

Annual report & accounts 2011/12



Olympic Lottery Distributor

Annual Report and Accounts 2011/12

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Interior, London 2012 Velodrome
Photo courtesy of London 2012

Annual Report

Contents.....	3
Chair’s Foreword	6
Chief Executive’s Introduction	7
National Lottery Funding of the London 2012 Olympic and Paralympic Games	8
Iconic London 2012 Venues	10
Venues and Infrastructure - Highlights of 2011/12	14
Supporting the London 2012 Paralympic Games	15
OLD funding of the Cultural Olympiad	16
ICSEMIS 2012	17
Supporting Community Grants programmes	18
Funding towards Live Sites screens.....	20
Management Commentary	22
OLD Board and Committee Members 2011/12.....	26
Remuneration Report.....	28
Statements	
Statement of the Board and the Chief Executive's Responsibilities	33
Governance Statement 2011/12	34
Annual Accounts	
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament.....	44
Statement of Comprehensive Income.....	46
Statement of Financial Position as at 31 March 2012	47
Statement of Cash Flows for the year to 31 March 2012.....	48
Statement of Changes in Equity for the year ended 31 March 2012.....	49
Notes to the Accounts	50

Test Event - Canoe Slalom July 2011

Photo courtesy of London 2012





Chair's Foreword

Rt. Hon Dame Janet Paraskeva DBE



In 2011/12 the culmination of several years' of construction work on the Olympic Park was reflected in the completion of the major London 2012 venues and their handover to LOCOG. During its lifetime, the OLD Board has granted a total of £1.7 billion to the Olympic building project - It has been the biggest Lottery grant ever made.

In May 2011, the Board had the opportunity to visit the Park and to see inside the Stadium, Velodrome and Aquatics Centre. They are truly world class venues and were all completed well in time for the London 2012 Olympic and Paralympic Games.

While construction of the venues was being completed, plans for the UK's largest ever celebration of culture were underway. The Cultural Olympiad was established in 2008 and its major programme, the finale of its work, Festival 2012, begins on 21 June 2012 – just before the start of the London 2012 Olympic and Paralympic Games. The National Lottery has, through the Olympic Lottery Distributor and other Lottery Distributors, contributed significantly to the Cultural Olympiad. The OLD has made a grant of £16.6 million towards a range of projects including the World Shakespeare Festival, 'Unlimited' and 'Discovering Places' - details of all of these projects can be found in the introductory section of this Annual Report.

The OLD Board continued its support for East London community projects managed by the East London Business Alliance (ELBA). In total, the OLD has granted £3.2 million to ELBA for three main programmes - 'Represent London', 'In the Parks' and the 'Transformers' community grants scheme. A sub group of the OLD Board considered a range of worthwhile community projects and agreed grants aimed at helping those in the communities most affected by construction work on the Olympic Park to celebrate the arrival of the London 2012 Games. All of the successful projects demonstrated a commitment to involve members of the local community in events – artistic, cultural and sporting.

Olympic Lottery funding is also contributing to the London 2012 Paralympic Games. In June 2011, the OLD Board approved a grant of £66 million to LOCOG to support the staging of the Paralympic Games, which will begin in London on 29 August 2012. This is the biggest multi-sport event for disabled athletes in the world. During the London 2012 Paralympic Games, London will be welcoming more than 4,000 athletes who will compete in 20 sports and the Olympic Lottery Distributor is particularly proud to be involved in funding this event. One of our roles as a Board has been to ensure recognition of the contribution that Lottery players make to the many aspects of the London 2012 Olympic and Paralympic Games and we have sought to make this clear in all the projects and programmes we have funded.

As the Olympics approaches, the OLD now needs to prepare for its dissolution. Together with our staff team we are taking steps to ensure that the OLD leaves a clean and clear record of its activity over the past six years and a legacy of which lottery players can be proud.

Chief Executive's Introduction

Ian Brack



In its penultimate year of existence, the OLD continued to make grants, with offers made in the year totalling £114.1 million.

The core operational business of the OLD - the granting and monitoring of Olympic Lottery funds - has increased in volume, with the OLD being in a funding relationship with four organisations at the end of the year - the Olympic Delivery Authority (ODA), the London Organising Committee of the Olympic and Paralympic Games (LOCOG), the East London Business Alliance (ELBA) and the International Convention on Science, Education and Medicine in Sport (ICSEMIS) 2012.

Whilst the OLD has achieved its objectives, it has faced challenges - some of which are inevitable for a 'short life' Lottery Distributor. I am pleased to say that, despite the size of the Lottery grant that the OLD will make during its lifetime, its operating costs have been kept to 0.23% of its lifetime income, and we have been able to maintain a permanent staffing complement of only six, making limited use of temporary staff as necessary.

The OLD has a very clear remit - to fund that which is necessary or expedient for the London 2012 Games - and it is accountable to Parliament for the grants that it makes. The OLD Board and staff recognise the responsibility that comes with that accountability, particularly in terms of stewardship of the funds in the OLD's care. The OLD is keen to ensure that decisions on grant funding are prudent and that Lottery players' money is spent properly. In this context it took action to secure the National Lottery share of receipts from the sale of the Olympic Village.

During the year, the OLD Board and its staff have been increasingly focused on planning for the cessation of our work and the dissolution of the OLD. The OLD's Audit Committee has been particularly mindful of ensuring that cessation risk management is part of the OLD's Risk Management processes.

We are keen to make sure that the closure process is as effective and efficient as possible, the OLD's operational business is as complete as possible and that successor functions are as few and simple as possible, to ensure that ongoing costs to the Lottery are minimised. In this regard we have been working closely with our sponsor organisation, the Department for Culture, Media and Sport, who have confirmed their intention to dissolve the Distributor with effect from 31 March 2013. We continue to strive to achieve transparency by making sure that records and data are held on the Data.gov.uk website as well as our own. The records held on the OLD website include all those pertinent to funding decisions that the OLD Board has taken.

We look forward to a successful London 2012 Olympic and Paralympic Games and, moreover, a legacy in the form of enhanced sporting and community facilities in East London.



Aerial image Olympic Park - December 2011
Photo courtesy of London 2012s

National Lottery Funding of the London 2012 Olympic and Paralympic Games - How has Olympic Lottery Distributor money been spent?

The Olympic Lottery Distributor (OLD) has granted up to £1.7 billion to the Olympic Delivery Authority (ODA) for the infrastructure of the Olympic Park and other Olympic facilities across the UK. OLD grant has contributed significantly to the construction of the Olympic Stadium, the Velodrome, the Aquatics Centre, the Copper Box (handball arena) and venues outside the Olympic Park such as enhancements to Weymouth and Portland, the Lee Valley White Water Centre and Hadleigh Farm mountain bike course. Progress in the completion of the London 2012 venues is highlighted in this Annual Report.

The OLD is also making grants to the London Organising Committee of the Olympic and Paralympic Games (LOCOG) for £66 million towards the delivery of the London 2012 Paralympic Games and up to £16.6 million to support the Cultural Olympiad and its culmination, the London 2012 Festival. The Cultural Olympiad elements that the Olympic Lottery Distributor is helping to fund include:

- **World Shakespeare Festival:** The world's biggest celebration of Shakespeare in performance.
- **BT River of Music:** A free music festival happening on the weekend of 21 and 22 July 2012 across six iconic sites on the Thames.
- **Unlimited:** The UK's largest ever celebration of arts and disability culture and sport.
- **Discovering Places:** A range of projects and commissions which encourage people to discover places and spaces around the UK.
- **Film Nation:** The core project of which is Film Nation Shorts, which has given young people aged 14-25 the chance to attend film workshops and make their own short films.
- **Outdoor Commissions:** The OLD will be funding two large outdoor commissions for the London 2012 Festival, both of which will be performances.

Aerial image Olympic Park - December 2011
Photo courtesy of London 2012



The OLD has also contributed £3.42 million to help fund the network of Live Screens in the UK. Lottery funding has enabled the delivery of screens in Belfast, Bristol, Cardiff, Coventry, Dover, Edinburgh, Leicester, Middlesbrough, Norwich, Plymouth, Swansea, Waltham Forest and Woolwich. By supporting the network of Live Screens, the Olympic Lottery Distributor is helping to make the London 2012 Olympic and Paralympic Games more accessible to people throughout the UK.

£3.2 million of Olympic Lottery Distributor funding has been granted to the East London Business Alliance (ELBA) to support three community grants programmes that ELBA is managing:

- **Represent London:** A three year training and volunteering project for young people in the Olympic Host Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest.
- **In the Parks:** A project aimed at increasing long term participation in sport across five of the Olympic host boroughs (Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest).
- **Transformers:** A total of 73 community projects are being funded through this small grants scheme.

The Community Grants section of this Annual Report gives more information about the community grants projects that the OLD has supported.

The OLD has granted up to £155,000 to ICSEMIS 2012 (International Convention on Sport, Education and Medicine in Sport) which is being held in Glasgow from 19 – 24 July 2012.

Iconic London 2012 Venues

The Velodrome

Construction of the Velodrome was completed in February 2011 - it will be the venue for Track Cycling and Paralympic Track cycling. In terms of design and construction, the Velodrome is the most sustainable venue on the Olympic Park. Wood sourced from that certified by the Forest Stewardship Council has been used on the track and external cladding and the cable net roof system is designed to make the most use of natural light.

The concrete lower tier of the Velodrome has 3,500 seats located around the track. A further 2,500 seats are suspended in upper tiers within the two curves of the venue roof. A 400 metre BMX Track Circuit is located next to the Velodrome - this will host BMX Cycling during the London 2012 Games.

After the Games, a new mountain bike course and road cycle circuit will be added to create a Velopark for the local community, sports clubs and elite athletes. It will house a café, bike hire and cycle workshop facilities and the BMX Track Circuit will be re-configured with the Velodrome to form the new VeloPark.



The London 2012 Stadium
Photo courtesy of London 2012

The Olympic Stadium

The final piece of turf was laid in the Olympic Stadium in March 2011 - it took just under three years to build. Containing 10,000 tonnes of steel it is the lightest Olympic Stadium to date.

The Stadium is situated on an island site in the south of the Olympic Park. It has the capacity for 80,000 spectators during the London 2012 Games and incorporates changing rooms, medical support facilities and an 80m warm up track. The Stadium will be the venue for Athletics and Paralympic Athletics and the Opening and Closing Ceremonies of the Games.

After the Games, the Olympic Stadium will continue to be a venue for sports with athletics at its core, and it will also be a venue for a mixture of cultural and community events.

The Aquatics Centre

Completed in July 2011, the Aquatics Centre is a new permanent venue in the south east of the Olympic Park. The iconic building was designed by acclaimed international architect Zaha Hadid and, during the London 2012 Games, it will be the venue for Diving, Swimming, Synchronised swimming, Paralympic swimming and the Modern Pentathlon. The building has a 160m long wave like roof with a span of up to 80m wide, and incorporates a 50m competition pool, a warm up pool and a dry 'warm up' area for divers. 192 events will be held in the Aquatics Centre during the Games.

After the Games, the facility will be used for the local community, by local clubs, schools and elite swimmers. It will have a crèche, family friendly changing facilities and a café.

The International Broadcast Centre/Main Press Centre (IBC/MPC)

The International Broadcast Centre/Main Press Centre will form a 24 hour media hub for some 20,000 broadcasters, photographers and journalists during the Games. The complex is located in the north west corner of the Olympic Park and includes a temporary 12,000 square metre catering village. The Main Press Centre (MPC) has the capacity after the Games to be transformed into 29,000m of 'green' office space and the International Broadcast Centre (IBC) will provide flexible space for legacy tenants.

The Olympic Park

250 acres of new parkland has been created from former industrial land. The Olympic Park's northern area will have quiet public spaces and habitats for hundreds of existing and rare plant and wildlife species whilst the southern end will have a festival atmosphere with riverside gardens, markets, cafés and events. 4,000 semi mature trees have been planted together with over 300,000 wetland plants. The nectar-rich annual and perennial meadows have been planted to be in flower during the London 2012 Games.

The Copper Box

The Copper Box will be the venue for Handball, Goalball, and the Fencing element of the Modern Pentathlon. It is situated in the west of the Olympic Park and is a new, permanent venue which will be adapted after the Games to become a multi sports centre for community use, athletics training and events. Construction of the venue - which uses more than 3,000 square metres of external, mostly recycled, copper cladding - was started in July 2009 and it was completed in May 2011. The venue has a significant back of house area which incorporates facilities for catering, security and the media.

Basketball Arena

The Basketball Arena is a new, temporary structure that will host Basketball, Wheelchair Basketball, Wheelchair Rugby and Handball during the London 2012 Games. The Arena is one of the largest ever temporary venues that have been built for the Olympic Games and it will share back of house facilities with the Velodrome and the BMX Track. After the Games, parts of the Arena are expected to be re-used or relocated.

Riverbank Arena

The Riverbank Arena, which will host Olympic Hockey and Paralympic 5-a-side and 7-a-side Football during the Games, has two pitches, one with spectator seating. The Arena was unveiled in October 2011 and it has a distinctive 'London Blue' Pitch and 'London Pink' surrounds - to contrast with the yellow hockey ball. After the Games, the pitches at the Riverbank Arena will move to the Hockey Centre at Eton Manor in the north of the Olympic Park. It will have 3,000 permanent seats - with the ability for seating to be increased to 15,000 for major events.



The Riverbank Arena October 2011
Photo courtesy of London 2012

The Olympic and Paralympic Village

The Village that will house Olympic and Paralympic athletes during the London 2012 Games is within walking distance of the Olympic Park venues. It consists of high quality residential units, shops, restaurants, medical, media and leisure facilities and open space.

After the Games the Village will provide new housing - including 1,379 affordable new homes - and will have excellent transport links and community facilities including an educational academy and health centre.

Hadleigh Farm

Hadleigh Farm is the site of the new mountain bike course that was completed in March 2011. The venue covers 550 acres and will provide a technically challenging competition during the London 2012 Games.

Weymouth and Portland

Existing, permanent facilities at Weymouth and Portland have been enhanced for the London 2012 Games. The project, which involved construction of a permanent 250m slipway and new lifting and mooring facilities, was completed on budget and ahead of schedule. The venue will host Sailing and Paralympic Sailing during the Games. After London 2012, the National Sailing Academy will benefit from the improved facilities.



Lee Valley White Water Centre
Photo courtesy of London 2012

Lee Valley White Water Centre

The new permanent venue is situated on the edge of the River Lee Country Park. The Lee Valley White Water Centre, which was opened in spring 2011 is the only brand new London 2012 venue that the public can use ahead of the Games. The venue has two new Canoe Slalom courses - a 300m competition course and a 160m intermediate/training course. After the London 2012 Olympic Games, the venue will continue to be a centre for canoeing, white water rafting and kayaking.

Venues and Infrastructure - Highlights of 2011/12



Olympic Stadium
Photo courtesy of London 2012

April - June 2011

In April 2011, the Lee Valley White Water Centre became the first Olympic Park venue to be open to members of the public. Also that month, the workforce of the Olympic Park and Athletes Village reached 12,635 and in the Aquatics Centre, the last tile was laid by Paralympic gold medal swimmer Liz Johnson.

In May construction on the Copper Box, was completed and the first London 2012 test event, a Marathon and Race Walk, was held in Central London.

June saw the completion of construction on the Basketball Arena.

July - September 2011

In July, construction was completed on the Aquatics Centre and the International Broadcast Centre. The first test event to be held in the Olympic Park - Basketball - was held in the Basketball Arena in August and a canoe slalom test event was also held at the Lee Valley White Water Centre. In September tickets for the London 2012 Paralympic Games went on sale.

October - December 2011

In October the Olympic Delivery Authority announced completion of a key footbridge spanning the River Lee. A two year planting programme on the Olympic Park was completed in November. 250 acres of new parklands were created from former industrial land. The Olympic parklands will contain 4,000 semi mature trees, more than 300,000 wetlands plants and more than ten football fields worth of nectar-rich annual and perennial meadows which will become a haven for wildlife and plants.

Also in November, a five day test event was held in The Copper Box (handball arena) - the first Paralympic test event - Goalball - was held in December in the same venue.

January - March 2012

The first Gymnastics test event was held in January 2012 in the North Greenwich Arena - 50,000 tickets were sold for the event which was hailed as a success. Also in January, London 2012 announced the handover from the ODA to LOCOG of the Olympic Park and Village. The announcement, on 9 January, coincided with 200 days to go to the London 2012 Olympic Games and marked the commencement of LOCOG's 'ramping up' of work to fit out and test the venues. February marked the completion of the first artwork on the Olympic Park - a series of colourful crayon shaped structures lining the course of the Waterworks River. The first completed apartments in the Olympic and Paralympic Village were announced in March 2012.

Supporting the London 2012 Paralympic Games

In December 2011, the Olympic Lottery Distributor announced a grant to the London Organising Committee of the Olympic and Paralympic Games (LOCOG) of £66 million as part of the £9.298 billion Public Sector Funding Package to help fund delivery of the London 2012 Olympic and Paralympic Games. The Paralympic Games, which are being held from 29 August until 9 September, are expected to attract some 4,200 athletes from over 150 countries representing 20 sports including Boccia, Goalball, Paralympic Athletics, Wheelchair Basketball and Wheelchair Fencing.

ParalympicsGB won 42 medals at the Beijing Paralympic Games and finished 2nd on the medal table - its best ever performance at a Paralympic Games. The British Paralympics Association (BPA) is responsible for promoting the Paralympic movement and ideals in Great Britain and one of its objectives is to use the power of London 2012 to inspire lasting change in public attitudes towards disability in sport.

International Paralympic Day was held in Trafalgar Square on 9 September 2011. During the day, members of the public had the opportunity to take part in Paralympic activities. Sporting demonstrations included Wheelchair Basketball, Rugby and Powerlifting.

Later in September, the medals for the Paralympic Games were unveiled and the first Paralympic test event - Goalball - was held on 3/4 December in the Copper Box.



Eton Manor Paralympic Tennis Venue - 200 Days to go to the Paralympic Games. Photo courtesy of London 2012

OLD funding of the Cultural Olympiad

The Cultural Olympiad is the largest cultural celebration in the history of the modern Olympic and Paralympic movement. It will culminate in the London 2012 Festival which will open on 21 June 2012 and run until 9 September. The Festival will feature more than 12,000 events and performances at 900 venues - many of which will be free to attend.

The £16.6 million that the Olympic Lottery Distributor is granting to LOCOG to support the Cultural Olympiad is helping to fund a number of projects including the following:

World Shakespeare Festival

The World Shakespeare Festival will support almost 70 productions with the Royal Shakespeare Company collaborating with leading UK and international arts organisations to present work in venues around the country. In addition, the Globe Theatre will present Globe to Globe which will see each of Shakespeare's plays performed in a different language by a different international theatre company. The project will also embrace amateur theatre with over 260 amateur companies delivering productions, from Penzance to the Isle of Skye, with over 6,400 people taking part.

Film Nation

The core strand of this project is Film Nation Shorts, which has given hundreds of young people aged 14-25 the chance to attend film workshops and to make their own short films. Other work includes the screening of Alfred Hitchcock's silent films with new musical scores, a relay of locally shot films in cinemas around the UK (starting and ending in Shetland) and four new short films from British directors including Mike Leigh and Lynne Ramsey.



Alfred Hitchcock - The Ring
Photo courtesy of London 2012

BT River of Music

BT River of Music is a free festival happening on the weekend of 21 and 22 July 2012. Six stages will be set up along the Thames to represent the continents: Asia in Battersea Park; Africa in the London Pleasure Gardens (Royal Docks East London); Europe in Trafalgar Square and Somerset House; the Americas at the Tower of London; and Oceania in the Old Royal Naval College Greenwich. The event will showcase world-class music from across the globe in addition to emerging British talent.

Unlimited

Unlimited is the UK's largest ever celebration of disability arts, culture and sport, encouraging collaborations and partnerships between disability arts organisations, disabled and Deaf artists and producers. Thirty five commissions from disabled and Deaf artists have received funding to deliver work across the UK as part of the Cultural Olympiad and London 2012 Festival.

Discovering Places

Discovering Places is a range of projects and commissions which encourage people to discover places and spaces around the UK. The Heritage Alliance is leading four strands of work which will inspire communities to discover their local environment from historic or contemporary buildings to public or nature spaces in and around the cities, towns and villages where we live and work. The OLD is also funding a number of individual commissions including:

- **Peace Camp:** A series of installations at beaches around the UK which will take British love poetry as a theme to celebrate the variety and beauty of the UK's coastline.
- **The Big Concert:** A concert on the opening night of the London 2012 Festival, set against the backdrop of Stirling Castle. The Big Noise Orchestra (a youth orchestra based in Raploch, Scotland) will play alongside the Simon Bolivar Symphony Orchestra of Venezuela led by conductor Gustavo Dudamel.
- **How Like an Angel:** A musical and aerial circus piece to be performed in four cathedrals (Ely, Gloucester, Norwich and Ripon).
- **Noyes Fludd:** The staging of this Benjamin Britten opera in Belfast zoo as a promenade performance with the majority of vocal parts led by local children.

Outdoor Commissions

The OLD will be funding two large outdoor commissions for the London 2012 Festival. The first of these takes place in July and will be a series of pop-up performances of spectacular feats of acrobatics, devised by choreographer Elizabeth Streb. The second will be a free family day of large scale performance.

ICSEMIS 2012

ICSEMIS 2012 (The International Convention on Sport, Education and Medicine in Sport) is being held in Glasgow from 19 - 24 July 2012. The Convention hopes to attract delegates from around the world and its theme is 'Sport - inspiring a learning legacy' - a theme that reflects the knowledge economy that is served by universities, learning organisations and commercial interests throughout the sport science and medicine world. The Olympic Lottery Distributor is granting up to £150,000 towards the ICSEMIS 2012 International Scholarship Scheme for 40 places and up to £5,000 for its Young Investigators' Award.

Supporting Community Grants Programmes

The OLD has granted a total of £3.2 million to the East London Business Alliance (ELBA) to manage three community grants programmes based in five of the Olympic Host Boroughs in East London (Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest). ELBA is a business-led and business funded regeneration agency in East London with significant experience in community projects and building links with local businesses and the community. A summary of each of these three projects - In the Parks, Represent London, and the Transformers small grants scheme, is set out below.



In the Parks

This project aims to increase long term participation in sport across five of the Olympic Host boroughs (Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest). ELBA will stage a series of annual sports festivals (One Movement). During 2011/12, One Movement events were held in the Mile End Stadium (Tower Hamlets), Clissold Park (Hackney) and the Waltham Forest Pool and Track and attracted over 4,000 visitors in total. One Movement festivals are free events where local clubs provide taster sessions in a number of sports. The National Lottery is, through the Olympic Lottery Distributor, contributing £702,694 to In the Parks. Alongside these events, ELBA will link sports clubs with businesses to provide them with a club development package comprising mentoring, business skills workshops and volunteers.

Represent London

Represent London is a three year training and volunteering project for young people in the Olympic Host Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest. Over the life of the project, ELBA will be working with over 600 young people from 25 schools. Participants attend a series of modules on a variety of subjects including: Customer Service, Health and Safety and Leadership delivered by public and private sector organisations. The Olympic Lottery Distributor has contributed £517,995 to this project. Young people involved in the project will have a number of opportunities to volunteer in 2012, including high profile roles as London Ambassadors in Spitalfields, the only host city volunteer site to be staffed primarily by young people. Twenty students will also get the chance to volunteer on an international stage, fulfilling roles as Beach Volleyball attendants during the London 2012 Olympic Games.

Transformers

This is a programme of community grants managed by ELBA which will run from September 2010 until December 2012. Grants support projects which enable communities to take part in a range of activities celebrating the London 2012 Olympic and Paralympic Games. A range of innovative projects have been funded in the areas of sport, culture, increasing health and well being, safer communities and raising aspirations. A total of 73 community projects are being funded through the Transformers grants scheme.

In the Parks - One Movement Event Waltham Forest -
September 2011

Photo courtesy of ELBA





Represent London Students outside No. 10 Downing Street where they attended a Reception held on Wednesday, 28 March 2012 to mark the start of the IOC's final inspection ahead of the Games. Photo courtesy of ELBA.

Funding towards Live Sites screens

The Olympic Lottery Distributor has contributed £3.42 million towards the funding of Live Sites Screens throughout the UK. A network of screens has been put in place by LOCOG in collaboration with the BBC, local authorities and in association with London 2012 partners BT, Lloyds TSB and supporters CISCO and Cadbury. Live Sites screens are based in 22 cities throughout the UK and the OLD has funded screens in: Belfast, Bristol, Cardiff, Coventry, Dover, Edinburgh, Leicester, Middlesbrough, Norwich, Plymouth, Portsmouth, Swansea, Waltham Forest and Woolwich - with the Belfast and Coventry screens being put in place in 2011/12.

During the London 2012 Olympic and Paralympic Games, the screens will show BBC One coverage reflecting the best of the action every day. The Live Sites will also provide entertainment and interactive experiences for all around the UK to enjoy.

As well as providing a focal point for communities these permanent screens will provide a lasting legacy for towns and cities around the UK as a community resource for enjoying local and national events.

Reflection of the London 2012 Olympic Stadium

Photo courtesy of London 2012



Management Commentary

Grant Management in 2011/12

In 2011/12 the OLD Board made additional grant commitments totalling £114.1 million as follows:

- Grant towards the London 2012 Paralympic Games run by the London Organising Committee of the Olympic and Paralympic Games (LOCOG) – £66 million.
- An additional grant was made towards the lifetime operations of the Olympic Delivery Authority (ODA) - £47.62 million.
- Additional grant towards three community projects run by the East London Business Alliance (ELBA) - £358,674.
- Grant towards scholarships to attend the ICSEMIS 2012 Conference and Young Investigators Award Scheme - £155,000.

During the year, the Distributor continued to monitor and pay claims against existing grants. By the end of the year, the Distributor had made the following grants within its lifetime:

- Lifetime Grants to the ODA totalling £1,662.72 million are now being claimed in tranches up to the 2012/13 as key milestones are reached. During 2011/12 a Supplemental Grant of £69.2 million was also paid to meet cashflow implications of public funding for the Olympic Village vertical build.
- Grants towards Cultural Olympiad and Live Sites projects run by the London Organising Committee of the Olympic and Paralympic Games (LOCOG) – £20.05 million.
- Grants to LOCOG in support of delivery of the London 2012 Paralympic Games – £66 million.
- Grants to ELBA totalling £3,218,674 have now been offered with claims being paid as the projects progress.
- Grants to ICSEMIS 2012 totalling £155,000.

OLD Staff

The Chief Executive is supported by a small team and as at 31 March 2012 the total staffing complement of the OLD was six (including the Chief Executive). During the year the OLD employed an additional temporary member of staff to support the Appraisal and Monitoring function on a 7 month contract.

The OLD's recruitment and HR policies reflect its commitment to appointment on merit to provide equal opportunities for all applicants and staff.

Responses and success rates of recruitment campaigns are monitored and practical steps are taken to address access requirements. None of the Distributor's six staff currently classify themselves as being from an ethnic minority background or as having a disability. OLD staff are encouraged to participate in professional development and work related training, and the OLD actively supports such training. All members of staff have access to an Employee Assistance Programme.

The average level of sickness of OLD staff in 2011/12 was 4.3 days per employee (2.75 days in 2010/11).

The OLD is committed to having a staffing structure that remains efficient and effective whilst ensuring that it has sufficient resources to fulfil its remit. An organogram of OLD staff can be found in the Publications section of the OLD website: www.olympiclotterydistributor.org.uk.

Operational Performance

The Distributor's results for the period from 1 April 2011 to 31 March 2012 and financial position are set out in the Statement of Comprehensive Income, Statement of Financial Position and supporting notes on pages 50-62. The accounts have been prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, Olympics, Media and Sport with the approval of the Treasury, in accordance with Schedule 5 (14) of the Horserace Betting and Olympic Lottery Act 2004.

All the Distributor's expenditure is met from the balance held on its behalf by the Olympic Lottery Distribution Fund (OLDF). At 31 March 2012, the market value of balances held by the OLDF was £308,492,126 (2010/11 - £151,599,000).

Operating Expenditure for the year was £681,000 (2010/11 - £658,000) and the value of grant commitments and de-commitments in the year was £114,133,674 (2010/11 - £3,900,000).

As explained in note 1b) to the Annual Accounts, the Distributor recognises grant commitments made in anticipation of income being received. This results in the Statement of Financial Position at 31 March 2012 showing net total liabilities of £124,810,414 (2010/11 - £438,861,000).

Investment Income: Investment income is earned on amounts invested within the Olympic Lottery Distribution Fund. This is further explained in Note 7 to the Accounts. During 2011/12, the OLDF earned £1,286,623 (2010/11 - £886,000) in investment income. Interest is also earned on amounts held within the commercial bank account although the Distributor aims to keep this balance to a minimum.

Taxation: The OLD is liable for Corporation Tax on interest earned on its commercial bank account and so attempts to minimise the balance held this way. On bank interest received in 2011/12, tax of £229 is due (2010/11 - £295).

Events after the Reporting period: Events are detailed in note 16.

Auditors: Under the Horserace Betting and Olympic Lottery Act 2004, the Distributor is required to have its own financial statements audited by the Comptroller and Auditor General. The cost of the statutory audit is shown in note 4.

Pensions: We are a participating employer in the Principal Civil Service Pension Scheme. Notes 1e) and 3 disclose how pension liabilities are treated.

Financial Instruments and risk: Note 7 gives details of the Distributor's disclosures.

Stakeholder Relations

The London 2012 Games is being delivered by a variety of organisations which form a complex network of relationships and with multiple accountabilities. The OLD has continued to work to strengthen relationships with key London 2012 stakeholders in 2011/12 including the Olympic Delivery Authority (ODA), the London Organising Committee of the Olympic and Paralympic Games (LOCOG), the Cultural Olympiad, the Government Olympic Executive (GOE) and our sponsor department – the Department for Culture, Media and Sport (DCMS). In addition we have built strong relationships with grant recipients such as the East London Business Alliance (ELBA).

Common Customer Service Charter

The Olympic Lottery Distributor has, along with other National Lottery Distributors, signed up to a Common Customer Service Charter. We have complied with the principles set out in this Charter during 2011/12.

OLD Performance Indicators 2011/12

RAG RATING	Key Performance Indicators	Performance during 2011/12
A green Rag Rating indicates low risk, amber medium risk and red high risk.	To ensure payment of compliant grant requests within 10 working days (from receipt). If requests prove to be non compliant we will refer them back to the grantee within that period.	During 2011/12, the Distributor took an average of 7.3 working days to pay against compliant requests. The OLD met the indicator for 15 grant payment requests but exceeded it for 2 requests by 1 day.
	We will pay agreed invoices within 30 days of invoice date in line with the Better Payment practice Code.	During 2011/12 the Distributor paid 96.5% of invoices within within 30 days of invoice date (2010/11 - 96.88%) and took an average of 12.6 days to settle invoices.
	To ensure that the OLD's total lifetime operating expenditure will be less than 1% of its total lifetime income.	The OLD's lifetime operating expenditure to 31 March 2012 is £3,949,779. This is 0.23% of its income to date of £1,700,499,525.
	To ensure that the OLD budget will be approved before the beginning of the financial year to which it relates.	The 2012/13 budget was approved by the Board on 22 March 2012.
	To achieve an unqualified external audit opinion on OLD financial statements.	The Annual Report and Accounts 2010/11 had an unqualified audit opinion issued on 28 June 2011. The Accounts were laid before the summer Parliamentary recess.

Key Performance Indicators are set by the Olympic Lottery Distributor and are approved by its sponsor department, the Department for Culture, Media and Sport.



Rt Hon. Dame Janet Paraskeva DBE, Chair
 Date of Appointment 1.3.06
 Date of Re-appointment 1.3.10



Carol Ainscow
 Date of Appointment:
 8.12.08



Hilary Daniels
 Date of Appointment: 15.4.06
 Date of Re-appointment: 15.4.10

OLD Board and Committee Members 2011/12

Rt. Hon. Dame Janet Paraskeva, Chair of the OLD Board. Janet Paraskeva is Chair of the Child Maintenance and Enforcement Commission and Chair of Plan International (UK). Janet was formerly non executive Board Member of the Serious Organised Crime Agency and, until December 2010, First Civil Service Commissioner. Janet Paraskeva is a Privy Councillor and in July 2010 was appointed to the Inquiry on the Treatment of Detainees. Janet is a member of the Cultural Olympiad Board with Observer status and in 2011/12 she was Chair of the OLD Transformers (Community Grants) Sub Group.

Carol Ainscow is founder and owner of the Artisan Property Group and she has made a significant contribution to urban regeneration in the UK. Carol is also a non-executive director of the Greater Manchester Passenger Transport Authority and was a founder member of the Library Theatre Development Trust. Carol is also a member of the OLD Audit Committee.

Hilary Daniels is a qualified accountant. She is an Independent Member of the Professional Standards Board of ILEX and of the Audit and Risk Committee of the General Pharmaceutical Council. Hilary is a member of the Professional Oversight Board. Hilary is a Past President of CIPFA and from 2000-2006 she was Chief Executive of the West Norfolk PCT. Hilary is Chair of the OLD Audit Committee.

Lindsey Holbrook is a Civil Engineer with forty years' experience in the design and construction of major projects in the UK and overseas. He is a Panel Member of the Independent Dispute Avoidance Panel (IDAP) established by the Olympic Delivery Authority to help avoid disputes with contractors during the construction of the Olympic facilities. Lindsey Holbrook is a member of the OLD Audit Committee and in 2011/12 was a member of the Transformers (Community Grants) Sub Group.



Lindsey Holbrook
Date of Appointment: 8.12.08



Cllr. Sirajul Islam
Date of Appointment: 18.1.10



Sir Craig Reedie CBE
Date of Appointment: 15.4.06
Date of Re-appointment: 15.4.10



Alyson Coates
External Independent
Member of OLD
Audit Committee

[Cllr. Sirajul Islam](#) is a leading figure in community development and public services with over 10 years' experience of leading and managing change in the public sector. Sirajul is a Community Cohesion and Engagement Consultant and a Councillor representing Bethnal Green South Ward, in the LB Tower Hamlets. He is former Deputy Leader of the Council and currently holds the position of Scrutiny Lead, Resources. Sirajul's other appointments include: Governor of John Scurr Primary School, Board Member of Tower Hamlets Community Housing, Board Member of Oxford House and a Trustee of Spitalfields Market Community Trust.

[Sir Craig Reedie](#) has been a member of the International Olympic Committee since 1994 and in 2009 he was elected to its Executive Board. He is a former President of the International Badminton Federation and Deputy Chairman of UK Sport and was Chairman of the British Olympic Association from 1992 until 2005 when he played a key role in the successful London Olympic bid. He is a member of the Board of the London Organising Committee of the Olympic and Paralympic Games (LOCOG). Craig is Chair of the OLD HR & Remuneration Committee.

[Alyson Coates](#) is a Non Executive Director and member of the Audit Committee of Oxford Health NHS Foundation Trust. She is a Member of the Auditing Practices Board of the Financial Reporting Council and an Independent Governor of Oxford Brookes University. Alyson was appointed to the post of External Independent Member of the OLD Audit Committee in September 2009.

Remuneration Report

This Report sets out the Distributor's policy on the remuneration of Board and Committee members and the Chief Executive of the Distributor.

Board and Committee Members: remuneration policy

The remuneration policy and remuneration rates for members of the Board and Committees are set by the Department for Culture, Media and Sport. Members do not receive salary or pension remuneration. The Chair of the Distributor was entitled to receive an annual honorarium of £10,735. Other members were entitled to receive an attendance allowance of £218 per day.

All Members are entitled to be reimbursed for expenses. Where those expenses are regarded by HMRC as taxable, the Distributor bears the related employee tax charge and this is included as remuneration in the table below. Any related Employers National Insurance is borne by the Distributor and not included below.

Board and Committee Members: remuneration receivable (audited information)

During the year to 31 March 2012, Board and Committee members were entitled to receive a total of £21,668 in allowances and expenses (31 March 2011: £19,308).

	Amount claimed in 2011/12 £'000	Amount claimed in 2010/11 £'000
Dame Janet Paraskeva	10-15	10-15
Hilary Daniels	0-5	0-5
Sir Craig Reedie	0-5	0-5
Carol Ainscow	0-5	0-5
Lindsey Holbrook	0-5	0-5
Sirajul Islam	0-5	0-5
Alyson Coates (Audit Committee member)	0-5	0-5

Directors: Remuneration Policy

The Board has established an HR & Remuneration Committee to consider and agree the terms and conditions of employment for the Chief Executive and review these annually. This includes reviewing pay and considering performance against annually agreed objectives.

As a normal requirement of sponsorship the Board consults the Department for Culture, Media and Sport on the Chief Executive's pay, terms and conditions and uses the Non-Departmental Public Body model contract of employment to set terms including pay increases, which are limited by the contract and agreed solely on the basis of performance.

All members of the Board are members of the HR & Remuneration Committee and a Board Member other than the Chair of the Olympic Lottery Distributor chairs the Committee. The Committee operates within written terms of reference and has met twice during the year. The OLD has assessed the definition of staff for inclusion in the Remuneration Report and concludes that only one manager, the Chief Executive, falls within the interpretation given in HM Treasury Financial Reporting Manual. Although this is an unusual position it is consistent with the organisational structure and very small staff size of the distributor as detailed in the Governance Statement.

Directors: remuneration due (audited information)

Ian Brack was appointed as Interim Chief Executive & Accounting Officer on 19 January 2010 and as Chief Executive & Accounting Officer for the Distributor with effect from 15 February 2010.

	Salary 2011/12 (2010/11) £'000	Employer's Pension Contributions 2011/12 (2010/11) £'000	Non Consolidated Performance related pay 2011/12 (2010/11) £'000	Total 2011/12 (2010/11) £'000
Ian Brack	90 (89)	22 (22)	2 (8)	114 (119)

The HR & Remuneration Committee considered performance pay for Ian Brack for a 12 month period ended 31 March 2012 and offered a payment of £7,657 for this period. The Chief Executive declined to accept the full sum. An award of £2,149 was paid during May 2012 and is accrued above and in the 2011/12 accounts. Performance pay of £8,471 for a 13.5 month period is included in the comparative year 2010/11.

No benefits in kind were paid to Ian Brack in 2011/12 or 2010/11.

Fair pay disclosure (audited information)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest paid director in the Olympic Lottery Distributor in the financial year 2011/12 was £92,000 (2010/11 £97,000). This was 1.9 times the median remuneration of the workforce (2010/11 2.1 times). Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The pay ratio fell in 2011/12 from the comparative year due to the lower performance award accepted by the Chief Executive.

In 2011/12 no employees received remuneration in excess of the highest paid director (2010/11 nil). Due to the extremely small size of the distributor staff, the median staff salary and staff salary range are not disclosed, but further details on employee costs can be found in Note 2 to the Annual accounts.

Directors: pension benefits (audited information)

Details of the Pension entitlement of the Chief Executive are:

	Accrued pension at pension age as at 31 March 2012 £'000	Pension increase in the year 2011/12 £'000	Cash equivalent transfer value at 1 March 2012 £'000	Cash equivalent transfer value at 31 March 2011* £'000	Real increase CETV funded by employer 2011/12 £'000
Ian Brack	7	1	103	78	16

* The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Civil Service Pensions

Pension benefits are provided through Civil Service Pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium, or classic plus) or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in line with Pensions Increase legislation. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases in employee contributions will apply from 1 April 2012. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three year's initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum.

Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk cover (death in service and ill health retirement).

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website: www.civilservice.gov.uk/my-civil-service/pensions/index.asp.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent partner's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Ian Brack

Chief Executive and Accounting Officer

Date: 21 June 2012

Statement of the Board and the Chief Executive's Responsibilities

Under the Horserace Betting and Olympic Lottery Act 2004, the Secretary of State for Culture, Olympics, Media and Sport has directed the Olympic Lottery Distributor to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Olympic Lottery Distributor and its income and expenditure, changes in equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- observe the Accounts Direction issued by the Secretary of State for Olympics, Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and;
- prepare the financial statements on a going concern basis.

The Accounting Officer for the Department for Culture, Media and Sport has appointed the Chief Executive as Accounting Officer for the Distributor. The responsibilities of an Accounting Officer, including responsibility for propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Distributor, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in 'Managing Public Money' (TSO) and in the Financial Directions issued by the Secretary of State for Culture, Olympics, Media and Sport.

The Accounting Officer has taken steps to make himself aware of any relevant audit information and to establish that the Distributor's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant information of which the auditors are unaware.

Governance Statement 2011/12

Legislative Background

The Olympic Lottery Distributor (OLD) was established by the Horserace Betting and Olympic Lottery Act 2004. This enabled the licensing of Lottery games dedicated to raising funds for the London 2012 Olympic and Paralympic Games. It also created the necessary structures for holding the proceeds of these Lottery games – the Olympic Lottery Distribution Fund. The Commencement Order to establish the Olympic Lottery Distributor came into force on 8 July 2005. It is planned that the OLD will be wound up after the London 2012 Olympic and Paralympic Games, after which the DCMS will function as the OLD's successor body.

Proper Use of Lottery Funds

The OLD's remit is to ensure proper, timely and effective distribution of Lottery money and to fund any facilities, infrastructure, services or functions, necessary or expedient for the delivery of the London 2012 Olympic and Paralympic Games. The OLD monitors grants to ensure that they are spent effectively and seeks to provide this grant in the most efficient and effective way and to minimise procedural and administrative obstacles to the delivery of the London 2012 Games. The OLD is keenly aware of the need to ensure the proper use of Lottery funds and to account to Parliament, and the public, for its stewardship of Lottery players' money and it strives to ensure that proper accountability is maintained and OLD operational expenditure is minimised.

Up to March 2012, the OLD has committed grants totalling £1,821 million to the Olympic Delivery Authority (ODA), the London Organising Committee of the Olympic and Paralympic Games (LOCOG), the East London Business Alliance (ELBA), and the International Convention on Science, Education and Medicine in Sport (ICSEMIS) 2012.

The projects that Olympic Lottery Distributor funds have supported are highlighted in the introductory section of this Annual Report.

Compliance with the Corporate Governance Code of Good Practice

Whilst not a Government Department, the Olympic Lottery Distributor has assessed itself against the 'Corporate Governance in Central Government Departments Code of Practice 2011' (the Code). The OLD operates in accordance with the Code to the extent that it is practicable, appropriate and not incompatible with any statutory or authority requirements.

The main exceptions are explained below.

The Olympic Lottery Distributor does not have a Nominations and Governance Committee as Board appointments are made by the DCMS and matters of governance are dealt with by the Board.

All Board Members are Non Executives and, as it is a small Board made up of six members, it does not have a lead Non Executive Board Member. Although executive staff of the OLD are not members of the Board, relevant staff attend at Board and Committee meetings. Individual Board Member's attendance is regularly reviewed by the Chair but as the Olympic Lottery Distributor is a Non Departmental Public Body with a small Board of six it has chosen not to publish these in its Annual Report and Accounts.

Governance

The Accounting Officer

Within the Olympic Lottery Distributor, the required role of Accounting Officer is filled by the Chief Executive, Mr Ian Brack. The Accounting Officer is personally responsible for safeguarding the public funds under his charge; for ensuring probity and regularity in the handling of public funds; and for the day-to-day operations and management of the Olympic Lottery Distributor. In addition, the Accounting Officer must respect the legislation establishing the organisation and should ensure that the Distributor as a whole is run on the basis of standards set out in 'Managing Public Money'.

The mechanisms by which the Accounting Officer satisfies himself that the Olympic Lottery Distributor has adequate systems in place to meet the above responsibilities are set out later in this statement under 'Risk Management and Internal Control'.

The Board of the Olympic Lottery Distributor

The Accounting Officer must be supported by a Board structured in line with the Corporate Governance Code. The OLD has a Board of six Members. Additionally, an Independent External Member sits on the Audit Committee. The Board is a diverse one and has a wide range of skills and experience which help ensure that it is able to carry out its role effectively. The biographical details of OLD Board and Committee Members 2011/12 are on pages 26 and 27 of this Annual Report.

The OLD Board has corporate responsibility for ensuring that the Distributor provides proper, effective, timely and expedient distribution of funds to Olympic projects, services and functions. It is responsible for deciding whether or not to fund grant applications and also to satisfy itself that there are effective systems in place to assess applications and monitor grants – the responsibility to ensure that these systems are in place rests with the Accounting Officer.

Board and Committee members are asked to declare relevant interests at the start of each Board or Committee meeting. Board and Committee Members are also asked to update the Register of Interest annually and whenever their interests change. A copy of the Register of Board and Committee Members' interests is available from the Secretary to the Board. If a Board Member declares an interest in an item at a Meeting, the Chair will take a decision as to whether to exclude that Board Member from discussion of and/or a decision relating to, that item. Whilst it is normal practice for the Board Member to be excluded from discussion of an item for which they have an interest, on occasion it may be deemed useful in the wider interests of the OLD to seek that Board Member's view, particularly where they have an insight or detailed knowledge.

The OLD Board has adopted procedures for meetings that establish a quorum of three Board Members with no members holding a casting vote. It has also adopted a Code of Practice for Board Members. The Board appointed RMS Tenon as the Distributor's Internal Auditors for the 2011/12 financial year.

The OLD Board met seven times during 2011/12 and had an average attendance rate of 83%. Approximately 52% of the Board's business involved decision making, the major part of those decisions relating to the OLD's core business - the granting of Olympic Lottery funds.

OLD Board Business 2011/12

During the year, the OLD Board considered items of operational business - for example, approval of its Business Plan and Operational Costs budget, approval of its Annual Report and Accounts and consideration of its press and publicity strategy. In February 2012 the Board received an Annual Report on Risk Management.

The Board also spent a significant amount of time discussing grant applications, issues relating to its funding of the Cultural Olympiad and the decision it took to grant £66 million to LOCOG for the funding of the Paralympic Games. Those funds contributed to a public sector commitment to fund 50% of the hosting and staging costs of the London 2012 Paralympic Games.

The Board made several grant decisions throughout the year including agreeing grant to LOCOG towards the funding of the London 2012 Paralympic Games, additional grants to the East London Business Alliance (ELBA) for the three community grants programmes that the OLD was supporting and a grant to ICSEMIS 2012 for its International Scholarship Scheme and the Young Investigators' Award.

The OLD Board also offered an additional grant to the Olympic Delivery Authority (ODA) in support of its Lifetime Grant. In doing so, the OLD adopted a revised funding approach which better reflected the Lottery's role as part of the Public Sector Finance Package, and the emerging need for wider Olympic contingencies. Funding was provided in the context of the expected return of at least £69.2 million, to be returned to the National Lottery in 2013/14 from the proceeds of the sale of the Olympic Village. The Board also took action to leave a clear and unambiguous claim to the National Lottery share of future Village receipts. Further details of these grant payments can be found in the Corporate Performance section of this Governance Statement.

The Board was particularly keen to ensure appropriate recognition of National Lottery funding in the publicity material for the projects that it is supporting. During the latter months of the year, the Board discussed issues relating to the OLD's dissolution, which is scheduled to take place on 31 March 2013. In May 2011, the Board visited the Olympic Park.

Board Committees/Sub Groups

The Audit Committee:

The Audit Committee consists of three Board Members and one Independent External Member. The Committee has a quorum of the Chair plus one Member of the Committee. The OLD Chair is not a member of the Audit Committee. The Audit Committee met three times in 2011/12 and had an average attendance rate of 66%.

The role of the Audit Committee is to advise the Accounting Officer and Board on the strategic processes for risk, control and governance within the Distributor as well as accounting policies, the accounts, the Annual Report and the planned activity and results of both internal and external audit.

The Audit Committee is responsible for providing assurance to the Board of the corporate governance requirements of the OLD and that these requirements are being met. The OLD Board has delegated the monitoring of Risk Management to the Audit Committee.

Audit Committee business in 2011/12 included oversight of the OLD's internal and external audit, detailed consideration of Risk Management at each Audit Committee meeting and recommendation of the OLD's Annual Report and Accounts to the Board.

In line with best practice, the Audit Committee has an 'in camera' session with the OLD's Internal and External auditors each year. There were no issues arising from the 'in camera' session which was held in June 2011.

The HR and Remuneration Committee:

The OLD HR & Remuneration Committee is responsible for ensuring that the organisation complies with all relevant employment legislation and that it employs suitably qualified staff who discharge their responsibilities in accordance with the high standards expected of staff in the public service. The Committee seeks to promote the welfare and development of staff through good employment policies, training and development, effective consultation and communication and equality policies.

All members of the OLD Board are members of the HR & Remuneration Committee and it is chaired by a member of the Board other than the Chair of the Board. The HR & Remuneration Committee met twice in 2011/12 and had an average attendance rate of 83%. HR & Remuneration Committee business in 2011/12 included consideration of the Chief Executive's Annual Appraisal and Performance 2010/11 which it does on an annual basis.

The Transformers (Community Grants) Sub Group:

This sub group consisted of the Chair and two Board Members. The Sub Group was established in 2010 and held 3 meetings in 2011/12. The work of the Sub Group concluded in December 2011. The Sub Group was responsible for determining Transformers Community Grants applications. It did so taking into account the recommendations of the ELBA Grants Committee and the assessments of OLD staff. The Sub Group was accountable to the OLD Board for decisions made. During its existence the Sub Group approved 73 recommendations for funding community grants' programmes.

Evaluation of Board Members' skill and performance

During the life of the OLD a number of skills assessments of Board Members have been carried out to ensure that there is an appropriate range of skills and experience on the Board. This has been particularly important following changes to Board Membership.

The OLD Board Chair led a Board Evaluation session in June 2011. During this session Board Members were encouraged to discuss the Board's performance and any items of concern. To encourage openness, no members of OLD staff were present at that evaluation. The key points from that evaluation were:

- That the Board was able to make decisions effectively and that it had a good mix of skills and experience.
- That whilst it had a positive relationship with Government it had retained the ability to question and challenge.
- Board Members were positive about the breadth of the OLD's grant giving.

As part of its Evaluation process - both via self assessment (December 2008) and in a Group appraisal session (June 2011) - Board Members have confirmed that they are content with the information provided by OLD staff, particularly in respect of briefing reports for meetings, and have noted the fact that full and clear briefings have been provided to enable them to take well informed decisions.

Risk Management and Internal Control

System of Internal Control

The OLD's system of internal control is designed to manage risk to a reasonable level rather than to seek to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of organisational policies, aims and objectives, to evaluate both the likelihood of those risks being realised and the impact should they be realised, and to manage those risks efficiently, effectively and economically.

This system of internal control has been in place in the Olympic Lottery Distributor for the year ended 31 March 2012 and up to the date of the approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

Risk Management process

The OLD Board has overall responsibility for managing risk at a strategic level within the organisation. The Board has delegated responsibility for regular monitoring of risk management to the Audit Committee which is chaired by a Board Member rather than the Chair of the Distributor. Since September 2009, the Committee has also been strengthened by the appointment of an Independent External Member.

The Audit Committee in turn looks to the OLD Executive to set operational strategies for managing risk. These operational strategies are set out in the OLD's Risk Management Policy which is reviewed annually by the Board, and approved as 'fit for purpose', and which is also circulated to staff.

Regular staff Risk Management meetings are chaired by the Chief Executive and led by an experienced risk manager who provides advice and guidance to staff on the implementation of the policy. All members of OLD staff attend Risk Management meetings ensuring that Risk Management is embedded throughout the organisation. The OLD meets a risk maturity level of 'Risk Managed', meaning that the Distributor has an enterprise-wide approach to risk management which is considered at the highest level of the business. Management's assessment of risk drives the internal audit plan, although Internal Audit will continue to provide challenge.

The OLD has five Risk Registers/Action Plans based on its main areas of business, as follows:

- Operational
- Olympic Delivery Authority (ODA)
- London Organising Committee of the 2012 Olympic and Paralympic Games (LOCOG) – for its grants to the Cultural Olympiad, the Paralympic Games and Live Screens
- East London Business Alliance (ELBA) – for community grants
- ICSEMIS 2012 (International Convention on Science, Education and Medicine in Sport)

At the end of the year, the OLD was in the process of finalising a Cessation Risk Register. This will be closely monitored in 2012/13.

The Risk and Control Framework

The OLD's system of internal control is based on a set of policies and financial and administrative procedures in line with Policy and Financial Directions set by the Secretary of State. These include a policy on fraud.

The OLD Board receives an annual report on risk activity, which was circulated for the February 2012 meeting. During the year 2011/12, the Audit Committee continued to monitor risk on behalf of the Board. Between 1 April 2011 and 31 March 2012, OLD staff met eight times to consider risk. During those meetings, staff considered potential financial and reputational risks relating to OLD grant decisions, operational matters such as the loss of staff and the OLD's cessation and business continuity.

The Distributor also relies on the following controls:

- A Board which has a code of practice including a policy on declaration and registration of interests. The Board is responsible for strategic planning and direction, approving the annual report and accounts and ensuring the Olympic Lottery Distributor fulfils its obligations as an employer.

- An Audit Committee with agreed terms of reference. The Committee receives and reviews internal and external audit reports and considers the adequacy of management responses to issues identified. It also reviews the effectiveness of the internal control system, including review of the risk registers/action plans at each meeting along with details of key risk movements in each period. The Audit Committee met three times in 2011/12.
- An Internal Audit function provided by RSM Tenon that operates to standards defined in the Government Internal Audit Manual and whose programme of work is agreed and monitored by the Audit Committee. Internal auditors base their annual internal audit plans on an analysis of the Olympic Lottery Distributor's risk registers.
- A risk management policy which requires all staff to understand and manage risks in their areas of responsibility. The risk appetite of an organisation or in respect of its management of individual risks will sit somewhere on the following scale:



In view of the OLD's specific role and remit, its Risk Appetite has been defined as Cautious to Open.

Risk Registers/Action Plans capture risks identified along with steps to mitigate risk and a collective assessment of likelihood and impact.

The OLD is alert to the issue of information risk and the need for secure storage and transmission of data. Data are only held which are pertinent to the four grant recipient organisations and staff members. Any unavoidable transmission of data is carried out in a form that follows Cabinet Office guidance on security. In 2011/12 the Distributor assessed its compliance against the mandatory requirements of the HMG Security Policy Framework.

The OLD has suffered no personal data incidents during 2011/12 or prior years, and has made no reports to the Information Commissioner's Office.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My view of the effectiveness of the system of internal control is informed by the work of the internal auditors and managers within the Distributor, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other opinions. I have been advised of the effectiveness of the system of internal control by the Board and Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place. Internal Audit completed a planned programme of work for the year ended 31 March 2012. They have submitted an annual report, which includes their opinion on the adequacy and effectiveness of the Distributor's governance, risk management and control arrangements together with any recommendations for improvement.

RSM Tenon were satisfied that sufficient internal audit work had been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of the Olympic Lottery Distributor arrangements. For the twelve months ended 31 March 2012, based on the work they undertook, their opinion regarding the adequacy and effectiveness of Olympic Lottery Distributor arrangements for governance, risk management and control is as follows:

	Red	Amber	Green
Governance Informed by the Governance audit and existing knowledge of the Distributor.			
Risk Management The Distributor has a well-established approach to risk management. All audit this year and knowledge of the Distributor has assisted in informing this opinion.			
Control RSM Tenon raised three recommendations during the year, the majority of which related to the application, rather than the design of controls. All assurance opinions given during the year were positive.			

RSM Tenon completed six internal audits during the year (including a follow up audit) which provided assurance opinions and in each case the opinion provided was either substantial assurance or, in the case of the Follow up audit, good progress.

In total there were three recommendations from the audits, two low rated and one medium rated.

As noted above, the Distributor has assessed its compliance against the mandatory requirements of the HMG Security Policy Framework and by March 2012 considered that it satisfied all applicable requirements.

At the year end, the Distributor's risk registers were monitoring 46 active risks covering operational issues and grant programmes. Operational issues most commonly arise from the Distributor's small size and reliance on shared back office services. During the past year risks have also been identified which relate to the OLD's planned dissolution in 2013. Grant issues consider the processes needed to ensure proper decision making, to secure adequate monitoring information and to protect Lottery rights. After mitigation 5 register risks were scored as high risk, 11 as medium risk with the remaining 30 scored as low risk.

As Accounting Officer I consider the Olympic Lottery Distributor's control environment to have operated effectively throughout 2011/12.

Ian Brack
Chief Executive and Accounting Officer
21 June 2012

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Olympic Lottery Distributor for the year ended 31 March 2012 under the Horserace Betting and Olympic Lottery Act 2004. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Horserace Betting and Olympic Lottery Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 Olympic Lottery Distributor's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Olympic Lottery Distributor; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Olympic Lottery Distributor's affairs as at 31 March 2012 and of the net income after interest and tax for the year then ended; and
- the financial statements have been properly prepared in accordance with the Horserace Betting and Olympic Lottery Act 2004 and Secretary of State directions issued thereunder.

Emphasis of matter: going concern

Without qualifying my opinion, I draw attention to note 1(b) of the financial statements concerning the application of the going concern basis in light of the Department for Culture, Media and Sport's announcement of its intention to close the Olympic Lottery Distributor. This is subject to legislation and there is therefore uncertainty over the Olympic Lottery Distributor's ability to continue to operate in its current legal form.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Horserace Betting and Olympic Lottery Act 2004; and
- the information given in the Corporate Performance section of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 28 June 2012

Statement of Comprehensive Income

	Notes	2011/12 £'000	2010/11 £'000
Income			
Proceeds from the National Lottery	5	427,577	398,513
Investment income on balances at the Olympic Lottery Distribution Fund	5 & 7c	1,286	886
		<u>428,863</u>	<u>399,399</u>
Expenditure			
Grant commitments made in year	9	(114,133)	(3,900)
Employee costs	2	(475)	(438)
Other expenditures	4	(205)	(220)
		<u>(114,813)</u>	<u>(4,558)</u>
Net income/(expenditure)		314,050	394,841
Bank interest receivable		1	1
Corporation tax due on interest income	6	0	0
Net income/(expenditure) after interest and tax		<u>314,051</u>	<u>394,842</u>

As fully explained in accounting policy note 1b), these accounts are prepared on a going concern basis and all activities are continuing. There is no other comprehensive income.

The notes on pages 50-62 form part of these accounts.

Statement of Financial Position as at 31 March 2012

	Notes	2011/12 £'000	2010/11 £'000
Current Assets			
Trade and Other receivables		4	6
Investments: Balance in Olympic Lottery Distribution Fund	5	308,492	151,599
Cash at bank and in hand	8	64	68
Total assets		308,560	151,673
Current Liabilities			
Grant commitments	9	(433,300)	(339,668)
Trade and other payables	10	(70)	(61)
		(433,370)	(339,729)
Net current (liabilities)/assets		(124,810)	(188,056)
Non current liabilities			
Grant Commitments	9	0	(250,805)
Assets less liabilities		(124,810)	(438,861)
Represented by:			
Income and Expenditure Reserve		(124,810)	(438,861)

The financial statements were approved by the Board of the Olympic Lottery Distributor on 21 June 2012 and signed on its behalf by:

Ian Brack
Chief Executive and Accounting Officer
21 June 2012

Rt Hon. Dame Janet Paraskeva DBE
Chair
21 June 2012

Statement of Cash Flows for the year ended 31 March 2012

	Notes	2011/12 £'000	2010/11 £'000
Cash flows from Operating Activities			
Funds received from the Olympic Lottery Distribution Fund	5	271,970	357,110
Payments re grant commitments	9	(271,306)	(356,428)
Payments to suppliers		(200)	(221)
Payments to and on behalf of employees		(469)	(416)
Bank interest received		1	1
Tax on bank interest received		0	0
Net cash inflow (outflow) from operating activities	13	(4)	46
Net increase (decrease) in cash and cash equivalent balances in period		(4)	46
Cash and cash equivalents at the beginning of the period		68	22
Cash and cash equivalents at the end of the period	8	64	68

Statement of Changes in Equity for the year ended 31 March 2012

	Income & Expenditure Reserve £'000
Balance at 31 March 2010	(833,703)
Changes in reserves 2010/11	
Recognised in Statement of Comprehensive Income	394,842
Balance at 31 March 2011	<u>(438,861)</u>
Changes in reserves 2011/12	
Recognised in Statement of Comprehensive Income	314,051
Balance at 31 March 2012	<u>(124,810)</u>

Notes to the Accounts

1. Accounting Policies

These financial statements have been prepared in accordance with the 2011/12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Olympic Lottery Distributor for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Olympic Lottery Distributor are described below. They have been applied consistently in dealing with items that are considered material to the accounts. There is no standard not adopted that would significantly impact on the accounts.

(a) Conventions

The accounts have been prepared under the historical cost convention as modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. They have been prepared in a form directed by the Secretary of State with the consent of the Treasury on 31 July 2006 in accordance with Paragraph (14)(2)(f) of Schedule 5 to the Horserace Betting and Olympic Lottery Act 2004.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 2006 and International Accounting Standards.

(b) Going Concern

Although the Olympic Lottery Distributor (OLD) showed a significant decrease in funds occurring in the year 2007/08 when a £1.4 billion lifetime grant was committed to the Olympic Delivery Authority, and in 2011/12 is still showing net liabilities, the Distributor is not insolvent. Grant commitments must be recognised in the OLD Statement of Financial Position at the date of acceptance. Although income to meet the commitment cannot be anticipated in the accounts, it is forecast that it will be received in time to meet any payments. In addition, all grant agreements state that the ability of the OLD to provide grant is dependent on the continued operation of the National Lottery and allocations to the OLD. Should that source of funding cease, the OLD may terminate its commitment to pay grant.

The Distributor is a time limited organisation due to the nature of its remit. The decision to dissolve the Distributor rests with the Department for Culture, Media and Sport. On 5 March 2012, the Government announced its intention to close the Olympic Lottery Distributor. The closure is dependent on the passage of legislation and therefore whether the Distributor will close, and any

resulting timetable for closure, has yet to be decided. After closure it is proposed that residuary functions will continue in the Department for Culture, Media and Sport.

As abolition arrangements have yet to be confirmed there is a material uncertainty that casts significant doubt upon the Distributor's ability to continue to operate in its current form and with its current functions.

Having considered the circumstances described above, management have concluded that, in the absence of the passing of the legislation necessary to abolish the Distributor and transfer its functions, whilst there is a material uncertainty over the future of the organisation it is appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements until such time as the legislation is passed.

The financial statements have been prepared on a going concern basis.

(c) Olympic Lottery Distribution Fund

Balances held in the Olympic Lottery Distribution Fund (OLDF) remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. However, the share of these balances attributable to the Olympic Lottery Distributor is as shown in the Accounts and, at the end of the reporting period, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the Distributor in respect of current and future commitments.

(d) Cash and cash equivalents

The balance held with the Olympic Lottery Distribution Fund is not identified as a cash equivalent. The investment is held on call notice deposit with the Commissioners for the Reduction of National Debt, and the Distributor is required not to draw down from the Fund other than to meet its immediate short-term cash commitments.

The OLDF balance is classified as a current asset investment in the Statement of Financial Position.

As at 31 March 2012 a balance of £63,906 (2010/11: £68,457) was held in the Distributor's own current account and petty cash. Purchase ledger services are provided on behalf of the Distributor by the Big Lottery Fund as our agent and reimbursed by OLD on a monthly basis. This is to minimise transaction costs and improve financial control through separation of duties. Recharges of £6,563 (2010/11: £4,425) due to the Big Lottery Fund at year end are included within trade and other payables.

(e) Pension Fund

We are a participating employer in the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme and is unable to identify the share of

underlying assets and liabilities due to the Olympic Lottery Distributor. We have, therefore, accounted for the scheme as if it were a defined contribution scheme in accordance with IAS 19 Employee Benefits with the costs of the scheme charged to the Statement of Comprehensive Income.

(f) Soft and hard grant commitments

As required by the Secretary of State for Culture, Olympics, Media and Sport, a distinction is made in respect of Lottery awards between 'hard commitments' and 'soft commitments'. 'Hard' commitments are defined by the Distributor as a firm offer of grant by the Board that has been accepted by the recipient. The entire hard commitment due over the life of a grant is recognised as expenditure in the Statement of Comprehensive Income in the year in which the grant offer is accepted. 'Soft' commitments are defined as the potential commitment on projects for which the Board has given approval to issue a grant offer but where the offer has not been accepted. Details of any soft commitments are disclosed in Note 9 to the accounts.

Olympic Lottery Distributor funding for the main ODA lifetime grant will span a 7 year period from 2006 to 2013 and funding for LOCOG cultural projects will span a 4 year period. In order to combine financial control and retain the ability to work flexibly with other funding partners, the Distributor has reserved the right to set and vary detailed terms and conditions of grant as each project crystallises and before release of funds.

Hard commitments payable within one year of the end of the reporting period are recognised as current liabilities. Those payable more than one year from the end of the reporting period are shown as non current liabilities. They do not fall under the definition of Financial Instruments in IAS 39 and are not shown at amortised cost.

(g) Employee benefits - IAS 19

IAS 19 requires an organisation to recognise any obligation for termination payments at the year end, once a demonstrable commitment to terminate employment exists.

In the event of their employment being terminated, OLD employees are covered by the terms of the Civil Service Compensation Scheme. As at 31 March 2012, 6 staff members had service in excess of one year and, if made redundant, would be entitled to redundancy payments under the Scheme currently estimated at £153,000. The Distributor will recognise a provision for employee termination payments once a constructive obligation exists, which is likely to be on completion of any redundancy consultation process. The consultation process will begin once there is no realistic possibility of withdrawal from the planned date of cessation. It will make disclosure of exit packages in the year that any packages are agreed and in the remuneration report for senior staff in the year of payment. The Distributor expects these disclosures will be necessary for the 2012/13 Annual Report & Accounts.

In line with IAS 19, Staff costs for the year include an accrual to reflect the value of untaken staff annual leave entitlements as at 31 March 2012. Annual accrual movements are disclosed in Note 2. Also in line with IAS 19 the liability provisions for staff and Chief Executive performance pay are amalgamated under trade and other payables in Note 10.

2. Employee Information

Employee costs were:

	2011/12	2010/11
	£'000	£'000
Wages and Salaries	365	341
Employer's pension contributions	74	69
Social security costs	36	29
Movement in annual leave accrual	0	(1)
	475	438

Employee numbers were:

	2011/12	2010/11
Average permanent and fixed term FTE employees in year	6.6	6.0

Number of staff, excluding the Chief Executive, earning a full time equivalent salary of over £50,000 per annum were:

	2011/12	2010/11	2009/10
£50,000 - £54,999	1	1	-
£60,000 - £64,999	1	1	1
£70,000 - £74,999	-	-	1

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full year in the year of departure. During 2011/12 the Distributor has agreed no compulsory or other departures and paid no exit packages. Further information is included in Note 1(g).

3. Pensions

The Olympic Lottery Distributor is a participating employer in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme and the Olympic Lottery Distributor is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary last valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation or at www.civilservice.gov.uk/pensions/governance-and-rules/actuarial-review.

For 2011/12, employer's contributions of £74,110 were payable to the PCSPS (2010/11 £69,258) at one of four rates in the range 16.7% - 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of benefits accruing during 2011/12 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account through the PCSPS. This is a stakeholder pension with an employer contribution. At the end of the reporting period no employees of the Olympic Lottery Distributor had opted to open a partnership pension account.

4. Other Expenditure

	2011/12 £'000	2010/11 £'000
Accommodation and facilities	80	90
Communication and other professional fees	44	50
IT Services	34	32
Board members remuneration & related employers NI	22	21
Other costs	13	13
External Audit (statutory audit)	11	11
External Audit (WGA Audit)	0	1
Board and staff recruitment	0	1
Insurance	1	1
Total other operating expenses	205	220

5. Income

	2011/12 £'000	2010/11 £'000
Opening balance held by the Olympic Lottery Distribution Fund as at 1 April	151,599	109,310
Proceeds from National Lottery games dedicated to the London 2012 Olympic Games and Paralympic Games	135,577	106,513
Proceeds transferred from the National Lottery Distribution Fund	292,000	292,000
	<hr/>	<hr/>
Proceeds from the National Lottery	427,577	398,513
Investment returns on the Olympic Lottery Distribution Fund	1,286	886
Cash drawn down in the year by the Distributor	(271,970)	(357,110)
	<hr/>	<hr/>
Closing balance held by the Olympic Lottery Distribution Fund at market value	308,492	151,599

The 'Payments into the Olympic Lottery Distribution Fund etc. Order 2008', allows the Secretary of State to make payments from the National Lottery Distribution Fund into the Olympic Lottery Distribution Fund amounting to £1,085 million.

6. Corporation Tax

The Distributor pays corporation tax on any commercial bank interest received. From 12 March 2012, the commercial bank account is on a non interest earning basis. Investment returns on funds held on the Distributor's behalf within the Olympic Lottery Distributor Fund are not taxable.

The tax charge for the year is £229 (2010/11 - £295).

7. Financial Instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure that enables users of the accounts to evaluate:

- The significance of financial instruments for the Olympic Lottery Distributor's financial position and performance, and
- The nature and extent of risks arising from financial instruments and how the Distributor manages those risks.

(a) Liquidity risks

In 2011/12, 99.7% of the Olympic Lottery Distributor's income was derived from proceeds from National Lottery games. The remaining income came from investment returns from the balance held with the Olympic Lottery Distribution Fund (0.3%), and from bank interest.

Part 3 of the Horserace Betting and Olympic Lottery Act 2004 makes provision for Olympic Lotteries, as part of the National Lottery. It was intended that hypothecated games would raise £750 million towards the costs of the London 2012 Olympic and Paralympic Games. This target was achieved in April 2012. The funds flow into the Olympic Lottery Distribution Fund as they are raised through sales.

In February 2008 a Statutory Instrument was passed (SI 2008 No 255 - The Payments into the Olympic Lottery Distribution Fund etc. Order 2008). This allowed for an additional transfer of up to £1,085 million from the National Lottery Distribution Fund, in order to meet some of the costs of the 2012 Games. The first transfer of funds of £73 million took place on 2 February 2009 and further transfers will take place at quarterly intervals until 1 August 2012.

At the end of the reporting period the Olympic Lottery Distributor had net liabilities of £124,810,414. Payment of grant liabilities of £433,300,099 is dependent on sufficient income being received into the Olympic Lottery Distribution Fund to meet grant tranches scheduled up to 2012/13.

(b) Cash flow projections over the next financial year

The OLD does not believe that it is exposed to significant liquidity risks, and is satisfied that it has sufficient current liquid resources to cover projected payments over the next financial year.

Liquid assets as at 31 March 2012	£'000
Market value of Olympic Lottery Distribution Fund investments.	308,492

(c) Interest rate risk

In accordance with the Horserace Betting and Olympic Lottery Act 2004, National Lottery income received into the Olympic Lottery Distribution Fund which is due to the Distributor, is passed to the Commissioners for the Reduction of National Debt. They invest the income in a narrow band of low risk assets such as government bonds and cash. The Olympic Lottery Distributor has no control over the investment of these funds. The management of the Olympic Lottery Distribution Fund meets representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage risks associated with the investment of these monies.

At the end of the reporting period, the market value of the Olympic Lottery Distributor's share of the Olympic Lottery Distribution Fund was £308,492,126. In the year the average return on these investments was 0.5% (2010/11 0.5%).

Cash balances which are drawn down by the Olympic Lottery Distributor from the Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an average interest rate of 0.15% during the year. We consider that the Distributor is not exposed to significant interest rate risks on its cash balances.

(d) Foreign currency risk

The Olympic Lottery Distributor is not exposed to any foreign currency risks.

8. Cash and cash equivalents

	2011/12 £'000	2010/11 £'000
Balance at 1 April	68	22
Net change in cash and cash equivalent balances	(4)	46
Balance at 31 March	<u>64</u>	<u>68</u>

9. Soft and hard commitments

Movements in Grant commitments:

	2011/12 £'000	2010/11 £'000
Hard commitments b/fwd	590,473	943,001
Commitments made in the period to the Olympic Delivery Authority (ODA)	47,620	0
Commitments made in the period to the London Organising Committee of the Olympic and Paralympic Games (LOCOG)	66,000	1,040
Commitments made in the period to the East London Business Alliance (ELBA)	358	2,860
Commitments made in the period to ICSEMIS 2012	155	-
	<hr/>	<hr/>
Grant commitments made in year	114,133	3,900
Commitments paid in the period to the ODA	(238,700)	(353,399)
Commitments paid in the period to LOCOG	(31,358)	(2,827)
Commitments paid in the period to ELBA	(1,248)	(202)
	<hr/>	<hr/>
Hard commitments c/fwd	433,300	590,473

The charge to the Statement of Comprehensive Income for net hard commitments made in the year is £114,133,674 (31 March 2011 - £3,900,000).

There were no soft commitments at 31 March 2012 (31 March 2011 - £nil).

Ageing of hard commitments

The hard commitment balance at the year-end represents amounts due to recipients in the following periods.

	2011/12 £'000	2010/11 £'000
Grants scheduled for payment within one year	433,300	339,668
Grants scheduled for payment in one-two years	-	250,805
	<hr/>	<hr/>
	433,300	590,473

As explained in Note 1b) all grant agreements provide for payments to be dependent on the continued operation of the National Lottery and allocations to the OLD.

10. Trade payables and other current liabilities

	2011/12	2010/11
	£'000	£'000
Taxation, pension and social security costs	18	12
Employee benefit accrual	8	8
Other creditors and accruals	24	18
Accruals for staff performance payments	18	15
Accrual for Chief Executive performance pay	2	8
Total creditors due within one year	<u>70</u>	<u>61</u>

There are no amounts included in the above falling due after more than one year.

As detailed in the Remuneration Report, pay arrangements for the Chief Executive are considered annually by the HR & Remuneration Committee. Any performance based increase for 2011/12 can be paid as a non-consolidated sum during 2012/13 but is accrued within the 2011/12 Accounts and Remuneration Report.

The Distributor also operates a non-consolidated performance pay scheme for all staff except the Chief Executive. Recommendations are approved by the Board and are assessed on the basis of performance during the financial year. They may be paid in the following financial year.

Accruals are made in the accounts for the total the Distributor will pay in respect of these two items during the following financial year.

11. Capital Commitments

There were no contracted capital commitments at 31 March 2012 (31 March 2011 £nil).

12. Commitments under leases

Total future minimum lease payments under operating leases are given in the table below.

	2011/12	2010/11
	£'000	£'000
Operating leases due in:		
Not later than 1 year	<u>0</u>	<u>1</u>
	<u>0</u>	<u>1</u>

13. Reconciliation of net income to net cash flow from operating activities

	2011/12	2010/11
	£'000	£'000
Net income/(expenditure) after interest and tax	314,051	394,842
Decrease/(increase) in Olympic Lottery Distribution Fund balance	(156,893)	(42,289)
(Decrease)/Increase in hard grant commitments	(157,173)	(352,528)
(Increase)/Decrease in trade and other receivables	2	(1)
Increase/(Decrease) in trade and other payables	9	22
Net cash inflow/(outflow) from operating activities	(4)	46

14. Contingent asset disclosed under IAS 37

During 2011/12, the Distributor paid a Supplemental Grant to the Olympic Delivery Authority (ODA) of £69.2 million. The purpose of grant was to help meet cashflow funding requirements in relation to the development of the Olympic Village. During 2011/12, a sale was agreed of the ODA's interest in the Olympic Village to QDD Athletes Village UK Ltd. for £557.5million, conditional on completion by ODA of construction and retrofit works. Completion of the sale will trigger a repayment of the £69.2 million Supplemental Grant by the ODA to the OLD by 31 March 2014. The OLD consider that return of these Lottery funds is probable. The ODA is also entitled to potential additional receipts by way of overage and other circumstances, which would trigger additional repayment of Lottery funds to the OLD. These are unquantifiable and uncertain at this time.

Additional Lifetime Grant of £47.62 million was offered to the ODA in December 2011 on condition that a sum of £1.82 million, comprising a further element of anticipated income in 2013/14 from the sale of the Olympic Village and associated assets, would be repaid to the OLD in the financial year 2013/14.

15. Related Party Transactions

Board Members and staff

During the year ended 31 March 2012, Sir Craig Reddie declared an interest in the applications from LOCOG for Cultural Olympiad projects and the Paralympic Games, due to his position as member of the Board of LOCOG. He took no part in decision making in respect of LOCOG applications. With respect to the Cultural Olympiad projects, Rt. Hon. Dame Janet Paraskeva declared her position as observer on the Cultural Olympiad Board - a sub-committee of the LOCOG Board. The grants were partially paid as at 31 March 2012.

		Grant payments year ending 31 March 2012 £'000	Grant offered year ending 31 March 2012 £'000	Creditor at 31 March 2012 £'000
London Organising Committee of the Olympic and Paralympic Games (LOCOG)	Grant funding towards Cultural Olympiad projects	4,558	0	9,243
London Organising Committee of the Olympic and Paralympic Games (LOCOG)	Grant funding towards Paralympic Games	26,000	66,000	40,000
London Organising Committee of the Olympic and Paralympic Games (LOCOG)	Grant funding towards Live Sites Phase II project	800	0	0
		31,358	66,000	49,243

There were no other transactions related to Board Members, key managers or close members of their families in 2011/12 or the comparative year of 2010/11.

Other government bodies

The Department for Culture, Media and Sport (DCMS) is the sponsor department for the Olympic Lottery Distributor and is regarded as a related party. During the year the Olympic Lottery Distributor had the following material transactions and balances with other entities for which the DCMS is regarded as the parent department.

		Grant payments year ending 31 March 2012 £'000	Grant offered year ending 31 March 2012 £'000	Creditor at 31 March 2012 £'000
Olympic Delivery Authority	Grant towards delivery of lifetime Corporate Plan	169,500	47,620	382,134
Olympic Delivery Authority	Supplemental grant towards Village cashflow	69,200	0	0
		<u>238,700</u>	<u>47,620</u>	<u>382,134</u>

16. Events after the reporting period

These accounts were authorised for issue by the Accounting Officer of the Olympic Lottery Distributor on the date of certification by the Comptroller and Auditor General. There were no disclosable events after the reporting period.



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