

E20 Stadium LLP

Annual report and financial statements

Registered number OC376732

31 March 2020

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Members report

The Board submits its report together with the unaudited financial statements of E20 Stadium LLP for the year ended 31 March 2020.

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 Level 10, 1 Stratford Place, Montfichet Road, London, E20 1EJ

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 formally established as the vehicle 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 minimises the subsidy required from public funds.

The Stadium was permanently opened in summer 2016 following the completion of the transformation and other capital works. Since then it has hosted three 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 including Foo Fighters and The Rolling Stones and other successful events such as rugby league matches.

In the previous financial year, 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 deliver high-profile events at the Stadium on behalf of E20 Stadium LLP, such as the first Major League Baseball matches to take place in Europe, which were staged in June 2019.

During the year, the partnership reached an agreement with UK Athletics, which will help secure reductions in Stadium operating costs for the future and see more community activity in the Stadium. During the year E20 Stadium LLP and West Ham United submitted a joint planning application to the London Borough of Newham to increase the stadium match-day capacity to 62,500, which is currently being considered.

Financial performance

During the year, the partnership incurred £4.6 million on Stadium capital works in relation other Stadium enhancements. The Stadium fair value at 31 March 2020 is held at nil due to the partnership's financial forecasts, 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. Accordingly, the partnership has recognised a loss of £4.6 million being the impairment of the capital works to 31 March 2020. The impairment is less for the Group position, as the impairment charge is net of any intra-group recharges. Additional information in respect of the impairment measurement can be found in note 4.

Revenue of £5.1 million was generated in 2019/20, of which approximately £5.0 million relates to operating income derived from the Stadium operator (London Stadium 185 Limited) and other tenants. The Group generated £12.5m of revenue, which includes partnership, catering and other event income.

The partnership incurred £17.8 million relating to costs of sales, which includes amounts paid to London Stadium 185 Limited for their operator fees and costs associated with moving the relocatable seating between pitch (football) and athletics mode. Other operating expenses include professional fees, direct staff costs, general overheads and member recharges. The underlying partnership operating loss for the Stadium was £17.0 million (£17.2 million for the Group).

Members report *(continued)*

Going concern

Following approval of a restructuring plan by the E20 Stadium LLP Board in May 2018, the partnership has agreed improvements to contractual arrangements, including the UK Athletics concession agreement and the West Ham United Football Club Concession Agreement. However, forecasts of the partnership's financial outlook, particularly in relation to the cost of hosting West Ham United Football Club matches, the cost of moving the relocatable seating and lower than anticipated net commercial revenues (including Stadium naming rights) 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 2020.

The partnership is dependent on funding provided by LLDC for its working capital (see Note 1.10); the provision of such funding is subject to the partnership demonstrating to LLDC and the Greater London Authority satisfactory progress against the agreed restructuring plan.

The Directors have an expectation based on progress made to date and 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



Nicky Dunn

Chair

Date: 17 December 2020



Keith Edelman

Board member

Date: 17 December 2020

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 IFRS as adopted by the EU and applicable law.

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 IFRS as adopted by the EU, and
- 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



Nicky Dunn

Chair

Date: 17 December 2020



Keith Edelman

Board member

Date: 17 December 2020

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 ('the parent Limited Liability Partnership') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Group and Parent Income statement, the Group and Parent Statement of financial position, the Group and Parent statement of changes in equity, and the Group and Parent statement of cash flows, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions 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 group's and of the parent Limited Liability Partnership's affairs as at 31 March 2020 and of the group's and parent Limited Liability Partnership's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 parent company 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

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

- the members' use of the going concern basis of accounting in the preparation of the financial
- statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

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 parent Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 3, 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 the parent 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 parent 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.

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 Limited Liability Partnership's 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 company's 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 as applied to Limited Liability Partnership and the as applied to Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Brittain (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

22 December 2020

The maintenance and integrity of the E20 Stadium Company Limited LLP web site is the responsibility of the members; 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.

Income statement
for the year ended 31 March 2020

	Note	Group 2020 £'000	Entity 2020 £'000	Group 2019 £'000	Entity 2019 £'000
Revenue	2	12,487	5,110	5,662	5,721
Cost of sales	3	(16,395)	(17,844)	(15,405)	(17,270)
		(3,908)	(12,734)	(9,743)	(11,549)
Other operating expenses	3	(13,317)	(4,220)	(8,113)	(5,771)
Operating loss		(17,223)	(16,954)	(17,856)	(17,320)
Financing Costs	3	(5,484)	(5,484)	(2,256)	(2,256)
Depreciation and impairment	3	(3,101)	(4,576)	(2,198)	(2,637)
Exceptional costs	3	(615)	(615)	(5,964)	(4,869)
Purchases recharged within the Group	3	(2,589)	-	-	-
Loss for the financial year - attributable to members		(29,012)	(27,629)	(28,273)	(27,082)
Total comprehensive loss for the year - attributable to members		(29,012)	(27,629)	(28,273)	(27,082)

Statement of financial position
for the year ended 31 March 2020

	Note	Group 2020 £'000	Entity 2020 £'000	Group 2019 £'000	Entity 2019 £'000
Assets					
Non-current assets					
Property, plant and equipment	4	4,212	-	3,689	(0)
		<u>4,212</u>	<u>-</u>	<u>3,689</u>	<u>(0)</u>
Current assets					
Trade and other receivables	5	6,465	4,622	5,871	2,415
Cash and cash equivalents	6	4,870	1,378	3,939	491
		<u>11,335</u>	<u>6,000</u>	<u>9,810</u>	<u>2,906</u>
Total assets		<u>15,547</u>	<u>6,000</u>	<u>13,499</u>	<u>2,906</u>
Equity and liabilities					
Equity attributable to members, as owners					
Individual members' capital	9	-	-	-	-
Other reserves classified as equity	9	(283,817)	(281,646)	(258,091)	(257,305)
Total equity		<u>(283,816)</u>	<u>(281,646)</u>	<u>(258,091)</u>	<u>(257,305)</u>
Liabilities					
Current liabilities					
Trade and other payables	7	7,855	3,456	7,170	2,084
Provisions	17	31,167	31,169	25,653	25,655
Deferred income	7	19,526	15,228	16,925	14,646
Amounts due to members	14	1,960	1,960	1,493	1,493
		<u>60,508</u>	<u>51,813</u>	<u>51,240</u>	<u>43,877</u>
Non-current liabilities					
Provisions	17	168,835	168,835	174,988	174,988
Long Term Borrowings	8	66,999	66,999	41,347	41,347
Long Term Creditors	8	2,921	-	4,015	-
		<u>238,756</u>	<u>235,834</u>	<u>220,350</u>	<u>216,335</u>
Total liabilities		<u>299,264</u>	<u>287,648</u>	<u>271,590</u>	<u>260,213</u>
Total equity and liabilities		<u>15,547</u>	<u>6,000</u>	<u>13,499</u>	<u>2,908</u>
Total members' interests					
Individual members' capital		-	-	-	-
Other reserves classified as equity		(283,716)	(281,646)	(258,091)	(257,305)
		<u>(283,716)</u>	<u>(281,646)</u>	<u>(258,091)</u>	<u>(257,305)</u>
Amounts due to members	14	1,960	1,960	1,493	1,493
		<u>(281,756)</u>	<u>(279,685)</u>	<u>(256,598)</u>	<u>(255,811)</u>



Nicky Dunn
Chair
Date: 17 December 2020



Keith Edelman
Board member
Date: 17 December 2020

Statement of changes in equity
for the year ended 31 March 2020

	Note	Individual members' capital £'000	Members' other reserves £'000	Group £'000
Balance at 1 April 2018		-	(230,223)	(230,223)
Capital introduced by members	9		-	-
Losses for the financial year 2019		-	(27,082)	(28,273)
Members interest after allocation of profit/(losses) for the year		-	(257,305)	(258,496)
Profits/(losses) allocated to members during the year	9			-
Other transactions with members		-	-	-
Balance at 31 March 2019		-	(257,305)	(258,091)
Balance at 1 April 2019			(257,305)	(258,091)
Capital introduced by members	9	3,288	-	-
Repayment of capital		-	-	-
Members remuneration charges as an expense		-	-	
Losses for the financial year 2020		-	(27,629)	(29,012)
Members interest after allocation of profit/(losses) for the year		3,288	(284,934)	(287,103)
Profits/(losses) allocated to members during the year	9	(3,288)	3,288	3,387
Other transactions with members		-	-	-
Balance at 31 March 2020		-	(281,646)	(283,717)

Statement of cash flows
for the year ended 31 March 2020

	Group	Entity	Group	Entity
Note	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Loss for the financial year	(29,012)	(27,629)	(28,273)	(27,082)
<i>Adjustments for</i>				
Depreciation and impairment	4	4,576	2,637	3,337
	(24,436)	(23,053)	(25,637)	(23,745)
(Increase)/decrease in trade and other receivables	(594)	(2,207)	(3,271)	185
Increase/(decrease) in trade and other payables	(947)	(811)	7,981	(1,161)
Increase/(decrease) in amounts due to members	773	773	(46)	(46)
Cash generated from operations	(25,303)	(25,297)	(20,973)	(24,767)
Net cash flows from operating activities	(25,303)	(25,297)	(20,973)	(24,767)
Cash flows from investing activities				
Acquisition of property, plant and equipment	4	(5,100)	(6,325)	(2,637)
Acquisition of a subsidiary				(700)
(Increase)/decrease in receivables from investing activities		-	-	-
Increase/(decrease) in payables from investing activities		-	(452)	(410)
Increase/(decrease) in amounts due to members from investing activities		(306)	241	241
Increase/(decrease) in deferred income and provisions		2,601	2,127	(152)
Net cash flows from investing activities	(2,805)	(2,755)	(4,409)	(3,658)
Cash flows from financing activities				
Capital introduced by individual members		3,288	405	-
Increase/(decrease in borrowing)		25,652	26,898	26,898
Net cash flows from financing activities	28,939	28,939	27,303	26,898
Net increase/(decrease) in cash and cash equivalents		931	1,921	(1,526)
Cash and cash equivalents at the beginning of the year	6	3,939	2,017	2,017
Cash and cash equivalents at the end of the year	4,870	1,378	3,939	491

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 directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

Judgements made by the directors, 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.

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 provision of which is subject to E20 Stadium LLP demonstrating to LLDC and the Greater London Authority satisfactory progress against the agreed restructuring plan. The Directors have an expectation based on progress made to date and 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 directors 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 2020.

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 from the date of acquisition, including the whole of the 2019/20 financial year.

2 Revenue

	Group	Entity	Group	Entity
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Operating income	4,752	5,167	5,101	5,161
Other recharges	7,735	(57)	559	559
Other	-	-	1	1
Total revenue	12,487	5,110	5,662	5,721

Within operating income is £2.5m in fees received from West Ham United Football Club for their use of the Stadium during the 2019/20 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 - other' (see note 3). Also in the Entity operating income are revenues received from London Stadium 185; these are eliminated when consolidated in the Group accounts.

Notes *(continued)*

3 Cost of sales, expenses and auditor's remuneration

	Group	Entity	Group	Entity
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Cost of sales	(16,396)	(17,845)	(15,406)	(17,271)
Impairment of property, plant and equipment	(3,101)	(4,576)	(2,198)	(2,637)
Other operating expenses	(13,316)	(4,219)	(8,112)	(5,770)
Exceptional Costs	(615)	(615)	(5,964)	(4,869)
Financing Costs	(5,484)	(5,484)	(2,256)	(2,256)
Purchases recharged within the Group	(2,589)	-	-	-
	(41,500)	(32,739)	(33,936)	(32,803)

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 and member recharges.

Financing costs refer to the interest charge that E20 Stadium LLP accrues on the working capital loan from its parent.

Purchases recharged within the Group refer to purchases made by London Stadium 185 Ltd, that are recharged to E20 Stadium LLP and capitalised. London Stadium 185 Ltd recharge these costs in full so the net cost to the company is zero, but the cost is shown as Group level. These costs were previously recorded under cost of sales and for 18/19 were £560k.

Within exceptional costs above are costs relating to restructuring activities, certain legal fees and the UK Athletics settlement agreement. These are not deemed to be business-as-usual costs and are therefore disclosed separately from the Stadium's underlying operating loss.

Auditor's remuneration

	Group	Entity	Group	Entity
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Audit of the financial statements	(44)	(31)	(52)	(44)
	(44)	(31)	(52)	(44)

4 Property, plant and equipment

	Stadium	Entity Total	Group Total
	£'000	£'000	£'000
Balance at 1 April 2018	-	-	-
Additions	2,637	2,637	6,325
Net losses in fair value adjustment	(2,637)	(2,637)	(2,637)
Balance at 31 March 2019	(0)	(0)	3,689
Balance at 1 April 2019	-	-	3,689
Additions	4,576	4,576	5,100
Net losses in fair value adjustment	(4,576)	(4,576)	(4,576)
Balance at 31 March 2020	(0)	(0)	4,212

Property, plant and equipment

The transformation of the Stadium and other Stadium enhancements were substantially completed in 2016/17 under the Balfour Beatty contract. Capital costs have continued to be incurred beyond that date in relation to Stadium enhancements, including changes to the seating configuration.

Revaluation

The fair value of the Stadium is determined by external, independent property valuers (GL Hearn 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 9 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 2020 to be nil (31 March 2019: nil); accordingly, the value of the capital works on the Stadium up to 31 March 2020 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 13.

Notes (continued)

5 Trade and other receivables

	Group 2020 £'000	Entity 2020 £'000	Group 2019 £'000	Entity 2019 £'000
Stadium lease prepayment	1,935	1,202	474	474
Trade debtors	1,959	171	2,648	1,120
Other debtors	2,570	3,248	2,749	821
	6,465	4,622	5,871	2,415

The Stadium lease prepayment is in relation to the rent premium of £0.5 million 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 2020 £'000	Entity 2020 £'000	Group 2019 £'000	Entity 2019 £'000
Cash held in bank accounts	4,870	1,378	3,939	491
Cash and cash equivalents per the cash flow statements	4,870	1,378	3,939	491

7 Current liabilities

	Group 2020 £'000	Entity 2020 £'000	Group 2019 £'000	Entity 2019 £'000
Current				
Trade payables	2,904	14	3,688	22
Accruals	4,950	3,440	3,481	2,060
Deferred income	19,526	15,228	16,925	14,646
Provisions	31,167	31,169	25,653	25,655
	58,547	49,851	49,746	42,383

Deferred income of £15.2 million 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 2019/20, which will be released in the year the matches are played.

Notes (continued)

8 Non-Current liabilities

	Group	Entity	Group	Entity
	2020	2020	2019	2019
Non-Current	£'000	£'000	£'000	£'000
Long Term Provisions	168,835	168,835	174,988	174,988
Borrowings	66,999	66,999	41,347	41,347
Long Term Deferred Income	2,921	-	4,015	-
	238,756	235,835	220,351	216,336

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.

On 30 November 2017, Newham Legacy Investments Limited retired from the partnership and was replaced by Stratford East London Holdings Limited, a wholly owned subsidiary of LLDC. Newham Legacy Investments Limited did not withdraw any capital contributions upon their retirement; furthermore, no capital contributions were made by Stratford East London Holdings Limited during the year.

	£'000
Balance at 1 April 2018	-
Capital introduced by members	-
Repayments of capital	-
Profits/(losses) allocated to members during the year	-
Balance at 31 March 2019	-
Balance at 1 April 2019	-
Capital introduced by members	3,288
Repayments of capital	-
Profits/(losses) allocated to members during the year	(3,288)
Balance at 31 March 2020	-

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

Within the amounts due to London Legacy Development Corporation is £67.0m of loan funding provided by the Corporation during 2018/19 (including accrued interest).

	Group	Entity	Group	Entity
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
London Legacy Development Corporation	67,001	67,001	42,840	42,840
Total amounts due to members	67,001	67,001	42,840	42,840

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 2020	Note	Entity Carrying amount £'000		Entity Fair Value £'000	
		Loans and receivables	Total	Level 3	Total
Financial assets					
Trade and other receivables	5	171	171	171	171
Cash and cash equivalents	6	1,378	1,378	1,378	1,378
		1,549	1,549	1,549	1,549
Financial Liabilities					
Trade and other payables	7	66,672	66,672	66,672	66,672
		66,672	66,672	66,672	66,672
31 March 2019					
	Note	Carrying amount £'000		Fair Value £'000	
		Loans and receivables	Total	Level 3	Total
Financial assets					
Trade and other receivables	5	1,120	1,120	1,120	1,120
Cash and cash equivalents	6	491	491	491	491
		1,610	1,610	1,610	1,610
Financial Liabilities					
Trade and other payables	7	41,028	41,028	41,028	41,028
		41,028	41,028	41,028	41,028
31 March 2020					
	Note	Group Carrying amount £'000		Group Fair Value £'000	
		Loans and receivables	Total	Level 3	Total
Financial assets					
Trade and other receivables	5	1,959	1,959	1,959	1,959
Cash and cash equivalents	6	4,870	491	4,870	4,870
		6,829	2,450	6,829	6,829
Financial Liabilities					
Trade and other payables	7	69,562	69,562	69,562	69,562
		69,562	69,562	69,562	69,562
31 March 2019					
	Note	Carrying amount £'000		Fair Value £'000	
		Loans and receivables	Total	Level 3	Total
Financial assets					
Trade and other receivables	5	2,648	2,648	2,648	2,648
Cash and cash equivalents	6	3,939	491	3,939	3,939
		6,587	3,139	6,587	6,587
Financial Liabilities					
Trade and other payables	7	44,694	44,694	44,694	44,694
		44,694	44,694	44,694	44,694

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.

As the partnership has not yet started its trading activity, it had no credit risk exposure during the financial year.

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 weekly and 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 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.

12 Commitments

Capital commitments

At the year ended 31 March 2020, the partnership had commitments to pay of £16.1 million (2018/19: £0.7 million), largely in respect of seating enhancements. These commitments are expected to be settled in the financial year 2020/21.

13 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.

Under the previous Membership Agreement¹, Newham Legacy Investments Limited financed £40 million of the transformation cost. Other third parties, including the London Marathon Trust and West Ham United Football Club, contributed £19.0 million, and the London Legacy Development Corporation funded the balance backed by the Greater London Authority, and including agreed contributions of funding from central government. Both LLDC and Newham Legacy Investments Limited provided funding during the previous year towards the partnership's working capital requirements.

London Legacy Development Corporation also provided £24.6m of loan funding to the partnership during 2018/19 and £25.8m during 2019/20 (balance as at 31 March 2019 is £67.0m including accrued interest).

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

¹ Ended 30 November 2017

Notes *(continued)*

Related parties *(continued)*

Other transactions with the members are presented as follows:

	Capitalised cost 2020	Expense cost 2020
	£'000	£'000
Members	1,055	2,064
	1,055	2,064

	Receivables outstanding	Payables outstanding
	2020	2020
	£'000	£'000
Members	-	68,959
	-	68,959

14 Accounting estimates and judgement

The partnership prepares its consolidated financial statements in accordance with EU-adopted IFRSs, 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 (GL Hearn 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 9 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 2020 to be nil (31 March 2019: 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)

Similar to the Stadium valuation, the onerous contracts provision is calculated based upon E20 Stadium's latest forecasts and therefore contains a number of assumptions and estimates that are subject to change. Changing the assumptions selected by management could significantly affect the partnership's provision evaluation and results.

15 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.

16 Provisions

Since its opening in 2016/17, the London Stadium has successfully hosted three 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 including Foo Fighters and The Rolling Stones 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 was calculated based upon E20 Stadium's latest forecasts and therefore contains a number of assumptions and estimates that are subject to change.

	Current	Non-current	Total
	£'000	£'000	£'000
As at 1 April	(26,058)	(174,988)	(201,046)
Additional provisions in the year	(31,805)	6,153	(25,652)
Utilised in the year	26,696	-	26,696
Balance at 31 March	(31,167)	(168,835)	(200,002)

E20 Stadium LLP has reviewed the provision again in 2019/20 and concluded that, despite some progress against the partnership's restructuring plan, the provision should remain at the same level. Over time significant financial performance improvements are reflected in the partnership's long-term forecasts, however further significant capital investment is also required to support the restructuring plan. The table above shows the movement in the provision, which comprises of utilisation in year, and additional amounts provided to reflect the latest business plan.

17 Contingent liabilities

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

18 Events after the reporting date

There have been no significant events after the reporting date that require adjustment or further disclosure. In September 2020 Nathan Homer joined E20 Stadium LLP as Chief Commercial Officer. This role will focus on maximising the commercial opportunities from the events and assets across the Queen Elizabeth Olympic Park, including the London Stadium.