



Memo

Date: March 4, 2013

To: Investment and Economic Prosperity Committee
City of London

From: Board of Directors
London Convention Centre

Subject: 2012 London Convention Centre Results

2012 Financial Results:

In 2012, the London Convention Centre generated an **operational surplus of \$154,093** and more importantly generated an **economic impact of \$18.6 million for the City**. The LCC hosted 343 events with 128,744 delegate days. For the past 6 years, the LCC has annually generated an operational surplus directly contributing over \$1.45 million to the LCC Capital Reserve.

Background:

Annually, the LCC Board of Directors is to advise Council of the LCC year-end financial result and to request approval to transfer operational surplus funds to reserves. The Auditors require written direction of fund transfers from Council to release final audited statements. The London Convention Centre has, for the past 6 years, generated an operational surplus with all City funding directed to reserves.

In October 2005, the City approved a recommendation for incremental annual increases of \$50,000 in contribution to the LCC Capital Reserve to avoid a future deficit position. In 2006, the budget capital contribution was \$350,000 however the board recommended that an annual capital 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. In 2011 this annual capital reserve contribution was increased to \$600,000. In 2012, \$600,000 received from the City of London was contributed directly to the LCC Capital Reserve held by the City. The LCC Capital reserve is used to ensure the facility is well maintained and functioning, remaining competitive with several new centres. To continue attracting convention business to London, the LCC physical plant must remain current.

In 2008, Council approved the establishment of a Special Projects Reserve held by the London Convention Centre. This reserve is used for special projects to enhance the LCC experience. In 2012, this reserve was used to enhance the exterior lighting of the LCC in support of the "Light up London" World Figure Skating campaign.

Recommendation:

Based on receiving 2012 draft audited financial statements, LCC Board of Directors recommends the transfer of the operational surplus of \$154,093 to the LCC Special Projects Reserve.