



Department
for Culture
Media & Sport

Olympic Lottery Distributor

Annual Report & Accounts 2012/13

Olympic Lottery Distributor

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Annual Report

INTRODUCTION BY IAN BRACK, CHIEF EXECUTIVE OF OLD

The Olympic Lottery Distributor (OLD) was a Non-Departmental Public Body responsible for a total of £1.8 billion of Lottery funding. It was established in July 2005. This report for the year to 31 March 2013 records the last year of business carried out by the Distributor.

During its lifetime, the OLD made the largest ever National Lottery grant in history, giving £1.7 billion to the Olympic Delivery Authority (ODA) to fund the building of the venues and infrastructure for the London 2012 Olympic and Paralympic Games. The huge success of the London 2012 Games can, in part, be credited to the superb venues that National Lottery funding contributed to.

The OLD Board, chaired by the Rt. Hon Dame Janet Paraskeva DBE, took all decisions to award grants, subject to the limitations of the OLD's remit. It was keen to ensure that the Lottery playing public benefited from the funds it committed and this is demonstrated by the range of activities that it supported – from huge projects such as the building of the venues for the London 2012 Games to smaller projects like the Community Grants schemes it supported in East London.

The OLD Board agreed a significant amount of funding – £66 million – towards the staging of the London 2012 Paralympic Games, which were an unprecedented success both in terms of the enjoyment they provided – and in the fact that Team Paralympics GB won 120 medals.

The OLD was also proud to support the Cultural Olympiad and London 2012 Festival with grants totalling £16.6 million. This helped ensure that millions throughout the UK were able to enjoy a summer of varied and inclusive cultural activities – from taking part in 'All the Bells...' at the outset of the Games to enjoying large scale free outdoor commissions such as Piccadilly Circus Circus.

The OLD also made a grant of £3.4 million to the London Organising Committee of the Olympic and Paralympic Games (LOCOG) towards the network of large screens which were established throughout the UK. OLD funding enabled this 'Live Sites' network to grow by 14 Screens throughout the UK.

Throughout its life, the OLD has been mindful of its responsibility as custodian of Lottery players' money. We sought to ensure that Olympic Lottery funds were spent prudently and effectively. We were careful to make sure that, whilst our appraisal and monitoring of grants was robust, we operated efficiently and kept our internal expenditure to a minimum – with the result that the OLD's operating costs were just 0.26% of our lifetime income.

We were delighted to see the success of the London 2012 Olympic and Paralympic Games and the enjoyment that it brought to people in the UK and visitors. We were also pleased with the UK's success at the Games and that considerable credit was given to the role of Lottery funding in achieving this result.

The Games will leave behind a new park in East London which will be at the heart of an extensive regeneration programme.

Many of the venues which were built for the Games are being kept for sport and community use so the Lottery funds that contributed to their construction can be seen as an additional investment in the future.

The Games are over now and the OLD's work is completed, but we look forward to the legacy that the Games will leave for sport, for the East London community and the UK as a whole.

MANAGEMENT COMMENTARY

Grant Management in 2012/13

In 2012/13 the OLD Board made no additional grant commitments and decommitted £26,301,803 of grants to reflect savings made in projects as follows:

- £26,100,000 decommitted from grant to the Olympic Delivery Authority;
- £103,560 decommitted from grant for the Cultural Olympiad to the London Organising Committee of the Olympic and Paralympic Games; and
- £98,243 decommitted from grants to the East London Business Authority.

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

- Lifetime and Cashflow grants to the ODA totalling £1,705.81 million were claimed in tranches up to December 2012 as key milestones were reached. A sum of at least £71 million is expected to be returned to the National Lottery during 2013/14 as outlined in Note 14 to the Accounts;
- Grants were claimed totalling £19.94 million towards Cultural Olympiad and Live Sites projects run by the London Organising Committee of the Olympic and Paralympic Games (LOCOG);
- £66 million was claimed in grants to LOCOG in support of delivery of the London 2012 Paralympic Games;
- Grants to the East London Business Alliance (ELBA) totalling £3,120,431 were claimed with respect to 3 distinct host borough community projects; and
- Grants to the International Convention on Science, Education and Medicine in Sport (ICSEMIS) 2012 totalling £155,000.

OLD Staff

The OLD was committed to operating with a minimum staffing structure in order to remain efficient and effective whilst ensuring that it had sufficient resources to fulfil its remit. The OLD published transparency information including a staffing organogram on both its own website www.olympiclotterydistributor.org.uk and on www.data.gov.uk

The Chief Executive of the Olympic Lottery Distributor, Mr Ian Brack, was supported by a small team of 5 permanent employees. For part of the year to 31 March 2013, the OLD employed a member of staff on an agency basis to provide cover for maternity leave.

The OLD's recruitment and HR policies reflected its commitment to appointment on merit in order to provide equal opportunities for all applicants and staff. Responses and success rates of any recruitment campaigns were monitored and practical steps taken to address access requirements. None of the Distributor's staff classified themselves as being from an ethnic minority background or as having a disability. OLD staff were encouraged to participate in professional development and work related training. All members of staff had access to an Employee Assistance Programme.

The average level of sickness of OLD staff in 2012/13 was 3 days per employee (4.3 days in 2011/12).

Operational Performance

The Distributor's results for the period from 1 April 2012 to 31 March 2013 and financial position are set out in the Statement of Comprehensive Income, Statement of Financial Position and supporting notes on pages 28 to 37. The accounts have been prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, 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 was met from the balance held on its behalf by the Olympic Lottery Distribution Fund (OLDF). At 31 March 2013, the market value of balances held by the OLDF was £75,512,658 (2011/12 – £308,492,126).

Operating Expenditure for the year was £909,000 (2011/12 – £680,000) and the value of grant commitments in the year was £nil (2011/12 – £114,133,674). During 2012/13 grant decommitments totalling £26,301,803 (2011/12 – £0) were made.

As explained in note 1b) to the Annual Accounts, throughout its life the Distributor recognised grant commitments made in anticipation of income being received. This resulted in the Statement of Financial Position for the comparative year of 2011/12 showing net total liabilities of £124,810,414.

Investment Income

Investment income was earned on amounts invested within the Olympic Lottery Distribution Fund. This is further explained in Note 7 to the Accounts. During 2012/13, the OLDF earned £1,048,370 (2011/12 – £1,286,000) in investment income.

Taxation

The OLD was liable for Corporation Tax on any interest earned on its commercial bank account. No commercial bank interest was received in 2012/13, and in 2011/12 tax of £229 was due.

Events after the Reporting period

Events are detailed in note 16. As is explained above, the Olympic Lottery Distributor ceased operations on 31 March 2013 and its functions passed to DCMS. Further information is provided below under the "Closure" section.

Auditors

Under the Horserace Betting and Olympic Lottery Act 2004, the financial statements of the Distributor are required to be audited by the Comptroller and Auditor General. The cost of the statutory audit is shown in Note 4.

Pensions

OLD was 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 OLD had strong relationships with key London 2012 stakeholders including the Olympic Delivery Authority (ODA), the London Organising Committee of the Olympic and Paralympic Games (LOCOG) and the Distributor's sponsor department – the Department for Culture, Media and Sport (DCMS). In addition the OLD built good relationships with its other grant recipients, ICSEMIS 2012 and the East London Business Alliance, and worked collaboratively with other National Lottery Distributors.

Common Customer Service Charter

Along with other National Lottery Distributors, the Olympic Lottery Distributor complied with the principles within a common Customer Service Charter.

Closure

During the year, staff within OLD carried out all operational closure functions for the Distributor in line with detailed cessation plans. This included closure of all grants and payment of final amounts outstanding, preparation of OLD records for archiving and transfers to the National Archives at Kew, termination of all outstanding contracts and preparation of draft annual report and accounts, and financial figures to 31 March 2013. The Distributor also published a Lifetime Review in February 2012.

Staff within DCMS carried out statutory closure functions relating to the Dissolution Order including finalisation and laying of the final annual report and accounts. Responsibility for residuary body functions passed to the DCMS from 1 April 2013, including recovery of grant that falls due, as explained in Note 14.

OLD PERFORMANCE INDICATORS 2012/13

Key Performance Indicators	Performance during 2012/13	RAG Rating	
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 2012/13, the Distributor took an average of 9.26 working days to pay against compliant requests. The OLD met the indicator for 73.7% of grant payment requests but exceeded it for 26.3% of requests. This reflected the additional scrutiny requirements of final claims.	AMBER	A green Rag Rating indicates low risk, amber medium risk and red high risk
We will pay agreed invoices within 30 days of invoice date in line with the Better Payment Practice Code.	During 2012/13, the Distributor paid 95.51% of invoices within 30 days of invoice date (2011/12 – 96.5%) and took an average of 15.4 days to settle invoices.	GREEN	
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 2013 is £4,854,655. This is 0.26% of its lifetime income of £1,875,440,377.	GREEN	
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.	GREEN	
To achieve an unqualified external audit opinion in OLD financial statements.	The Annual Report and Accounts 2011/12 had an unqualified audit opinion issued on 28 June 2012. The Accounts were laid before the summer Parliamentary recess.	GREEN	

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

Under the Olympic Lottery Distributor (Dissolution) Order 2013, the Secretary of State for Culture, Media and Sport must prepare a statement of accounts and final report for the Distributor for the period beginning 1 April 2012 and ending immediately before the dissolution date.

Signed:

Sir Jonathan Stephens KCB, Accounting Officer for the Department for Culture, Media and Sport

Date: 11 July 2013

OLD BOARD AND COMMITTEE MEMBERS DURING 2012/13

The appointments of all OLD Board members ceased on 31 March 2013.

Rt. Hon. Dame Janet Paraskeva, Chair of the OLD Board

Dame Janet Paraskeva is Chair of Plan International (UK) and a member of the Council of the Competition Commission. She was formerly a non-executive Board Member of the Serious Organised Crime Agency and Chief Executive of the Law Society. Until December 2010, she was First Civil Service Commissioner. Dame Janet is a Privy Councillor and was a member of the Cultural Olympiad Board with Observer status.

Carol Ainscow

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 was also a member of the OLD Audit Committee.

Hilary Daniels

Hilary Daniels is a qualified accountant. She is an Independent Member of the Professional Standards Board of Institute of Legal Executives and of the Audit and Risk Committee of the General Pharmaceutical Council. Hilary is also a member of the Financial Reporting Council's Conduct Committee and an Independent Committee Member of the Audit and Risk Management Committee of the City of London. Hilary is a Past President of CIPFA and from 2000-2006 she was Chief Executive of the West Norfolk PCT. Hilary was Chair of the OLD Audit Committee.

Lindsey Holbrook

Lindsey Holbrook is a Civil Engineer with forty years' experience in the design and construction of major projects in the UK and overseas. He was 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 was a member of the OLD Audit Committee

Cllr. Sirajul Islam

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 London Borough of Tower Hamlets. He is a 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. In September 2012, Sirajul was appointed to a post within the East London Business Alliance (ELBA).

Sir Craig Reedie CBE

Sir Craig Reedie has been a member of the International Olympic Committee (IOC) since 1994, in 2009 was elected to its Executive Board and in July 2012 was elected as a Vice President of the IOC. 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 was a member of the Board of the London Organising Committee of the Olympic and Paralympic Games (LOCOG). Sir Craig was Chair of the OLD HR & Remuneration Committee.

Alyson Coates

Alyson Coates is a Non Executive Director and Chair of the Audit Committee of Oxford Health NHS Foundation Trust. She is an Independent Governor of Oxford Brookes University and was formerly a Member of the Auditing Practices Board of the Financial Reporting Council. 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 were set by the Department for Culture, Media and Sport. Members did 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 £109 per half day.

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

Board and Committee Members: remuneration receivable (audited information)

During the year to 31 March 2013, Board and Committee members were entitled to receive a total of £21,469 in allowances and expenses (31 March 2012: £21,668).

	Amount claimed in 2012/13 £'000	Amount claimed in 2011/12 £'000
Dame Janet Paraskeva	10-15	10-15
Hilary Daniels	0-5	0-5
Sir Craig Reddie	0-5	0-5
Carol Ainscow	5-10	0-5
Lindsey Holbrook	0-5	0-5
Cllr Sirajul Islam	0-5	0-5
Alyson Coates (Independent Audit Committee member)	0-5	0-5

Directors: Remuneration Policy

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

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

All members of the Board were members of the HR & Remuneration Committee and a Board Member other than the Chair of the Olympic Lottery Distributor chaired the Committee. The Committee operated within written terms of reference and met three times during the year.

The OLD assessed the definition of staff for inclusion in the Remuneration Report and concluded that only one manager, the Chief Executive, fell 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 Management Commentary.

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 £'000	Employer's Pension Contributions £'000	Non Consolidated Performance related pay £'000	Civil Service Compensation Scheme Redundancy £'000	Pay in Lieu of Notice £'000	Total £'000
	2012/13 (2011/12)	2012/13 (2011/12)	2012/13 (2011/12)	2012/13 (2011/12)	2012/13 (2011/12)	2012/13 (2011/12)
Ian Brack	92 (90)	22 (22)	4 (2)	45 –	23 (114)	186

The HR & Remuneration Committee considered performance pay for Ian Brack for an 11 month period to February 2013 and awarded a payment of £4,000 for this period. This was paid during March 2013 and is included above and in the 2012/13 accounts.

Performance pay of £2,149 was accepted by the Chief Executive for the comparative year 2011/12. The amount accepted by the Chief Executive was lower than the award made for that year by the HR & Remuneration Committee of £7,657.

No benefits in kind were paid to Ian Brack in 2012/13 or 2011/12.

The Chief Executive was contractually entitled to three months notice of compulsory redundancy and amounts paid in lieu of notice are included for 2012/13.

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 2012/13 was £96,000 (2011/12- £92,000). This was 2.0 times the median remuneration of the workforce (2011/12 – 1.9 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 rose between 2011/12 and 2012/13 due to the lower performance award accepted by the Chief Executive in the comparative year.

In 2012/13 no employees received remuneration in excess of the highest paid director (2011/12 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 2013 £'000	Pension increase in the year 2012/13 £'000	Cash equivalent transfer value at 31 March 2013 £'000	Cash equivalent transfer value at 31 March 2012* £'000	Real increase CETV funded by employer 2012/13 £'000
Ian Brack	9	2	133	103	19

*The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/12 and 31/3/13 have both been calculated using the new factors for consistency.

Civil Service Pensions

Pension benefits were provided through Civil Service Pension arrangements. OLD staff were either in a 'final salary' scheme (premium) 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 premium and Nuvos are increased annually in line with changes in line with Pensions Increase legislation.

Employee contributions were set at the rates between 3.5% and 5.9% of pensionable earnings for premium and Nuvos. Benefits in premium accrue at the rate of 1/60th of final pensionable earnings for each year of service. There is no automatic lump sum. 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 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 premium 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.

Under the Olympic Lottery Distributor (Dissolution) Order 2013, the Secretary of State for Culture, Media and Sport must prepare a statement of accounts and final report for the Distributor for the period beginning 1 April 2012 and ending immediately before the dissolution date.

Signed:

Sir Jonathan Stephens KCB, Accounting Officer for the Department for Culture, Media and Sport

Date: 11 July 2013

Statements

STATEMENT OF THE ACCOUNTING OFFICERS' RESPONSIBILITIES

Under the Olympic Lottery Distributor (Dissolution) Order 2013, the Secretary of State for Culture, Media and Sport must prepare a statement of accounts and final report for the Distributor for the period beginning 1 April 2012 and ending immediately before the dissolution date.

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

- The final report and accounts must be prepared in accordance with the Accounts Direction issued by the Secretary of State on 31 July 2006 which had effect immediately before the dissolution date, 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.

The Accounting Officer for the Department for Culture, Media and Sport appointed the Chief Executive as Accounting Officer for the Distributor until 31 March 2013. Following dissolution of the Distributor, the Permanent Secretary of DCMS was the principal Accounting Officer and is responsible for preparing and laying this report.

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, Media and Sport.

The Accounting Officers took steps to make themselves aware of any relevant audit information and to establish that the Distributor's auditors were aware of that information. There was no relevant audit information of which the National Audit Office was unaware.

GOVERNANCE STATEMENT 2012/13

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. The Dissolution Order came into force on 1 April 2013.

Role and remit of Distributor

The OLD's remit was 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 monitored grants to ensure that they were spent effectively. The OLD was 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 strove to ensure that proper accountability was maintained and OLD operational expenditure minimised.

Compliance with the Corporate Governance Code of Good Practice

The Olympic Lottery Distributor assessed itself against the 'Corporate Governance in Central Government Departments Code of Practice 2011 (the Code)'. The OLD operated in accordance with the Code except as noted below:

- The Olympic Lottery Distributor did not have a Nominations and Governance Committee as Board appointments were made by the DCMS and matters of governance were dealt with by the Board.
- All Board Members were Non Executives and there was no lead Non Executive Board Member. Although executive staff of the OLD were not members of the Board, relevant staff attended at Board and Committee meetings.

Governance Framework

The Accounting Officer

Within the Olympic Lottery Distributor, the required role of Accounting Officer was filled until 31 March 2013 by the Chief Executive, Mr Ian Brack. Accounting Officers are personally responsible for safeguarding the public funds under their charge; for ensuring probity and regularity in the handling of public funds; and for the day-to-day operations and management of the organisation. In addition, Accounting Officers must respect the legislation establishing the organisation and should ensure that the business as a whole is run on the basis of standards set out in 'Managing Public Money'.

The mechanisms by which the Accounting Officer of the Olympic Lottery Distributor satisfied himself that the Distributor had 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 was supported by a Board structured in line with the Corporate Governance Code. The OLD had a Board of six Members. Additionally, an Independent External Member sat on the Audit Committee.

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

Board and Committee members were asked to declare relevant interests at the start of each Board or Committee meeting, and normal practice was for the conflicted member to be excluded from discussion or decisions relating to the relevant item. Members were also asked to update the Register of Interest annually and whenever their interests changed. A copy of the Register of Board and Committee Members' interests was maintained by the Distributor, held for public inspection during office hours and copies were available on request. Following dissolution of the OLD, requests for information about the register should be referred to DCMS in the first instance and then to the National Archives.

The OLD Board adopted procedures for meetings that established a quorum of three Board Members with no members holding a casting vote. It also adopted a Code of Practice for Board Members.

OLD Board Business 2012/13

The Board continued to monitor release of Lottery monies to the Olympic project and made 5 grant decommitment decisions throughout the year.

The Board was particularly keen to ensure appropriate recognition throughout the Olympics of National Lottery funding provided. During the latter months of the year, the Board discussed issues relating to the OLD's dissolution and received regular cessation reports. The OLD Board also considered items of operational business.

Evaluation of Board Members' skill and performance

The OLD Board was a diverse one and had a wide range of skills and experience which helped ensure that it could carry out its role effectively. The biographical details of OLD Board and Committee Members during 2012/13 can be found page 10 of the Annual Report.

The OLD Board met five times during 2012/13 and had an average attendance rate of 73%.

During the life of the OLD, regular skills assessments of Board Members were carried out to ensure an appropriate range of skills and experience on the Board. This was felt to be particularly important following any changes to Board Membership and the last formal session was held in June 2011.

The Audit Committee

The Audit Committee consisted of three Board Members and one Independent External Member. The Committee had a quorum of the Chair plus one Member of the Committee. The OLD Chair was not a member of the Audit Committee. The Audit Committee met three times in 2012/13 and had an average attendance rate of 83%.

The role of the Audit Committee was to advise the Accounting Officer and Board on the strategic processes for risk, control and governance within the Distributor and the planned activity and results of both internal and external audit. The Audit Committee reviewed all risk registers including the cessation risk register

In line with best practice, the Audit Committee held an 'in camera' session with the OLD's Internal and External auditors each year. There were no issues arising from the last such session which was held in June 2012.

The HR and Remuneration Committee

All members of the OLD Board were members of the HR & Remuneration Committee and it was chaired by a member other than the Chair of the Board. The HR & Remuneration Committee met three times in 2012/13 and had an average attendance rate of 78%.

The OLD HR & Remuneration Committee was responsible for ensuring that the organisation complied with all relevant employment legislation and that it employed suitably qualified staff who discharged their responsibilities in accordance with the standards expected of staff in public service.

Board and Committee member attendance

Member attendance at Board and Committee meetings during 2012/13 was as follows:

	Board	Audit	HR
Dame Janet Paraskeva (Chair)	4 of 5	–	2 of 3
Hilary Daniels (Chair of Audit)	4 of 5	3 of 3	2 of 3
Sir Craig Reedie (Chair of HR)	3 of 5	–	3 of 3
Carol Ainscow	4 of 5	2 of 3	2 of 3
Lindsey Holbrook	3 of 5	3 of 3	2 of 3
Cllr Sirajul Islam	4 of 5	–	3 of 3
Alyson Coates (Independent Audit member)	–	2 of 3	–

Risk Management and Internal Control

System of Internal Control

The OLD's system of internal control was 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 was 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 outlined below was in place in the Olympic Lottery Distributor for the year ended 31 March 2013, and accords with HM Treasury guidance.

The Risk and Control Framework

The OLD's system of internal control was 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 included a policy on fraud.

The Distributor also relied on the following controls:

- A Board with a code of practice including a policy on declaration of interests.
- An Audit Committee with agreed terms of reference
- An Internal Audit function provided by RSM Tenon that operated to standards defined in the Government Internal Audit Manual. Their programme of work was agreed and monitored by the Audit Committee.
- A risk management policy which required all staff to understand and manage risks in their areas of responsibility. The risk appetite of the OLD was assessed as "Cautious to Open".
- A policy on fraud and anti-bribery.

Risk Management process

The OLD Board had overall responsibility for managing risk at a strategic level within the organisation. The Board delegated responsibility for regular monitoring of risk management to the Audit Committee which was chaired by a Board Member rather than the Chair of the Distributor. Operational strategies for managing risk were set out in the OLD's Risk Management Policy which was approved annually by the Board and circulated to staff.

Regular staff Risk Management meetings were chaired by the Chief Executive and led by an experienced risk manager who provided advice and guidance to staff on the implementation of the policy. During the year 2012/13, the Audit Committee continued to monitor risk on behalf of the Board. Between 1 April 2012 and 31 March 2013, OLD staff met six times to consider risk. The OLD met a risk maturity level of 'Risk Managed', meaning that the Distributor risk management was considered at the highest level of the business.

The OLD had six Risk Registers/Action Plans based on its main areas of business:

- Operational
- Olympic Delivery Authority
- London Organising Committee of the 2012 Olympic and Paralympic Games
- East London Business Alliance
- International Convention on Science, Education and Medicine in Sport, 2012
- Cessation

The OLD Board received an annual report on risk activity at its February 2013 meeting.

Information Security

The OLD was alert to the issue of information risk and the need for secure storage and transmission of data. Data was only held which was pertinent to the grant recipient organisations and staff members. Any unavoidable transmission of data was carried out in a form that followed Cabinet Office guidance on security.

The OLD suffered no personal data incidents during 2012/13 or prior years, and has made no reports to the Information Commissioner's Office. The Distributor assessed its compliance against the mandatory requirements of the HMG Security Policy Framework in March 2012 and considered that it satisfied all applicable requirements. A follow up visit by staff from the sponsor Department in April 2012 confirmed this position.

No information systems were changed during 2012/13 and by 31 March 2013 all OLD records were closed and passed in a physically secure manner to the successor body or the National Archive.

Internal Audit Review

The Board appointed RMS Tenon as the Distributor's Internal Auditors for the 2012/13 financial year.

Internal Audit completed a planned programme of work for the year ended 31 March 2013. They submitted a draft annual report to the final Audit Committee of the Distributor on 7 February 2013, which included 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 ten months ended 22 January 2013, based on the work they undertook, their opinion regarding the adequacy and effectiveness of Olympic Lottery Distributor arrangements for governance, risk management and control was as follows:

	RAG rating
Governance Informed by the Governance audit and existing knowledge of the Distributor.	GREEN
Risk Management The Distributor had a well-established approach to risk management. All internal audit work in year and knowledge of the Distributor assisted in informing this opinion.	GREEN
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.	GREEN

RSM Tenon completed 6 internal audit reviews during the year, which all provided positive assurance opinions. Progress made with all internal audit recommendations was also assessed as good progress. In total there were 3 recommendations from the audits, two low rated and one medium rated.

RSM Tenon have committed to write to the Departmental Accounting Officer in April 2013 to confirm their opinion for the year and provide their final annual report. They satisfied themselves that no events have subsequently taken place that would affect their opinion by making enquiries of the OLD's Chief Executive.

Review of effectiveness

As Accounting Officer for the year to 31 March 2013, Ian Brack had responsibility for reviewing the effectiveness of the above system of internal control and was satisfied from the results of his review that systems were in place to give him reasonable assurance as to their effectiveness. There were no significant control issues to report.

As the Accounting Officer for the Department for Culture, Media and Sport, I have received a formal written assurance from Ian Brack the Accounting Officer for the Olympic Lottery Distributor until the 31 March 2013 that he had discharged his responsibility as the Accounting Officer including responsibility for regularity and propriety of the public finances for which he was answerable, for keeping proper records and for safeguarding the assets of the Distributor as set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury.

I have also received a formal written assurance from Ian Brack that the report and accounts herein have been prepared on an accruals basis to give a true and fair view of the state of affairs of the OLD and its income and expenditure, changes in equity and cash flow for the financial year ending on the 31 March 2013. Also that these accounts have been prepared in accordance with the requirements of the Government's Financial Reporting Manual, the Olympic Lottery Distributor's Accounts Direction, and that the judgements and estimates used have been made on a reasonable basis.

Signed:

Sir Jonathan Stephens KCB, Accounting Officer for the Department for Culture, Media and Sport

Date: 11 July 2013

Annual Accounts 2012/2013

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 2013 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is 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 2013 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

Without qualifying my opinion, I draw attention to Note 1(b) of the financial statements. The Secretary of State for Culture, Media and Sport made an Order under Section 32(1) of the Horserace Betting and Olympic Lottery Act 2004 to dissolve the Olympic Lottery Distributor. The Dissolution Order 2013, which came into force on 1 April 2013, dissolved the Olympic Lottery Distributor. As a consequence, the Accounting Officer does not consider the Olympic Lottery Distributor to be a going concern and the financial statements have been prepared on a basis other than going concern.

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 Management Commentary 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 and returns; 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

16 July 2013

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2012/13 £'000	2011/12 £'000
Income			
Proceeds from the National Lottery	5	173,892	427,577
Investment income on balances at the Olympic Lottery Distribution Fund (OLDF)	5 & 7c	1,049	1,286
		174,941	428,863
Expenditure			
Grant commitments made in year	9	–	(114,133)
Grant de-commitments made in the year	9	26,302	0
Cash returned in year to OLDF	6	(45)	0
Employee costs	2	(701)	(475)
Other expenditures	4	(208)	(205)
		25,348	(114,813)
Net income/(expenditure)		200,289	314,050
Bank interest receivable		0	1
Net income/(expenditure) after interest and tax		200,289	314,051

As explained in accounting policy note 1b), these accounts are not prepared on a going concern basis and none of the activities are continuing. There is no other comprehensive income. The Notes on pages 28 to 37 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Notes	2012/13 £'000	2011/12 £'000
Current Assets			
Trade and Other receivables		0	4
Investments: Balance in Olympic Lottery Distribution Fund	5	75,513	308,492
Cash at bank and in hand	8	0	64
		75,513	308,560
Current Liabilities			
Grant commitments	9	0	(433,300)
Trade and other payables	10	(5)	(70)
		(5)	(433,370)
Net Current (liabilities)/assets		75,508	(124,810)
Assets less liabilities		75,508	(124,810)
Represented by:			
Income and Expenditure Reserve		75,508	(124,810)

Signed by:

Sir Jonathan Stephens KCB, Accounting Officer for the Department for Culture, Media and Sport

Date: 11 July 2013

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2012/13 £'000	2011/12 £'000
Cash flows from Operating Activities			
Funds received from the Olympic Lottery Distribution Fund	5	407,949	271,970
Adjustment to balance based on OLDF accounts	6	(45)	–
Payments re grant commitments	9	(406,998)	(271,306)
Payments to suppliers		(227)	(200)
Payments to and on behalf of employees		(743)	(469)
Bank interest received		0	1
Net cash inflow (outflow) from operating activities	13	(64)	(4)
Net increase (decrease) in cash and cash equivalent balances in period		(64)	(4)
Cash and cash equivalents at the beginning of the period		64	68
Cash and cash equivalents at the end of the period	8	0	64

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	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	(438,861)
Changes in reserves 2011/12	
Recognised in Statement of Comprehensive Income	314,051
Balance at 31 March 2012	(124,810)
Changes in reserves 2012/13	
Recognised in Statement of Comprehensive Income	200,289
Adjustment to balance based on final OLDF accounts	29
Balance at 31 March 2013	75,508

NOTES TO THE ACCOUNTS

1. Accounting Policies

These financial statements have been prepared in accordance with the 2012/13 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 were applied consistently in dealing with items that were considered material to the accounts. Certain IFRS have been issued or revised this year, but are not yet effective. These will not be applied in subsequent reporting periods as OLD's financial statements have been prepared on a non-going concern basis and these are the final accounts the OLD will produce.

(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

These financial statements are not prepared on a going concern basis.

Grant commitments were recognised in the OLD Statement of Financial Position at the date of acceptance although income to meet commitments could not be anticipated in the accounts. This gave rise to a net liability financial position for the comparative year of 2011/2012 but the Distributor was not insolvent.

The Distributor was a time limited organisation due to the nature of its remit. The decision to dissolve the Distributor rested with the Department for Culture, Media and Sport. The Secretary of State made an Order under Section 32(1) of the Horserace Betting and Olympic Lottery Act 2004 to dissolve the OLD and this came into effect on 1 April 2013. After closure, residuary functions rest with the Department for Culture, Media and Sport.

These financial statements have therefore not 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, Media and Sport. However, the share of these balances attributable to the Olympic Lottery Distributor as at 31 March 2013 is as shown in the Accounts and has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution 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 2013 a balance of £nil (2011/12: £63,906) was held in the Distributor's own current account and petty cash. Purchase ledger services were provided on behalf of the Distributor by the Big Lottery Fund as their agent and reimbursed by OLD on a monthly basis. This was to minimise transaction costs and improve financial control through separation of duties. Recharges of £nil (2011/12: £6,563) due to the Big Lottery Fund at year end are included within trade and other payables.

(e) Pension Fund

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

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

Hard commitments 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 and the Chief Executive were covered by the terms of the Civil Service Compensation Scheme. As at 1 April 2012, 6 individuals had service in excess of one year and, when made compulsorily redundant during 2012/13, were all entitled to redundancy payments under the Scheme. Details of these payments can be found in Note 2.1 and in the Remuneration report for the Chief Executive.

2. Employee Information

Employee costs were:

	2012/13 £'000	2011/12 £'000
Wages and Salaries	419	365
Movement in annual leave accrual	(8)	0
Employer's pension contributions	69	74
Social security costs	44	36
Agency workers	27	0
Exit packages	150	0
	701	475

OLD employees were contractually entitled to three months notice of compulsory redundancy. Amounts paid in lieu of notice are included above within Wages and Salaries and related employers national insurance costs are included within social security costs.

Employee numbers were:

	2012/13	2011/12
Average permanent and fixed term FTE employees in year	6	6.6
Average agency staff employed in year	0.6	0

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

	2012/13	2011/12
£50,000 – £54,999	1	1
£60,000 – £64,999	1	1

2.1 Reporting of Civil Service Compensation Scheme exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 – £25,000	3	0	3
£25,000 – £45,000	3	0	3
Total number of exit packages	6	0	6
Total cost £'000	150	0	150

Redundancy and other departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Terms offered were the standard scheme tariff with no enhancement. Exit costs were accounted for in full in the year of departure. During 2012/13 the Distributor agreed 6 compulsory departures and paid 6 exit packages. No exit packages were agreed or paid in 2011-12.

3. Pensions

The Olympic Lottery Distributor was 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. Details will be available in the resource accounts of the Cabinet Office: Civil Superannuation when they are published (www.civilservice.gov.uk/pensions/governance-and-rules/actuarial-review). The scheme should be revalued every four years, but following the Hutton Review into civil service pensions, this review has been delayed until the recommendations of that review can be implemented.

For 2012/13, employer's contributions of £69,058 were payable to the PCSPS (2011/12 £74,110) 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 2012/13 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. No employees of the Olympic Lottery Distributor had opted to open a partnership pension account.

4. Other Expenditure

	2012/13 £'000	2011/12 £'000
Accommodation and facilities	80	80
Communication and other professional fees	38	44
IT Services	33	34
Board members remuneration & related employers NI	23	22
Other costs	15	13
External Audit (statutory audit)	18	11
Insurance	1	1
Total other operating expenses	208	205

5. Income

	2012/13 £'000	2011/12 £'000
Opening balance held by the Olympic Lottery Distribution Fund as at 1 April	308,492	151,599
Adjustment to balance based on OLFDF accounts	29	0
	308,521	151,599
Proceeds from National Lottery games dedicated to the London 2012 Olympic Games and Paralympic Games	37,892	135,577
Proceeds transferred from the National Lottery Distribution Fund	136,000	292,000
Proceeds from the National Lottery	173,892	427,577
Investment returns on the Olympic Lottery Distribution Fund	1,049	1,286
Cash drawn down in the year by the Distributor	(407,949)	(271,970)
Closing balance held by the Olympic Lottery Distribution Fund at market value	75,513	308,492

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.

As at 31 March 2013, cumulative proceeds totalling £779.5 million had been raised by Camelot through dedicated Olympic lottery games. Proceeds raised in excess of £750 million and related investment returns represents income due to the National Lottery Distribution Fund (NLDF).

The Department for Culture, Media and Sport expects to be in a position to dissolve the Olympic Lottery Distribution Fund in 2014/15. Remaining undistributed funds at that time will be shared with National Lottery Distributors as set out in the Horserace Betting and Olympic Lottery Act 2004.

6. Cash returned in year to OLDF

At the end of the 2012-13 financial year the OLD returned £44,932 to the OLDF, representing the residual amount of unused cash within the total cash draw down figure of £407,949,294 (no such repayment was made in 2011-12). This transaction cleared the bank balance to zero.

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 2012/13, 100% of the Olympic Lottery Distributor's income was derived from proceeds from National Lottery games and investment returns from the balance held with the Olympic Lottery Distribution Fund.

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. Funds flowed into the Olympic Lottery Distribution Fund as they were 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 took place at quarterly intervals until 1 August 2012.

(b) Cash flow projections

The OLD does not believe that it is exposed to significant liquidity risks. As the financial statements are not prepared on a going concern basis there is no cash flow projection from 1 April 2013.

Liquid assets as at 31 March 2013	£'000
Market value of Olympic Lottery Distribution Fund investments	75,513

(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 £75,512,658. In the year the average return on these investments was 0.5% (2011/12 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 bank account, which carried an average interest rate of 0% during the year (2011/12 0.15%). 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

	2012/13 £'000	2011/12 £'000
Balance at 1 April	64	68
Net change in cash and cash equivalent balances	(64)	(4)
Balance at 31 March	0	64

9. Soft and hard commitments

Movements in Grant commitments:	2012/13 £'000	2011/12 £'000
Hard commitments b/fwd	433,300	590,473
Commitments made in the period to the Olympic Delivery Authority (ODA)	0	47,620
Commitments made in the period to the London Organising Committee of the Olympic and Paralympic Games (LOCOG)	0	66,000
Commitments made in the period to the East London Business Alliance (ELBA)	0	358
Commitments made in the period to ICSEMIS 2012	0	155
<hr/>		
Grant commitments made in year	0	114,133
Decommitments made in the period to the Olympic Delivery Authority (ODA)	(26,100)	0
Decommitments made in the period to the London Organising Committee of the Olympic and Paralympic Games (LOCOG)	(104)	0
Decommitments made in the period to East London Business Alliance (ELBA)	(98)	0
<hr/>		
Grant decommitments made in year	(26,302)	0
Commitments paid in the period to the ODA	(356,034)	(238,700)
Commitments paid in the period to LOCOG	(49,139)	(31,358)
Commitments paid in the period to ELBA	(1,670)	(1,248)
Commitments paid in the period to ICSEMIS 2012	(155)	–
<hr/>		
Commitments paid in the period	(406,998)	(271,306)
Hard commitments c/fwd	0	433,300
<hr/>		

The charge to the Statement of Comprehensive Income for net hard commitments made in the year is £26,301,803, (31 March 2012 – £114,133,674). There were no soft commitments at 31 March 2013 (31 March 2012 – £nil).

Ageing of hard commitments

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

	2012/13 £'000	2011/12 £'000
Grants scheduled for payment within one year	0	433,300
Grants scheduled for payment in one-two years	0	0
<hr/>		
	0	433,300
<hr/>		

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

	2012/13 £'000	2011/12 £'000
Taxation, pension and social security costs	0	18
Employee benefit accrual	0	8
Other creditors and accruals	5	24
Accruals for staff performance payments	0	18
Accrual for Chief Executive performance pay	0	2
Total creditors due within one year	5	70

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

In addition to arrangements outlined in the Remuneration Report, the Distributor also operated a non-consolidated performance pay scheme for all staff except the Chief Executive. Recommendations were approved by the Board and assessed on the basis of performance during the year.

11. Capital Commitments

There were no contracted capital commitments at 31 March 2013 (31 March 2012 £nil).

12. Commitments under leases

In 2012-13 there were no future minimum lease payments under operating leases later than one year (2011-12 – Nil).

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

	2012/13 £'000	2011/12 £'000
Net income/(expenditure) after interest and tax	200,289	314,051
Decrease/(increase) in Olympic Lottery Distribution Fund balance	232,979	(156,893)
Adjustment to balance based on final OLDF accounts	29	
(Decrease)/Increase in hard grant commitments	(433,300)	(157,173)
(Increase)/Decrease in trade and other receivables	4	2
Increase/(Decrease) in trade and other payables	(65)	9
Net cash inflow/(outflow) from operating activities	(64)	(4)

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 Accounting Officer considers 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 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.

Under the Lifetime Grant Memorandum with OLD, should final actual spend by the Olympic Delivery Authority on its dissolution outturn under £6,714 million, further Lottery grant is due to be recovered by the DCMS. As at 31 March 2013, the ODA's anticipated final cost was 6,711 million.

All amounts recovered post dissolution of the OLD by the Secretary of State represent repaid Lottery grant and will return to the Olympic Lottery Distribution Fund, ultimately for distribution to the National Lottery Distribution Fund.

15. Related Party Transactions

Board Members and staff

During the year ended 31 March 2013, Sir Craig Reddie declared an interest in the grants to 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 grants.

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 fully paid as at 31 March 2013.

With respect to the ELBA Community projects, Cllr Sirajul Islam declared his position from 17 September 2012 as an employee of ELBA. He took no part in decision making in respect of ELBA grants after this date. The grants were fully paid as at 31 March 2013.

		Grant payments year ending 31 March 2013 £'000	Grant offered/ (decommitted) year ending 31 March 2013 £'000	Creditor at 31 March 2013 £'000
London Organising Committee of the Olympic and Olympiad Paralympic Games (LOCOG)	Grant funding towards Cultural projects	9,139	(104)	0
London Organising Committee of the Olympic and Paralympic Games (LOCOG)	Grant funding towards Paralympic Games	40,000	0	0
East London Business Alliance	Grant funding towards Community projects	1,670	(98)	0
		50,809	(202)	0

There were no other transactions related to Board Members, key managers or close members of their families in 2012/13 or the comparative year of 2011/12.

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 2013 £'000	Grant offered/ (decommitted) year ending 31 March 2013 £'000	Creditor at 31 March 2013 £'000
Olympic Delivery Authority	Grant funding towards delivery of lifetime Corporate Plan	356,034	(26,100)	0
		<hr/>	<hr/>	<hr/>
		356,034	(26,100)	0

16. Events after the reporting period

These accounts were authorised for issue by the Accounting Officer of the Department for Culture, Media and Sport on the date of certification by the Comptroller and Auditor General.

The Olympic Lottery Distributor was dissolved with effect from 1 April 2013. Responsibility for residuary body functions was passed to the Department for Culture, Media and Sport from 1 April 2013, including recovery of grant that falls due as explained in Note 14 above.

There were no disclosable events after the reporting period.



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