



Memo

Date: February 16, 2011

To: City of London Council

From: Board of Directors
London Convention Centre

Subject: 2011 London Convention Centre Operating Surplus

Recommendation

Based on receiving 2011 audited statements, LCC Board of Directors recommends the following:

Transfer the 2011 LCC operational funding surplus of \$315,731 to LCC Reserves with 25% (\$78,933) to the LCC Special Projects Reserve, held by the LCC and 75% (\$236,798) to LCC capital reserve, held by the City of London

Background

Annually, the LCC Board of Directors is to advise Council of an operational surplus requesting approval to transfer funds to reserves. The Auditors require written direction of fund transfers (appropriation) from Council to release final audited statements. The London Convention Centre has, for the past 6 years, managed to generate an operational surplus with all City funds being directed to reserves.

In October 2005, City of London Board of Control approved a recommendation for incremental annual increases of \$50,000 in the contribution to the LCC Capital Reserve to avoid a future deficit position. In 2006, the budget capital contribution was increased by \$50,000 to \$350,000. It was recommended at this time that an annual contribution of \$500,000 representing an investment of approximately 1% of the building value excluding FFE was required, to avoid a fund deficit position by 2013. The LCC Capital reserve is used to ensure the facility is functioning and presents well to continue to compete for and attract convention business to London in a very competitive marketplace.

Annually the LCC generates \$15-\$20 million in economic benefit for the City of London. In 2008, the LCC had a record revenue year with an operational surplus, before City funding of \$335,975. In 2008, \$65,998 was approved for transfer to a newly established Special Reserve held by the London Convention Centre with remaining funds directed to the capital reserve. In 2009, \$63,551 was approved by Council for transfer to the LCC Special Reserve with remaining funds to the LCC Capital Reserve. In 2010, the operational surplus was \$201,657 which was approved for transfer into the reserves with a 25% to the special projects reserve and 75% to the capital reserve held by the City of London.