

FINANCIAL REVIEW



**“THE COMPANY’S INFRASTRUCTURE
AND GOVERNANCE PROCESSES
HAVE BEEN SUFFICIENT FOR
DELIVERY AGAINST THE GOALS WE
SET FOR THE YEAR”**

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OLYMPIC PARK LEGACY COMPANY**



Financial Review

During the year the Company’s main source of funding was grant income from its Founder Members. Funding for revenue expenditure was provided by a combination of the London Development Agency (£15.1m), the Department for Communities and Local Government (£9.5m) and the Greater London Authority (£0.1m). Capital funding was provided by the Department for Communities and Local Government (£17.4m), the Department for Culture, Media and Sport (£7.4m) and the Greater London Authority (£0.6m). The Company’s infrastructure and governance processes have been sufficient for delivery against the goals we set for the year and they will continue to be developed as a platform that meets the development needs of the Legacy Corporation.

Because the Company’s property, rights and liabilities were transferred on 1 April 2012 to the London Legacy Development Corporation for no consideration, a business termination provision of £1.3m was made to write the Company’s net assets down to nil at the year end. After the impact of this adjustment and the payment of a share of the gain on disposal of property to the Department for Communities and Local Government, the Company made a profit before tax of £2.5m in the year. This profit was generated by the disposal of property at Sugar House Lane, rental income on commercial properties, interest income and profits from the operation of Three Mills Studios. After provisions for taxation and the deficit on the Company’s pension fund, the Company made a small loss in the year.

The Company itself has therefore ceased to trade and the Board has resolved that it should be wound up.

The Three Mills Studios operation delivered an operating profit of £0.4m on a turnover of £4.3m. This business experienced strong occupancy rates during the year and the outlook for 2012/13 remains promising.

Of the proceeds from the sale of property at Sugar House Lane for £19.5m, £16.6m has been returned to the Greater London Authority in accordance with the terms of the London Settlement between the Government and the Greater London Authority. The remaining amount covers the associated tax liability.

The Department for Communities and Local Government also committed to make a contribution of £0.8m to eliminate the deficit on the Company’s pension scheme at the year end.

During the year the Company commenced negotiations for the acquisition of development land from the Lee Valley Regional Park Authority. A deposit of £7.0m was paid in March 2012, with the balance of £10.2m being due on completion of the purchase in April 2012.

Funding which was previously to be received by the Company from the Department for Communities and Local Government and the Department for Culture, Media and Sport from 2012/13 onwards is being transferred to the Greater London Authority under the terms of the London Settlement. The Settlement and other previously committed funding arrangements indicate that in 2012/13 a total of up to £104.8m will be provided for the Legacy Corporation for capital and revenue expenditure together with £90.7m for the transformation works that are due to take place on the Olympic Park during the year.

The Company’s funding and expenditure during the year under review represented a more than threefold increase in our level of activity compared to 2010/11, and the work of the Legacy Corporation next year will see an equally significant increase. We are confident that our investment in corporate infrastructure, systems and resources has created a robust platform for the Legacy Corporation to meet this challenge.

Executive Director of Finance
and Corporate Services
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