

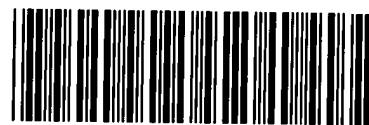
Report of the Directors and

Financial Statements for the Year Ended 31 March 2017

for

Newham Legacy Investments Limited

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## Newham Legacy Investments Limited

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Newham Legacy Investments Limited  
Report of the Directors  
for the Year Ended 31 March 2017

**DIRECTORS:**

K Deas (resigned 03.12.17)  
Z Power (resigned 18.04.17)  
A Ireland (from 24.04.17)  
D Morris (from 05.04.17)

**REGISTERED OFFICE:**

1000 Dockside Road  
Beckton  
London  
E16 2QU

**REGISTERED NUMBER:**

8012276 (England & Wales)

**AUDITOR:**

Goldwins Limited  
75 Maygrove Road  
West Hampstead  
London  
NW6 2EG

Newham Legacy Investments Limited  
Report of the Directors  
for the Year Ended 31 March 2017

The directors present their report and financial statements of the company for the year ended 31 March 2017.

#### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of acting as holding company for the London Borough of Newham's investment in E20 Stadium LLP, a partnership incorporated together with the London Legacy Development Corporation, that has been set up to operate the former Olympic Stadium.

#### FUTURE DEVELOPMENTS

The company invests in E20 Stadium LLP which was responsible for the transformation of the Olympic Stadium into a multi-use sports and events venue.

The transformation was completed by Balfour Beatty in July 2016 and the stadium was passed over to E20 Stadium LLP. The Anniversary Games (athletics) took place in July 2016 and the first West Ham United fixture took place in early August 2016.

UK Athletics have had use of the stadium for domestic events and for the World Athletic Championships and World Para Athletics Championships in 2017. The stadium reverted to use for football after the seats were restored to non athletics mode. The London Borough of Newham has a number of days use of the stadium which will be used for community events, such as the Newham Run. Concerts took place in July 2017 (Guns N' Roses, Depeche Mode) with further concerts announced for 2018. A premiership rugby match is due to be played in February 2018.

#### DIRECTORS

The directors who have held office during the period from 1 April 2016 to the date of this report are as follows:

K Deas – resigned 3 December 2017

Z Power – resigned 18 April 2017

T Clements appointed 28 September 2015, resigned 29 September 2016

A Ireland – appointed 24 April 2017

D Morris – appointed 5 April 2017

#### FINANCIAL INSTRUMENTS

Included within the company's Statement of Financial Position as 31 March 2017 is a long term loan and accrued interest of £44,385,763 from the London Borough of Newham, the company's parent undertaking. The loan is repayable over a 40 year period from the point the stadium becomes operational. The value on the balance sheet represents the total of cumulative advances of a total loan commitment of £40 m, plus rolled up interest at 6%.

#### POLITICAL DONATIONS

The company did not make any political donations in 2017 (2016: nil).

Newham Legacy Investments Limited  
Report of the Directors  
for the Year Ended 31 March 2017

**GOING CONCERN**

Members of the partnership agreed to NLI retiring from the LLP with effect from 30<sup>th</sup> November 2017 on a full and final basis. The Resignation Deed includes a clause that removes any future responsibility from NLI for liabilities of the E20 Stadium Partnership.

The accounts for NLI have been prepared on the basis of transactions made to 31<sup>st</sup> March 2017. The notes to these accounts reflect the decisions made after this date. These are detailed with the Post Balance Sheet Events section of the accounts.

It is the intention of NLI's sole shareholder to undertake a member's voluntary liquidation of the company. To this end, the shareholder will convert the loan the council has made to NLI to equity and write this equity down to nil value. This step will enable the liquidation to proceed.

Accordingly, the accounts have been prepared on the basis that NLI is not a going concern. No provisions are made in the accounts to recognise any closure costs as the loans made by Newham Council will be converted to equity and the company has no other liabilities.

**POST BALANCE SHEET EVENTS**

There have been ongoing discussions as to the future of the partnership arrangements with E20 Stadium LLP members (NLI and LLDC) and key stakeholders – Newham Council as 100% shareholder in NLI and the Greater London Authority as the ultimate parent of LLDC. This has led to a review of the partnership, and agreement was reached from all parties that NLI will withdraw from the partnership. The agreements were finalised on 30<sup>th</sup> November 2017.

The NLI accounts reflect the financial position of the company as at 31<sup>st</sup> March 2017.

**THIRD PARTY INDEMNITY PROVISIONS**

The company has made qualifying third party indemnity provisions for the benefit of the directors. These were made during the year and remain in force at the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of

Newham Legacy Investments Limited  
Report of the Directors  
for the Year Ended 31 March 2017

the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

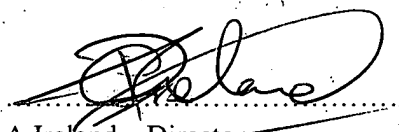
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Goldwins Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



A Ireland – Director

Date: 14/2/17

**Report of the Independent Auditor to the Members of Newham Legacy Investments Limited**

We have audited the financial statements of Newham Legacy Investments Limited for the year ended 31 March 2017 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Newham Legacy Investments Limited

**Opinion on other matters prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion,

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the smaller companies' exemption in preparing the Report of the Directors and take advantage of the smaller companies exemption from the requirement to prepare a strategic report.

**Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's inability to continue as a going concern. NLI will be retiring from the E20 Stadium LLP on 30th November 2017 on a full and final basis. The Resignation Deed included a clause that removed any future liability for NLI for liabilities of the E20 Stadium Partnership. It is the intention of NLI's sole shareholder to undertake a member's voluntary liquidation of the company. To this end, the shareholder will convert the loan the council has made to NLI to equity and write this equity down to nil value. This step will enable the liquidation to proceed.

*Anthony Epton*

Anthony Epton (Senior Statutory Auditor)

for and on behalf of

Goldwins Limited

Statutory Auditor

Chartered Accountants

75 Maygrove Road

West Hampstead

London NW6 2EG

Date: *21 December 2017*



Newham Legacy Investments

Income Statement  
for the year ended 31 March 2017

	Notes	Year Ended 31.3.17 £	Year Ended 31.3.16 £
<b>CONTINUING OPERATIONS</b>			
Other operating income	16	50,000	50,000
Administrative expenses		<u>(73,824)</u>	<u>(49,799)</u>
<b>OPERATING (LOSS) / PROFIT</b>		(23,824)	201
Write down of investment in jointly controlled entity		-	(40,000,000)
Finance costs	4	(2,477,531)	(1,548,922)
Finance income	4	<u>50</u>	<u>16</u>
<b>LOSS BEFORE INCOME TAX</b>	5	(2,501,305)	(41,548,705)
Income tax	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>		<u>(2,501,305)</u>	<u>(41,548,705)</u>

The notes form part of these financial statements

Newham Legacy Investments Limited

Statement of Other Comprehensive Income  
for the Year Ended 31 March 2017

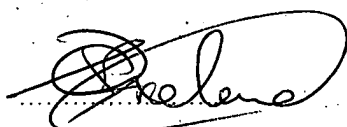
	Year Ended 31.3.17 £	Year Ended 31.3.16 £
<b>LOSS FOR THE YEAR</b>	(2,501,305)	(41,548,705)
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u>(2,501,305)</u>	<u>(41,548,705)</u>

Newham Legacy Investments Limited

Statement of Financial Position  
for the Year Ended 31 March 2017

	Notes	Year Ended 31.3.17 £	Year Ended 31.3.16 £
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Investment in jointly controlled entities	7	-	-
<b>CURRENT ASSETS</b>			
Trade and other receivables	8	-	1,917,350
Cash and cash equivalents	9	15,937	441
		<u>15,937</u>	<u>1,917,791</u>
<b>TOTAL ASSETS</b>		<u>15,937</u>	<u>1,917,791</u>
<b>EQUITY</b>			
<b>SHAREHOLDER'S EQUITY</b>			
Called up share capital	10	1	1
Reserves		(44,404,339)	(41,903,034)
<b>TOTAL EQUITY</b>		<u>(44,404,338)</u>	<u>(41,903,033)</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	11	-	37,888,313
<b>CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	11	44,385,763	-
Trade and other payables	12	34,512	5,932,511
<b>TOTAL LIABILITIES</b>		<u>44,420,275</u>	<u>43,820,824</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>		<u>15,937</u>	<u>1,917,791</u>

The financial statements were approved by the Board of Directors on 21/12/17  
and were signed on its behalf by:



A Ireland – Director

Newham Legacy Investments Limited

Statement of Changes in Equity  
for the Year Ended 31 March 2017

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 31 March 2014	1	-	1
Total comprehensive loss	-	<u>(354,329)</u>	<u>(354,329)</u>
Balance 31 March 2015	1	(354,329)	(354,328)
Total comprehensive loss	-	<u>(41,548,705)</u>	<u>(41,548,705)</u>
Balance 31 March 2016	1	(41,903,034)	(41,903,033)
Total comprehensive loss	-	<u>(2,501,305)</u>	<u>(2,501,305)</u>
Balance 31 March 2017	1	<u>(44,404,339)</u>	<u>(44,404,338)</u>

Newham Legacy Investments Limited

Statement of cash flows  
for the Year Ended 31 March 2017

	Notes	Year Ended 31.3.17 £	Year Ended 31.3.16 £
<b>Cash flows from operating activities</b>			
Net cash from operating activities	1	15,531	(33,501)
Interest paid		<u>(85)</u>	<u>-</u>
		<u>15,446</u>	<u>(33,501)</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments		(9,335,115)	(19,622,603)
Interest received		<u>50</u>	<u>7</u>
Net cash from investing activities		<u>(9,335,065)</u>	<u>(19,622,596)</u>
<b>Cash flows from financing activities</b>			
Proceeds from government grant		3,439,983	17,681,105
		<u>5,895,132</u>	<u>1,941,498</u>
Net cash from financing activities		<u>9,335,115</u>	<u>19,622,603</u>
(Decrease) / increase in cash and cash equivalents		15,496	(33,494)
Cash and cash equivalents at beginning of the year	2	<u>441</u>	<u>33,935</u>
Cash and cash equivalents at end of the year	2	<u><u>15,937</u></u>	<u><u>441</u></u>

Newham Legacy Investments Limited

Notes to the Statement of Cash Flows  
for the Year Ended 31 March 2017

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31.3.17 £	Year Ended 31.3.16 £
Loss before income tax	(2,501,305)	(41,548,705)
Finance cost	2,477,531	1,548,922
Finance income	(50)	(16)
Write down of investment in jointly controlled entity	<u>-</u>	<u>40,000,000</u>
	(23,824)	201
(Increase )/decrease in trade and other receivables	1,917,350	(5,925,179)
Increase/(decrease) in trade and other payables	<u>(1,877,995)</u>	<u>5,891,477</u>
Cash generated from operations	<u>15,531</u>	<u>(33,501)</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the statement of cash flows in respect of cash and cash equivalents are in respect of final position amounts:

Year ended 31.3.17	31.3.17 £	31.3.16 £
Cash and cash equivalents	<u>15,937</u>	<u>441</u>
Year ended 31.3.16	31.3.16 £	31.3.15 £
Cash and cash equivalents	<u>441</u>	<u>33,935</u>

## Newham Legacy Investments Limited

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 1. GENERAL INFORMATION

Newham Legacy Investments is a limited company incorporated and registered in the United Kingdom and its registered address is given on page 2.

The principal activity of the company in the year under review was that of acting as a holding company for the London Borough of Newham's investment in E20 Stadium LLP, a partnership incorporated together with the London Legacy Development Corporation, that has been set up to transform and operate the former Olympic Stadium.

The financial statements are presented in sterling, the currency of the primary economic environment in which the company operates and in which the majority of the company's transactions are denominated.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by the EU. The financial statements have been prepared under the historical cost convention.

##### **Going concern**

The Partners agreed to NLI retiring from the E20 Stadium LLP on 30<sup>th</sup> November 2017 on a full and final basis. The Resignation Deed included a clause that removed any future liability from NLI for liabilities of the E20 Stadium Partnership.

The accounts for NLI have been not been prepared on going concern basis and are prepared on the basis of transactions made to 31<sup>st</sup> March 2017. The notes to the accounts reflect the decisions made after this date. These are detailed within the Post Balance Sheet Events section of the accounts within the directors' report.

It is the intention of NLI's sole shareholder to undertake a members' voluntary liquidation of the company. To this end the shareholder will convert the loan the council made to NLI to equity, and to write this equity down to nil value. This step will enable the liquidation to proceed.

##### **Financial instruments**

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument and financial assets are accounted for at trade date.

##### **Financial assets**

The company classifies its financial assets as loans, receivables and long term investments. Classification of financial assets depends on the purpose for which they were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for

**2. ACCOUNTING POLICIES – continued**

maturities greater than 12 months after the balance sheet date. The company's loans and receivables comprise trade and other receivables, and cash and cash equivalents.

**Non current financial assets**

The company's non-current financial assets comprise the investment in E20 Stadium LLP, a jointly controlled entity.

All financial assets are initially recorded at cost, including transaction costs and are carried at cost less impairment. Financial assets are assessed for possible impairment at the end of each reporting period. An impairment charge is recorded where there is objective evidence of impairment, such as where the issuer is in bankruptcy, default or other significant financial difficulty.

All purchases and sales are recognised at the settlement date.

**Investments**

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

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

E20 Stadium LLP uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.



## 2. ACCOUNTING POLICIES – continued

### Financial liabilities

The company's financial liabilities are all classified as other financial liabilities, including borrowings, and are initially measured at fair value net of transaction costs. Other liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

### Taxation

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit and loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

#### Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the parent investor and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

#### Grant income

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to the investment value. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they related. A revenue grant is provided by the London Borough of Newham to enable the company to meet running costs such as insurance, audit and accountancy fees.

**2. ACCOUNTING POLICIES – continued**

Under the Members' Agreement, parties are required to contribute working capital in proportion to their shareholding (LLDC 65%, NLI 35%). The London Borough of Newham has committed to provide NLI with funding to meet its obligations under the agreement, and will do so via a government grant rather than loan. As such the grant passes to NLI and then to E20 Stadium LLP, having no net impact on the NLI accounts. This is being shown in Note 16 to the accounts as a related party transaction. Government grants in respect of capital expenditure are credited to the investment value. There is no requirement for the company to repay the council for the investment. More detail is set out in Note 14.

**Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the company's financial statements requires management to make judgement estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgements other than estimates**

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Impairment of financial assets**

The note above details the company's investment policy. The directors will consider a range of factors in valuing the assets including whether assets should be impaired to reflect differences between the cost of the investment and the valuation of the net assets in the investment. When agreeing the 2015/16 accounts the directors considered significant uncertainties in establishing the fair value of the stadium. This matter is dealt with further in note 7 Investments.

Newham Legacy Investments Limited

Notes to the Financial Statements  
for the Year Ended 31 March 2017

Newham Legacy Investments Limited

Notes to the Financial Statements  
for the Year Ended 31 March 2017

**3. EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 March 2017 nor for the year 31 March 2016.

	Year ended 31.3.17 £	Year ended 31.3.16 £
Directors' remuneration	17,125	15,000

**4. NET FINANCE COSTS**

	Year ended 31.3.17 £	Year ended 31.3.16 £
Finance income:		
Deposit account interest	<u>50</u>	<u>16</u>
Finance costs:		
Loan from parent undertaking	<u>2,477,531</u>	<u>1,548,922</u>
Net finance costs	<u>2,477,481</u>	<u>1,548,906</u>

**5. OPERATING (LOSS)**

The operating (loss) is stated after charging:

	Year ended 31.3.17 £	Year ended 31.3.16 £
Auditor's remuneration	7,800	10,000

## 6. INCOME TAX

### Analysis of tax expense

No liability to UK corporation tax arose on the loss on ordinary activities for the year ended 31 March 2017 nor for the year ended 31 March 2016.

## 7. INVESTMENTS

Investments	Interest in jointly controlled entity	
	31.3.17	31.3.16
	£	£
Cost		
At 1 April	40,000,000	18,298,891
Additions	4,272,667	23,642,607
Contributions from capital grant	<u>(4,272,667)</u>	<u>(1,941,498)</u>
At 31 March	40,000,000	40,000,000
<b>Provision for impairment</b>		
At 1 April	(40,000,000)	-
Charge for the year	<u>-</u>	<u>(40,000,000)</u>
At 31 March	(40,000,000)	(40,000,000)
<b>Net book value</b>		
At 31 March	<u>-</u>	<u>-</u>
At 1 April	<u>-</u>	<u>-</u>

### Jointly controlled entity

In 2014 the company acquired a 35% share in the E20 Stadium LLP, a company jointly owned with the London Legacy Development Corporation to develop the Olympic Stadium into a multi use sports and events venue. The cost of the investment is £40 m. The final payment was made in May 2016. Newham Council has agreed to provide a further £5 m capital grant to the company for investment in E20 Stadium LLP. Newham Council has also agreed to provide a working capital grant facility of £8.8 m to the company for provision to E20 Stadium LLP.

The Members' Agreement between the two parties requires that the company is not liable for any impairment in the value of the stadium until the fair value of the stadium is assessed to be less than £40 m.

In considering the value of the investment in E20 Stadium LLP the directors have considered the latest position on naming rights and trading history during the early part of 2016-17 and have revised the expectation of the fair value of the stadium. As a result, and after taking into account expected costs to complete the development, the investment in E20 Stadium LLP has been included in the financial statements at a value of nil.

Newham Legacy Investments Limited

Notes to the Financial Statements  
for the Year Ended 31 March 2017

**8. TRADE AND OTHER RECEIVABLES**

	31.3.17	31.3.16
	£	£
Current:		
Amounts owed by group undertakings	<u>-</u>	<u>1,917,350</u>

Trade and other receivables are included at their fair value.

**9. CASH AND CASH EQUIVALENTS**

	31.3.17	31.3.16
	£	£
Bank deposit account	<u>15,937</u>	<u>441</u>

Cash and cash equivalents are included at their fair value.

**10. CALLED UP SHARE CAPITAL**

Allotted, issued, called up and fully paid:

Number	Class	Nominal value	31.3.17	31.3.16
		£	£	£
1	Ordinary	1	1	1

## 11. FINANCIAL LIABILITIES – BORROWINGS

### Non-current

	31.3.17	31.3.16
	£	£
Less than 1 year	44,385,763	-
Between 2-5 years	-	8,000,000
Greater than 5 years	-	27,979,996
Interest on loan accrued	-	1,908,317
	<u>44,385,763</u>	<u>37,888,313</u>

Interest is rolled up at 6 percent and is payable over the life of the investment.

The loan is secured by a debenture over all the company's assets including the interest in E20 Stadium LLP.

## 12. TRADE AND OTHER PAYABLES

	31.3.17	31.3.16
	£	£
Current		
Accruals and deferred income	7,800	16,060
Amounts owed to group undertakings	26,712	1,896,447
Other creditors – see note 7	-	4,020,004
	<u>34,512</u>	<u>5,932,511</u>

## 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial liabilities are loans from its parent undertaking. The main purpose of the company's loans and borrowings is to finance the acquisition of its investment. The company has other receivables, other payables and cash and short term deposits that arise directly from its operations. The company is exposed to interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest on the loan is a fixed rate of 6% hence there is limited interest rate risk and the company will not be impacted by any change in interest rates.

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to risk from its financial activities, including deposits with banks and financial institutions.

Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the directors in accordance with company policy which is to review on a regular basis.

**Liquidity risk**

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

**Capital risk management**

The company considers equity to be its capital base. The E20 Stadium LLP Partnership is financed 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 which could prevent the partnership meeting its financial requirement. NLI is funded via London Borough of Newham equity, and NLI's capital structure is regularly reviewed to ensure it remains relevant for the business. No distribution is made to members which could prevent the partnership meeting its financial requirement.

**14. CAPITAL COMMITMENTS**

The company has invested a total of £40 m in E20 Stadium LLP for the redevelopment of the former Olympic Stadium. Since 31 March 2016 the remaining creditor (see notes 7 and 12) of £4,020,004 was paid. In September 2015, the council, under officer delegations, agreed additional investment of up to £5m in E20 Stadium LLP on terms set out in the London Borough of Newham / Newham Legacy Investments Members Agreement. This requires that E20 Stadium LLP must demonstrate that there is a financial return for both London Legacy Development Corporation and the company over a minimum of ten years before funding will be advanced. A working capital grant of £8.8m was provided, of which £6,214,164 had been drawn by 31 March 2017. The grant is provided by LBN to the company and from the company to E20 LLP. E20 LLP is not required to repay the grant to the company, nor are the company required to repay the grant to LBN.

**15. ULTIMATE PARENT UNDERTAKING**

The parent company of the smallest and largest group of which the company is a member and for which group accounts are prepared is the London Borough of Newham. Copies of its consolidated accounts are available to the public and may be obtained from:

Chief Accountant  
London Borough of Newham  
Newham Dockside  
1000 Dockside Road  
London  
E16 2QU

## Newham Legacy Investments Limited

Notes to the Financial Statements  
for the Year Ended 31 March 2017.

### 16. RELATED PARTY DISCLOSURES

Newham Legacy Investments Limited is a 100% subsidiary of the London Borough of Newham. During the course of the year, the following amounts were charged by / (to) the London Borough of Newham:

	31.3.17	31.3.16
	£	£
Interest charge	2,477,446	1,548,704
Accounting fees	20,088	7,780
Directors' liability insurance	8,692	8,480
Other operating income:		
Contribution towards costs and overheads	(50,000)	(50,000)
Grant income towards working capital grant	(4,272,667)	(1,941,498)

Included within non current liabilities is a loan from the London Borough of Newham amounting to £40m and accrued interest of £4,385,763. The loan is repayable over a 40 year period from the point when the stadium becomes operational. The amount on the balance sheet represents the total advances paid to date plus amounts due within one year. The key management of the company are the directors.

The working capital grant of £4,272,667 was provided in the year to the E20 Stadium LLP/as a provision of working capital under the members agreement. A working capital grant facility of £8.8 m has been made available to the company by London Borough of Newham.