E20 Stadium LLP

Annual report and financial statements

Registered number OC376732

31 March 2023

Contents

Members report

The Board submits its report together with the audited financial statements of E20 Stadium LLP for the year ended 31 March 2023.

Legal structure

E20 Stadium LLP is incorporated as a limited liability partnership under the Limited Liability Partnerships Act 2000 and is referred to in these financial statements as the “partnership”.

The partnership's registered office is Floor 9, 5 Endeavour Square, Stratford, E20 1JN.

Designated members and the Board

The designated members (Limited Liability Partnerships Act 2000) of E20 Stadium LLP during the year were:

- London Legacy Development Corporation (LLDC) – appointed 6 July 2012
- Stratford East London Holdings Limited – appointed 1 December 2017

Principal activities

The partnership was established between Newham Legacy Investments Limited (a wholly owned subsidiary of the London Borough of Newham) and LLDC, to deliver the post-Olympic Games transformation and operation of the London Stadium. The role of the partnership is to ensure the Stadium is integrated with the surrounding communities; contributes to local regeneration and social improvement aims; creates strong linkages with local sport clubs and educational bodies and maximise commercial opportunities and returns. Newham Legacy Investments Limited retired from the partnership on 30 November 2017.

On 21 January 2019, E20 Stadium LLP took control of the Stadium operator, London Stadium 185 Limited, by purchasing its share capital, in full, from the previous owner, Vinci Stadium. To date, no changes have been made to the existing operator agreement; London Stadium 185 Limited have continued to operate the Stadium on behalf of E20 Stadium LLP.

The Stadium was permanently opened in summer 2016 following the completion of the transformation and other capital works and is now host to Premier League football, as the home of West Ham United Football Club, the IAAF World Athletics and Para Athletics Championships, major music concerts, Major League Baseball matches and other successful events such as Monster Jam and Soccer Aid.

Financial performance

The following table summarises the 2022/23 financial information of E20 Stadium LLP, London Stadium 185 Limited and the E20 Stadium LLP Group (noting these exclude intra-Group transactions and balances). The underlying operating position for the Stadium is a profit of £27.6m (2021/22: loss £13.7m). The total Group outturn is a profit of £13.8m (2021/22: loss of £43.7m) largely due to changes in the discount rate used in calculating the onerous contract provision – see Note 17. This is shown in the following table:

	E20 Stadium LLP	**London Stadium 185 Ltd**	**E20 Stadium LLP Group**
	£'000	**£'000**	**£'000**
Revenue	(6,300)	(31,126)	(14,370)
Cost of sales	17,837	16,233	11,292
	11,537	**(14,893)**	**(3,078)**
Other operating expenses	3,746	15,456	18,925
Depreciation and impairment	15,237	816	10,383
Exceptional costs	1,177	-	1,177
Exceptional income	(8,563)	-	(8,563)
Purchases recharged within the Group		-	4,575
Increase in provisions	53,601	-	53,601
Effect of the change in provision discount rate	(97,934)	-	(97,934)
Provision utiised in the year	(6,353)	-	(6,353)
Operating (Profit)/Loss	**(27,553)**	**1,379**	**(27,268)**
Financing costs - interest payable	8,920	-	8,920
Financing costs - provision (unwinding the discount)	4,564	-	4,564
Total (Profit)/Loss for the year	**(14,069)**	**1,379**	**(13,784)**

During 2022/23, E20 Stadium LLP commenced legal proceedings against Allen & Overy, for their role in drafting the London Stadium concession agreement. This dispute was settled in August 2022 before a court hearing scheduled in October of the same year. The details of the settlement are confidential; however, the related transactions are recognised in the 2022/23 financial statements (within exceptional income).

In addition, during the year, E20 Stadium LLP and West Ham United Football Club were in dispute over sums due to E20 Stadium LLP under the West Ham Concession Agreement in relation to a multi-faceted share transaction in WH Holdings Limited in November 2021. In December 2021, E20 Stadium LLP issued a Non-Payment Notice to the Club. On 1 August 2022, the Club paid E20 Stadium LLP £2,588,223, in full and final settlement of sums due in relation to the share transfers component of the transaction by relevant shareholders plus interest. On 7 March 2023, a further payment was made to E20 Stadium LLP in relation to other components of the transaction, though the Club continue to dispute this aspect of the matter. The related transactions are recognised in the 2022/23 financial statements (within exceptional income).

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

Last year (2021/22), following an update to International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets), a detailed review of the provision and its underlying assumptions (including the discount rates applied) was undertaken. The updated methodology differed from that adopted previously as follows:

- It now uses only those revenues, costs and overheads that are directly attributable to the West Ham United Football Club and UK Athletics agreements. Revenues, costs and overheads not directly attributable to those agreements are no longer included in the calculation.
- The calculation is now based on cashflows for the remaining 93-year term of the concession agreement (note the calculation includes cashflows relating to the UK Athletics agreement up to its expiry in 40 years); previously the cashflow was calculated in perpetuity.
- A discount rate is now adopted to reflect a risk-free rate (based on Government gilt rates at the reporting date).

The revised approach can lead to increased volatility if the technical assumptions upon which the provision is based change – for example, the discount rate, which is based on the prevailing government gilt rate. Annual changes in the provision, including those in the prior year due to the change in approach, are necessarily reflected in the partnership's income statement.

Going concern

The fundamentals of the agreements entered into in 2013 continue to present significant challenges for the long-term future financial performance of the Stadium. Accordingly, the provision for onerous contracts continues to be recognised at 31 March 2023, noting that the methodology for calculating the provision was revised in 2022/23 following an update to IAS 37 (see Note 17 for details).

The partnership is dependent on funding provided by LLDC for its working capital (see Note 1.10). The Directors have an expectation based on discussions with LLDC and the Greater London Authority that further funding will be made available for a period of at least one year from the date of approval of these accounts. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Individual members' remuneration

The allocation of profits to those who were individual members of the partnership during the financial year occurs at the discretion of the Board. If the Board decides after the finalisation of these financial statements that an allocation of profit should take place, the division among the members is in accordance with the Members' agreement.

Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the partnership's auditor is unaware; and each member has taken all the steps that he ought to have taken as a member to make himself aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

Phil Mead	**Shanika Amarasekara**
Chair	*Board member*
Date: 11 December 2023	Date: 11 December 2023

Statement of members' responsibilities in respect of the Report to the members and the financial statements

The members are responsible for preparing the Report to the members and the partnership's financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare financial statements for each financial year and under that law the members have elected to prepare the financial statements in accordance with applicable law and UK adopted international accounting standards, as regards to the limited liability partnership, as applied in accordance with section 408 of the Companies Act 2006 as applied to limited liability partnerships.

Under Regulation 8 of the 2008 Regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with applicable law and UK adopted international accounting standards
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under Regulation 6 of the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

On behalf of the Board

Phil Mead	**Shanika Amarasekara**
Chair	*Board member*
Date: 11 December 2023	Date: 11 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E20 STADIUM COMPANY LIMITED LIABILITY PARTNERSHIP ('LLP')

Opinion

We have audited the financial statements of E20 Stadium Company LLP (limited liability partnership**)** and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the group and limited liability partnership Income Statement, the group and limited liability partnership Statement of Financial Position, the group Statement of Changes in Equity, the group Statement of cash flows, and the related notes 1 to 20**,** including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as regards to the limited liability partnership, as applied in accordance with section 408 of the Companies Act 2006 as applied to limited liability partnerships.

In our opinion:

- the financial statements give a true and fair view of the state of group's and the limited liability partnership's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards
- the limited liability partnership financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006 as applied to limited liability partnerships; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and limited liability partnership's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and limited liability partnership's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are Companies Act, Income and Corporation Taxes Act 1988 and Taxation of Chargeable Gains Act 1992.

- We understood how E20 Stadium LLP is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue) and management override of controls to be our fraud risks.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations.
- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we challenged the assumptions and corroborated the income to appropriate evidence.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal tagged and selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. In addition, we assessed whether the judgements made in making accounting estimates were indicative of a potential bias and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Andrew Brittain (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
13 December 2023

Income statement
for the year ended 31 March 2023

	Note	Group 2023	Entity 2023	Group 2022	Entity 2022
		£'000	**£'000**	**£'000**	**£'000**
Revenue	2	14,370	6,300	8,007	4,510
Cost of sales	3	(11,292)	(17,837)	(10,943)	(12,649)
		3,078	**(11,537)**	**(2,936)**	**(8,140)**
Other operating expenses	3	(18,925)	(3,746)	(10,771)	(3,272)
Depreciation and impairment	3	(10,383)	(15,237)	(4,624)	(7,226)
Exceptional costs	3	(1,177)	(1,177)	(2,394)	(2,394)
Exceptional Income	3	8,563	8,563	-	-
Purchases recharged within the Group	3	(4,575)	-	(3,542)	-
Provisions:					
Increases to existing provisions	3	(53,601)	(53,601)	(50,258)	(50,258)
Unused amounts reversed during the period	3	-	-	-	-
Effect of the change in provision discount rate	3	97,934	97,934	22,272	22,272
Provision utilised in the year	3	6,353	6,353	8,564	8,564
Total related to provisions		50,686	50,686	(19,422)	(19,422)
Operating income/ (expenses)Total		**24,190**	**39,090**	**(40,752)**	**(32,313)**
Operating profit/(loss)		**27,268**	**27,553**	**(43,687)**	**(40,453)**
Financing costs - interest payable	3	(8,920)	(8,920)	(7,133)	(7,133)
Financing costs - provision (unwinding the discount)	3	(4,564)	(4,564)	(3,065)	(3,065)
Profit/(Loss) for the financial year - attributable to memb		**13,784**	**14,069**	**(53,885)**	**(50,651)**
Total comprehensive profit/(loss) for the year - attributable to members		**13,784**	**14,069**	**(53,885)**	**(50,651)**

Statement of financial position

for the year ended 31 March 2023

	Note	Group 2023	Entity 2023	Group 2022	Entity 2022
Assets		**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets					
Property, plant and equipment	4	2,020	-	2,770	-
		2,020	-	2,770	-
Current assets					
Trade and other receivables	5	7,548	12,454	8,151	9,833
Cash and cash equivalents	6	9,469	1,571	3,737	1,441
		17,017	14,024	11,889	11,274
Total assets		**19,038**	**14,024**	**14,658**	**11,274**
Equity and liabilities					
Equity attributable to members, as owners					
Individual members' capital		-	-	-	-
Other reserves classified as equity		(288,586)	(282,466)	(328,728)	(322,803)
Total equity		**(288,586)**	**(282,466)**	**(328,728)**	**(322,803)**
Liabilities					
Current liabilities					
Trade and other payables	7	7,361	3,620	8,733	3,681
Provisions	7	10,850	10,850	6,256	6,258
Deferred income	7	22,591	15,417	18,548	15,324
Amounts due to members		1,863	1,863	2,279	2,279
		42,665	31,749	35,815	27,542
Non-current liabilities					
Provisions	17	174,977	174,977	225,694	225,694
Long Term Borrowings	8	89,764	89,764	80,844	80,844
Long Term Creditors	8	217	-	1,033	-
		264,958	264,741	307,571	306,538
Total liabilities		307,623	296,491	343,386	334,080
Total equity and liabilities		**19,038**	**14,024**	**14,658**	**11,274**
Total members' interests					
Individual members' capital		-	-	-	-
Other reserves classified as equity		(288,586)	(282,466)	(328,728)	(322,803)
		(288,586)	(282,466)	(328,728)	(322,803)
Amounts due to members		1,863	1,863	2,279	2,279
		(286,723)	**(280,603)**	**(326,448)**	**(320,523)**

Phil Mead
Chair
Date: 11 December 2023

Shanika Amarasekara
Board member
Date: 11 December 2023

Statement of changes in equity
for the year ended 31 March 2023

	Note	Individual members' capital	Members' other reserves	Group
		£'000	**£'000**	**£'000**
Balance at 1 April 2021			**(293,011)**	**(295,801)**
Capital introduced by members	9	20,859	-	-
Repayment of capital		-	-	-
Members remuneration charges as an expense		-	-	
Losses for the financial year 2022		-	(50,651)	(53,885)
Members interest after allocation of profit/(losses) for the year		**20,859**	**(343,662)**	**(349,687)**
Profits/(losses) allocated to members during the year	9	(20,859)	20,859	20,959
Other transactions with members		-	-	-
Balance at 31 March 2022		**-**	**(322,803)**	**(328,728)**
Balance at 1 April 2022		**-**	**(322,803)**	**(328,728)**
Capital introduced by members	9	26,267	-	-
Profit for the financial year 2023		-	14,069	13,784
Members interest after allocation of profit/(losses) for the year		**26,267**	**(308,733)**	**(314,943)**
Profits/(losses) allocated to members during the year	9	(26,267)	26,267	26,357
Balance at 31 March 2023		**-**	**(282,466)**	**(288,586)**

Statement of cash flows
for the year ended 31 March 2023

	Note	Group 2023 £'000	Entity 2023 £'000	Group 2022 £'000	Entity 2022 £'000
Cash flows from operating activities					
Profit for the financial year		**13,784**	**14,069**	**(53,885)**	**(50,651)**
Adjustments for					
Depreciation and impairment	3	10,383	15,237	4,626	7,226
		24,167	**29,306**	**(49,260)**	**(43,425)**
(Increase)/decrease in trade and other receivables		602	(2,621)	(2,002)	(877)
Increase/(decrease) in trade and other payables		(1,495)	632	1,204	(762)
Increase/(decrease) in amounts due to members		1,579	1,579	(1,640)	(1,640)
Increase/(decrease) in provisions		(46,123)	(46,125)	22,486	22,488
Cash generated from operations		**(21,269)**	**(17,229)**	**(29,211)**	**(24,216)**
Net cash flows from operating activities		**(21,269)**	**(17,229)**	**(29,211)**	**(24,216)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(9,633)	(15,237)	(3,684)	(7,226)
Increase/(decrease) in payables from investing activities		(694)	(694)	1,521	1,521
Increase/(decrease) in amounts due to members from investing activities		(1,994)	(1,994)	1,656	1,656
Increase/(decrease) in deferred income		4,134	93	1,392	(152)
Net cash flows from investing activities		**(8,187)**	**(17,832)**	**885**	**(4,200)**
Cash flows from financing activities					
Capital introduced by individual members		26,267	26,267	20,859	20,859
Increase/(decrease) in borrowing		8,920	8,920	7,133	7,133
Net cash flows from financing activities		**35,187**	**35,187**	**27,992**	**27,992**
Net increase/(decrease) in cash and cash equivalents		5,731	126	(335)	(424)
Cash and cash equivalents at the beginning of the year	6	3,737	1,441	4,071	1,866
Cash and cash equivalents at the end of the year		**9,469**	**1,571**	**3,737**	**1,441**

Notes
(forming part of the financial statements)

1 Accounting policies

E20 Stadium LLP (the "partnership") is a partnership incorporated and domiciled in the UK.

The partnership financial statements have been prepared and approved by the members in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. Applicable law and UK adopted international accounting standards, as regards to the limited liability partnership, as applied in accordance with section 408 of the Companies Act 2006 as applied to limited liability partnerships.

Judgements made by the members, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the property, plant and equipment are stated at their fair value.

1.2 Property, plant and equipment

Property, plant and equipment are stated at fair value.

Property, plant and equipment are measured initially at cost, including transaction costs, and subsequently measured at fair value with any change therein recognised in profit or loss.

An external, independent valuer, having an appropriate recognised professional qualification, values the property, plant and equipment every year.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Property, plant and equipment are classified as Assets under Construction during the course of construction.

Depreciation is not being charged on the Stadium asset whilst it is revalued on an annual basis.

1.3 Expenses

Lease payments

Lease payments are recognised in accordance with IFRS 16, in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. The interest expenses associated with borrowings to fund working capital are not capitalised and are expensed through the income statement.

1.4 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the partnership expects to be entitled in exchange for those goods or services. The partnership has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. This includes:

- Revenues generated from the organisation of events, which are recorded as deferred income until the event occurs.
- Revenues from the Stadium operator, at entity level, which are recognised at the point the partnership becomes contractually obliged to those revenues.
- Revenues generated from other sources (such as recharges), which are recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

1.5 Taxation

Taxation on all partnership profits is solely the liability of members. Consequently, neither taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

1.6 Financial instruments

Trade and other receivables

Trade and other receivables due in less than 12 months are recognised at their nominal amount less impairment losses. Subsequent to initial recognition, trade and other receivables are valued at amortised cost less impairment losses.

Cash and cash equivalent

The cash and cash equivalents are stated at their nominal values, as this approximates to amortised cost.

Trade and other payables

Trade and other payables are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

1.7 Provisions

A provision is recognised when the partnership has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle its obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money.

A provision is also recognised when the partnership is deemed to have a contract that is onerous as defined by IAS 37 – see Note 17.

1.8 Allocations of profit or loss

The allocation of losses to those who were members of the partnership during the financial year occurs at the discretion of the Board. Unallocated profits or losses are shown in equity as “Other reserves”.

1.9 Members’ contributions

Contributions made by members of the partnership are recognised in the accounts at the point a sales invoice is presented for payment or cash settlement of the invoice is received, whichever is later.

1.10 Going Concern

The partnership is currently dependent for its working capital on funds provided by LLDC. The Members have an expectation based on discussions with LLDC and the Greater London Authority that further funding will be made available for a period of at least one year from the date of approval of these accounts.

For these reasons, the members have concluded that it is appropriate to prepare the accounts on a going concern basis.

1.11 Basis of consolidation

The consolidated financial statements comprise the financial statements of E20 Stadium LLP and its subsidiary as at 31 March 2023.

Subsidiaries are all entities over which the partnership has power, i.e. it has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the subsidiary's returns), exposure or rights, to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect the amount of the partnership's returns. The partnership normally obtains and exercises control through voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the partnership controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the partnership. They are de-consolidated from the date that control ceases.

During the 2018/19 financial year, E20 Stadium LLP took control of the Stadium operator, London Stadium 185 Limited, by purchasing, in full, its share capital from the previous owner, Vinci Stadium. Accordingly, the financial results of London Stadium 185 Limited are consolidated within these financial statements.

2 Revenue

	Group	**Entity**	**Group**	**Entity**
	2023	**2023**	**2022**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Operating income	12,810	5,751	6,082	4,054
Other recharges	1,560	549	1,925	456
Other	-	-	-	-
Total revenue	**14,370**	**6,300**	**8,007**	**4,510**

Within operating income is:

- £4m in fees received from West Ham United Football Club (21.22: £3.7m) for their use of the Stadium during the 2022/23 financial year; these fees are subsequently passed on to the Stadium operator, London Stadium 185, by E20 Stadium LLP as reflected within 'cost of sales' (see note 3).
- income arising from the Allen and Overy and West Ham United Football Club settlements (see page 2).
- revenues received from London Stadium 185; these are eliminated when consolidated in the Group accounts.

Other recharges recognised for the Group includes grant releases, events revenue and income from commercial partnerships.

Notes *(continued)*

3 Cost of sales, expenses and auditor's remuneration

	Group	Entity	Group	Entity
	2023	**2023**	**2022**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Cost of sales	(11,292)	(17,837)	(10,944)	(12,650)
Other operating expenses	(18,925)	(3,746)	(10,771)	(3,272)
Depreciation and impairment	(10,383)	(15,237)	(4,624)	(7,226)
Purchases recharged within the Group	(4,575)	-	(3,542)	-
Exceptional costs	(1,177)	(1,177)	(2,394)	(2,394)
Exceptional income	8,563	8,563	-	-
Provisions:				
Increases to existing provisions	(53,601)	(53,601)	(50,258)	(50,258)
Unused amounts reversed during the period	-	-	-	-
Effect of the change in provision discount rate	97,934	97,934	22,272	22,272
Provision utilised in the year	6,353	6,353	8,564	8,564
Operating income /(expenses) Total	**24,190**	**39,090**	**(40,752)**	**(32,313)**
Financing costs - interest payable	(8,920)	(8,920)	(7,133)	(7,133)
Financing costs - provision (unwinding the discount)	(4,564)	(4,564)	(3,065)	(3,065)

Cost of sales includes amounts paid to London Stadium 185 for their operator fees (eliminated in the Group accounts) and fees received from West Ham United Football Club. It also includes costs associated with moving the relocatable seating between pitch (football) and athletics mode.

Other operating expenses include professional fees, direct staff costs, general overheads, rates, insurance and member recharges.

Financing costs refer to the interest charge that E20 Stadium LLP accrues on the working capital loan from its parent (LLDC). Since 1 April 2020, working capital has been funded by way of Members Contributions from LLDC.

Purchases recharged within the Group refer to asset purchases made by the operator, London Stadium 185 Ltd, on behalf of the landlord, E20 Stadium LLP. These purchases are recharged, in full, to the landlord and are capitalised in E20 Stadium LLP's accounts. London Stadium 185 Ltd recharge these costs in full, so the net cost to the company is zero, but the initial expense is shown as Group level.

Within exceptional costs there are certain legal fees. These are not deemed to be business-as-usual costs and are therefore disclosed separately from the Stadium's underlying operating loss.

The increase/decrease in provisions represents the change in the onerous contract provision and the provision finance cost reflects the unwinding of the discounting in the provisions balance.

Auditor's remuneration	Group	Entity	Group	Entity
	2023	**2023**	**2022**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Audit of the financial statements	(85)	(47)	(68)	(38)
	(85)	**(47)**	**(68)**	**(38)**

Notes *(continued)*

4 Property, plant and equipment

	Stadium	Entity Total	Group Total
	£'000	**£'000**	**£'000**
Balance at 1 April 2021	-	-	**3,710**
Additions	7,226	7,226	3,684
Depreciation	-	-	(940)
Net losses in fair value adjustment	(7,226)	(7,226)	(3,684)
Balance at 31 March 2022	**-**	**-**	**2,770**
Balance at 1 April 2022	-	-	**2,770**
Additions	15,237	15,237	9,633
Depreciation	-	-	(816)
Net losses in fair value adjustment	(15,237)	(15,237)	(9,568)
Balance at 31 March 2023	**-**	**-**	**2,020**

Capital costs are incurred in relation to Stadium enhancements, including changes to the seating configuration and lifecycle works. The closing balance relates only to assets held by the stadium operator, as E20 Stadium LLP assets are fully impaired, per the revaluation note below.

Revaluation

The fair value of the Stadium is determined by external, independent property valuers (Jones Lang Lasalle Limited), having appropriate recognised professional qualifications. The independent valuers provide the fair value of the partnership's property, plant and equipment portfolio annually.

The fair value of the Stadium was determined by considering what market value a hypothetical purchaser would be willing to pay. This assessment considered the level of income that the Stadium can generate in excess of operating expenditure, as well as market data of the performance of other European Stadium developments. Accordingly, all of the property, plant and equipment have been categorised as a Level 3 fair value (see Note 10 for definition) based on the inputs to the valuation technique used.

Forecasts of the partnership's financial outlook, particularly in relation to the cost of hosting West Ham United Football Club and the cost of moving the relocatable seats between pitch (football) and athletics modes, has resulted in the fair value of the Stadium as at 31 March 2023 to be nil (31 March 2022: nil); accordingly, the value of the capital works on the Stadium up to 31 March 2023 are impaired in the partnership's accounts. As the valuation is based upon the partnership's business plan forecasts this carries an element of uncertainty and changes to business plan assumptions could result in a material adjustment to the Stadium's valuation in the coming years. The impairment is recognised in the Income Statement.

Additional information on the assumptions used to revalue the property, plant and equipment can be found in note 15.

Notes *(continued)*

5 Trade and other receivables

	Group 2023 £'000	Entity 2023 £'000	Group 2022 £'000	Entity 2022 £'000
Prepaid Expenses	2,676	1,831	2,405	1,592
Trade debtors	3,523	8,661	4,932	4,106
Other debtors	1,349	1,962	814	4,135
	7,548	**12,454**	**8,151**	**9,833**

Prepaid expenses includes the Stadium lease prepayment in relation to the rent premium of £0.5 million (21/22: 0.5 paid at the inception of the lease of the Stadium. The rent premium will be expensed to the income statement over the term of the lease (102 years) in line with the partnership's accounting policies.

Trade debtors consist mainly of balances owed by London Stadium 185 Limited (eliminated in the Group accounts) and West Ham United Football Club.

6 Cash and cash equivalents

	Group 2023 £'000	Entity 2023 £'000	Group 2022 £'000	Entity 2022 £'000
Cash held in bank accounts	9,469	1,571	3,737	1,441
Cash and cash equivalents per the cash flow statements	**9,469**	**1,571**	**3,737**	**1,441**

There are quarterly payments associated with some of the Group's key contracts, which results in a relatively high cash balance at each quarter-end. This balance is utilised during each quarter, with only a relatively small cash float retained.

7 Current liabilities

	Group 2023 £'000	Entity 2023 £'000	Group 2022 £'000	Entity 2022 £'000
Current				
Trade payables	5,078	10	6,530	9
Accruals	2,284	3,610	2,202	3,671
Deferred income	22,591	15,417	18,548	15,324
Provisions	10,850	10,850	6,256	6,258
	40,802	**29,886**	**33,536**	**25,262**

Deferred income of £14.0 million (21.22: £14.1m) relates mainly to the one-off usage fee from West Ham United Football Club paid during 2016/17, which will be recognised in the income statement over the lifetime of the concession agreement. There is also a deferral of an element of the annual usage fee, relating to the number of matches played in an event year, which will be released in the year the matches are played or after four years.

Notes *(continued)*

8 Non-Current liabilities

	Group 2023	Entity 2023	Group 2022	Entity 2022
Non-Current	**£'000**	**£'000**	**£'000**	**£'000**
Long Term Provisions	174,977	174,977	225,694	225,694
Borrowings	89,764	89,764	80,844	80,844
Long Term Deferred Income	217	-	1,033	-
	264,958	**264,741**	**307,571**	**306,538**

See Note 17 for details on provisions. The borrowings relate to amounts owed to E20's parent organisation, LLDC – see Note 9 below.

9 Individual members' capital and other interests

The partnership is financed partly by members' capital. The partnership's capital structure is regularly reviewed to ensure it remains relevant for the business. No distribution is made to members that could prevent the partnership meeting its financial requirements.

No capital contributions were made by Stratford East London Holdings Limited during the year, the balance solely relates to contributions from LLDC.

	£'000
Balance at 1 April 2021	-
Capital introduced by members	20,859
Repayments of capital	-
Profits/(losses) allocated to members during the year	(20,859)
Balance at 31 March 2022	-
Balance at 1 April 2022	-
Capital introduced by members	26,267
Repayments of capital	-
Profits/(losses) allocated to members during the year	(26,267)
Balance at 31 March 2023	-

Amounts due to members are related to recharges of costs from the members in relation to support services.

Within the amounts due to London Legacy Development Corporation is £89.8m (21/22: £80.8m) of loan funding provided by the Corporation up to 2019/20. This sum includes interest, which accrues annually.

	Group 2023 £'000	Entity 2023 £'000	Group 2022 £'000	Entity 2022 £'000
London Legacy Development Corporation	91,627	91,627	83,123	83,123
Total amounts due to members	**91,627**	**91,627**	**83,123**	**83,123**

Notes *(continued)*

10 Financial instruments

The fair values of all financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are disclosed in the table below. This table analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

31 March 2023		**Entity Carrying amount £'000**		**Entity Fair Value £'000**	
	Note	**Loans and receivables**	**Total**	**Loans and receivables**	**Total**
Financial assets					
Trade and other receivables	5	8,661	8,661	8,661	8,661
Cash and cash equivalents	6	1,571	1,571	1,571	1,571
		10,232	**10,232**	**10,232**	**10,232**
Financial Liabilities					
Trade and other payables	7& 8	89,774	89,774	89,774	89,774
		89,774	**89,774**	**89,774**	**89,774**

31 March 2022		**Carrying amount £'000**		**Fair Value £'000**	
	Note	**Loans and receivables**	**Total**	**Loans and receivables**	**Total**
Financial assets					
Trade and other receivables	5	4,106	4,106	4,106	4,106
Cash and cash equivalents	6	1,441	1,441	1,441	1,441
		5,547	**5,547**	**5,547**	**5,547**
Financial Liabilities					
Trade and other payables	7 & 8	80,853	80,853	80,853	80,853
		80,853	**80,853**	**80,853**	**80,853**

31 March 2023		**Group Carrying amount £'000**		**Group Fair Value £'000**	
	Note	**Loans and receivables**	**Total**	**Loans and receivables**	**Total**
Financial assets					
Trade and other receivables	5	3,523	3,523	3,523	3,523
Cash and cash equivalents	6	9,469	9,469	9,469	9,469
		12,992	**12,992**	**12,992**	**12,992**
Financial Liabilities					
Bank overdraft					
Other interest bearing loans and borrowings					
Trade and other payables	7 & 8	94,842	94,842	94,842	94,842
		94,842	**94,842**	**94,842**	**94,842**

31 March 2022		**Carrying amount £'000**		**Fair Value £'000**	
	Note	**Loans and receivables**	**Total**	**Loans and receivables**	**Total**
Financial assets					
Trade and other receivables	5	4,963	4,963	4,963	4,963
Cash and cash equivalents	6	3,737	3,737	3,737	3,737
		8,700	**8,700**	**8,700**	**8,700**
Financial Liabilities					
Trade and other payables	7 & 8	87,065	87,065	87,065	87,065
		87,065	**87,065**	**87,065**	**87,065**

Notes *(continued)*

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.

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the partnership if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the partnership's receivables from customers.

The partnership has some credit risk, particularly through the Stadium operator; however, this is considered to be low and is monitored regularly at a management and director level.

Liquidity risk

Financial risk management

Liquidity risk is the risk that the partnership will not be able to meet its financial obligations as they fall due.

The partnership is reliant on committed funding from its members to meet the anticipated needs of the Partnership for the period covered by the Partnership's budget.

The partnership forecasts on a regular basis the expected cash flows that will occur on a monthly basis to calculate the level of funding that will be required in a short or medium term.

Market risk

Financial risk management

The partnership has limited exposure to market risk. The partnership is not exposed to currency fluctuation risk or commodity risk as a result of its operations. The partnership has no exposure to market risk for changes in interest rates as it has no external borrowing.

Notes *(continued)*

11 Taxation

The notional effect of taxation is shown below based on the current UK corporation tax rate; however, this is fully offset by prior-year losses.

	2022/23	2021/22
	Group	Group
	000	£'000
Profit/ (Loss) in ordinary activities before tax	13,784	(53,885)
	13,784	(53,885)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	2,619	-
Use of prior year losses	(2,619)	-
Tax payable	-	-

12 Leases

The partnership has a lease with London Legacy Development Corporation for the Stadium Island site, which includes the Stadium itself, up to 1 September 2115. The partnership has paid an upfront payment of £0.5 million which is recognised in the income statement on straight line basis over the term of the lease. The annual rent is a peppercorn and therefore the partnership has no further non-cancellable operating lease rentals obligation in respect of this lease.

During the year £4,900 was recognised as an expense in the income statement in respect of lease costs, in accordance with IFRS 16.

13 Commitments

Capital commitments

At the year ended 31 March 2023, the partnership had commitments to pay of £3.9 million (2021/22: £14.4 million), largely in respect of seating enhancements. These commitments are expected to be settled in the financial year 2023/24.

Notes *(continued)*

14 Related Parties

Other related party transactions

In December 2013, the partnership entered into an agreement with London Legacy Development Corporation for the lease of the Stadium (see note 12 for more information).

The cost of the Stadium transformation scope (as defined by the Members' agreement) and other enhancements were funded mainly by the partnership members.

In the years up to and including 2019/20, London Legacy Development Corporation provided loan funding to the partnership – this amounts to £89.8m, including accrued interest. Since then funding has been provided through Member's Contributions from LLDC, though interest continues to accrue annually on the existing loan balance.

London Legacy Development Corporation, a functional body of the Greater London Authority, is the parent of E20 Stadium LLP.

	Capitalised cost 22/23	**Expense cost 22/23**
	£'000	**£'000**
Members and Subsidiary	4,740	33,168
	4,740	**33,168**

	Receivables outstanding 22/23	**Payables outstanding 22/23**
	£'000	**£'000**
Members and Subsidiary	8,819	89,764
	8,819	**89,764**

Notes *(continued)*

15 Accounting estimates and judgement

The partnership prepares its consolidated financial statements in conformity with the requirements of the Companies Act 2006, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

The following area is considered to involve a significant degree of judgement or estimation:

Revaluation reviews

The fair value of the Stadium was determined by external, independent property valuers (Jones Lang Lasalle Limited), having appropriate recognised professional qualifications. The independent valuers provide the fair value of the partnership's property, plant and equipment portfolio annually.

The fair value of the Stadium was determined by considering what market value a hypothetical purchaser would be willing to pay. This assessment considered the level of income that the Stadium can generate in excess of operating expenditure, as well as market data of the performance of other European Stadium developments. Accordingly, all of the property, plant and equipment have been categorised as a Level 3 fair value (see Note 10 for definition) based on the inputs to the valuation technique used.

Forecasts of the partnership's financial outlook, particularly in relation to the cost of hosting West Ham United Football Club matches and the cost of moving the relocatable seats between pitch (football) and athletics modes, have resulted in the fair value of the Stadium as at 31 March 2023 to be nil (31 March 2022: nil); accordingly, the value of the capital works on the Stadium are impaired in the partnership's draft accounts. As the valuation is based upon the partnership's business plan forecasts this carries an element of uncertainty and changes to business plan assumptions could result in a material adjustment to the Stadium's valuation in the coming years. Changing the assumptions selected by management could significantly affect the partnership's impairment evaluation and results.

Provisions (onerous contracts)

The onerous contracts provision is based on a variety of assumptions and estimates regarding the cashflows associated with the West Ham United and UK Athletics agreements and discount rates, all of which are subject to change. Any changes to the assumptions and estimates (including the discount rate) used by management in determining the value of the provision could significantly affect the partnership's provision value and financial performance. See Note 17 for further details on the onerous contracts provision, including the methodology adopted by management to determine the value at the reporting date.

Year	Provision Balance	Discount rate reduces by 0.2% (change in balance)	Discount rate increases by 0.2% (change in balance)	Net Cashflow increase by 5% (change in balance)
	£m	£m	£m	£m
31-Mar-21	(209.5)	(11.6)	10.7	(8.7)
31-Mar-22	(231.9)	(12.9)	11.7	(9.6)
31-Mar-23	(185.8)	(7.6)	7.1	(9.3)

16 Service concession agreements

The partnership entered into a 25-year service concession arrangement with London Stadium 185 Limited (now owned by E20 Stadium LLP) on 30 January 2015. The agreement relates to the operation of the Stadium and grants the operator sole and exclusive rights to promote, sell and manage events in the Stadium and South Park. Under the agreement the partnership makes defined payments to the operator, including a quarterly fixed-fee; the operator pays to the partnership net commercial revenues depending upon their performance according to the agreement. The partnership retains liability for the structure of the Stadium and in particular lifecycle costs. The agreement may be terminated by either party after 20 years by giving not less than 3 years' notice. No changes were made to the terms of the agreement following the acquisition of London Stadium 185 Limited by E20 Stadium LLP on 21 January 2019.

Notes *(continued)*

17 Provisions

Since its opening in 2016/17, the London Stadium has successfully hosted five full seasons of Premier League football as the home of West Ham United Football Club, the IAAF World Athletics and Para Athletics Championships, major music concerts, Major League Baseball and other successful events such as rugby union matches, confirming its position as the centrepiece of the Queen Elizabeth Olympic Park and as a major London attraction.

However, despite these successes, forecasts of the partnership's financial outlook, particularly in relation to the cost of hosting West Ham United Football Club 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 deemed to be onerous (loss-making). An assessment of its main contracts (in line with IAS 37) in 2016/17 concluded that two of these are deemed to be onerous – the West Ham United Football Club concession agreement and UK Athletics access agreement. Consequently, E20 Stadium LLP recognised a provision for these losses, adversely impacting its reported position for the year. The provision, which was previously calculated based upon E20 Stadium's forecasts as contained within its business plan, contains a variety of assumptions and estimates that are subject to change.

The methodology for calculating the provision follows the update to IAS 37. The methodology adopted is as follows:

- It uses only those revenues, costs and overheads that are directly attributable to the West Ham United Football Club and UK Athletics agreements. Revenues, costs and overheads not directly attributable to those agreements are noy included in the calculation.
- The calculation is based on cashflows for the remaining 92-year term of the concession agreement (note the calculation includes cashflows relating to the UK Athletics agreement up to its expiry in 40 years)
- A lower discount rate is adopted to reflect a risk-free rate (based on Government gilt rates at the reporting date)

Based on the above, the provision is as follows:

	Provisions Total
	£'000
As at 1 April 2021	(209,464)
Unused amounts reversed during the period	(50,258)
Effect of the change in discount rate	22,272
Utilised in the year	8,564
Unwinding of discount	(3,065)
Balance at 31 March 2022	**(231,950)**

Notes *(continued)*

***Provisions** (Continued)*

	Provisions Total
	£'000
As at 1 April 2022	(231,950)
Unused amounts reversed during the period	(53,601)
Effect of the change in discount rate	97,934
Utilised in the year	6,353
Unwinding of discount	(4,564)
Balance at 31 March 2023	**(185,827)**

Note that the changes in the provision balances do not reflect any substantial change to the underlying business of E20 Stadium LLP but rather is a result of the change in discount rate and forecast.

18 Contingent liabilities and assets

E20 Stadium LLP has no contingent liabilities or assets as at the reporting date.

19 Prior Period Adjustments

E20 Stadium LLP has no prior period adjustments.

20 Events after the Reporting Date

There have been no significant events after the reporting date that require adjustment or further disclosure.