding structure for the E20 Stadium partnership in the period whilst the challenges covered by the review are addressed.

The Legacy Corporation has access to sufficient funding through the Greater London Authority to complete the development programme set out in its five year strategy and budget and begin to repay the investment made by the Greater London Authority in the Olympic legacy. The Corporation's four year budget was approved by the Legacy Corporation Board and the Mayor in March 2017, and will be revisited annually as part of the statutory budget process of the Greater London Authority.

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

Performance measures

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

Measure	Progress to 31 March 2017
Progression of Chobham Manor Development.	Block 1D is now complete with all 56 homes fully occupied, block 1C, with 109 homes, is due to complete by June 2017. Piling works for Phase 2 (207 homes) have continued on schedule. The PDC has now granted consent for phases 3 and 4.
East Wick and Sweetwater Phase 1 planning approved (RMA) and construction commenced.	The RMA for Phase 1 was granted planning permission in January 2017 and the start on site date is planned for later in 2017.
Phased opening of Mossbourne Riverside Academy for 2016/17 school year.	The three-form-entry primary school opened in its permanent location at East Wick on the Park in September 2016.
Construction start on the Bobby Moore Academy.	Construction on the primary school commenced in August 2016; construction work on the secondary school commenced in November 2016
Commencement of improvement works to infrastructure at Hackney Wick Station.	Construction commenced in August 2016 and is scheduled to conclude in February 2018.
Progress 3 Mills River Wall repairs.	Planning permission has been granted and enabling works will be completed in summer 2017. Main works are currently on hold pending a decision on the Studios' future use.
Hackney Wick Central: grant of outline planning permission.	Outline planning permission was granted in April 2017.
Rick Roberts Way: complete masterplanning brief.	LB Newham and stakeholders to reach agreement on a delivery strategy and programme, this will be informed by the completion of a capacity study, which commenced in this period following appointment of consultants and is due to be complete in July 2017.
Leaway: completion of Twelvetrees bridge ramp.	Construction of the Twelvetrees bridge ramp completed in December 2016.
Development of local neighbourhood centres at Hackney Wick, Bromley by Bow and Pudding Mill proceeding in line with plans.	Hackney Wick masterplan granted planning permission in April 2017. Bromley by Bow masterplan prepared with landowners and Supplementary Planning Documents (SPD) prepared by the Planning Policy and Decisions Team. Draft delivery strategy to be prepared in 2017/18. Pudding Mill Lane masterplan prepared and SPD adopted. Accelerated delivery options under review.

Measure	Progress to 31 March 2017
Commencement of improvement works to infrastructure at Stratford Station.	Planning permission has been granted and the project is on hold subject to funding.
Deliver an effective and responsive planning service. At least 70% of applications determined in time.	This target has been exceeded each month in 2016/17, ranging from 79% at its lowest to 96% at its highest.
Construction workforce targets (current rather than lifetime figures): • 25% of the workforce have permanent residency in Host Boroughs • 10% of the workforce were previously unemployed • 25% of the workforce are from BAME groups • 5% of the workforce are women • 3% of the workforce are disabled • 3% of the workforce are apprentices	The most recent figures available are to end of February 2017: • 33% of construction employees working on the Park are Host Borough residents • 3% of the workforce were previously unemployed • 33% of the workforce are from BAME groups • 3% of the workforce are women • 2% of the workforce are disabled (Disabled people as part of the construction workforce has been a historically challenging target not only for the LLDC but for the industry more broadly. LLDC is developing a program of activity focused on supporting under-represented groups to access employment and training opportunities in the construction industry and will monitor progressions into employment • 5% of the workforce are apprentices
Copper Box Arena and London Aquatics Centre workforce targets (current rather than lifetime figures): • 70% of the workforce have permanent residency in the Host Boroughs • 55% are from BAME groups • 50% are women • 3 – 5% are disabled	The most recent figures available are as of June 2016 (these figures are reported annually): • 72% workforce Host Borough residents • 41% are from BAME groups (see commentary below) • 51% workforce are women • 3% workforce are disabled
Estates and Facilities workforce targets (current rather than lifetime figures): • 70% of the workforce have permanent residency in the Host Boroughs • 25% are from BAME groups • 30% are women • 5% are disabled	As of March 2017 the workforce performance is shown below: • 67% workforce Host Borough residents • 61% workforce are from BAME groups • 32% workforce are women • 5% workforce are disabled
Permanent re-opening of the Stadium in the summer of 2016 in time for the 2016/17 football season.	Complete – the Stadium opened for the start of the 2016/17 football season.
Maintain Green Flag status for the Park.	Complete – Following a 'mystery shopper' visit The Green Flag status was awarded to the Park in July 2016 for a third successive year.

Measure	Progress to 31 March 2017
Meet estimate of 5.5 million visitors to the Park in 2016/17.	Exceeded forecast with 5.6million visitors to the Park.
London Aquatics Centre throughput of 712,000.	2016/17 throughput was 1,029,375 so this target has been exceeded.
Copper Box Arena throughput of 440,000.	2016/17 throughput was 447,843 so this target has been exceeded.
ArcelorMittal Orbit throughput of 163,000.	2016/17 throughput was 193,147 so this target has been exceeded.
Progression of masterplans and submission of outline planning application for the Culture and Education District.	Re-design and re-masterplan of Stratford Waterfront site has led to some delays; programme is being actively managed to minimise overall impact. Work has continued on the UCL East RIBA Stage 2 designs and planning application submitted for after the end of the year.
Manage the interface and build the strategic partnerships for Cultural and Education District, setting processes to ensure strategic objectives are achieved.	The development of Strategic plans for CED is ongoing; partners are working together and with others in east London to deliver projects and programmes aimed at achieving the CED's Strategic Objectives.
Progression of Stratford Waterfront residential development strategy.	Re-design and re-masterplan of Stratford Waterfront site has led to some delays; programme is being actively managed to minimise overall impact.
Deliver schools engagement programme through the Go! Schools network and encourage usage by partners. Number of schools participating in learning opportunities to enhance curriculum delivered in collaboration with CED partners.	Continued engagement with schools via Go! schools network. About 200 schools regularly engaged with through the network. 10 local schools supported in the Shell Bright Ideas challenge by UCL.
Meet sports participation targets across Active People, Active Park (APAP), Sport and Healthy Living and Motivate East.	All targets exceeded: APAP 88,905 participants against 39,103 target; sport and healthy living 47,819 participants against 15,000 target; and Motivate East ahead of schedule for 2 year target of 33,998 participants with 24,872 in the first year
Secure Active People Active Park extension until 2017.	Extension secured through Sport England for the programme to run until March 2018.
Health and safety: Construction undertaken without a fatal accident on site; to prevent any life-changing injury or occupational ill-health for any individual; and to minimise reportable accidents to a rate below 0.17 per 100,000 hours worked.	Over the past year we have fully achieved meeting this milestone, with no reportable accidents representing a rate of 0.0.

Measure	Progress to 31 March 2017
Unqualified annual accounts for 2015/16	Complete: Annual accounts approved with an unqualified opinion.

Corporate risks

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

Summary	Impact	Mitigation
Red risk that the Culture and Education District will be delayed or costs will be more than anticipated.	Significant financial implications and programme delays.	Effective design management and coordination. Cost control. Close work with partners, GLA and Government. Coordination with Planning. Engagement with HMRC.
Red risk to Culture and Education District funding.	Significant financial implications and programme delays.	Close working with Foundation for Future London. Development of Business Case for the project. Ensure best deal for residential funding.
Red risk relating to the delivery of revenue budget savings year on year and ensuring funding is secured.	Financial and/ or delivery impacts. Reputational impacts.	Effective budgeting and cost management and cost risk reporting. implement commercial strategy, tighter focus on housing development.
Red risk relating to the delivery of E20 Stadium Business Plan; current issues not resolved and structural changes are not made.	Financial and reputational impacts.	E20 Stadium LLP Board and funders considering commercial options.
Red risk that there are challenges to the ability of LLDC to return expected receipts from housing developments and re-pay borrowing.	Significant financial and reputational impacts.	Consider alternative deal structures to support generation of receipts Close working with GLA, including on affordable housing. Management focus on housing developments.
Red risk of potential reputational impact of future housing developments on the Park having a lower affordable housing percentage than the new Mayor of London's affordable housing aims.	Significant reputational implications.	Discussions with the GLA and partners; market analysis; development of housing strategy.
Red risk that increased construction costs in London will impact on the Legacy Corporation's construction projects.	Financial implications, reduced scope for capital projects.	Early cost reports, tight monitoring of inflation forecasts, value engineering where required, effective procurement and contracting strategy. Monitor impacts of exit from the EU.
Red risk relating to security on the Park and the threat level.	Reputational, operational and financial implications.	Monitoring threat levels across the Park ensuring appropriate security resource and implementation of new initiatives.
Red risk of challenges to the viability of future housing developments at Rick Roberts Way and Pudding Mill Lane.	Significant financial and reputational impacts.	Close working with the Mayor of London on housing strategy and planning, and with land owners.
Red risk of negative outcomes for LLDC of the Stadium Investigation.	Significant reputational impacts.	Close work with GLA; communications strategy.
Amber risk relating to agreeing future use for 3 Mills Studios.	Significant reputation impacts.	Discussions with stakeholders ahead of presenting options for a decision.

Summary	Impact	Mitigation
Amber risk relating to trading and activities including venues (CBA, LAC, AMO), events and car park.	Financial impacts, reduced income or increased costs.	Manage and monitoring financial targets and contracts. Spend to save initiatives, implement commercial strategy.
Amber risk to LLDC and the Mayor's reputation that the receipts generated from LLDC development do not repay borrowing and fully re-pay the National Lottery	Reputational impacts.	Close monitoring of long term forecasts and assumptions and working with the Mayor's office.
Amber risk of impact of changes to Board membership on timeliness of decision making.	Programme impacts.	Induction plans and briefings for new Board members.
Amber risk relating to the need to identify and implement savings in Park operational contracts.	Reputational, operational and financial implications.	Savings being identified, contractual negotiations ongoing.
Amber risk about successful implementation of the Local Plan.	Reputational impacts.	Progress reporting including annual monitoring report.
Amber risk relating to the potential impact of policy change on the Corporation.	Programme delays, budget impacts.	Continue political engagement work and briefings. Work through implications of withdrawal from the EU.
Amber risk about the impacts of health and safety failures on site.	The possibility of serious injuries or fatalities, the consequences of which may include significant delays and reputational damage.	A comprehensive health and safety programme is in place, designed to identify and manage the construction risks and led actively by LLDC and its project management partner.
Amber risk relating to failure to embed fraud and assurance processes.	Significant financial and reputational impacts.	New finance implemented; anti-fraud policy updated; financial and procurement controls; assurance from internal and external audit; ongoing fraud awareness briefings. Mandatory fraud workshop held for finance practitioners.
Amber risk that related development projects undertaken by third party organisations are not successful.	Negative knock on effect on the success of the Park and its developments.	Close working with partners to influence developments and monitor progress.
Risk relating to the success of off-Park developments.	Significant financial and reputational impacts.	Local Plan approved and being implemented. Work ongoing on development opportunities including Hackney Wick, Pudding Mill Lane, Bromley by Bow.
Green risk relating to Park visitor numbers and experience.	Significant reputational impacts.	Marketing plan, good customer services, animation of the Park through events. Positive initial figures for visitors to the Park.
Green risk relating to construction and development communications.	Impacts on the reputation of the Corporation.	Deliver a clear communication plan which manages expectations and explains the reasons for the construction work and communicates future developments.
Green risk relating to meeting priority theme targets and wider regeneration aspirations.	Significant reputation impacts.	A strong set of targets agreed through procurement and contracts; close working with partners.
Green risk relating to information security non-compliance.	Potential loss, theft or corruption of data with reputational and financial impacts.	Information security gap analysis complete, action plan being implemented. Ongoing information security briefings.

Purposes of major schedules within the financial statements

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

Comprehensive Income and Expenditure Statement

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

Balance sheet

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

Cash Flow Statement

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

Movement in reserves statement

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

STATEMENT OF RESPONSIBILITY FOR THE ACCOUNTS

The Legacy Corporation's responsibilities

The Legacy Corporation is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In the Legacy Corporation that officer is the Deputy Chief Executive;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Deputy Chief Executive's responsibilities

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

In preparing this Statement of Accounts, the Deputy Chief Executive has:

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

Certificate of the Deputy Chief Executive

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Legacy Corporation at the accounting date and of the income and expenditure for the year ended 31 March 2017.

Gerry Murphy
Deputy Chief Executive
28th July 2017

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

Opinion on the Corporation's financial statements

We have audited the financial statements of the London Legacy Development Corporation for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The Corporation's financial statements comprise the:

- Corporation and Group Movement in Reserves Statement;
- The Corporation and Group Comprehensive Income and Expenditure Statement;
- The Corporation and Group Balance Sheet;
- The Corporation and Group Cash Flow Statement; and
- The related notes 1 to 28 to the Corporation Accounts and notes 1 to 4 to the Group Accounts

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

As explained more fully in the Statement of the Deputy Chief Executive's Responsibilities set out on page 31, the Deputy Chief Executive is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, 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 and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Deputy Chief Executive and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the London Legacy Development Corporation as at 31 March 2017 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2017 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 2016/17.

Opinion on other matters

In our opinion, the information given in the Annual Report and Accounts 2016/17 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 is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Corporation;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Corporation's responsibilities

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

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the London Legacy Development Corporation had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the London Legacy Development Corporation put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the London Legacy Development Corporation had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, 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 2017.

Certificate

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

Debbie Hanson

Debbie Hanson
for and on behalf of Ernst & Young LLP,
Appointed Auditor
28th July 2017

The maintenance and integrity of the London Legacy Development Corporation web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2017

		Gross Income	Gross Expenditure	Net Expenditure
	Notes	**£'000**	**£'000**	**£'000**
Communication, Marketing and Strategy	2/4	(46)	2,118	2,072
Cultural & Education District	2/4	-	16,753	16,753
Development	2/4	(14)	13,626	13,612
Executive Office	2/4	-	2,362	2,362
Finance, Commercial and Corporate Services	2/4	(1,109)	5,520	4,411
Park Operations and Venues	2/4	(862)	1,875	1,013
Planning Policy & Decisions	2/4	(1,922)	2,836	914
Regeneration and Community Partnerships	2/4	(345)	3,861	3,516
Stadium	2/4	(469)	3,240	2,771
Corporate Items	2/4	(33,988)	457	(33,531)
Net cost of services		**(38,755)**	**52,648**	**13,893**
Financing and investment income	7	(9,681)	-	(9,681)
Change in fair value of investment properties	13	-	89,971	89,971
Impairment of investment in joint venture	14	-	35,332	35,332
Financing and investment expenditure	8	-	25,274	25,274
Capital grants and contributions	9	(10,469)	-	(10,469)
(Surplus) or deficit on provision of services before tax		**(58,905)**	**203,225**	**144,320**
Corporation tax	10	-	(822)	(822)
Deferred tax	10	(20,647)	-	(20,647)
(Surplus) or deficit on provision of services after tax		**(79,552)**	**202,403**	**122,851**
Other comprehensive income and expenditure				
Remeasurement of the net defined benefit liability/asset	18	5,753	-	5,753
Total comprehensive income and expenditure		**(73,799)**	**202,403**	**128,604**

For the year ended 31 March 2016

	Notes	Gross Income £'000	Gross Expenditure £'000	Net Expenditure £'000
Communication, Marketing and Strategy	2/4	(112)	2,717	2,605
Cultural & Education District	2/4	-	55	55
Development	2/4	(630)	8,739	8,109
Executive Office	2/4	-	2,235	2,235
Finance, Commercial and Corporate Services	2/4	(161)	7,965	7,804
Park Operations and Venues	2/4	(994)	237	(757)
Planning Policy & Decisions	2/4	(1,533)	2,368	835
Regeneration and Community Partnerships	2/4	(449)	3,999	3,550
Stadium	2/4	(691)	2,400	1,709
Corporate Items		(36,955)	428	(36,527)
Net cost of services		**(41,525)**	**31,143**	**(10,382)**
Financing and investment income	7	(10,158)	-	(10,158)
Change in fair value of investment properties	13	-	64,986	64,986
Impairment of investment in joint venture	14	-	90,103	90,103
Financing and investment expenditure	8	-	28,847	28,847
Capital grants and contributions	9	(8,596)	-	(8,596)
(Surplus) or deficit on provision of services before tax		**(60,279)**	**215,079**	**154,800**
Corporation tax	10	-	619	619
Deferred tax	10	-	5,051	5,051
(Surplus) or deficit on provision of services after tax		**(60,279)**	**220,749**	**160,470**
Other comprehensive income and expenditure				
Remeasurement of the net defined benefit liability/asset	18	-	(2,220)	(2,220)
Total comprehensive income and expenditure		**(60,279)**	**218,529**	**158,250**

BALANCE SHEET

As at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Long-term assets			
Intangible assets	11	38	92
Property, plant and equipment	12	17,230	13,424
Investment property	13	284,100	372,810
Investment in joint venture	14	-	-
Long-term debtors	15	887	852
		302,255	**387,178**
Current assets			
Short-term debtors	15	17,688	18,346
Cash and cash equivalents	16	31,544	22,094
		49,232	**40,440**
Total assets		**351,487**	**427,618**
Current liabilities			
Short-term creditors	17	(34,328)	(29,776)
		(34,328)	**(29,776)**
Long-term liabilities			
Long-term borrowing	17	(327,341)	(271,568)
Long-term creditors	17	(13,407)	(7,395)
Deferred tax liability	10	(37,828)	(58,475)
Retirement benefit obligation	18	(15,588)	(8,805)
		(394,164)	**(346,243)**
Total liabilities		**(428,492)**	**(376,019)**
Net assets		**(77,005)**	**51,599**
Reserves			
Usable reserves	20	(3,426)	41,937
Unusable reserves	20	80,431	(93,536)
Total reserves		**77,005**	**(51,599)**

These financial statements replace the unaudited financial statements certified by Gerry Murphy (Deputy Chief Executive) on 9 June 2017.

MOVEMENT IN RESERVES STATEMENT

As at 31 March 2017

	Notes	General Fund	Total usable reserve	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2016		41,937	41,937	(93,536)	(93,536)	(51,599)
Movement in reserves during 2016/17						
Deficit on the provision of services	From CIES	122,851	122,851	-	-	122,851
Other comprehensive income and expenditure	From CIES	(1,259)	(1,259)	7,012	7,012	5,753
Total comprehensive income and expenditure		**121,592**	**121,592**	**7,012**	**7,012**	**128,604**
Adjustments between accounting and funding basis under regulations	21	(166,955)	(166,955)	166,955	166,955	-
Transfer to reserve	20	–	–	–	–	–
Decrease/(increase) in 2016/17		**(45,363)**	**(45,363)**	**173,967**	**173,967**	**128,604**
Balance at 31 March 2017		**(3,426)**	**(3,426)**	**80,431**	**80,431**	**77,005**

As at 31 March 2016

	Notes	General Fund	Total usable reserve	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015		37,516	37,516	(247,368)	(247,368)	(209,852)
Movement in reserves during 2015/16						
Deficit on the provision of services	From CIES	160,470	160,470	-	-	160,470
Other comprehensive income and expenditure	From CIES	503	503	(2,723)	(2,723)	(2,220)
Total comprehensive income and expenditure		**160,973**	**160,973**	**(2,723)**	**(2,723)**	**158,250**
Adjustments between accounting and funding basis under regulations	21	(156,552)	(156,552)	156,552	156,552	-
Transfer to reserve	20	–	–	–	–	–
Decrease/(increase) in 2015/16		**4,421**	**4,421**	**153,832**	**153,832**	**158,253**
Balance at 31 March 2016		**41,937**	**41,937**	**(93,536)**	**(93,536)**	**(51,599)**

STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Surplus/(deficit) on the provision of services		(122,851)	(160,470)
Adjustments to net (deficit) for non-cash movements	19	137,837	175,818
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities	19	(10,469)	(11,741)
Net cash flows from operating activities		**4,517**	**3,607**
Investing activities	19	(55,293)	(101,786)
Financing activities	19	60,224	99,248
Net increase/(decrease) in cash and cash equivalents		**9,448**	**1,069**
Cash and cash equivalents at the start of the year		22,094	**21,025**
Cash and cash equivalents at the end of the year		**31,544**	**22,094**

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 2015 (the 2015 Regulations). These regulations require the financial statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), and the Service Reporting Code of Practice, supported by International Financial Reporting Standards adopted by the European Union (Adopted IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

The Statement of Accounts summarises the Legacy Corporation's and the Legacy Corporation Group's ("the Group") transactions for the 2016/17 financial year and its position at 31 March 2017. The Group financial statements have been prepared in accordance with the Code.

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

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

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

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

- Revenue from the provision of services is recognised when the Legacy Corporation can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Legacy Corporation;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

d. Going concern
The financial statements have been prepared on a going concern basis as it is considered that the Legacy Corporation has in place appropriate funding from the Greater London Authority, and other sources, and will therefore continue in operational existence for the foreseeable future and meet its liabilities as they fall due for payment.

e. Accounting Standards issued but not yet effective
The Code requires the Legacy Corporation to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the Statement of Accounts.

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

- amendment to the reporting of pension fund scheme transaction costs
- amendment to the reporting of investment concentration

The Legacy Corporation does not consider the above mentioned amendments to the Code and standards, amendments or interpretations issued by the IASB to be applicable.

f. Cash and cash equivalents

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

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

g. Critical judgements on applying accounting policies

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

Funding

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

Investment properties

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

E20 Stadium LLP

The Legacy Corporation is a Member of E20 Stadium LLP with the London Borough of Newham through its subsidiary Newham Legacy Investments Limited. The Legacy Corporation has made a judgement that its interest is classified as a joint venture according to IFRS 11 Joint Arrangements.

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

Joint ventures are accounted for using the equity method (equity-accounted investment) and are initially recognised at cost. The Group financial statements include the Group's share of the total comprehensive income and equity movements of equity-accounted investment, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. If the control structure of E20 Stadium LLP were to change then this could impact upon the Legacy's Corporation's judgement and require changes to the the way it accounts for its interest in E20 Stadium LLP.

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Investment properties	Investment property valuations have been based on the potential income to be generated by the various assets. Should evidence emerge that causes the Legacy Corporation to amend these estimates, the estimated fair value of its investment properties could change.	A reduction in the estimated valuations would result in a loss being recorded in the Comprehensive Income and Expenditure Statement (CIES). For example, a 10 per cent reduction in the value of the investment properties would result in a £28.4m charge to the CIES. Conversely, an increase in value would result in increases to the CIES.
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets. Assets under Construction are measured at historical cost where those costs are considered to meet the recognition criteria in IAS 16 (Property, plant and equipment).	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. During 2016/17 the Legacy Corporation has estimated the level of costs incurred in relation to the Cultural and Education District project that that no longer meet the recognition criteria of IAS16. The changes relate specifically to the Stratford Waterfront element of the project; UCL East is unaffected by the changes. Consideration of the adjusted costs has therefore been limited to those incurred in relation to Stratford Waterfront. Total project costs incurred to date can be divided as: • Stratford Waterfront (circa £29 million) • UCL East (circa £3 million) The majority of costs charged to revenue (rather than recognised in the balance sheet) relate to design works incurred in relation to Stratford Waterfront. The Legacy Corporation's assessment of these costs is based on the difference the original cost estimate for design works to this stage of the project and the revised cost estimate. This assumes that some of the work undertaken to date on the original scheme has continuing benefit for the re-scoped scheme. These estimations are judgmental and any changes to them would impact both the Balance Sheet and the Comprehensive Income and Expenditure Statement.
Pensions liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates to be used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The assumptions interact in complex ways. The actuaries review the assumptions triennially and changes are adjusted for in the Accounts. Details on sensitivity analysis can be found in note 18.

Item	Uncertainties	Effect if actual results differ from assumptions
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Legacy Corporation's assets and liabilities. Where Level 1 inputs are not available, the Legacy Corporation employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, external valuers GL Hearn). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 13 and 26.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Group Accounts (share of losses in joint venture)	The Legacy Corporation's Group Accounts include its share of losses in E20 Stadium LLP, which in 2016/17 include a number of estimations relation to the London Stadium's fair value and a provision for onerous contracts (see Narrative Report, page 16).	The Stadium's valuation and the provision for onerous contracts are based largely upon E20 Stadium LLP's long-term forecasts. If actual results were to differ from the underlying assumptions then this could have a material impact upon the Legacy Corporation's share of losses reported in its Group Accounts.

i. Events after the reporting period

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

Adjusting events

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

Non-adjusting events

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

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

j. Revenue recognition

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

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

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

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

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

k. Segmental reporting

Following the Telling the Story review the 2016/17 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis. These reports both include a segmental analysis which requires local authorities to report performance on the basis of how their organisations are structured and how they operate and monitor and manage financial performance.

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

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

Communications, Marketing and Strategy

The Communications, Marketing and Strategy directorate supports and delivers effective communications between the Legacy Corporation and its stakeholders, and manages online information to ensure it is accurate and up to date. It is responsible for preparing the Legacy Corporation's strategy concerning the organisation and its role.

Development

The Development directorate leads on the design, development and objectives of Queen Elizabeth Olympic Park. They are responsible for delivering the Legacy Communities Scheme - the Park masterplan which sets out new residential neighbourhoods as well as commercial, educational, recreational and other developments across the Park. They are also tasked with delivering the Legacy's Corporation's Cultural and Educational District project (though this is reported as if it were a separate 'directorate' in management reporting).

Executive Office

The Executive Office includes the Legacy Corporation's Chairman and Chief Executive and is linked to its Executive Management Team, who together lead the work that the Legacy Corporation does as an organisation.

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

Finance and Corporate Services

The Finance, Commercial and Corporate Services directorate provides support across the Legacy Corporation for finance, IT and information management, governance, programme management and assurance, commercial and procurement. As part of the Mayor's shared service agenda, legal and insurance services are provided by Transport for London, internal audit by MOPAC, the Mayor's Office of Policing and Crime, (both functional bodies within the Greater London Authority Group), and treasury management and secretariat services are provided by the Greater London Authority. In addition, the Legacy Corporation is part of the Greater London Authority Collaborative Procurement initiative. The directorate also provides finance and accounting support services to its joint venture E20 Stadium LLP.

Park Operations and Venues

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

Planning Policy and Decisions

The Planning Policy and Decisions Team fulfils a statutory function and contributes 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.

Regeneration and Community Partnerships

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

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

Stadium

The Stadium directorate is responsible for the delivery of the Olympic Stadium transformation works that enabled the Stadium to be ready to host full operations from Summer 2016, including West Ham Football Club's first Premier League season at the Stadium.

l. Government grants and contributions

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

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

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

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

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

Community Infrastructure Levy

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

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

m. Financing and investment income and expenditure

Financing and investment income comprises interest income on funds invested, changes in the fair values of investment properties and the expected return on pension assets. Interest income is recognised in the Comprehensive Income and Expenditure Statement as it accrues using the effective interest rate method. Financing and investment costs comprise interest expense on borrowings and finance lease liabilities and the expected cost of pension scheme defined benefit obligations.

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

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

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

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

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

q. Intangible assets
Other intangible assets
Software costs are measured at cost less accumulated depreciation and accumulated impairment losses.

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite. The estimated useful lives are three to five years.

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

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

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

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

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

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

Depreciation is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

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

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

Disposals

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

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

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

s. Interests in companies and other entities

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

t. Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

u. Provisions, contingents liabilities and contingents assets

Provisions

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

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

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

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

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

v. Foreign currencies
Transactions in currencies other than sterling are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences on monetary items are recognised in the Comprehensive Income and Expenditure Statement in the period in which they arise.

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

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

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

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

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

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

x. Leases (the Legacy Corporation as lessor)

Leased assets

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

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

Lease payments

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

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

y. Impairment of non-financial assets

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

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

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

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

z. Employee benefits

Defined benefit plans

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

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

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

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

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

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

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

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

The return on plan assets: excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

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

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

Defined benefit plans — multi-employer exemption

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

Other employee benefits

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

aa. Reserves

Reserves consist of two elements, usable and unusable.

Usable reserves are those that can be applied to fund expenditure. They are made up of the general fund, earmarked reserves, and the capital grants unapplied account.

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

ab. Financial instruments
Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ah. Prior period adjustments, changes in accounting policies and errors and estimates
Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Legacy Corporation's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

a) in the principal market for the asset or liability,

or

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

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

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

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

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

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

NOTES TO THE STATEMENT OF ACCOUNTS

1. Correction of prior period accounting errors

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

2. Gross income

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

	31 March 2017	31 March 2016
	£'000	£'000
Grants received	(34,273)	(37,623)
Planning fees	(1,289)	(1,163)
Recharges	(1,952)	(1,439)
Events income	(678)	(376)
Interest income on deposits	(5)	(101)
Other	(557)	(824)
	(38,755)	**(41,525)**

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

3. Expenditure and Funding Analysis

The information presented in this note represents accurate information of the segments used by management to drive the business (see Segmental Reporting accounting policy on pages 45-46).

2016/2017	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments for revenue items reported below Net Cost of Services (Note 1)	Other differences (Note 2)	Net Expenditure Chargeable to the General Fund Balances (Management Reporting)
Subjective analysis	**£'000**	**£'000**	**£'000**	**£'000**
Communication, Marketing and Strategy	2,072	-	12	2,084
Cultural & Education District	16,753	-	(16,753)	-
Development	13,612	(4)	(13,555)	53
Executive Office	2,362	(18)	(1)	2,343
Finance, Commercial and Corporate Services	4,411	(95)	(220)	4,096
Park Operations and Venues	1,013	4,527	(64)	5,476
Planning Policy & Decisions	914	(63)	18	869
Regeneration and Community Partnerships	3,516	-	(173)	3,343
Stadium	2,771	3	(2,902)	(128)
Management Reporting Total	**47,424**	**4,350**	**(33,639)**	**18,135**
GLA Grant	(33,988)			
Corporate Items	457			
Net Cost of Services	**13,893**			
Other income and expenditure (GF Only)	(59,256)			
Other income and expenditure (non-GF)	168,214			
Surplus or deficit	**122,851**			
Other income and expenditure (non-GF)	(168,214)			
Movement on General Fund balance	**(45,363)**			
Opening General Fund Balance at 31 March 2016	**41,937**			
Closing General Fund at 31 March 2017	**(3,426)**			

Notes
1. Income and expenditure that is reclassified as Finance and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement (CIES) in accordance with the CIPFA Code of Practice on Local Authority Accounting.
2. Adjustments that mainly relate to the recognition of revenue items that are permitted to be funded by capital resources under the Local Authorities Capital Finance and Accounting Regulations - these items are reported to management as capital expenditure for budgetary reasons.

2015/2016	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments for revenue items reported below Net Cost of Services (Note 1)	Other differences (Note 2)	Net Expenditure Chargeable to the General Fund Balances (Management Reporting)
Subjective analysis	**£'000**	**£'000**	**£'000**	**£'000**
Communication, Marketing and Strategy	2,605		(129)	2,476
Cultural & Education District	-		-	-
Development	8,112		(7,995)	117
Executive Office	2,235		(267)	1,968
Finance, Commercial and Corporate Services	7,856		(2,296)	5,560
Park Operations and Venues	(757)	8,931	4,112	12,286
Planning Policy & Decisions	835		(14)	821
Regeneration and Community Partnerships	3,550		(54)	3,496
Stadium	1,709		(1,642)	67
Management Reporting Total	**26,145**	**8,931**	**(8,286)**	**26,790**
GLA Grant	(36,955)			
Corporate Items	428			
Net Cost of Services	**(10,382)**			
Other income and expenditure (GF Only)	14,802			
Other income and expenditure (non-GF)	156,050			
Surplus or deficit	160,470			
Other income and expenditure (non-GF)	(156,050)			
Movement on General Fund balance	**4,420**			
Opening General Fund Balance at 31 March 2015	**37,516**			
Closing General Fund at 31 March 2016	**41,937**			

Notes

1. Income and expenditure that is reclassified as Finance and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement (CIES) in accordance with the CIPFA Code of Practice on Local Authority Accounting.
2. Adjustments that mainly relate to the recognition of revenue items that are permitted to be funded by capital resources under the Local Authorities Capital Finance and Accounting Regulations - these items are reported to management as capital expenditure for budgetary reasons.

4. Gross expenditure

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

	31 March 2017	31 March 2016
	£'000	£'000
Staff costs		
Wages and salaries	6,375	6,225
Social security costs	744	634
Pension costs	1,467	1,594
Other staff costs	255	376
Grants and contributions	1,042	1,545
Consultancy and Strategy Development costs	2,762	1,900
Accommodation costs	1,295	970
Legal fees	1,499	905
Communications, events and marketing	1,641	1,923
Agency and seconded staff costs	832	1,510
Irrecoverable VAT	(863)	-
REFCUS	13,278	6,552
REFCUS - Recharges	2,687	4,952
Insurance	935	89
Stationery	1,065	1,079
Security	4	3
Travel	46	25
Amortisation	126	40
Depreciation	331	388
Project costs expensed	16,753	-
Other	374	434
Total	**52,648**	**31,143**

Revenue Expenditure Funded from Capital under Statute (REFCUS) mainly relates to expenditure on the Hackney Wick Station project during 2016/17 and transformation works on the London Stadium (which is subsequently recharged to E20 Stadium LLP). Project costs expensed relate to the Cultural and Education District – see Narrative Report (page 15) for further details.

5. External audit fees

External audit fees are made up as follows:

	31 March 2017	31 March 2016
	£'000	£'000
Auditors' remuneration		
for statutory audit services	33	36
for non-statutory audit services	–	–
for non-audit services	–	–
Total	**33**	**36**

6. Remuneration

The Code requires disclosure of remuneration for the Legacy Corporation's employees whose total remuneration in the year was £50,000 or more, grouped in rising bands of £5,000. Senior employees are included in the following table; in line with the Code entries are banded according to actual payments in the year, rather than annual equivalent salaries

a. Employees' remuneration

	31 March 2017	31 March 2016
£	Number	Number
50,000- 54,999	7	6
55,000- 59,999	12	18
60,000- 64,999	9	8
65,000- 69,999	5	3
70,000- 74,999	3	3
75,000- 79,999	6	5
80,000- 84,999	-	3
85,000- 89,999	4	4
90,000- 94,999	2	-
95,000- 99,999	2	2
100,000- 104,999	3	2
105,000- 109,999	-	-
110,000- 114,999	-	1
115,000- 119,999	3	2
120,000- 124,999	1	-
125,000- 129,999	1	-
130,000- 134,999	-	1
135,000- 139,999	-	-
140,000 - 144,999	-	1
145,000 - 149,999	1	1
150,000- 154,999	2	2
155,000- 159,999	-	-
160,000- 164,999	-	-
165,000- 169,999	1	-
170,000- 174,999	-	-
175,000-179,999	1	1
180,000- 184,999	-	-
185,000- 189,999	-	-
190,000- 194,999	-	-
195,000- 199,999	-	-
200,000- 204,999	-	-
205,000- 209,999	-	-
210,000- 214,999	-	-
215,000- 219,999	-	1
220,000- 224,999	-	-
225,000- 229,999	-	-
230,000- 234,999	-	-
235,000- 239,999	1	-

Note – senior employees are included in the above table. The table is on a cash basis and includes a bonus paid in each year to CEO David Goldstone.

b. Senior employees' remuneration

31 March 2017

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
David Goldstone Chief Executive Officer	197	39	2	–	28	266
Colin Naish Executive Director of Stadium	179	–	–	–	21	200
Geraldine Murphy[1] Deputy Chief Executive Officer	167	–	1	–	15	183
Paul Brickell Executive Director of Regeneration and Community Partnerships	153	–	–	–	18	171
Mark Camley Executive Director of Park Operations and Venues	153	–	–	–	18	171
Rosanna Lawes Executive Director of Development	147	–	1	–	18	166
Anthony Hollingsworth Director of Planning Policy and Decisions Team	122	–	–	–	15	137
Ben Fletcher Director of Communication, Marketing and Strategy	126	–	–	–	15	141
Sally Hopper[2] Head of Human Resources	26	–	–	–	3	29
Andrea Gordon[3] Head of Human Resources	61	–	–	–	7	68

[1] Geraldine Murphy was appointed Deputy Chief Executive in July 2016. Annual equivalent salary full time is £172,000.
[2] Sally Hopper left in July 2016. Annual equivalent salary is £96,323.
[3] Andrea Gordon took up her post in August 2016. Annual equivalent salary is £96,323.

b. Senior employees' remuneration

31 March 2016

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
David Goldstone Chief Executive Officer	197	39	1	–	26	263
Colin Naish Executive Director of Stadium	178	–	–	–	21	199
Geraldine Murphy[1] Executive Director of Finance and Corporate Services	152	–	–	–	18	170
Paul Brickell Executive Director of Regeneration and Community Partnerships	152	–	–	–	18	170
Mark Camley Executive Director of Park Operations and Venues	147	–	–	–	18	165
Rosanna Lawes Executive Director of Development	140	–	1	–	17	158
Anthony Hollingsworth Director of Planning Policy and Decisions Team	117	–	–	–	14	131
Ben Fletcher Director of Communication, Marketing and Strategy	132	–	–	–	–	132
Sally Hopper[2] Head of Human Resources	88	–	–	–	11	99

1 Ms Murphy is 0.9 FTE, her equivalent salary is therefore £169,404.
2 Due to a job evaluation Ms Hopper's salary increased to £96,323 as at 1 November 2015.

c. Members' remuneration

31 March 2017

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
David Edmonds[1] Chairman	39	–	1	–	–	40
Lord Mawson Chair of the Regeneration and Communities Committee	28	–	–	–	–	28
Keith Edelman Chair of the Audit Committee	31	–	–	–	–	31
Nicky Dunn Member	24	–	–	–	–	24
Philip Lewis[2] Chair of the Planning Decisions Committee and Deputy Chairman	28	–	–	–	–	28
David Gregson Chair of the Investment Committee	35	–	–	–	–	35
Sonita Alleyne Member	14	–	–	–	–	14
Nicholas Bitel Member	14	–	–	–	–	14
Baroness Grey-Thompson Member	14	–	–	–	–	14
Sir Robin Wales Member	–	–	–	–	–	–
Jules Pipe[3] Member	–	–	–	–	–	–
Chris Robbins Member	–	–	–	–	–	–
John Biggs Member	–	–	–	–	–	–
Philip Glanville[4] Member	–	–	–	–	–	–

[1] David Edmonds resigned as Chairman and as a member of the Legacy Corporation Board on 2 November 2016. The salary above represents what he was paid in 2016/17 (pro-rated amount for his time in this role).

[2] Philip Lewis, in his capacity as the Deputy Chairman (unremunerated role), has fulfilled the role of Chairman since November 2016 pending the recruitment of a new Chairman.

[3] Jules Pipe on 29 July 2016 stood down as the Mayor of the London Borough of Hackney and a member of the Legacy Corporation Board to take up the role as the Mayor of London's Deputy Mayor for Planning, Regeneration and Skills. Jules Pipe was subsequently appointed to the Board by the Mayor of London on 1 August 2016

[4] Philip Glanville, following his election as the Mayor of Hackney, was appointed to the Board as the representative from Hackney on 24 October 2016.

c. Members' remuneration

31 March 2016

Name and title	Salary (including fees and allowances)	Bonuses	Expenses	Compensation for loss of office	Pension contribution	Total remuneration including pension contributions
	£'000	£'000	£'000	£'000	£'000	£'000
Boris Johnson[1] Chairman	–	–	–	–	–	–
Neale Coleman[2] Chairman and Deputy Chairman	–	–	–	–	–	–
David Edmonds[3] Chairman, Deputy Chairman and Chair of the Investment Committee	53	–	–	–	–	53
Lord Mawson Chair of the Regeneration and Communities Committee	28	–	–	–	–	28
Keith Edelman Chair of the Audit Committee and Operations Committee	28	–	–	–	–	28
Nicky Dunn Chair of the Park Opening	21	–	–	–	–	21
Philip Lewis[4] Chair of the Planning Decisions Committee and Deputy Chairman	28	–	–	–	–	28
David Gregson Chair of the Investment Committee	28	–	–	–	–	28
Sonita Alleyne Member	14	–	–	–	–	14
Nicholas Bitel Member	14	–	–	–	–	14
Jayne McGivern[5] Member	12	–	–	–	–	12
Baroness Grey-Thompson Member	14	–	–	–	–	14
David Ross[6] Member	9	–	–	–	–	9
Sir Robin Wales Member	–	–	–	–	–	–
Lutfur Rahman[7] Member	–	–	–	–	–	–
Jules Pipe Member	–	–	–	–	–	–
Chris Robbins Member	–	–	–	–	–	–
John Biggs[8] Member	–	–	–	–	–	–

1 Boris Johnson resigned as Chairman and a member of the Legacy Corporation Board on the 5 May 2015.
2 Neale Coleman was Deputy Chairman until June 2015 and then Chairman until September 2015.
3 David Edmonds was Chair of the Investment Committee until June 2015 when he was appointed Deputy Chairman. Then in September 2015 he became Chairman.
4 Philip Lewis was appointed Deputy Chairman in October 2015 (role is unremunerated).
5 Jayne McGivern service came to an end at the end of January 2016.
6 David Ross appointment on the board came to an end at the end of November 2015.
7 Lutfur Rahman ceased to be the Mayor of the London Borough of Tower Hamlets on the 23 April 2015 and so left the board.
8 John Biggs, the newly elected Mayor of Tower Hamlets, was appointed by the Mayor of London to the Legacy Corporation Board on 9 July 2015.

Termination payments

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

Non-compulsory exit packages	Number of staff 31 March 2017	Number of staff 31 March 2016	Total cost 31 March 2017	Total cost 31 March 2016
			£'000	**£'000**
£0–£20,000	1	3	7	17
£20,001–£40,000	1	–	32	–
£40,001–£60,000	1	–	45	–
£60,001–£80,000	1	–	66	–
£80,001–£100,000	–	–	–	–
£100,001–£150,000	1	–	138	–
£150,001–£200,000	–	–	–	–
£200,001–£250,000	–	–	–	–
£250,001–£300,000	–	–	–	–

7. Financing and investment income

	31 March 2017	31 March 2016
	£'000	**£'000**
Interest income on deposits	(13)	(21)
Income in relation to investment property	(9,668)	(6,993)
Net gain on disposal of investment property	-	(3,145)
Financing and investment income	**(9,681)**	**(10,158)**

Income in relation to investment property includes income generated by the Legacy Corporation's venues, such as the ArcelorMittal Orbit and 3 Mills Studios. Within the net gain on disposal of investment property are £7.9m of capital receipts from the Chobham Manor development (note these are offset by the corresponding reduction in asset value, resulting in a net gain of nil).

8. Financing and investment expenditure

	31 March 2017	31 March 2016
	£'000	**£'000**
Net interest on the net defined benefit liability (asset)	399	410
Expenditure in relation to investment property	14,625	20,414
Interest costs on borrowing	10,250	8,023
Financing and investment expenditure	**25,274**	**28,847**

Interest costs of £10.3m were incurred in 2016/17 relating to the GLA loan facility used to fund the Legacy Corporation's capital programmes.

9. Taxation and non-specific grant income

	31 March 2017	31 March 2016
	£'000	**£'000**
Other capital grants and contributions	(10,469)	(8,596)
Taxation and non-specific grant income	**(10,469)**	**(8,596)**

Other capital grants and contributions in 2016/17 include funding received by the Legacy Corporation towards the Hackney Wick Station project (£5.3m), recharges related to construction and back office services provided by the Legacy Corporation to E20 Stadium LLP (£2.7m) and contributions made by University College London (£0.8m) to the Cultural and Education District capital costs.

10. Corporation tax

a. Corporation tax

	31 March 2017	31 March 2016
	£'000	**£'000**
Net deficit on provision of services before tax	144,320	154,800
Remeasurement of the net defined benefit liability/asset	5,753	(2,220)
Non-taxable income/non-deductible expenditure	(158,663)	(155,675)
Profits chargeable to corporation tax (pre-losses)	**(8,590)**	**(3,095)**
Loss brought forward	8,590	-
Corporation tax	**-**	**619**
Corporation tax rebate (prior years)	(822)	-
Corporation tax	**(822)**	**619**

Due to the use of available taxable losses the Legacy Corporation Tax liability for 2016/17 is nil.

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

	Balance at 31 March 2016	Movement in period	Balance at 31 March 2017
	£'000	**£'000**	**£'000**
Deferred tax assets			
Investment property	1,474	(209)	1,265
Capital losses carried forward	1,800	(100)	1,700
Total	**3,274**	**(309)**	**2,965**
Deferred tax liabilities			
Investment property	(59,316)	21,032	(38,284)
Property, plant and equipment	(2,416)	(86)	(2,502)
Intangible assets	(17)	10	(7)
Total	**(61,749)**	**20,956**	**(40,793)**
Net deferred tax liability recognised in the surplus on the provision of services after tax	**(58,475)**	**20,647**	**(37,828)**
Deferred tax assets			
Pension	1,933	1,259	3,192
Net deferred tax asset recognised in other comprehensive income and expenditure	**1,933**	**1,259**	**3,192**

A net deferred tax liability of £37.8m is recognised within the Legacy Corporation's accounts in relation to its investment properties and property, plant and equipment (2015/16: £58.5m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the increase in the value of its portfolio is realised. The CIPFA Code of Practice on Local Authority Accounting is silent on how to treat such deferred tax and the Legacy Corporation is required to revert to International Accounting Standards, which under IAS 12 (Income Taxes) charges the full liability to the General Fund – this is the approach followed by LLDC in prior years.

However, during 2016/17, LLDC and the secured an amendment to the Local Authorities Capital Finance and Accounting Regulations, which now permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities. This amendment takes effect from 1 April 2016 and now more accurately reflects the reality that the majority of the Legacy Corporation's future Corporation Tax liabilities will be generated by capital receipts. It also now means that the deferred tax charge can be recognised in the Legacy Corporation's Capital Adjustment Account, rather than the General Fund. The previous years' deferred tax charge has therefore been reversed and the updated liability (as at 31 March 2017) charged to the Capital Adjustment Account.

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

The Legacy Corporation also has deferred tax assets (relating to its investment properties) of £14.0m that are not being recognised as there is currently no expectation that the gains will be realised through the sale of the associated assets. It also has an unrecognised deferred tax asset of £30.2m relating to its share of losses in the E20 Stadium LLP partnership.

Prior year comparators are shown below.

	Balance at 1 April 2015	Movement in period	Balance at 31 March 2016
	£'000	**£'000**	**£'000**
Deferred tax assets			
Investment property	18,611	(17,137)	1,474
Capital losses carried forward	2,000	(200)	1,800
Total	**20,611**	**(17,337)**	**3,274**
Deferred tax liabilities			
Investment property	(73,501)	14,185	(59,316)
Property, plant and equipment	(520)	(1,896)	(2,416)
Intangible assets	(14)	(3)	(17)
Total	**(74,035)**	**12,286**	**(61,749)**
Net deferred tax liability	**(53,424)**	**(5,051)**	**(58,475)**
Deferred tax assets			
Pension	2,436	(503)	1,933
Net deferred tax asset recognised in other comprehensive income and expenditure	**2,436**	**(503)**	**1,933**

11. Intangible assets

	Computer software	Licences	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2015	258	282	540
Additions	62	-	62
At 31 March 2016	320	282	602
At 1 April 2016	320	282	602
Additions	16	57	73
At 31 March 2017	**336**	**339**	**675**
Amortisation			
At 1 April 2015	188	282	470
Charged during the period	40	-	40
At 31 March 2016	228	282	510
At 1 April 2016	228	282	510
Charged during the period	98	27	126
At 31 March 2017	**326**	**309**	**636**
Net book value at 31 March 2016	**92**	**-**	**92**
Net book value at 31 March 2017	**9**	**29**	**38**

12. Property, plant and equipment

	Furniture, fixtures and fittings	Computer hardware, infrastructure and telecoms/office equipment	Motor vehicles	Assets under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2015	2,513	790	4	–	3,307
Additions	–	77	–	11,528	11,605
Disposals	–	–	–	–	–
At 31 March 2016	**2,513**	**867**	**4**	**11,528**	**14,913**
At 1 April 2016	2,513	867	4	11,528	14,913
Additions	58	16	–	20,816	20,890
Project costs expensed	–	–	–	(16,753)	(16,753)
Disposals	–	–	–	–	–
At 31 March 2017	**2,571**	**884**	**4**	**15,591**	**19,050**
Depreciation					
At 1 April 2015	449	647	4	–	1,100
Charged during the period	253	135	–	–	388
Reclassification	–	–	–	–	–
At 31 March 2016	**702**	**782**	**4**	–	**1,488**
At 1 April 2016	702	782	4	–	1,488
Charged during the period	277	54	–	–	331
Reclassification	–	–	–	–	–
At 31 March 2017	**979**	**836**	**4**	**–**	**1,819**
Net book value at 31 March 2016	**1,811**	**85**	**–**	**11,528**	**13,425**
Net book value at 31 March 2017	**1,592**	**47**	**–**	**15,591**	**17,230**

Assets under Construction relates to expenditure incurred in relation to the Cultural and Education District project (see Narrative Report, page 15, for further details of project costs expensed).

13. Investment property

	31 March 2017	31 March 2016
Valuation	**£'000**	**£'000**
Opening balance at 1 April	372,810	425,925
Additions: Subsequent expenditure	9,127	11,871
Disposals	(7,866)	-
Reclassification	-	-
Changes in fair value	(89,971)	(64,986)
Total investment property	**284,100**	**372,810**

The Legacy Corporation's portfolio was valued as at 31 March 2017 by GL Hearn Limited. The assets are being developed by the Legacy Corporation for their income-generating potential or for capital appreciation and have therefore been classified as Investment Property in accordance with IAS 40.

Investment property can be analysed as follows:

Asset	31 March 2017	31 March 2016	Change	Basis
	£'000	**£'000**	**£'000**	
London Aquatics Centre and Copper Box Arena	8,460	8,600	(140)	Greenwich Leisure Limited was appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10 year arrangement. These venues have been valued at £8.5m on the basis of the estimated future income the venues will produce, taking account of the £2.3m contribution to fit-out costs that the operator has made.
Here East (former Press and Broadcast Centre)	18,340	17,970	370	The valuation of the former Press and Broadcast Centre (now known as Here East) is based on the potential net income that the Legacy Corporation will receive over the 200 years of the lease with iCITY (London) Limited.
Multi-storey Car park	4,280	4,635	(355)	The valuation of the Multi Storey Car Park is based on the potential net income that the Legacy Corporation will receive over the 200 years licence with iCITY (London) Limited.
Stadium	1,500	1,500	-	The Stadium is subject to a lease to let the Stadium to E20 Stadium LLP until 2115. The Legacy Corporation reversionary interest discounted back to the present day is valued at £1.5m.
ArcelorMittal Orbit	7,715	4,865	2,850	The ArcelorMittal Orbit has been valued at £7.7m on the basis of the earnings that could be generated from operating the attraction. The increase in market value is related to the forecast improved trading, driven particularly by the introduction of The Slide in 2016, which has increased the income-generating capacity of the attraction.
Queen Elizabeth Olympic Park	195,270	310,055	(114,785)	The valuation of the Queen Elizabeth Olympic Park is based on residual appraisal. The decrease in market value is due to the change in designated use of the associated development platforms (i.e. less residential property than previously assumed). Furthermore, the costs associated with developing complex sites are being recognised.
3 Mills Studios	4,100	3,350	750	The 3 Mills Studio site is held on a lease with 88years outstanding. It has been valued on the investment method, assuming the buildings are let as offices and warehouses, and have adopted a market rent. The increase in value is mainly attributable to a rise in industrial and residential development land values over the last 12 months.
LTGDC transferred assets	13,555	8,525	5,030	These sites have been valued as industrial land, which has increased in value, using comparable evidence to establish market value, for all bar one property, where an estimated rental value was used.
Other assets	30,880	13,310	17,570	Other sites have been valued using a mixture of estimated rental values applying an appropriate yield and comparable market value information from similar sites. Both industrial and residential development land has increased in value over the last 12 months. Also a change in the apportionment of CED-related costs and development infrastructure costs is contributing to the increase.
Total	**284,100**	**372,810**	**(88,710)**	

Fair value hierarchy

Details of the Legacy Corporation's investment properties and information about the fair value hierarchy as at 31 March 2017 are as follows:

Asset	Fair Value as at 31 March 2017	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	£'000	£'000	£'000	£'000
London Aquatics Centre and Copper Box Arena	8,460	–	8,460	–
Here East (former Press and Broadcast Centre)	18,340	–	18,340	–
Multi Storey Car park	4,280	–	4,280	–
Stadium	1,500	–	–	1,500
ArcelorMittal Orbit	7,715	–	–	7,715
Queen Elizabeth Olympic Park	195,270	195,270	–	–
3 Mills Studios	4,100	4,100	–	–
LTGDC transferred assets	13,555	13,555	–	–
Other assets	30,880	30,480	280	120
Total	**284,100**	**243,405**	**31,360**	**9,335**

Transfers between levels of the fair value hierarchy

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

Valuation techniques used to determine Level 2 and 3 fair values for investment properties

Significant observable inputs — Level 2

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

Significant unobservable inputs — Level 3

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

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

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

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

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

14. Investments in joint venture
E20 Stadium LLP
The Legacy Corporation has an interest in a joint venture, E20 Stadium LLP, with the London Borough of Newham through its subsidiary Newham Legacy Investments Limited (NLI). E20 Stadium LLP is the only joint arrangement in which the Legacy Corporation currently participates. This partnership is designed to give the local area ownership of the Stadium and is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works required to deliver a multi-use sporting venue and operations of the venue, which is now the permanent home of West Ham United Football Club and the new national competition stadium for athletics in the UK.

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

	31 March 2017	31 March 2016
	£'000	£'000
Non-current assets	-	19,810
Current assets	3,970	5,830
Non-current liabilities	(180,787)	-
Current liabilities	(38,147)	(19,164)
Net assets	**(214,963)**	**6,476**
Revenue	6,588	3,870
Cost of sales	(10,614)	(7,826)
Operating expense	(205,206)	(2,060)
Impairment	(59,012)	(99,106)
Total comprehensive loss	**(268,245)**	**(105,122)**

Forecasts of the partnership's financial outlook, particularly in relation to the cost of hosting West Ham and the cost of moving the relocatable seats between pitch (football) and athletics modes, has required an assessment of whether any of its contracts are now deemed to be onerous (loss-making). An assessment of its main contracts (in line with IAS 37) has concluded that two of these are deemed to be onerous. Consequently, within its draft 2016/17 accounts, E20 Stadium LLP has recognised a provision for these losses, adversely impacting its reported position for the year.

E20 Stadium LLP's forecasts also impact upon the Stadium's valuation as at 31 March 2017. The fair value of the Stadium is assessed on an annual basis by independent valuers and based largely upon E20 Stadium LLP's long-term forecasts. It is therefore subject to fluctuation each year, particularly in the early stages of the partnership's operations. As at 31 March 2016 the Stadium's fair value was assessed to be £22.5m; however due to the inclusion of increased costs in E20 Stadium LLP's latest forecasts, the fair value of the Stadium is assessed by the independent valuers to be nil as at 31 March 2017; accordingly the value of the capital works on the Stadium are impaired in the partnership's draft accounts.

In 2016/17 the total comprehensive loss of the partnership was £268.2m of which £62.3m relates to the impairment of the Stadium capital works and £200.0m to the onerous contracts provision. Given this, the Legacy Corporation currently holds its interest in the partnership at nil value, and as a result the contribution made by the Legacy Corporation during the year has been fully impaired

The movements for the year can be detailed as follows:

	31 March 2017	31 March 2016
	£'000	£'000
Opening balance at 1 April	-	-
Investment during the year	35,332	90,103
Impairment	**(35,332)**	**(90,103)**

The Legacy Corporation invested £35.3m in E20 Stadium LLP in the year under review.

Capital commitments

The joint venture entered into three major contracts to undertake the transformation of the Stadium. As 31 March 2017, the remaining commitments on these contracts amount to £1.7m (2015/16: £24.2m). The Legacy Corporation is committed to finance the full amount of £1.7m (2015/16: £3.3m). The Legacy Corporation is committed to spend an additional £0.3m on the transformation of the Stadium on engagements contracted in its own name and recharged to the joint venture.

Working capital commitment

The joint venture is currently dependent for its working capital on funds provided by the members.

15. Short- and long-term debtors

	31 March 2017	31 March 2016
	£'000	£'000
Short term		
Central government bodies	4,339	937
Other local authorities	311	222
Other entities and individuals	13,038	17,187
Total short-term debtors	**17,688**	**18,346**
Long term		
Other entities and individuals	887	852
Total long-term debtors	**887**	**852**

The non-current debtor at 31 March 2017 (£0.9m) relates to a repayable loan issued to the Foundation for FutureLondon (FFL) charity in 2015/16.

16. Cash and cash equivalents

	31 March 2017	31 March 2016
	£'000	**£'000**
Cash in hand and at bank	15,752	6,392
Investments	15,792	15,702
Total cash and cash equivalents	**31,544**	**22,094**

17. Current and non-current liabilities

	31 March 2017	31 March 2016
	£'000	**£'000**
Current		
Central government bodies	(420)	(4,837)
Other local authorities	(15,003)	(8,999)
Other entities and individuals	(18,905)	(15,940)
Total current liabilities	**(34,328)**	**(29,776)**
Non-current		
Long-term borrowing	(327,341)	(271,568)
Section 106 contributions	(12,923)	(6,915)
Stadium rent premium	(484)	(480)
Long-term creditors	**(13,407)**	**(7,395)**
Deferred tax liability	(37,828)	(58,475)
Retirement benefit obligation (pension liability)	(15,588)	(8,805)
Total non-current liabilities	**(394,164)**	**(346,243)**

The Legacy Corporation has a rolling loan facility with the Greater London Authority to finance the Legacy Corporation's capital expenditure serving interest at the Public Works Loan Board 50-year rate. As at 31 March 2017, the Legacy Corporation had drawn down funding to the value of £327.3m. Interest payable in the year to 31 March 2017 is £10.3m.

18. Pensions

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

Local Government Pension Scheme

The Legacy Corporation provided the opportunity for its employees to participate in the Local Government Pension Scheme (LGPS). The LGPS is administered by the London Pension Fund Authority and is a defined benefit statutory scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme Regulations (1997). The fund's actuaries, Barnett Waddingham, carried out a full triennial valuation as at 31 March 2016, and the value of the liabilities as at this date has been rolled forward. Employers' and employees' contributions to the Scheme were determined by the actuary following this valuation. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The employers' contribution rate for 2016/17 was 12% (2015/16: 12%). Members pay contributions at rates correlating to pensionable salary bands. A surplus or deficit on the account would lead to an adjustment to the contribution rates, which are reviewed every three years. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023.

Employer contributions of £1.2m were paid in 2016/17 (2015/16: £1.0m). The number of participating employees was 104 active members as at 31 March 2017 (2015/16: 104 active members). There were 82 deferred pensioners and 11 actual pensioners at 31 March 2017.

Principal assumptions used by the actuary

	31 March 2017	31 March 2016
Expected return on assets	%	%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.4	23.0
Women	24.7	25.6
Longevity at 65 for future pensioners:		
Men	24.7	25.3
Women	26.9	27.9
Rate of inflation	3.6	3.4
Rate of increase in salaries	4.2	4.3
Rate of increase in pensions	2.7	2.5
Rate for discounting scheme liabilities	2.8	3.9

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

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2017	31 March 2016
	£'000	**£'000**
Service cost	1,772	1,837
Total included in net cost of services	**1,772**	**1,837**
Net interest on the defined liability	399	410
Administration expenses	15	16
Total included in deficit on provision of services before tax	**414**	**426**
Remeasurement of the net defined benefit liability/asset	7,012	(2,723)
Deferred tax asset on the net defined benefit liability	(1,259)	503
Total	**7,939**	**43**

Reconciliation of present value of the defined benefit obligation

	31 March 2017	31 March 2016
	£'000	**£'000**
Opening balance	**22,264**	**22,588**
Current service cost	1,593	1,837
Contributions by scheme participants	676	645
Change in financial assumptions	10,286	(3,192)
Change in demographic assumptions	39	-
Experience loss/(gain) on defined benefit obligations	(62)	-
Past service costs, including curtailments	179	-
Estimated benefits paid net of transfers in	(34)	(409)
Interest cost	883	795
Closing defined benefit obligation	**35,824**	**22,264**

Reconciliation of fair value of scheme assets

	31 March 2017	31 March 2016
	£'000	**£'000**
Opening balance	**11,526**	**10,406**
Interests on assets	484	385
Return on assets less interest	2,061	(469)
Other actuarial gains/(losses)	1,190	-
Administration expenses	(15)	(16)
Contributions by scheme participants	676	645
Contributions by the Legacy Corporation including unfunded benefits	1,156	984
Estimated benefit paid (net of transfers in and including unfunded)	(34)	(409)
Fair value of scheme assets as at 31 March	**17,044**	**11,526**

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

	31 March 2017	31 March 2016
	£'000	**£'000**
Present value of the defined benefit obligation	(35,824)	(22,264)
Fair value of plan assets	17,044	11,526
Deferred tax asset on the defined benefit obligation	3,192	1,933
Net liability arising from defined benefit obligation	**(15,588)**	**(8,805)**

Local Government Pension Scheme assets comprised

	31 March 2017	31 March 2017	31 March 2016	31 March 2016
	£'000	%	£'000	%
Employer asset share — bid value				
Equities	10,100	59%	5,355	46%
LDI / cash flow matching	-	n/a	1,168	10%
Target return portfolio	3,601	21%	2,452	21%
Infrastructure	897	5%	631	5%
Commodities	-	n/a	52	0%
Property	869	5%	411	4%
Cash	1,577	10%	1,457	14%
Total	**17,044**	**100%**	**11,526**	**100%**

Sensitivity analysis

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

Sensitivity analysis	£'000	£'000	£'000
Adjustment to discount rates	+0.1%	0.0%	-0.1%
Present value of total obligation	34,836	35,824	36,841
Projected service cost	2,608	2,691	2,777
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	35,995	35,824	35,655
Projected service cost	2,691	2,691	2,691
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	36,670	35,824	35,003
Projected service cost	2,777	2,691	2,608
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	37,033	35,824	34,655
Projected service cost	2,777	2,691	2,608

Impact on the Legacy Corporation's cash flows

The total contributions expected to be made to the Local Government Pension Scheme by the Legacy Corporation in the year to 31 March 2018 is £1.0m.

Homes and Communities Agency Pension Scheme

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

As at 31 March 2017, the overall deficit of the pension scheme was £276m, of which the Legacy Corporation's share represents 0.159% (£0.4m).

Contributions on behalf of the two employees who are members of the above scheme are accounted for in operating costs and amount to £25,027 in the year to 31 March 2016 (2016: £35,110) – note that one of these employees left the Legacy Corporation's employment during the year.

19. Cash flow notes

a. Adjustments to net deficit for non-cash movement

	31 March 2017	31 March 2016
	£'000	£'000
Depreciation of property plant and equipment	331	388
Amortisation of intangibles	126	40
Project costs expensed	16,753	-
Reversal of defined benefit pensions services costs	2,186	2,263
Increase in interest debtors	-	-
Reversal of impairment on investment in joint venture	35,332	90,103
Cash payments for employer's contributions to pension funds	(1,156)	(984)
(Increase) in trade and other debtors	625	1,691
Increase/(decrease) in trade and other creditors	6,450	12,222
Increase/(decrease) in deferred tax liability	(20,647)	5,051
Increase/(decrease) in bad debt provision	(2)	64
Other non cash movement	-	-
Net book value of non-current assets disposal	7,866	-
Changes in Fair Value of Investment Property	89,971	64,986
Tax paid	-	-
Stadium Lease Premium	3	(5)
Adjustment to net deficit for non cash movements	**137,837**	**175,819**
Adjust for items included in the net deficit on the provisions of services that are investing or financing activities		
Capital grants and contributions credited to the deficit on the provision of services	10,469	8,596
Gain/loss on sale of investment property	–	3,145

b. Investing activities

	31 March 2017	31 March 2016
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(30,430)	(23,423)
Investment in joint venture	(35,332)	(90,103)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets proceeds from sale of land and buildings	–	3,145
Capital grant received and other capital receipts	10,469	8,596
Net cash outflow from investing activities	**(55,293)**	**(101,786)**

c. Financing activities

	31 March 2017	31 March 2016
	£'000	£'000
Borrowings	55,773	100,942
Movement on OPTEMS fund	(1,558)	(3,016)
Movement on S106 fund	6,009	1,322
Net cash flow from financing activities	**60,224**	**99,248**

20. Reserves

Usable reserves

At the end of the financial year, the Legacy Corporation had usable reserves of £3.4m in the General Fund.

A deferred tax liability of £37.8m is recognised within the Legacy Corporation's accounts in relation to its investment properties (2015/16: £58.5m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the increase in the value of its portfolio is realised. The CIPFA Code of Practice on Local Authority Accounting is silent on how to treat such deferred tax and the Legacy Corporation is required to revert to International Accounting Standards, which under IAS 12 (Income Taxes) charges the full liability to the General Fund – this is the approach followed by LLDC in prior years. During 2016/17, however, LLDC along with colleagues from the GLA secured an amendment to the Local Authorities Capital Finance and Accounting Regulations, which now permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities. This now more accurately reflects the reality that the majority of LLDC's future Corporation Tax liabilities will be generated by capital receipts. It also now means that the deferred tax charge can be recognised in the Corporation's Capital Adjustment Account, rather than the General Fund. The previous years' deferred tax charge has therefore been reversed out of the General Fund and the updated liability (as at 31 March 2017) charged to the Capital Adjustment Account.

General fund

	31 March 2017	31 March 2016
	£'000	£'000
Balance as at 1 April (excluding deferred tax)	(13,499)	(12,869)
Movements (excluding deferred tax)	10,073	(630)
Balance at 31 March before recognition of deferred tax	**(3,426)**	**(13,499)**
Deferred tax — balance brought forward	55,436	50,385
Deferred tax — movement in year	(55,436)	5,051
Balance at 31 March	**(3,426)**	**41,937**

Unusable reserves

	31 March 2017	31 March 2016
	£'000	£'000
Capital Adjustment Account	61,551	(104,341)
Pensions reserve	18,780	10,738
Accumulated Absences Account	101	66
Balance unusable reserves at 31 March	**80,431**	**(93,537)**

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

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

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

Further breakdown within unusable reserves is shown below.

Capital Adjustment Account

	31 March 2017	31 March 2016
	£'000	£'000
Balance as at 1 April	(104,341)	(259,621)
Charges for depreciation and amortisation	456	428
Capital grants and contributions applied	(10,468)	(11,741)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,866	–
Capital receipts received during the year	(7,866)	–
Revenue expenditure funded from capital under statute	15,966	11,504
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Statement	125,302	155,089
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Statement	34,636	–
Movement in the fair value of loan charged to the Comprehensive Income and Expenditure Statement	–	–
Balance at 31 March	**61,551**	**(104,341)**

Pensions reserve

	31 March 2017	31 March 2016
	£'000	£'000
Balance as at 1 April	10,738	12,182
Remeasurements of the net defined benefit liability/(asset)	7,012	(2,723)
Reversal of charges relating to retirement benefits	2,186	2,263
Employer's pension contribution and direct payments to pensioners payable in the year	(1,156)	(984)
Balance at 31 March	**18,780**	**10,738**

Accumulated absences reserve

	31 March 2017	31 March 2016
	£'000	£'000
Balance as at 1 April	66	72
Settlement or cancellation of accrual made at the end of the preceding year	(66)	(72)
Amounts accrued at the end of the current year	101	66
Balance at 31 March	**101**	**66**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements	(35)	6

21. Adjustments between accounting basis and funding under regulations

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

For the year ended 31 March 2017

	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	(455)	–	–	(455)	455
Movements in the market value of investment property	(89,971)	–	–	(89,971)	89,971
Disposals of investment property	(7,866)	–	–	(7,866)	7,866
Deferred tax liability on the movements	(34,636)	–	–	(34,636)	34,636
Impairment of joint venture investment	(35,332)	–	–	(35,322)	35,332
Capital grants and contributions applied	10,469	–	–	10,469	(10,469)
Revenue expenditure funded from capital under statute	(15,966)	–	–	(15,966)	15,966
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	7,866	(7,866)	–	–	–
Use of the Capital Receipts Reserve to finance new capital expenditure	–	7,866	–	7,866	(7,866)
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,186)	–	–	(2,186)	2,186
Employer's pensions contributions and direct payments to pensioners payable in year	1,156	–	–	1,156	(1,156)
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	(35)	–	–	(35)	35
Total adjustments	**(166,955)**	**–**	**–**	**(166,955)**	**166,955**

For the year ended 31 March 2016

	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	(427)	–	–	(427)	427
Movements in the market value of investment property	(64,986)	–	–	(64,986)	64,986
Deferred tax liability on the movements in the market value of investment properties	–	–	–	–	–
Impairment of joint venture investment	(90,103)	–	–	(90,103)	90,103
Capital grants and contributions applied	8,596	–	–	8,596	(8,596)
Revenue expenditure funded from capital under statute	(11,504)	–	–	(11,504)	11,504
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	3,145	(3,145)	–	–	–
Use of the Capital Receipts Reserve to finance new capital expenditure	–	3,145	–	3,145	(3,145)
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,263)	–	–	(2,263)	2,263
Employer's pensions contributions and direct payments to pensioners payable in year	984	–	–	984	(984)
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	6	–	–	6	(6)
Total adjustments	**(156,552)**	**–**	**–**	**(156,552)**	**156,552**

22. Trading operations

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

3 Mills Studios: The Legacy Corporation holds a 99-year lease over 3 Mills Studios from Lee Valley Regional Park Authority, of which the unexpired term is 87 years. The Studios were managed in the year to 31 March 2017 by Knight Frank on behalf of the Legacy Corporation.

ArcelorMittal Orbit: The ArcelorMittal Orbit is managed by Engie (formerly known as Cofely) on behalf of the Legacy Corporation and was opened to the public in April 2014. The revenues from the ArcelorMittal Orbit mainly comprise ticketing sales, catering sales and fees, charges relating to private functions and special events. A new Slide launched in June 2016; it is the tallest and longest tunnel slide in the world.

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

London Aquatics Centre and Copper Box Arena: The Copper Box Arena, a multi-use arena that played host to a number of events during the London 2012 Games, and the London Aquatics Centre, a world-class swimming facility, are both operated by Greenwich Leisure Limited. The venue has had over 2.8 million visitors since it opened in April 2014, with 3,000 school children attending weekly lessons and 3,800 young people signed up to the Better Swim School programme and 700 to the learn to dive programme. With its iconic design, it attracts visitors to the Park, providing economic benefits to the wider area.

Timber Lodge: The Timber Lodge Cafe started operations in July 2013. The Legacy Corporation has a head lease from Lee Valley Regional Park Authority for the Timber Lodge, which is operated by The Camden Society. The venue provides space to be rented out to community groups and local businesses and, along with The Podium in the South Park, provides Park public conveniences.

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

Operation		**31 March 2017**	**31 March 2017**	**31 March 2016**	**31 March 2016**
		£'000	**£'000**	**£'000**	**£'000**
3 Mills	Turnover	(4,153)		(3,903)	
	Expenditure	3,377		3,385	
	EFM	-		-	
	Deficit/(surplus)		(776)		(518)
ArcelorMittal Orbit	Turnover	(1,776)		(965)	
	Expenditure	1,386		1,362	
	EFM	183		265	
	Deficit/(surplus)		(207)		662
The Podium	Turnover	(271)		(319)	
	Expenditure	3		11	
	EFM	183		167	
	Deficit/(surplus)		(85)		(141)
London Aquatics Centre	Turnover	(51)		(59)	
	Expenditure	119		1,537	
	EFM	1,374		800	
	Deficit/(surplus)		1,442		2,278
Copper Box Arena	Turnover	(71)		(65)	
	Expenditure	40		(132)	
	EFM	859		458	
	Deficit/(surplus)		828		261
Timber Lodge	Turnover	(76)		(82)	
	Expenditure	26		16	
	EFM	88		102	
	Deficit/(surplus)		38		36
Off-Park assets	Turnover	(833)		(882)	
	Expenditure	150		264	
	EFM	-		-	
	Deficit/(surplus)		(683)		(618)
	Net deficit on trading operations		**557**		**1,960**

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

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

A review of the drivers used in the apportionment has led to an increase in the amount of EFM costs recharged to the London Aquatics Centre and Copper Box Arena in 2016/17. However, offsetting this on the London Aquatics Centre are significant cost savings realised in-year as a result of work undertaken to reduce utility costs, for example the introduction of destratification fans in the main competition area to drive heat back down to pool-side level.

Summary	31 March 2017	31 March 2016
	£'000	£'000
Income in relation to investment property	(7,231)	(6,275)
Expenditure in relation to investment property	7,788	8,235
Net deficit on trading operations charged to financing and investment	557	1,960

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

The related parties to the Legacy Corporation are central government, other public bodies (including the Greater London Authority), entities controlled or significantly influenced by the Legacy Corporation, and its Members and Executive Management Team. This note has been prepared on a payments and receipts basis.

Central government and other public bodies — income and expenditure

All relationships were as delivery partners to the Legacy Corporation and significant transactions for the years ended 31 March 2016 and 2017 were as follows:

	31 March 2017	31 March 2016
	£'000	£'000
Income		
Greater London Authority[1]	(38,334)	(37,125)
E20 Stadium LLP[2]	(8,956)	(5,630)
Transport for London[3]	(816)	(213)
London Borough of Newham[4]	(15)	(44)
Lee Valley Regional Park Authority	(1)	-
London Borough of Hackney[5]	(705)	(25)
London Borough of Waltham Forest[6]	-	(1)
London Borough of Barking and Dagenham	-	(3)
Foundation for Future London (FFL)[7]	(93)	(184)
London Borough of Tower Hamlets[8]	-	(186)
London Borough of Haringey	(43)	-
British Broadcasting Corporation[9]	(12)	(9)
Expenditure		
Greater London Authority[1]	10,432	8,190
E20 Stadium LLP[2]	11	-
Transport for London[3]	1,361	1,647
London Borough of Newham[4]	1,379	1,016
Lee Valley Regional Park Authority	107	79
London Borough of Hackney[5]	3,091	2,872
London Borough of Waltham Forest[6]	43	161
Foundation for Future London (FFL)[7]	165	486
London Borough of Tower Hamlets[8]	133	734
London Borough of Haringey	-	10

[1] Jules Pipe is the Mayor of London's Deputy Mayor for Planning, Regeneration and Skills. Until May 2016 LLDC Board member John Biggs was a London Assembly Member.

[2] LLDC Board members Keith Edelman, David Gregson and Nicky Dunn are E20 Stadium LLP board members. LLDC Board member Sir Robin Wales was an E20 Stadium LLP board member. Previous LLDC Chairman David Edmonds was the Chairman of E20 Stadium LLP. LLDC Chief Executive Officer David Goldstone is an E20 Stadium LLP Ex Officio board member.

[3] LLDC Board member Baroness Grey-Thompson is a Transport for London (TfL) board member.

[4] LLDC Board member Sir Robin Wales is Mayor of Newham.

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

[6] LLDC Board member Cllr Chris Robbins is Leader of Waltham Forest council

[7] In April 2015, The Legacy List merged with a newly formed independent charity The Foundation for Future London (FFL). Previous LLDC Chairman David Edmonds was a FFL Board Member. LLDC Chief Executive Officer David Goldstone is a FFL Board Observer. Deputy Chief Executive Geraldine Murphy is a FFL Trustee.

[8] LLDC Board member John Biggs is the Executive Mayor of Tower Hamlets

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

Members and Executive Management Team — income and expenditure

Members of the Legacy Corporation have direct control over the Legacy Corporation's financial and operating policies. The total of Members' allowances paid in 2016/17 is shown in note 6.

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

Other related parties transactions for Members are disclosed as follows:

Organisation	Income 31 March 2017	Income 31 March 2016	Expenditure 31 March 2017	Expenditure 31 March 2016	Nature of relationship
	£'000	£'000	£'000	£'000	
Bromley By Bow Centre	–	–	44	39	LLDC Chair of the Regeneration and Communities Committee Lord Mawson is also the Founder and President of Bromley By Bow Centre.
Deloitte	–	–	289	348	Partner to Executive Director of Development Rosanna Lawes is a Director of Deloitte
KPMG LLP	–	–	6	181	LLDC Member Baroness Grey-Thompson is a member of the Diversity and Inclusion Board of KPMG LLP
London and Surrey Cycling Partnership	(103)	(66)	–	–	LLDC Member Nick Bitel is a Board member of the London and Surrey Cycling Partnership
Nightingale Consultants	–	–	4	2	Partner to Director of Communication, Marketing and Strategy Ben Fletcher is a Director of Nightingale Consultants
Precise Media Group	–	–	40	35	LLDC Board Member David Gregson was the Chairman of Precise Media Group.
PWC	–	–	–	7	LLDC Member Nicky Dunn was engaged by PWC Ireland as a consultant
London 2017 Ltd	(1)	–	–	–	LLDC Chief Executive Officer David Goldstone is a London 2017 Ltd Board Member.
World Urban Parks	–	–	1	–	LLDC Executive Director of Park Operations and Venues Mark Camley is a World Urban Parks Director.
Sport England	(263)	(95)	–	–	LLDC Chief Executive Officer David Goldstone is a Sport England Board Member. LLDC Member Nick Bitel is the Sport England Chairman.

Related parties — outstanding balances

Outstanding balances with related parties as at 31 March 2017 and 2016 are as follows:

Organisation	Income 31 March 2017	Income 31 March 2016	Expenditure 31 March 2017	Expenditure 31 March 2016
	£'000	£'000	£'000	£'000
E20 Stadium LLP	(810)	(5,439)	-	-
Greater London Authority	(18)	(175)	327,341	279,591
London Borough of Hackney	-	(30)	96	-
Lee Valley Regional Park Authority	-	-	-	2
Transport for London	-	-	18	-
Foundation for Future London (FFL)	-	(42)	-	-
Deloitte	-	-	35	-

24. Operating leases

a. Leases as lessee

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

	31 March 2017	31 March 2016
	£'000	£'000
Within one year	1,126	1,765
Between 2–5 years	4,504	4,504
Over five years	35,331	36,457
	40,961	**42,726**

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

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

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2017	31 March 2016
	£'000	£'000
Rent payable in year	1,627	1,623
	1,627	**1,623**

b. Leases as lessor

Details of properties leased include:

- London Aquatics Centre and Copper Box Arena: Greenwich Leisure Limited has been appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10-year arrangement.
- Stadium Island: leased to E20 Stadium LLP under a 102 year lease arrangement.
- Here East: leased to iCITY (London) Limited over a 200-year lease.
- Multi Storey Car Park: proportion of spaces leased to iCITY (London) Limited.
- Off Park rental properties: currently leased by a mixture of industrial and residential tenants.
- Queen Elizabeth Olympic Park: various cafe and kiosks leased across the Park, including the Podium and Timber Lodge.
- Chobham Manor: leased to Chobham Manor LLP for residential and business development over a 250-year lease.

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

	31 March 2017	31 March 2016
	£'000	**£'000**
Within one year	2,941	3,038
Between 2–5 years	9,929	10,538
Over five years	437,160	439,491
	450,030	**453,067**

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2017	31 March 2016
	£'000	**£'000**
Rent receivable in year	2,947	2,047
	2,947	**2,047**

25. Capital expenditure and capital financing

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

Financial assets	31 March 2017	31 March 2016
	£'000	**£'000**
Opening capital financing requirement	**282,824**	**168,580**
Capital investment		
Property plant and equipment	20,890	11,605
Investment property	9,127	11,871
Investment in joint venture	35,332	90,103
Intangible assets	73	50
Revenue expenditure funded from capital under statute	15,966	11,504
Loans to third parties	–	852
Sources of finance		
Government grants and other contributions	(18,334)	(11,741)
Closing capital financing requirement	**345,877**	**282,824**
Explanation of movement in year **Sources of finance**		
Opening capital financing requirement	282,824	168,580
Increase/(decrease) in underlying need to borrow	63,053	114,244
Closing capital financing requirement	**345,877**	**282,824**

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

26. Financial instruments

Categories of financial instruments

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

	31 March 2017	31 March 2016
	£'000	£'000
Financial assets		
Current		
Loans and receivable at amortised costs	9,364	12,750
Net cash and cash equivalents	31,544	22,094
Non-current		
Loans and receivable at amortised costs	887	852
Total financial assets	**41,795**	**35,696**
Financial liabilities		
Current		
Financial liabilities at amortised costs	(15,515)	(6,969)
Non-current		
Financial liabilities at amortised costs	(340,748)	(278,963)
Total financial liabilities	**(356,263)**	**(285,932)**

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

Income, expense, gains and losses

	2016/17 Financial liabilities measured at amortised costs	2016/17 Financial assets: loans and receivables	2015/16 Financial liabilities measured at amortised costs	2015/16 Financial assets: loans and receivables
	£'000	£'000	£'000	£'000
Interest expense	10,250	–	8,023	–
Interest income	–	(13)	–	(21)
Net fair value adjustment on initial recognition	–	(35)	–	148
Total in surplus or deficit in provision of services	**10,250**	**(48)**	**8,023**	**127**

Fair values of assets and liabilities

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

The following table gives this information:

	2016/17 Carrying amount	2016/17 Fair value	2015/16 Carrying amount	2015/16 Fair value
	£'000	£'000	£'000	£'000
Financial assets				
Loans and receivable	10,251	10,251	13,602	13,602
Cash and cash equivalents	31,544	31,556	22,094	22,130
Total financial assets	**41,795**	**41,807**	**35,696**	**35,732**
Financial liabilities at amortised costs				
Borrowings	(327,341)	(428,406)	(271,568)	(319,504)
Short-term creditors	(15,515)	(15,515)	(6,969)	(6,969)
Long-term creditors	(13,407)	(13,407)	(7,395)	(7,395)
Total financial liabilities	**(356,263)**	**(457,328)**	**(285,932)**	**(333,868)**

Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value. Hence, short term debtors and creditors are carried at cost as this is a fair approximation of their value (Fair Value Level 2).

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

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

Material soft loans made by the Legacy Corporation

Loan to Foundation for FutureLondon

The loan to Foundation for FutureLondon (FFL) is deemed to be a material soft loan - the loan is an interest-free loan of £1.0m to FFL as at 31 March 2017 repayable by 31 March 2020.

	31 March 2017	31 March 2016
	£'000	£'000
Opening balance at the start of the year	**852**	**–**
Nominal value of new loans granted in the year	-	1,000
Fair value adjustment on initial recognition	-	(181)
Increase in the discounted amount	35	33
Closing balance at the end of the year	**887**	**852**
Nominal value at 31 March	**1,000**	**1,000**

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

Nature and extent of risks arising from financial instruments

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

- Treasury management risk — the risk of cash deposits not actually being secure or earning appropriate interest;
- Credit risk — the possibility other parties might fail to pay amounts due to the Legacy Corporation;
- Liquidity risk — the possibility that the Legacy Corporation may not have the funds available to meet its commitments to make payments as they arise; 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 Deputy Chief Executive. The nature of the Legacy Corporation's current funding model means treasury operations are focussed on the management of short term cash balances. The objectives are security of capital, meeting the organisation's operational cash flow requirements and obtaining the best available yield from balances available for investment. The priorities are ranked in that order, security, liquidity then yield. A risk sharing agreement ensures risk and return relating to each instrument within the jointly controlled portfolio are shared in direct proportion to each participant's investment. The Legacy Corporation has currently invested £15.8m in the GLA Group Investment Syndicate (GIS) and does not expect any losses in relation to the investments placed.

Credit risk

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

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

			As at 31 March 2017
£'000	**Gross value**	**Impairment value**	**Net value**
Deposits with financial institutions	31,531		31,531
Accrued interest on deposits	13		13
Debtors with joint venture entity	(810)		(810)
Trade debtors	10,235	(61)	10,174
Loans to third parties	887	-	887
Total exposure	**41,856**	**(61)**	**41,795**

Liquidity risk

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

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

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

	2016/17	2015/16
	£'000	£'000
Maturing in 1–2 years	(81,058)	(60,902)
Maturing in 2–5 years	(6,447)	(12,164)
Maturing in 5–10 years	(25)	(205,897)
Maturing in more than 10 years	(253,220)	-
Long-term financial liabilities with more than one year to mature	**(340,749)**	**(278,962)**
Long-term financial liabilities maturing within one year	**–**	**–**
Total financial liabilities	**(340,749)**	**(278,962)**

27. Contingent liabilities

The Legacy Corporation recognises the following contingent liabilities and asset:

ArcelorMittal Orbit loan

A loan of £11.3m (principal £9.2m plus unpaid interest), to part fund the construction of the ArcelorMittal Orbit is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMital Orbit as and when they are generated (firstly against interest on the loan then 50% against the principal thereafter). A discounted projected cash flow was used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in 2016/17. The Legacy Corporation accordingly recognises a contingent liability in respect of the loan.

28. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 25 July 2017. In preparing the accounts the Legacy Corporation has considered events between the 31 March 2017 and 25 July 2017. No events have occurred that require adjustment in the financial statements. Disclosure of events which, although not impacting on the accounts, are felt to be relevant to a reader of the accounts is made in the Narrative Statement.

GROUP ACCOUNTS

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

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

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

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

The figures included in these accounts for E20 Stadium LLP are draft figures subject to audit. There are no material differences between the accounting policies adopted by E20 Stadium LLP and those of the Legacy Corporation.

Group Comprehensive Income and Expenditure Statement

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

For the year ended 31 March 2017

		Gross Income	Gross Expenditure	Net Expenditure
	Notes	**£'000**	**£'000**	**£'000**
Communication, Marketing and Strategy	2/4	(46)	2,118	2,072
Cultural & Education District	2/4	-	16,753	16,753
Development	2/4	(14)	13,626	13,612
Executive Office	2/4	-	2,362	2,362
Finance, Commercial and Corporate Services	2/4	(1,109)	5,520	4,411
Park Operations and Venues	2/4	(862)	1,875	1,013
Planning Policy & Decisions	2/4	(1,922)	2,836	914
Regeneration and Community Partnerships	2/4	(345)	3,861	3,516
Stadium	2/4	(469)	3,240	2,771
Corporate Items	2/4	(33,988)	457	(33,531)
Net cost of services		**(38,755)**	**52,648**	**13,893**
Financing and investment income	7	(9,681)	-	(9,681)
Change in fair value of investment properties	13	-	89,971	89,971
Financing and investment expenditure	8	-	25,274	25,274
Capital grants and contributions	9	(10,469)	-	(10,469)
(Surplus) or deficit on provision of services before tax		**(58,905)**	**167,893**	**108,988**
Share of the joint venture (surplus) or deficit	G1	-	174,360	174,360
Corporation tax	10	-	(822)	(822)
Deferred tax	10	(20,647)	-	(20,647)
(Surplus) or deficit on provision of services after tax		**(79,552)**	**341,431**	**261,879**
Other comprehensive income and expenditure				
Remeasurement of the net defined benefit liability/asset	18	5,753	-	5,753
Total comprehensive income and expenditure		**(73,799)**	**341,431**	**267,632**

For the year ended 31 March 2016

	Notes	Gross Income £'000	Gross Expenditure £'000	Net Expenditure £'000
Communication, Marketing and Strategy	2/4	(112)	2,717	2,605
Cultural & Education District	2/4	-	55	55
Development	2/4	(630)	8,739	8,109
Executive Office	2/4	-	2,235	2,235
Finance, Commercial and Corporate Services	2/4	(161)	7,965	7,804
Park Operations and Venues	2/4	(994)	237	(757)
Planning Policy & Decisions	2/4	(1,533)	2,368	835
Regeneration and Community Partnerships	2/4	(449)	3,999	3,550
Stadium	2/4	(691)	2,400	1,709
Corporate Items		(36,955)	428	(36,527)
Net cost of services		**(41,525)**	**31,143**	**(10,382)**
Financing and investment income	7	(10,158)	-	(10,158)
Change in fair value of investment properties	13	-	64,986	64,986
Financing and investment expenditure	8	-	28,847	28,847
Capital grants and contributions	9	(8,596)	-	(8,596)
(Surplus) or deficit on provision of services before tax		**(60,279)**	**124,976**	**64,697**
Share of the joint venture (surplus) or deficit	G1	-	103,591	103,591
Corporation tax	10	-	619	619
Deferred tax	10	-	5,051	5,051
(Surplus) or deficit on provision of services after tax		**(60,279)**	**234,237**	**173,958**
Other comprehensive income and expenditure				
Remeasurement of the net defined benefit liability/asset	18	-	(2,220)	(2,220)
Total comprehensive income and expenditure		**(60,279)**	**232,017**	**171,738**

Group balance sheet
As at 31 March 2017

		31 March 2017	31 March 2016
	Notes	£'000	£'000
Long-term assets			
Intangible assets	11	38	92
Property, plant and equipment	12	17,230	13,424
Investment property	13	284,100	372,810
Long-term debtors	15	887	852
		302,255	**387,178**
Current assets			
Short-term debtors	15	17,688	18,346
Cash and cash equivalents	16	31,544	22,094
		49,232	**40,440**
Total assets		**351,487**	**427,618**
Current liabilities			
Short-term creditors	17	(34,328)	(29,776)
		(34,328)	**(29,776)**
Long-term liabilities			
Long-term borrowing	17	(327,341)	(271,568)
Long-term creditors	17	(13,407)	(7,395)
Deferred tax liability	10	(37,828)	(58,475)
Retirement benefit obligation	18	(15,588)	(8,805)
Investment in joint venture	G1	(167,226)	(28,198)
		(561,390)	**(374,441)**
Total liabilities		**(595,718)**	**(404,217)**
Net assets		**(244,231)**	**23,401**
Reserves			
Usable reserves	G2	(3,426)	41,937
Unusable reserves	G2	247,657	(65,338)
Total reserves		**244,231**	**(23,401)**

Group movement in reserves statement
As at 31 March 2017

	Notes	General Fund	Total usable reserve	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	£'000	£'000	£'000	£'000
At 1 April 2016		**41,937**	**41,937**	**(65,338)**	**(65,338)**	**(23,400)**
Movement in reserves during 2016/17						
Deficit on the provision of services	From CIES	87,519	87,519	-	-	87,519
Authority's share of the reserves of subsidiaries associated and joint ventures	From CIES	174,360	174,360	-	-	174,360
Other comprehensive income and expenditure	From CIES	(1,259)	(1,259)	7,012	7,012	5,753
Total comprehensive income and expenditure		**260,620**	**260,620**	**7,012**	**7,012**	**267,632**
Adjustments between accounting and funding basis under regulations	G3	(305,983)	(305,983)	305,983	305,983	-
Transfer to reserve		-	-	-	-	-
Decrease/(increase) in 2016/17		**(45,363)**	**(45,363)**	**312,995**	**312,995**	**267,632**
Balance at 31 March 2017		**(3,426)**	**(3,426)**	**247,657**	**247,657**	**244,231**

As at 31 March 2016

	Notes	General Fund	Total usable reserve	Unusable reserves	Total unusable and other reserves	Total reserves
		£'000	£'000	£'000	£'000	£'000
At 1 April 2015		**37,516**	**37,516**	**(232,657)**	**(232,657)**	**(195,140)**
Movement in reserves during 2015/16						
Deficit on the provision of services	From CIES	70,367	70,367	–	–	70,367
Authority's share of the reserves of subsidiaries associated and joint ventures	From CIES	103,591	103,591	–	–	103,591
Other comprehensive income and expenditure	From CIES	503	503	(2,723)	(2,723)	(2,220)
Total comprehensive income and expenditure		**174,461**	**174,461**	**(2,723)**	**(2,723)**	**171,738**
Adjustments between accounting and funding basis under regulations	G3	(170,041)	(170,041)	170,041	170,041	–
Transfer to reserve		–	–	–	–	–
Decrease/(increase) in 2015/16		**4,420**	**4,420**	**167,318**	**167,318**	**171,738**
Balance at 31 March 2016		**41,937**	**41,937**	**(65,338)**	**(65,338)**	**(23,401)**

Group statement of cash flows
For the year ended 31 March 2017

		31 March 2017	31 March 2016
	Notes	£'000	£'000
Surplus/(deficit) on the provision of services		(261,879)	(173,958)
Adjustments to net (deficit) for non-cash movements	G4	276,865	189,305
Adjustments for items included in the net (deficit) on the provision or services that are investing and financing activities	G4	(10,469)	(11,741)
Net cash flows from operating activities		**4,517**	**3,606**
Investing activities	G4	(55,293)	(101,786)
Financing activities	G4	60,224	99,248
Net increase/(decrease) in cash and cash equivalents		**9,448**	**1,069**
Cash and cash equivalents at the start of the year		22,094	21,025
Cash and cash equivalents at the end of the year		**31,544**	**22,094**

Notes to the Group financial statements

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

G1. Joint venture

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

	31 March 2017	31 March 2016
	£'000	**£'000**
Non-current assets	-	19,810
Current assets	3,970	5,830
Non-current liabilities	(180,787)	–
Current liabilities	(38,147)	(19,164)
Net assets	**(214,963)**	**6,476**
Group's share of net assets	**(167,226)**	**(28,198)**
Carrying amount of interest in joint venture	**(167,226)**	**(28,198)**
Revenue	6,588	3,870
Operating expense	(215,820)	(9,886)
Impairment	(59,012)	(99,106)
Total comprehensive loss	**(268,245)**	**(105,122)**
Group's share of total comprehensive loss	**(174,360)**	**(103,591)**

The share of loss taken by the Legacy Corporation amounts for 65.0% (2015/16: 98.5 %) of the total loss of the partnership and the Legacy Corporation has a liability of £167.2m (2015/16: £28.2m) at the year-end in respect of its participation in E20 Stadium LLP.

G2. Reserves

Usable reserves

At the end of the financial year, the Legacy Corporation had usable reserves of £3.4m in the General Fund.

A deferred tax liability of £37.8m is recognised within the Legacy Corporation's accounts in relation to its investment properties (2015/16: £58.5m). The liability will crystallise as and when the Legacy Corporation disposes of its property portfolio and the increase in the value of its portfolio is realised. The CIPFA Code of Practice on Local Authority Accounting is silent on how to treat such deferred tax and the Legacy Corporation is required to revert to International Accounting Standards, which under IAS 12 (Income Taxes) charges the full liability to the General Fund – this is the approach followed by LLDC in prior years. During 2016/17, however, LLDC along with colleagues from the GLA secured an amendment to the Local Authorities Capital Finance and Accounting Regulations, which now permits Mayoral Development Corporations to use capital receipts to fund their Corporation Tax liabilities. This now more accurately reflects the reality that the majority of LLDC's future Corporation Tax liabilities will be generated by capital receipts. It also now means that the deferred tax charge can be recognised in the Corporation's Capital Adjustment Account, rather than the General Fund. The previous years' deferred tax charge has therefore been reversed out of the General Fund and the updated liability (as at 31 March 2017) charged to the Capital Adjustment Account.

General Fund

	31 March 2017	31 March 2016
	£'000	£'000
Balance as at 1 April (excluding deferred tax)	(13,499)	(12,869)
Movements (excluding deferred tax)	(24,716)	(630)
Balance at 31 March before recognition of deferred tax	**(38,215)**	**(13,499)**
Deferred tax — balance broughtforward	55,436	50,385
Deferred tax — movement in year	(20,647)	5,051
Balance at 31 March	**(3,426)**	**41,937**

Unusable reserves

	31 March 2017	31 March 2016
	£'000	£'000
Capital Adjustment Account	228,777	(76,142)
Pensions reserve	18,780	10,738
Accumulated Absences Account	101	66
Balance unusable reserves at 31 March	**247,657**	**(65,338)**

Capital Adjustment Account

	31 March 2017	31 March 2016
	£'000	£'000
Balance as at 1 April	(76,142)	(244,911)
Charges for depreciation and amortisation	456	428
Capital grants and contributions applied	(10,469)	(11,741)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,866	–
Capital receipts received during the year	(7,866)	–
Revenue expenditure funded from capital under statute	15,966	11,504
Revaluation/(impairment) charged to the Comprehensive Income and Expenditure Statement	264,330	168,578
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Statement	34,636	–
Movement in the fair value of loan charged to the Comprehensive Income and Expenditure Statement	–	–
Balance at 31 March	**228,777**	**(76,142)**

Pensions reserve

	31 March 2017	31 March 2016
	£'000	**£'000**
Balance as at 1 April	10,738	12,182
Remeasurements of the net defined benefit liability/(asset)	7,012	(2,723)
Reversal of charges relating to retirement benefits	2,186	2,263
Employer's pension contribution and direct payments to pensioners payable in the year	(1,156)	(984)
Balance at 31 March	**18,780**	**10,738**

Accumulated absences reserve

	31 March 2017	31 March 2016
	£'000	**£'000**
Balance as at 1 April	66	72
Settlement or cancellation of accrual made at the end of the preceding year	(66)	(72)
Amounts accrued at the end of the current year	101	66
Balance at 31 March	**101**	**66**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements	(35)	6

G3. Adjustments between accounting basis and funding under regulations
For the year ended 31 March 2017

	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	(455)	–	–	(455)	455
Movements in the market value of investment property	(89,971)	–	–	(89,971)	89,971
Disposals of investment property	(7,866)	–	–	(7,866)	7,866
Deferred tax liability on the movements	(34,636)	–	–	(34,636)	34,636
Movements in the market value of joint venture	(174,360)	–	–	(174,360)	174,360
Capital grants and contributions applied	10,469	–	–	10,469	(10,469)
Revenue expenditure funded from capital under statute	(15,966)	–	–	(15,966)	15,966
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	7,866	(7,866)	–	–	–
Use of the Capital Receipts Reserve to finance new capital expenditure	–	7,866	–	7,866	(7,866)
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,186)	–	–	(2,186)	2,186
Employer's pensions contributions and direct payments to pensioners payable in year	1,156	–	–	1,156	(1,156)
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	(35)	–	–	(35)	35
Total adjustments	**(305,983)**	**–**	**–**	**(305,983)**	**305,983**

For the year ended 31 March 2016

	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	(427)	–	–	(427)	427
Movements in the market value of investment property	(64,986)	–	–	(64,986)	64,986
Deferred tax liability on the movements in the market value of investment properties	–	–	–	–	–
Movements in the market value of joint venture	(103,591)			(103,591)	103,591
Capital grants and contributions applied	8,596	–	–	8,596	(8,596)
Revenue expenditure funded from capital under statute	(11,504)	–	–	(11,504)	11,504
Adjustments involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	3,145	(3,145)	–	–	–
Use of the Capital Receipts Reserve to finance new capital expenditure		3,145		3,145	(3,145)
Adjustments involving the pensions reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,263)	–	–	(2,263)	2,263
Employer's pensions contributions and direct payments to pensioners payable in year	984	–	–	984	(984)
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	6	–	–	6	(6)
Total adjustments	**(170,041)**	**–**	**–**	**(170,041)**	**170,041**

G4. Cash flow notes

a. Adjustments to net deficit for non-cash movement

	31 March 2017	31 March 2016
	£'000	£'000
Depreciation of property plant and equipment	331	388
Amortisation of intangibles	126	40
Project costs expensed	16,753	–
Reversal of defined benefit pensions services costs	2,186	2,263
Increase in interest debtors	-	–
Reversal of share of loss or profit on joint venture	174,360	103,591
Cash payments for employer's contributions to pension funds	(1,156)	(984)
(Increase) in trade and other debtors	625	1,691
Increase/(decrease) in trade and other creditors	6,450	12,222
Increase/(decrease) in bad debt provision	(2)	64
Increase/(decrease) in deferred tax liability	(20,647)	5,051
Net gain or loss on non-current assets disposal	7,866	–
Changes in fair value of investment property	89,971	64,986
Tax paid	-	–
Stadium lease premium	3	(5)
Adjustment to net deficit for non-cash movements	**276,865**	**189,307**
Adjust for items included in the net deficit on the provisions of services that are investing or financing activities		
Capital grants and contributions credited to the deficit on the provision of services	10,469	8,596
Gain/loss on sale of investment property	-	3,145

b. Investing activities

	31 March 2017	31 March 2016
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(30,430)	(23,423)
Investment in joint venture	(35,332)	(90,103)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets proceeds from sale of land and buildings	-	3,145
Capital grant received and other capital receipts	10,469	8,596
Net cash outflow from investing activities	**(55,293)**	**(101,786)**

c. Financing activities

	31 March 2017	31 March 2016
	£'000	£'000
Borrowings	55,773	100,942
Movement on OPTEMS fund	(1,558)	(3,016)
Movement on S106 fund	6,009	1,322
Net cash flow from financing activities	**60,224**	**99,248**

ANNUAL GOVERNANCE STATEMENT

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

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

The Legacy Corporation 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 a 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. The Mayor has given the following significant delegations and directions:

- In April 2016, the Mayor delegated to the Legacy Corporation powers to maintain and upkeep the Queen Elizabeth Olympic Park, to collect a Fixed Estate Charge to fund this obligation, and directed LLDC to use these delegated powers. Whilst LLDC already maintains and upkeeps QEOP and levies and collects a Fixed Estate Charge, the direction and delegation will have the effect of putting it beyond doubt that LLDC is acting as a public authority in terms of its obligations to maintain and upkeep the QEOP. This direction and delegation complements and supplements the general powers delegated in 2012 (see below).
- In July 2014, the Mayor approved a general consent for the Legacy Corporation to give financial assistance by way of a grant with a total lifetime cost up to £150,000 in line with Section 213 and 221 of the Localism Act 2011 and gave automatic consent to grants funded under section 106 agreements, or grants paid from the Community Infrastructure Levy collected by the Legacy Corporation for projects or types of infrastructure contained in the regulation 123 list published by the Legacy Corporation. This replaced an earlier consent given in 2012.
- In July 2013, the Mayor directed the Legacy Corporation on the approval of certain transactions as set out in the London Legacy Development Corporation Governance Direction. This set out arrangements for the Mayor to be consulted on, or approve certain decisions, activities and larger projects of the Legacy Corporation and its subsidiaries, over and above the limited circumstances where Mayoral consent is required under the Localism Act. It covers Mayoral approval for such matters as the budgets and business plans of the Legacy Corporation; approving major decisions to spend, borrow, give grants, create subsidiaries and dispose of land interests; and making appointments to the Legacy Corporation committees.
- In November 2012, the Mayor delegated to the Legacy Corporation powers to promote economic development and wealth creation, social development and the improvement of the environment. In May 2016, the Mayor delegated to the Legacy Corporation powers to maintain and upkeep the Queen Elizabeth Olympic Park (QEOP) and to collect a Fixed Estate Charge to fund this obligation, and directed LLDC to use these delegated powers. This complemented and supplemented the general powers delegated in 2012.

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 2017 and up to the date of approval of the Statement of Accounts.

The governance framework
Board and committees
The Legacy Corporation's Board and committees operate within the governance and openness framework prescribed by the Local Government Act 1972. During the year ended 31 March 2017 the Legacy Corporation's committee structure was as follows:

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

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

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

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

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

In response to a recommendation in the May 2016 internal audit report Governance Review - Board Information which was reported to the Audit Committee in July 2016, LLDC has implemented an annual review of Committee terms of reference. The first of these annual reviews was undertaken in February 2017 and reported to the March Board. The Investment Committee, Audit Committee, Regeneration and Communities Committee and Chairman's Committee reviewed their terms of reference in February and March 2017 and the outcome was reported and approved at the March 2017 Board meeting. The Planning Decisions Committee will be reviewing their terms of reference at a forthcoming meeting.

The terms of reference of the Investment Committee were amended to include consideration of the LLDC's Business Plan and annual LLDC Budget prior to Board approval and a regular review of the Corporation's financial position. This change reflected the focus of the Committee during the year on the LLDC's budget setting process and Ten Year Plan. Other amendments refreshed the Committee's remit to remove historic activity and include new and future areas of focus, including E20 Stadium LLP.

The terms of reference of the Regeneration and Communities Committee were amended to include oversight of the measures being put in place to achieve the Culture and Education District's strategic objectives. The terms of reference of the Chairman's Committee were amended to include a focus on succession planning.

Committee members must be members of the Legacy Corporation's Board, except where the Mayor of London has approved the appointment of additional members. He has done so in relation to the Planning Decisions Committee, which is comprised of three Board members, five members nominated by the neighbouring boroughs, and four independent members appointed following advertisement. During 2016/17 there were three independent members serving on the Committee until 31 December 2016 and following a recuruitment campaign, three new independent members were appointed and one former independent member was reappointed in January 2017 for three year terms.

Cultural and Education District Governance
Following a decision by the Board in July 2015 the **Investment Committee** assumed the role as the lead governance body for the Corporation in relation to Cultural and Education District programme to develop a cultural and higher education district on Queen Elizabeth Olympic Park and the Committee's Terms of Reference were updated accordingly.

Wider governance for the Cultural and Education District is in place including the **Cultural and Education District Programme Board** which has oversight of the programme and senior representation from LLDC, the Cultural and Education District partners, the GLA and Government.

A **Risk and Assurance Board** has been established to provide support to the Cultural and Education District Programme Board in executing their duties in relation to the oversight of Integrated Assurance with an independent Chair and representatives from LLDC, Cultural and Education District partners, the GLA and Government (represented by the Infrastructure and Projects Authority).

Independent assurance (known as "third line assurance)" for the Cultural and Education District is provided by RSM Consulting (UK) LLP. A programme of reviews on key areas of activity for the programme is in place, reporting to the Risk and Assurance Board.

Vision and performance
In 2015/16 the Legacy Corporation adopted a Five Year Strategy for the Queen Elizabeth Olympic Park and surrounding areas covering the years 2015 to 2020. This was refreshed in October 2016 to reflect the priorities of the new Mayor of London as well as progress made on delivery since it was published in 2015. The revised strategy was approved by the Board in November 2016. The Legacy Corporation's vision, purpose and strategic objectives are set out in its Ten Year Plan. The Ten Year Plan has been updated annually as part of the GLA Group's annual budget and business planning round, and a revised Ten Year Plan was approved by the Board in March 2016.

Performance against measures and milestones included in the Ten Year Plan and the Strategy is reported through quarterly reports to the Board and quarterly reports to the GLA on financial and service performance. Financial performance is also reported through monthly management accounts which are considered by the Executive Management Team on a monthly basis and by the Investment Committee.

Standing orders, delegations and codes of conduct

Key governance documents for the Legacy Corporation comprise:

- Standing Orders, which set out arrangements for the conduct of meetings, recording of decisions and managing conflicts of interest, and also include the Members' Code of Conduct and Gifts and Hospitality Code.
- Scheme of Delegations, which sets out arrangements for delegation of decisions to committees and officers.
- Scheme of Planning Delegations, which sets out how the Legacy Corporation will discharge some of its town and country planning functions and responsibilities through delegation to the Planning Decisions Committee and planning officers.
- Planning Code of Conduct, which sets out the approach of Planning Officers and the Planning Decisions Committee Members to planning decision-making.
- Financial Regulations, which set out the framework for managing the Legacy Corporation's financial affairs.
- Procurement Code, which sets out policies in relation to the proper procurement of goods, services, supplies and works.

These documents have all been in place throughout 2016/17. Changes to the scheme of delegations (and consequential amendments to the Financial Regulations and Standing Orders) were approved by the Board in September 2016 to make provisions for the new role of Deputy CEO and to reflect changes to signing delegations for specified 3 Mills Studio Agreements. The existing signing delegation to three specified LLDC officers was changed to enable them to sign studio use agreements of between £5,000-£25,000 and a term of three months or less require. In addition, LLDC granted of a Power of Attorney in favour of the 3 Mills Studio operator to consider, settle, approve, sign, execute, deliver and issue studio use agreements in the standard LLDC approved form which have both a value of £5,000 or less (excluding VAT), a term of three months or less and which do not constitute renewals of existing occupation. The Board approved further amendments to the Standing Orders in March 2017 to include a terms of reference for the Board in line with the recommendation in the May 2016 internal audit Governance Review, and an updated Board member code of conduct and section on registrable in line with the GLA Group Framework Agreement.

All the above documents are available on the Legacy Corporation's website.

A staff code of conduct (and other people management polices) are published on the Legacy Corporation's intranet site, and issued to staff as part of their induction process. The staff code of conduct was reviewed and updated during 2016/17 as part of the HR team's review of policies.

The governance arrangements will continue to be reviewed and updated to ensure that the organisation's structures and decision-making processes remain appropriate to the Legacy Corporation's changing role.

Risk management, fraud and corruption

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

Risks and issues are managed at various different levels across the organisation: risks and issues within a project are managed by project managers; risks and issues within a directorate are managed by the relevant executive director or director; and corporate risks are owned by the Executive Management Team. Risks are managed through the Legacy Corporation's programme and project management reporting system, Execview.

Corporate-level risks and issues are identified through analysing the risk register and considering any other risks and issues impacting on the Legacy Corporation. These are agreed by the Executive Management Team and the risks are summarised in the Legacy Corporation's Long Term Plan. Updates on corporate risks and issues are reported to the Board through dashboard reporting and an annual review and to every Audit Committee meeting.

The Legacy Corporation has an Anti-Fraud, Bribery and Corruption Policy and a Whistle Blowing Policy, and these have been presented to the Audit Committee (the Anti-Fraud, Bribery and Corruption Policy was last reviewed by the Committee in July 2015 and is on the agenda for the July 2017 Committee meeting; the Whistle Blowing Policy was last reviewed by the Committee in July 2016). Measures include processes to prevent and detect fraud. Preventative controls include the Legacy Corporation's policies and procedures, including senior management authorisation of new suppliers, separation of functions for raising and authorising purchase orders and making payments, and other decision-making, procurement and accounting processes. Key detective processes and controls are the systems for authorisation of accounts payable and receivable, general ledger journals and payroll allied to senior management scrutiny of the monthly management accounts.

The Legacy Corporation undertakes quantified risk assessments on its corporate level risks and on major project risks (including the Culture and Education District) to inform contingency management. In 2015/16 the Board approved the LLDC's risk appetite statement which sets out the amount of risk that the Legacy Corporation is prepared to accept, tolerate, or be exposed to across different the activities it undertakes.

Management of change

The Legacy Corporation is an organisation whose role has changed from planning for the Olympic legacy to the management of the Park following reopening in April 2014 and the delivery of new neighbourhoods and the Cultural and Education District programme. An organisational development programme has underpinned these changes. During 2013/14 the Legacy Corporation implemented a 'One Organisation' programme to develop its culture and values, harmonise terms and conditions of employment inherited from predecessor bodies, review its appraisal process and review pay and grading. Following feedback from the staff survey, the One Organisation programme moved into new areas of focus in 2015/16 with a continuous improvement programme led by the Executive Management Team. This work allowed the Legacy Corporation to become accredited Investors in People (IiP) bronze level in February 2016. Following the accreditation, the HR team arranged a series of focus groups for staff facilitated by the IiP Assessors on how well the organisation's values are embedded throughout the organisation, Leadership and Management, Worklife Balance, and Learning and Development. The IiP opportunities for continuous improvement and the results of the staff survey are being brought together into a People Strategy which will focus on building our current position and setting out a forward looking, ambitious people agenda.

Financial and legal controls compliance

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

- The Chief Finance Officer of the Legacy Corporation (designated in accordance with Section 127 of the Greater London Authority Act 1999) is Gerry Murphy, the Deputy Chief Executive and Executive Director of Finance, Commercial and Corporate Services and a member of the Institute of Chartered Accountants in England and Wales.
- The Chief Finance Officer sits on the Executive Management Team, and is able to attend all Board and committee meetings. She prepares the budget and corporate plan, including leading internal review processes, and is party to all material business decisions. Financial advice is included on all Board papers and sign-off is required above the thresholds specified in the Scheme of Delegations. The execution of contracts and grant agreements is reserved to the Chief Executive, Chief Finance Officer and any Board member, apart from:

- specified 3 Mills Studio Agreements which have been delegated to senior members of the Park Operations and Venues team or to the 3 Mills Studio operator under a power of attorney; specified standard form event hire agreements which have been delegated to senior members of the Park Operations and Venues team; contracts procured through the GLA Group Collaborative Procurement Board which have been delegated to TfL; where the authentication of the use of the seal for freehold and leasehold disposals at Chobham Manor of values up to £1m within approved budget has been delegated to specified senior officers in the Development directorate.
- The Chief Finance Officer is also responsible for financial controls, for corporate programme management, for performance measurement and for supporting the Audit Committee's work (including internal audit).
- The Chief Finance Officer is supported by a suitably qualified team which provides support on budget monitoring, financial and taxation management, and which includes a CIPFA-qualified accountant with significant public sector experience.

The Legacy Corporation ensures compliance with relevant laws and regulations through the activities of an in-house commercial procurement team and a shared services arrangement with Transport for London's (TfL) legal team. This shared services arrangement came into effect on 1 May 2014. Legal advice is required for all significant decisions, whether taken by the Board or under delegated authority, and is recorded in Board papers. All contracts entered into by the Legacy Corporation must also be approved by the TfL legal team for signing (unless the agreement is an un-amended LLDC standard contract or have been prepared by external legal advisers) through approval of the Contact Authorisation Form. Legal advice is also sought on some Project Initiation Documents (PIDs) and Business Cases (if the project is novel, contentious or repercussive); or not contained within the current approved Ten Year Plan (i.e. a new project) regarding how the project approach complies with relevant legislation, how it is covered in the Legacy Corporation's powers, any other legal implications and any legal instruments to be entered into as a result of this project.

Compliance with other legalisation (e.g. employment or procurement) is ensured by the working policies, procedures and practice of the relevant the Legacy Corporation team. Policies are approved by the Executive Management Team following consultation with the Employee Forum and Management Forum and available for staff on the Legacy Corporation's intranet.

Audit Committee and internal audit

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

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

In April 2015 the Mayor's Office of Policing and Crime (MOPAC) commenced work as the Legacy Corporations Internal Auditors as part of the Mayor of London's shared services agenda. The internal auditors work is reported to, and monitored and reviewed by, the Audit Committee. MOPAC assist in the promotion of good governance through implementation of the Internal Audit Plan, as approved by the Audit Committee. The Internal Audit Plan includes individual audits on activities identified as areas of risk. When complete the reviews are reported to the executive and the Audit Committee. The Legacy Corporation's progress against agreed internal audit recommendations are monitored regularly and reported to the Audit Committee; MOPAC also perform follow up reports on previously completed audits and report these to the Audit Committee. The Internal Auditors provide an annual report summarising their findings for the year, the 2016/17 annual report is on the agenda for the 14 July 2017 Audit Committee meeting:

The LLDC governance framework is clearly defined and is in line with best practice to meet statutory requirements. The risk management framework is based on recognised best practice and the LLDC Board has clearly defined the risk appetite for the organisation.

The Head of Internal Audit's overall opinion for 2016/17 is that:

LLDC has an adequate internal control environment and controls to mitigate risks are generally operating effectively.

The full audits carried out as part of the 2016/17 Internal Audit plan are listed below with assurance ratings:
- Freedom of Information (green – substantial assurance)
- Cyber Security (yellow – adequate assurance)
- Review of Asset Security (amber – limited assurance) Note: a follow up was undertaken later in the year, see below.
- Business Continuity (yellow – adequate assurance)
- Material systems (green – substantial assurance)
- Budgetary control (yellow – adequate assurance)
- E20 Stadium LLP Budgetary control (yellow – adequate assurance)
- Culture and Education District assurance (yellow – adequate assurance)
- Housing developments (yellow – adequate assurance)
- ArcelorMittal Orbit Enhancements (rating not yet confirmed)
- Follow ups to 2015/16 internal audits, no rating but findings were that of the 21 actions agreed in 2015/16 17 had been fully implemented, 4 were partly implemented and none were not implemented. This did not include recommendations relating to Stadium Readiness which was undertaken to test the Stadium's readiness to host matches in the 2015 Rugby World Cup.
- MOPAC undertook a follow up on the recommendations of the Review of Asset Security audit: Of the 8 recommendations made the internal auditors found that 4 were implemented, 4 partly implemented and none were not implemented

The ratings are defined as follows.

Green – substantial: there is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.

Yellow – adequate: the control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.

Amber – limited: the control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.

Red – no assurance: a control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.

Code of Corporate Governance

The Legacy Corporation's code of corporate governance sets out the Legacy Corporation's approach to openness, accountability and effective governance. The current code, which was presented to the Audit Committee in April 2015, is based around the six principles identified in "Delivering Good Governance in Local Government" by CIPFA and the Society of Local Authority Chief Executives (SOLACE) as the essential criteria for good governance. The code will be updated in line with the "Delivering Good Governance in Local Government" 2016 which was revised during 2016/17 to reflect the CIPFA/IFAC International Framework "Good Governance in the Public Sector" which was first published in

2014. The Legacy Corporation's current code reflects the international framework's principles.

Performance against the code is evaluated on an annual basis and included in the Annual Governance Statement. Overall, the Legacy Corporation performs well against the code. Work undertaken during 2016/17 to address the identified areas for improvement includes:

- updating the standing orders to reflect latest openness and transparency guidance and recent internal audit recommendations (see earlier section)
- providing fraud training to budget holders including mandatory fraud workshop held for finance practitioners.

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

- refreshing the code in line with the revised CIPFA/SOLACE framework and identifying areas for further enhancement

Greater London Authority (GLA) Corporate Governance

The Legacy Corporation is a functional body of the GLA and complies with its annual budgeting process, engages with the London Assembly and its committees as required and also fulfils the requirements of any Mayoral directions given. There is also an on-going dialogue with the Mayor's office to ensure that the activities of the Legacy Corporation are aligned with the Mayor's general policy framework. The Legacy Corporation has also complied with the requirements of the GLA Group Framework Agreement relating to codes of conduct, the registration and declaration of interests and gifts and hospitality. This framework was revised by the GLA during 2016/17 in consultation with the functional bodies and, the Board approved becoming a signatory to the revised GLA Group Framework Agreement in September 2016. The Agreement has been incorporated into the operational and governance arrangements.

Whistleblowing and complaints

The Legacy Corporation's Whistleblowing Policy is on its website, available for all staff setting out how employees can report concerns. The Policy includes provision for staff members to report concerns directly to the Chair of the Audit Committee if necessary. The Audit Committee last reviewed the policy in July 2016.

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

Meeting development needs of members and senior staff

The Legacy Corporation's people development processes are incorporated into its performance management framework for staff and have been the focus of the Investors in People workshops mentioned under the Managing Change section above. Staff training has addressed corporate governance and approval issues through presentations at team meetings across the organisation and through a revised or updated induction. New Board members are offered tailored induction meetings and a new induction programme is being developed following on from the Board effectiveness review ahead of Board member recruitment concluding. A specialist induction was provided to new independent Planning Committee members.

Community engagement and partnership

The Legacy Corporation's Community and Business Engagement Team manages a programme of active engagement with local people, delivery of community projects and interim uses, and through consultation on development proposals and through participation in relevant local community forums and hosting its own local representative groups including Park Panel, Youth Board and Legacy Youth Voice. These groups provide opportunities for the diverse local communities to have routes into the Legacy Corporation to raise issues but also to provide feedback and local support for initiatives.

The Legacy Corporation manages a Park Hotline which enables local people to raise issues relating to construction activities (lorry movements, dust, noise) and events (noise, temporary road or Park closures) 24 hours a day as well as answer general customer service queries. The hotline is also where members of the public can book the Park mobility service vehicles.

The Legacy Corporation's website and messaging was regularly updated during the year to ensure that the Park, venues and related services remained fully accessible to the local community and wider audience.

During the course of the financial year, the Legacy Corporation has completed a number of consultation activities relating to the long term development of the Park. Activity has included Cultural and Education District masterplan consultation involving over 7000 people, East Wick phase 2 and western bridges consultation which received planning in March 2017, consultation on a revised masterplan for Pudding Mill and Chobham Manor phase 3 and 4 which includes provision of a community centre. The Corporation has also undertaken statutory consultation on Supplementary Planning Documents relating to the Local Plan for Carbon Offsetting; Section 106 and CIL; Bromley by Bow; Pudding Mill; and Hackney Wick and Fish Island. A consultation was also undertaken on community preferences for the future allocation of monies from the Neighbourhood CIL Priorities Fund.

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

Board effectiveness review update
A Board effectiveness review was undertaken internally during 2015/16. Overall, the review highlighted positive views about the Board's composition and performance, support processes, the role of the Chairman and the relationship with the CEO. There were similar positive findings from the Committee review. Board and the executive also agreed that on the whole that the Committees were working well. A number of immediate actions and longer term recommendations were identified to address the findings of the review. An updated was reported to the Board in November 2016. The immediate actions included measures to improve the quality of Board and Committee papers; increasing the level of detail in the Committee reports to Board; enabling Board members to raise issues for the agenda; providing more information on the forward plan of agenda items for Committee meetings and briefings; providing a calendar of site visits and planning related training; and reviewing the format of the Planning Decisions Committee. These have mostly been completed or are ongoing. The longer term recommendations related to future Board composition, induction and training for new members and increased focus on strategic issues. The recommendations relating to the succession planning, recruitment and size of the Board were reflected in the recruitment of new Board members which was undertaken in October 2016. This recruitment process is on hold pending the appointment of a new Chairman. The recommendations relating to the Board spending more time discussing strategic issues and opportunities for earlier engagement on issues between EMT and the Board have been addressed through Board away days which took place in April 2016 and October 2016.

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

Issue: The LLDC Board is appointed by the Mayor and currently has 13 Members, including the elected Mayors of the London Boroughs of Hackney, Newham, and Tower Hamlets and the leader of Waltham Forest Council. Apart from the elected Members and the London's Deputy Mayor for Planning, Regeneration and Skills, the appointments of the other Board members are due to end in September 2017 and the Deputy Chairman's appointment is due to end in December 2017. The recruitment process for new Board members is on hold pending the appointment of a new Chairman. An induction programme will be required for the new Chairman and new Board members.

Proposed response: Support the with recruiting and appointing new Members.
Develop a comprehensive induction briefing for the new Chairman and new Board members.
Offer tailored induction training for new Board members.
Schedule a Board away day soon after new Board members are appointed.
Continued succession planning.

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

Proposed response: Long term financial plan in development for discussion with the Board and Mayor of London, which sets out the medium term funding challenges.

Issue: The need to manage the risks to the successful delivery of the Cultural and Education District and ensure that there is effective stakeholder engagement at all levels.

Proposed response: Governance structures in place include partners and funders as well as a stakeholder forum for wider engagement.
Regular review of governance structures.
Integrated assurance framework in place which follows recognised best practice of the three lines of defence model to provide assurance to funders, partners and the Legacy Corporation Board that the risks to the programme are being successfully managed.

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

Proposed response: Development of a People Strategy building on the work of the One Organisation continuous improvement programme and the findings of the Investors in People assessment.

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

Proposed response: Effective shared service arrangements already in place for legal, treasury management, secretariat services, internal audit provision, insurance services and sharing some elements of procurement with the GLA.
Secondments to support Old Oak Common Development Corporation. An IT shared service is under discussion with the GLA.

Issue: The need to continue enhancing the internal control environment.

Proposed response: Continuous review and enhancement of budgeting and business planning process. Regular audits of finance systems (recent Material systems audit received a green – substantial assurance rating.)

Issue: The need for Legacy Corporation has the right skills to deliver its objectives as its purpose evolves

Proposed response: Continued workforce planning and reviews of staff and resourcing.

Issue: The need to resolve issues relating to delivery of E20 Stadium Business Plan.

Proposed response: E20 Stadium LLP Board members and funders considering commercial/restructuring options

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

Significant changes in the Board
On 2 November 2016, David Edmonds resigned as Chairman and a member of the Legacy Corporation Board with immediate effect. Philip Lewis, in his capacity as the Deputy Chairman has fulfilled the role pending the recruitment of a new Chairman. The GLA advertised the role of Chairman in early January 2017 in national print and online media and Sir Peter Hendy was appointed with effect from 21 July 2017.
During 2016/17 there were several other changes to the Board membership. Jules Pipe stood down as the Mayor of the London Borough of Hackney and a member of the Legacy Corporation Board in July 2016 to take up the role as the Mayor of London's Deputy Mayor for Planning, Regeneration and Skills. Jules Pipe was subsequently appointed to the Board by Mayor of London on 1 August 2016. Philip Glanville, the newly elected Mayor of Hackney, was appointed to the Board as the representative from Hackney on 24 October 2016.

David Goldstone
Chief Executive
28th July 2017

Philip Lewis
Deputy Chairman
28th July 2017

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).

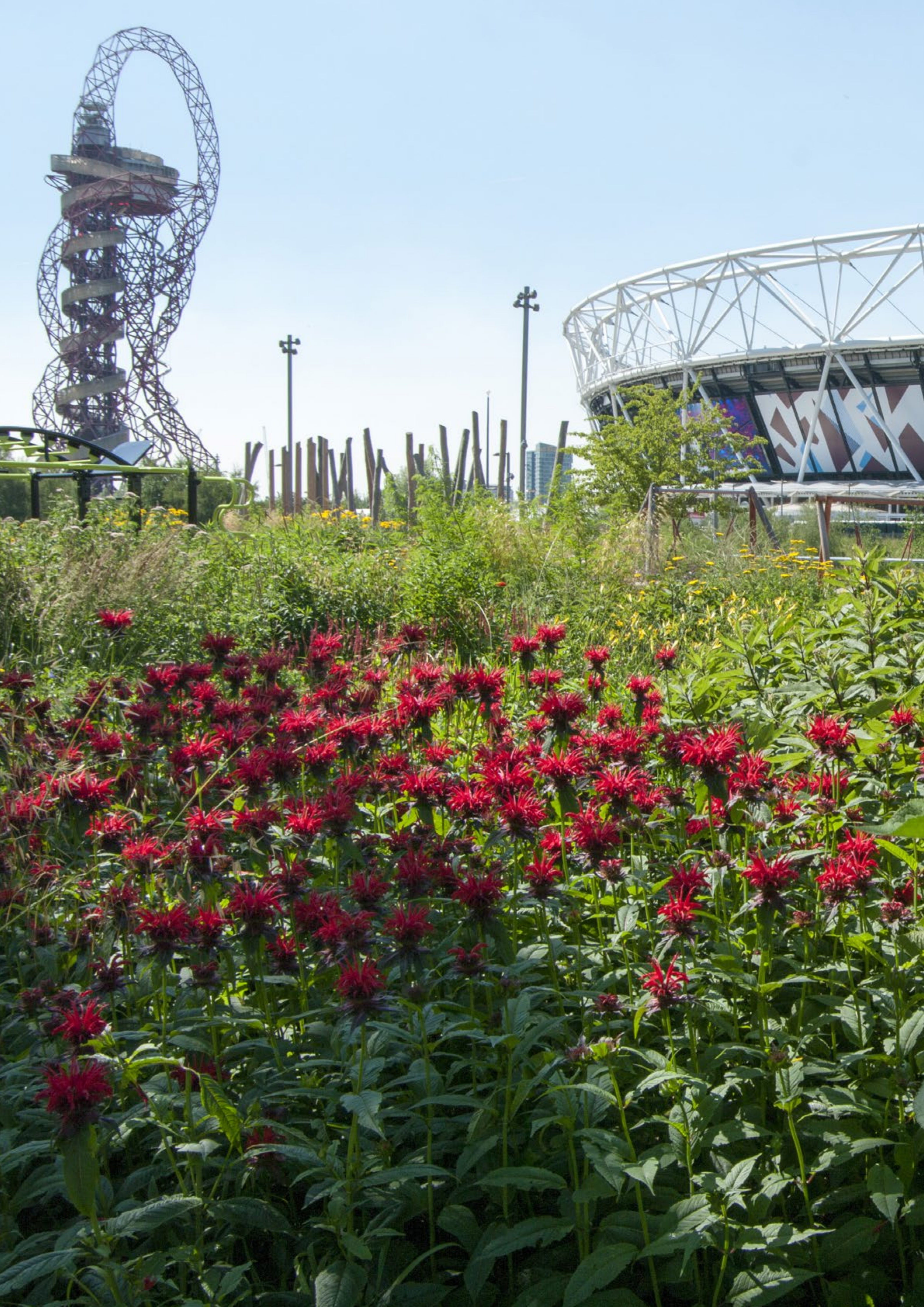
Revenue expenditure
Expenditure incurred on the day-to-day running of the Legacy Corporation. This mainly includes employee costs, general running expenses and capital financing costs.

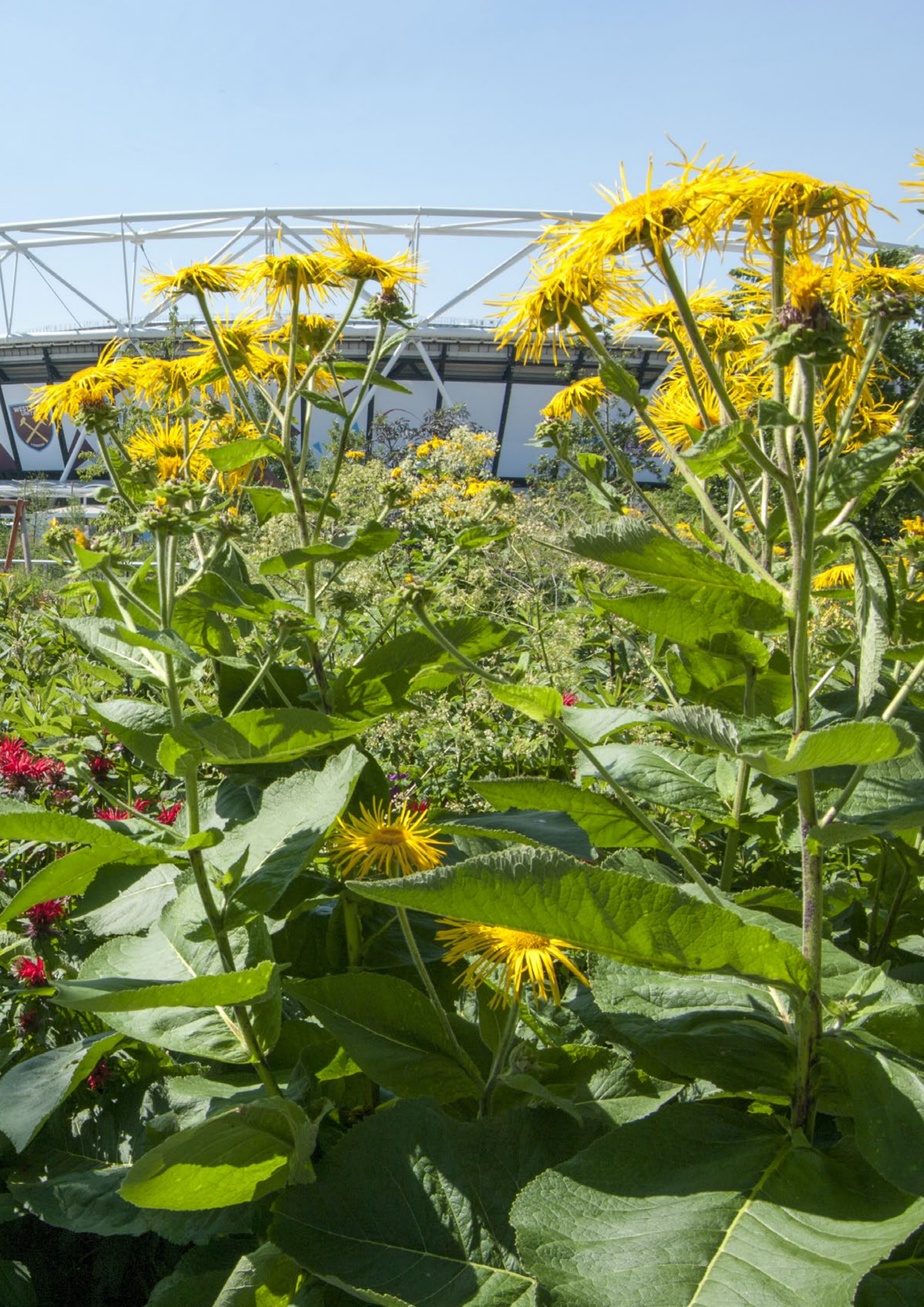
Revenue Expenditure Funded From Capital under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

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.





LONDON LEGACY DEVELOPMENT CORPORATION