
SCOTTISH EXHIBITION CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

SCOTTISH EXHIBITION CENTRE LIMITED

COMPANY INFORMATION

DIRECTORS	William Whitehorn Peter Duthie Gary Hughes Carole Forrest William McFadyen Graeme Hendry Morag Johnston Thomas Turley Pauline Lafferty Morag McNeill
COMPANY SECRETARY	William McFadyen
REGISTERED NUMBER	SC082081
REGISTERED OFFICE	Scottish Exhibition & Conference Centre Glasgow G3 8YW
TRADING ADDRESS	Scottish Exhibition & Conference Centre Glasgow G3 8YW
INDEPENDENT AUDITORS	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY

SCOTTISH EXHIBITION CENTRE LIMITED

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SCOTTISH EXHIBITION CENTRE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their Strategic report for the year ended 31 March 2016. The report is presented as follows:

1. Business Review
2. Financial Review
3. Principal Risks & Uncertainties

BUSINESS REVIEW

2015/16 has been another very successful year for Scottish Exhibition Centre Limited (hereafter SECC, or the Group). Whilst not reaching the record levels of the previous year (which were driven by the impact of the Commonwealth Games) the underlying turnover and EBITDA both increased to £29.4m and £3.8m respectively.

It was a record year for Conferences with 16 international events and 18% revenue growth. In the Exhibition sector, 17% revenue growth was the result of 6 new shows and high retention levels for established events. The SSE Hydro continues to be one of the world's top venues, again achieving a top 3 position in the Pollstar rankings for the busiest live entertainment arenas worldwide. There was also a strong performance from our events subsidiary, QD Events, which added to its show portfolio during the year. Increases were recorded in Commercial income with additional sponsorship agreements signed during the year.

A reduction in cash held on behalf of promoters resulted in a cash outflow during the year. Timing between the date of ticket sales and the performance date can cause significant fluctuations from year to year.

The success is measured not only in financial terms but also the economic impact generated by the campus which increased in Glasgow by over 7%, in Scotland by over 23% and the UK by 46% from the previous year.

The growth in our Conference and Exhibition sectors is in part facilitated by greater space availability created by the majority of Live Entertainment activity moving into The SSE Hydro. The business over the past few years has invested in the campus facilities, primarily in the construction of The SSE Hydro and related infrastructure. Trading profits continue to be reinvested to ensure the existing facilities meet the needs of our customers in an increasingly competitive market.

An overall vision for the business – 'To be the best event campus in Europe' – has been adopted with the mission statement - 'Best Venues, Best People, Best Events'. The vision and mission will drive the strategy for the Group.

In line with this, and to capitalise on the success that Glasgow and Scotland has had in the events industry over recent years, a feasibility study has been commissioned to establish viable options for upgrading and enhancing the campus, principally to facilitate further growth in the Conference and Exhibition sectors.

Planning permission is expected to be granted for 2 hotels on the campus which will add 400 bedrooms and serviced apartments and construction is expected to commence in the second half of 2016. The additional bedrooms will be an invaluable addition and will support our growing Conference and Exhibition sectors as well as our Live Entertainment offering. In the longer term the development of the west end site will add residential and potentially other mixed uses which will complement the existing site activities.

The development plans fit with the objectives of Glasgow City Council, as major shareholder, to ensure additional economic benefit across the city in terms of spend on hotels, restaurants, retail and related employment. The campus will continue to generate economic benefits for Glasgow, Scotland and the rest of the UK.

Numerous awards were received last year. The SECC was awarded the Large Venue of the Year Award at The Drum UK Event Awards and the Best Event Space at the Event Magazine Awards and, most recently, at the Exhibition News awards the SECC beat competition from all the major UK exhibition venues to win Venue

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STRATEGIC REPORT (continued)

of the Year. The SSE Hydro was also awarded the InstructE regional award for demonstrable benefit to the community.

Our staff won Venue Team of the Year 2015 at the UK Event Magazine Awards. The award reflects the talent, commitment and the friendly professional approach of the team during the year.

These awards reflect the increasing standing which SECC, including The SSE Hydro, now has in the various sectors in which we operate.

Employees

SECC has carried out various staff engagement exercises throughout the year. The results have been taken into account when developing the People Strategy, which is aligned to the mission and vision of the business, in particular the need to have the "Best People".

The People Strategy will be rolled out during 2016 with Culture and Values being a key focus alongside a more strategic but individual approach to the learning and development of every employee.

SECC recently passed its annual assessment and continues to be one of a small number of businesses to be awarded a Gold Accreditation from the Healthy Working Lives scheme.

During 2015, SECC became the first venue in the world to be awarded the World Obesity Federation Silver Accreditation for its healthy employee and conference delegate initiatives.

Environment

SECC has a comprehensive environmental policy with the objective of reducing the impact that the business has on the environment. Among the measures undertaken to achieve this objective are: becoming more energy efficient; using electricity only from renewable sources; reducing the amount of waste sent to landfill; and introducing recycling wherever possible. In addition, all contractors that operate at the SECC are encouraged to adopt more environmentally friendly policies. SECC was recognised for its achievements when it was re accredited with Gold accreditation from the Green Tourism Business Scheme.

Economic

The method of calculating the economic benefits for the City and beyond has been modified this year. EKOS were commissioned during 2015 to update the economic impact study they originally carried out in 2006. The new model follows the recommendations of the HM Treasury Green Book for calculating economic impact and aligns the calculations with the model used by Glasgow City Council. Using the base multipliers within the EKOS study, in the year 2015/16, as a result of the business conducted by SECC, the net additional expenditure in Glasgow was estimated at £411m, in Scotland £308m and in the UK, £240m.

SCOTTISH EXHIBITION CENTRE LIMITED

STRATEGIC REPORT (continued)

FINANCIAL KEY PERFORMANCE INDICATORS

Key Performance Indicators have been used below to more accurately explain the financial position of the business, which is already seeing the benefits of the investment in facilities and in particular the SSE Hydro.

Our Key Performance Indicators are measured on the group activities from the key sectors of Live Entertainment, Conferences, Exhibitions and Box Office.

Our key financial and other performance indicators during the year were as follows:

	2016	2015	2014
Turnover (excluding Commonwealth Games)	£29.4m	£28.6m	£23.3m
EBITDA ¹	£3.8m	£9.1m	£1.8m
Net cash inflow/(outflow) from operating activities	(£5.5m)	£13.1m	£17.0m
Capital Expenditure excluding projects	£1.8m	£2.1m	£2.4m
Economic Impact (estimated)	£411m	£369m	£337m
Number of Visitors	1.8m	2.1m	1.4m
Pollstar Arena Global Ranking	3rd	2nd	4th
Number of Exhibitions held	42	36	34
Number of International Conferences held	16	7	6

¹ EBITDA is defined as operating profit from recurring operations before depreciation of assets and release of grants.

Excluding the impact from the Commonwealth Games held in 2014, which contributed £6.3m to turnover, overall turnover increased by 3%.

The SSE Hydro not only provides a purpose built venue to host our Live Entertainment events, but also provides an income stream from commercial activities including sponsorship and hospitality. Commercial turnover for the year increased by 3%. We continued to add to our sponsorships during the year and renewed some agreements on longer term deals. Our Hydro Club hospitality offering is nearing capacity and our Executive boxes are currently all under contract.

Overall operating costs were in line with the previous year.

Conference turnover increased by 18% with a new high for the sector. A record 16 international conferences were held during the year. The increase was assisted by the greater space availability created by moving the majority of Live Entertainment events to the SSE Hydro.

Exhibition turnover increased by 17% during the year with 6 new exhibitions added. In 2015 the venue was host to the All Energy exhibition and conference, the largest sustainable energy show in the UK. Despite difficult conditions and discretionary consumer spending remaining thin, the sector is confident of adding new shows in 2016. The increased space availability in the halls provides opportunity for growth. In August 2016 the venue will host Ignition, a site wide festival of motoring, which will utilise internal and external space on the campus.

Live Entertainment turnover was in line with the previous year despite a slight drop in the number of events hosted. Visitor numbers to The SSE Hydro again exceeded 1 million which listed the venue at number 3 in the Pollstar ranking of Global Arenas for the year to December 2015. The venue achieved a number 1 ranking in the Billboard ranking of Global Arenas which measures venues with a capacity between 10,000 and 15,000. Both organisations measure paid attendees at concerts and events. During the year The SSE Hydro hosted the World Gymnastics championships with over 60,000 attendees at this globally televised event to great acclaim. The SSE Hydro has placed the campus on the world stage for hosting Live Entertainment with the venue hosting many of the world's top artists and touring productions.

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STRATEGIC REPORT (continued)

Furthermore, when touring productions are playing a limited number of venues in the UK, the SSE Hydro is normally included in the tour, subject to the dates being available in the venue. This was exemplified by the recent tour by U2 which only played London and Glasgow and Muse who are playing London, Manchester and Glasgow. The addition of The SSE Hydro also broadened the range of events held in the venue which included Arenacross, Disney Ice Productions and WWE Wrestling. We hosted our first World Championship boxing event in May 2016 which was televised. Further televised broadcasts of Andy Murray Live, our first tennis event will be held in September along with the worldwide broadcast of WWE Wrestling, a first for Scotland, which will take place in November. A wide range of events continued to be staged throughout the campus including musical and stage productions, comedy, live music and the sixth successful year of our pantomime offering which was one of the top three pantomimes in the UK.

EBITDA is a key operating measure of the group. The EBITDA achieved in 2016 was driven by the strong sector performances.

Box Office turnover, however, decreased by 21% during the year. Shorter lead times were experienced during the year for events which will be held in the venue in 2016/17. Demand for future events continues to be strong with 2016/17 shaping up well with a host of international artists including Justin Bieber, Neil Young, Rod Stewart and 8 performances of Marvel Universe Live! fuelling ticket sales.

QD Events, our events management subsidiary, has continued to provide a solid contribution to Group results with a robust performance delivered by the existing portfolio of shows including the Scottish Caravan Show, The Wedding Show and The In Bru Carnival. During the year QD Events added the Independent Living Show to their portfolio with a successful launch. 2016 will see the launch of Resonate – THE Festival of eSports and Gaming.

Interest payable during the year was £0.4m. Our business is inherently cash generative however a net cash outflow from operating activities of £5.5m was noted for the year. The level of cash held on behalf of promoters is driven by the level of ticket sales for future events. A movement towards shorter lead times between the date of ticket sales and the performance date occurred during the year which resulted in the outflow. This was in contrast to the positive inflow and longer lead times in the prior year. The group has a revolving credit facility with the Clydesdale Bank which is used to support cash flows from operations if required. Despite the outflow during the year the facility was undrawn and a positive cash position was noted throughout the year.

PRINCIPAL RISKS AND UNCERTAINTIES

SECC operates a risk register for the key business risks. The risk register is reviewed by the board on a regular basis. The principal risks and uncertainties facing the group are broadly grouped as competitive, technological and financial instrument risk.

Competitive Risks

The principal risk to the group is competition in the conference and exhibition sectors. Further planned investment will help to ensure the campus provides the facilities expected from our various clients across the business sectors. The opening of the SSE Hydro has placed the SECC in a strong position in the Live Entertainment and box office sectors.

Price & Yield Risk

The business model for the venue requires a level of critical mass to accommodate the fixed cost bases required to operate a venue of this size. A high proportion of these costs, such as utilities, consistently come under price pressure. The business has determined that price increases to clients are sustainable in the long term based on the value of services being provided and restricted access to the market in Scotland, whilst ensuring that cost increases are absorbed where they cannot be readily recovered through efficiency or alternative venue delivery mechanisms. Yield management means selling space for time at the best possible prices, whilst utilising all the assets in the SECC on an optimum basis.

SCOTTISH EXHIBITION CENTRE LIMITED

STRATEGIC REPORT (continued)

Technological Risks

SECC is in the process of implementing new websites to deal with the business needs. The websites will be hosted offsite in a secure environment. An updated technology strategy is being prepared to establish future technology requirements across the business and to ensure that these are implemented in a controlled manner to meet the business needs on an ongoing basis. The network and Wi-Fi infrastructure were previously upgraded and still meet the business requirements for the foreseeable future. Our ticketing requirements are provided by a third party which has increased security and reduced the capital investment required and minimised the technology risk of implementing a new system.

Robust Disaster Recovery and Business Continuity plans are in place to ensure operations continue or are recovered as quickly as possible in the event of an incident on the campus.

Financial Instrument Risks

The group has established a financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

With the exception of the matters noted below, the group does not regularly trade in any financial instruments. The SECC's principal financial instrument is cash in hand and on deposit. The group has various other financial assets such as trade debtors and creditors that arise directly from its trading operations. The main risks arising from the SECC's financial operations are liquidity, foreign currency, price and yield, and credit risks. SECC has clear policies for managing each of these risks, as summarised below.

- Use of Derivatives

The group uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. SECC operates in the international conference market where clients and potential customers may transact and operate in non-sterling currencies. There may be a gap of several years between contract proposals and conference dates. If requested, SECC will quote in a non-sterling currency supported by sterling certainty on forward contract rates. If the proposal is successful, a forward contract would be put in place to ensure sterling certainty for the group and elimination of foreign currency risk for the client.

The group also uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

- Exposure to Liquidity, Cash Flow and Credit Risks

SECC aims to mitigate liquidity risk by managing cash generation by its operations through strict cash collection targets and advance payment requirements on contracted events. A revolving credit bank facility is in place which is used as required to support cash flows from operations. There is also industry accepted agreements regarding advance ticket sales on box office operations for events which take place at and out with the SECC.

SECC operates a strong approach to treasury management to ensure that there is a balance between interest deposit yield and cash access for operational liquidity. Robust cash flow forecasting exists to ensure that anticipated cash demands, particularly in relation to development and capital programmes, are known and planned, to ensure that outgoings are balanced by strong and anticipated trading receipts.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The group manages this risk, where significant, by use of derivatives as explained above.

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STRATEGIC REPORT (continued)

Whilst there are a number of regular and repeat clients at the venue, there are also a number of 'one-off' events. The credit risk to the business is reduced by strict contract payment terms ensuring the collectible risk on performance maturity is minimised. Thereafter additional revenues are recovered quickly following event conclusion with targets on event close down and detailed collection targets on cash receipts.

This report was approved by the board and signed on its behalf.

Peter Duthie
Chief Executive Officer
Date:

SCOTTISH EXHIBITION CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £813,211 (2015 - £7,671,299).

A review of the business and expected future developments is set out in the Group Strategic Report. The cash generated from trading is used to support continuing investment in the campus. The directors are unable to recommend the payment of a dividend (2015 £NIL).

PRINCIPAL ACTIVITY

The principal activities are the management and promotion of the Scottish Exhibition and Conference Centre in the national and international market for exhibitions, conferences, corporate, live entertainment and other special and sporting events.

The principal function is renting space at the Scottish Exhibition and Conference Centre to stage exhibitions, conferences, concerts and other events. The venue business is supported by a successful exhibition organising company and a well-developed box office operation which provides a full ticketing service for events staged at and out with the SECC.

Hall rental charges vary by market sector, as is normal across the industry. The objective is to maximise its revenue through an optimising mix of business in the core exhibition halls, the Clyde Auditorium and the recently developed SSE Hydro.

Most exhibition and conference centres throughout Europe are publicly owned. They are built and operated to generate wider economic benefits for the core geographic area of operation. The prime remit of SECC is to operate on an arm's length commercial basis whilst still generating the wider economic benefits highlighted above. The group has been highly successful in balancing these objectives over many years.

Within this context, the SECC recognises the main aspirations of its principal shareholder, Glasgow City Council, to maximise the economic benefits the business brings to the Greater Glasgow area.

DIRECTORS

The Directors who served during the year were:

William Whitehorn
Peter Duthie
Gary Hughes
Carole Forrest
William McFadyen
Graeme Hendry
Morag Johnston
Thomas Turley
Pauline Lafferty
Morag McNeill

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

SECC has granted indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 in the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

SCOTTISH EXHIBITION CENTRE LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

AUDITORS

The auditors, Ernst Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on and signed on its behalf.

Peter Duthie
Chief Executive Officer
Date:

SCOTTISH EXHIBITION CENTRE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCOTTISH EXHIBITION CENTRE LIMITED

We have audited the financial statements of Scottish Exhibition Centre Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCOTTISH EXHIBITION CENTRE
LIMITED (Continued)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Reid (Senior Statutory Auditor)
for and on behalf of
Ernst Young LLP
Glasgow
Date:

SCOTTISH EXHIBITION CENTRE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
TURNOVER		29,431,331	34,898,192
OPERATING COSTS		(27,933,075)	(28,025,116)
OPERATING PROFIT	4	1,498,256	6,873,076
Gain on sale of asset		10,800	33,544
Interest receivable and similar income	7	35,033	48,060
Interest payable	8	(355,721)	(303,891)
Loss on financial liability at fair value		(190,347)	-
PROFIT BEFORE TAXATION		998,021	6,650,789
Tax on profit on ordinary activities	9	(184,810)	1,020,510
PROFIT FOR THE FINANCIAL YEAR		<u>813,211</u>	<u>7,671,299</u>
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>813,211</u>	<u>7,671,299</u>
PROFIT ATTRIBUTABLE TO			
Owners of the parent Company		813,211	7,671,299
		<u>813,211</u>	<u>7,671,299</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent Company		813,211	7,671,299
		<u>813,211</u>	<u>7,671,299</u>

SCOTTISH EXHIBITION CENTRE LIMITED
REGISTERED NUMBER: SC082081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	102,412,809	103,798,611
		102,412,809	103,798,611
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	8,610,948	8,090,079
Bank and cash balances		6,930,944	14,562,392
		15,541,892	22,652,471
CREDITORS: amounts falling due within one year	13	(25,076,587)	(33,460,064)
NET CURRENT LIABILITIES		(9,534,695)	(10,807,593)
TOTAL ASSETS LESS CURRENT LIABILITIES		92,878,114	92,991,018
CREDITORS: amounts falling due after more than one year	14	(43,221,199)	(43,465,269)
PROVISION FOR LIABILITIES			
Deferred taxation		(856,979)	(672,169)
Deferred grants	18	(38,288,476)	(39,155,332)
		(39,145,455)	(39,827,501)
NET ASSETS		10,511,460	9,698,248
CAPITAL AND RESERVES			
Called up share capital	19	21,900,000	21,900,000
Capital redemption reserve	20	2,750,000	2,750,000
Profit and loss account	20	(14,138,540)	(14,951,752)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		10,511,460	9,698,248
		10,511,460	9,698,248

The financial statements were approved and authorised for issue by the board and were signed on its behalf

Peter Duthie

Chief Executive Officer

Date:

The notes on pages 18 to 38 form part of these financial statements.

SCOTTISH EXHIBITION CENTRE LIMITED
REGISTERED NUMBER: SC082081

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	102,235,589	103,652,833
Fixed asset investments		800,101	800,101
		<u>103,035,690</u>	<u>104,452,934</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	7,891,104	7,166,027
Bank and cash balances		5,904,242	13,925,149
		<u>13,795,346</u>	<u>21,091,176</u>
CREDITORS: amounts falling due within one year	13	<u>(24,325,273)</u>	<u>(32,619,822)</u>
NET CURRENT LIABILITIES		(10,529,927)	(11,528,646)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>92,505,763</u>	<u>92,924,288</u>
CREDITORS: amounts falling due after more than one year	14	(42,935,137)	(43,353,209)
PROVISION FOR LIABILITIES			
Deferred taxation		(875,115)	(689,953)
Deferred grants	18	(38,288,476)	(39,155,332)
		<u>(39,163,591)</u>	<u>(39,845,285)</u>
NET ASSETS		<u>10,407,035</u>	<u>9,725,794</u>
CAPITAL AND RESERVES			
Called up share capital	19	21,900,000	21,900,000
Capital redemption reserve	20	2,750,000	2,750,000
Profit and loss account	20	(14,242,965)	(14,924,206)
		<u>10,407,035</u>	<u>9,725,794</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Peter Duthie
Chief Executive Officer
Date:

SCOTTISH EXHIBITION CENTRE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2016**

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2015	21,900,000	2,750,000	(14,951,751)	9,698,249
Comprehensive income for the year				
Profit for the year	-	-	813,211	813,211
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	813,211	813,211
Total transactions with owners	-	-	-	-
AT 31 March 2016	<u>21,900,000</u>	<u>2,750,000</u>	<u>(14,138,540)</u>	<u>10,511,460</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2015**

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2014	21,900,000	2,750,000	(22,623,050)	2,026,950
Comprehensive income for the year				
Profit for the year	-	-	7,671,299	7,671,299
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	7,671,299	7,671,299
Total transactions with owners	-	-	-	-
AT 31 March 2015	<u>21,900,000</u>	<u>2,750,000</u>	<u>(14,951,751)</u>	<u>9,698,249</u>

The notes on pages 18 to 38 form part of these financial statements.

SCOTTISH EXHIBITION CENTRE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2016**

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2015	21,900,000	2,750,000	(14,924,206)	9,725,794
Comprehensive income for the year				
Profit for the year	-	-	681,241	681,241
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	681,241	681,241
Total transactions with owners	-	-	-	-
AT 31 March 2016	<u>21,900,000</u>	<u>2,750,000</u>	<u>(14,242,965)</u>	<u>10,407,035</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2015**

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2014	21,900,000	2,750,000	(22,706,104)	1,943,896
Comprehensive income for the year				
Profit for the year	-	-	7,781,898	7,781,898
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	7,781,898	7,781,898
Total transactions with owners	-	-	-	-
AT 31 March 2015	<u>21,900,000</u>	<u>2,750,000</u>	<u>(14,924,206)</u>	<u>9,725,794</u>

The notes on pages 18 to 38 form part of these financial statements.

SCOTTISH EXHIBITION CENTRE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Net cash flow from operating activities	21	(5,508,799)	13,087,529
Returns on investments and servicing of finance	22	(320,688)	(255,831)
Taxation	-	-	558
Capital expenditure and financial investment	22	(1,801,961)	(1,960,129)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(7,631,448)	10,872,127
Bank Loan	22	-	(5,000,000)
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(7,631,448)</u>	<u>5,872,127</u>
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT			
		2016 £	2015 £
Increase/(Decrease) in cash in the year		<u>(7,631,448)</u>	<u>5,872,127</u>
CHANGE IN NET DEBT RESULTING FROM CASHFLOWS		<u>(7,631,448)</u>	<u>5,872,127</u>
 MOVEMENT IN NET DEBT IN THE YEAR:			
Net funds at 1 April 2015		14,562,392	8,690,265
Movement in net debt resulting from cash flows		<u>(7,631,448)</u>	<u>5,872,127</u>
NET FUNDS AT 31 MARCH 2016		<u>6,930,944</u>	<u>14,562,392</u>

The notes on pages 18 to 38 form part of these financial statements.

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Scottish Exhibition Centre Limited is a limited liability company incorporated in Scotland whose registered office is at Exhibition Way, Glasgow, G3 8YW.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of the how the transition has affected the reported financial position and financial performance is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The financial statements have been prepared in sterling which is the functional currency of the group and reported to the nearest £. The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Scottish Exhibition Centre Limited and its own subsidiaries. Intercompany transactions and balances between group companies are therefore eliminated in full. No profit and loss account is presented for Scottish Exhibition Centre Limited as permitted by section 408 of the Companies Act 2006 (see note 10).

1.3 Going concern

The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the Strategic Report.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Land, Buildings and Fixed Plant	-	50	years
Plant and equipment	-	3 to 50	years
Motor vehicles	-	4	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

1.6 Valuation of investments

In the parent company investments in subsidiaries are valued at cost less provision for impairment.

Listed investments are recognised at market value. Revaluation gains and temporary diminutions in value are recognised as a transfer to the revaluation reserve in line with the long term nature under which the investments are held. Where a diminution in value below historical cost is deemed permanent, these losses and any subsequent reversal are recognised in the profit and loss account.

Unlisted investments are held at historical cost subject to any impairment of their likely realisable value.

1.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

1.8 Derivative instruments

The group also uses interest rate swaps to adjust interest rate exposures. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

1.9 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

1.10 Sale and leaseback

Assets sold under a sale and finance leaseback transaction are retained on the company's books since the risks and rewards of the assets are still considered to reside with the company. No change to the carrying value of the asset is made and the assets continue to be depreciated over their useful lives. Proceeds from the sale and leaseback transactions are held as a long term creditor (reflecting the substance of the arrangement as secured borrowing) and will be reduced by any repayments made.

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

1.13 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.14 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

The Group recognise booking fee income when the service is performed i.e. on sale of a ticket. Due to the nature of the Live Entertainment business this revenue can fluctuate depending on number and timings of when events go onsale. The Group retain all ticket revenue on behalf of the promoter until after the event has taken place. Any revenue due to the Group is deducted and the remaining monies are settled with the promoter. This can have a significant effect on the cash flow of the business, however the Group has considered this and regularly carry out a detailed review of the cash forecast as well as having a rolling credit facility in place. The Group has considered it appropriate to continue to recognise booking fee income as the service is performed.

The Group entered into a sale and leaseback transaction in respect of previously owned assets. Based on an evaluation of the terms and conditions of the arrangements to determine whether the Group retained the significant risks and rewards of ownership of these assets, accordingly the Group has considered it appropriate to continue to recognise the assets in the statement of financial position.

The following is the Group's key area of estimation uncertainty.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies. Further details are contained in notes 9 and 17.

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. ANALYSIS OF TURNOVER

	2016 £	2015 £
Space letting, services and exhibition organising	29,431,331	34,898,192
	<u>29,431,331</u>	<u>34,898,192</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	3,198,561	3,056,857
Deferred grant release	(866,856)	(868,361)
Audit Remuneration Audit Services	46,300	39,090
Audit Remuneration Taxation Services	<u>20,000</u>	<u>19,000</u>

5. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	6,387,676	6,822,480
Social security costs	694,553	659,454
Cost of defined contribution scheme	599,918	561,075
	<u>7,682,147</u>	<u>8,043,009</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 No.	2015 No.
	<u>242</u>	<u>227</u>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

6. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	486,007	487,628
Company contributions to defined contribution pension schemes	39,848	41,186
	525,855	528,814

The highest paid Director received remuneration of £210,723 (2015 – £209,589).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £25,245 (2015 - £24,750).

7. INTEREST RECEIVABLE

	2016 £	2015 £
Other interest receivable	35,033	48,060
	35,033	48,060

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	355,721	303,891
	355,721	303,891

9. TAXATION

	2016 £	2015 £
Deferred tax		
Origination and reversal of timing differences	314,553	1,603,320
Changes to tax rates	(95,220)	(76,349)
Adjustment in respect of previous periods	(34,523)	(2,547,481)
Total deferred tax	184,810	(1,020,510)
Taxation on profit/(loss) on ordinary activities	184,810	(1,020,510)

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

9. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>998,021</u>	<u>6,650,789</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	199,604	1,396,666
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	288,321	385,396
Utilisation of tax losses	-	3,615
Adjustment to tax charge in respect of prior periods	(34,523)	(2,547,482)
Tax rate changes	(95,220)	(76,349)
Non-taxable income	(173,372)	(182,356)
Total tax charge for the year	<u>184,810</u>	<u>(1,020,510)</u>

CHANGE IN CORPORATION TAX RATE

The Finance Act (No.2) 2015, which was substantively enacted on 26 October 2015, includes legislation reducing the main rate of corporation tax from 20% to 18%. This decrease is to be phased in with a reduction to 19% effective from 1 April 2017 and a reduction to 18% effective from 1 April 2020. Subsequently, the Budget 2016 proposed a change to reduce this rate further to 17% on 1 April 2020.

The group has tax losses arising in the UK of £4,031,272 (2015 - £2,664,908) that are available for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group, and they have arisen in subsidiaries that have been loss-making for some time.

10. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £681,241 (2015 - £7,781,898).

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

11. TANGIBLE FIXED ASSETS

Group

	Land, Buildings & Fixed Plant	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2015	149,114,710	15,410,169	386,976	164,911,855
Additions	85,772	1,605,043	121,946	1,812,761
Disposals	-	-	(35,672)	(35,672)
At 31 March 2016	149,200,482	17,015,212	473,250	166,688,944
Depreciation				
At 1 April 2015	50,110,952	10,764,272	238,022	61,113,246
Charge owned for the period	2,118,491	1,007,808	72,262	3,198,561
Disposals	-	-	(35,672)	(35,672)
At 31 March 2016	52,229,443	11,772,080	274,612	64,276,135
Net book value				
At 31 March 2016	<u>96,971,039</u>	<u>5,243,132</u>	<u>198,638</u>	<u>102,412,809</u>
<i>At 31 March 2015</i>	<i><u>99,003,759</u></i>	<i><u>4,645,897</u></i>	<i><u>148,955</u></i>	<i><u>103,798,611</u></i>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	58,624	-
	<u>58,624</u>	<u>-</u>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Company

	Land, Buildings & Fixed Plant	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2015	149,097,755	14,647,209	367,768	164,112,732
Additions	85,772	1,521,623	121,946	1,729,341
Disposals	-	-	(35,672)	(35,672)
At 31 March 2016	149,183,527	16,168,832	454,042	165,806,401
Depreciation				
At 1 April 2015	50,103,154	10,120,588	236,155	60,459,897
Charge owned for the period	2,113,704	965,503	67,380	3,146,587
Disposals	-	-	(35,672)	(35,672)
At 31 March 2016	52,216,858	11,086,091	267,863	63,570,812
Net book value				
At 31 March 2016	<u>96,966,669</u>	<u>5,082,741</u>	<u>186,179</u>	<u>102,235,589</u>
<i>AT 31 March 2015</i>	<u>98,994,600</u>	<u>4,526,620</u>	<u>131,613</u>	<u>103,652,833</u>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12. DEBTORS

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Trade debtors	3,191,383	3,297,882	2,309,913	2,387,367
Other debtors	58,899	25,770	16,440	8,812
Prepayments and accrued income	5,283,697	4,764,411	5,272,271	4,727,260
Corporation Tax	2,016	2,016	2,016	2,016
VAT repayable	74,953	-	290,464	40,572
	<u>8,610,948</u>	<u><i>8,090,079</i></u>	<u>7,891,104</u>	<u><i>7,166,027</i></u>

13. CREDITORS: Amounts falling due within one year

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Trade creditors	1,599,016	2,029,935	1,060,410	1,726,671
Amounts owed to group undertakings	-	-	1,803,453	2,342,478
Taxation and social security	243,701	411,012	219,996	161,031
Obligations under finance lease and hire purchase contracts	23,041	-	23,041	-
Other creditors	16,946,538	24,504,297	15,448,119	22,264,291
Accruals and deferred income	6,216,704	6,514,820	5,722,667	6,125,351
Financial instruments (within 1 yr)	47,587	-	47,587	-
	<u>25,076,587</u>	<u><i>33,460,064</i></u>	<u>24,325,273</u>	<u><i>32,619,822</i></u>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

14. CREDITORS: Amounts falling due after more than one year

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Net obligations under finance leases and hire purchase contracts	35,583	-	35,583	-
Government grants received	40,000,000	40,000,000	40,000,000	40,000,000
Accruals and deferred income	3,042,856	3,465,269	2,756,794	3,353,209
Financial instruments (after 1 yr)	142,760	-	142,760	-
	<u>43,221,199</u>	<u>43,465,269</u>	<u>42,935,137</u>	<u>43,353,209</u>

15. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Within one year	23,041	-	23,041	-
Between 1-2 years	23,041	-	23,041	-
Between 2-5 years	12,542	-	12,542	-
	<u>58,624</u>	<u>-</u>	<u>58,624</u>	<u>-</u>

The finance lease was entered into in December 2015.

16. FINANCIAL INSTRUMENTS

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Financial liabilities				
Derivative financial instruments designed as hedges of variable interest rate risk	(190,347)	-	(190,347)	-
	<u>(190,347)</u>	<u>-</u>	<u>(190,347)</u>	<u>-</u>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

17. DEFERRED TAXATION

Group

	Deferred tax £
At 1 April 2015	672,169
Charge for/(released) during the year	184,810
At 31 March 2016	<u>856,979</u>

Company

	Deferred tax £
At 1 April 2015	689,952
Charge for/(released) during the year	185,163
At 31 March 2016	<u>875,115</u>

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Fixed asset timing differences	1,589,183	1,153,593	1,606,204	1,170,060
Short term timing differences	(9,672)	(12,873)	(8,557)	(11,556)
Losses	(722,532)	(468,551)	(722,532)	(468,551)
	<u>856,979</u>	<i><u>672,169</u></i>	<u>875,115</u>	<i><u>689,953</u></i>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

18. DEFERRED GRANTS

Group and Company

	Deferred Grants
	£
At 1 April 2015	39,155,332
Utilised in year	(866,856)
At 31 March 2016	<u>38,288,476</u>

19. SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid		
21,900,000- Ordinary shares of £1 each shares of £1 each	<u>21,900,000</u>	<u>21,900,000</u>

20. RESERVES

	Capital redempt'n reserve	Profit and loss account
	£	£
Group		
At 1 April 2015	2,750,000	(14,951,751)
Total comprehensive income for the financial year	-	813,211
At 31 March 2016	<u>2,750,000</u>	<u>(14,138,540)</u>
Company		
At 1 April 2015	2,750,000	(14,924,206)
Total comprehensive income for the financial year	-	681,241
At 31 March 2016	<u>2,750,000</u>	<u>(14,242,965)</u>

SCOTTISH EXHIBITION CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Operating profit	1,498,256	6,873,076
Depreciation of tangible fixed assets	3,198,561	3,056,857
(Increase)/decrease in debtors	(520,869)	(140,459)
Increase/(decrease) in creditors	(8,817,891)	4,166,416
Decrease in provisions	(866,856)	(868,361)
Net cash (outflow)/inflow from operating activities	<u>(5,508,799)</u>	<u>13,087,529</u>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2016 £	2015 £
Returns on investments and servicing of finance		
Interest received	35,033	48,060
Interest paid	(355,721)	(303,891)
Net cash outflow from returns on investments and servicing of finance	<u>(320,688)</u>	<u>(255,831)</u>

	2016 £	2015 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,812,761)	(2,051,492)
Sale of tangible fixed assets	10,800	91,363
Net cash outflow from capital expenditure	<u>(1,801,961)</u>	<u>(1,960,129)</u>

	2016 £	2015 £
Financing		
New secured loans	-	-
Repayment of loans	-	(5,000,000)
Net cash (outflow)/inflow from financing	<u>-</u>	<u>(5,000,000)</u>

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2015 £	Cash flow £	Other non-cash changes £	31 March 2016 £
Cash at bank and in hand	14,562,392	(7,631,448)	-	6,930,944
Debt:				
Debts due within one year	-	-	-	-
Debts falling due after more than one year	-	-	-	-
Net funds	<u>14,562,392</u>	<u>(7,631,448)</u>	<u>-</u>	<u>6,930,944</u>

Included within cash at 31 March 2016 is an amount of £811,912 deposited into an escrow account to cover the potential maximum liability to City Parking (Glasgow) LLP for the loss of earnings from the expiry of the car park rent free period until the opening date of the hotel on the campus. Please refer to note 26 for further information.

24. PENSION COMMITMENTS

On 1 April 2006 a new Group Stakeholder scheme based on individual contracts was put in place. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme and the cost for the year is shown in note 5 Employees. The assets are held in the names of individual employees. At 31 March 2016 there was £95,112 of outstanding pension contributions in respect of this scheme.

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

25. RELATED PARTY TRANSACTIONS

Glasgow City Council (GCC) holds 90.87% of the ordinary share capital of the company and is therefore the ultimate controlling party of the company as detailed in note 25. In terms of the company's Articles of Association, whilst GCC remains as a principal shareholder, four of the directors of the company shall be persons selected and appointed by the board as representatives of the principal shareholder.

Scottish Exhibition Centre Limited through Scottish Conference Centre Limited has entered into a contract with GCC for the operation and management of the Conference Centre. The agreement runs until 19th April 2047.

Scottish Exhibition Centre Limited entered an agreement with City Parking (Glasgow) LLP, a wholly owned subsidiary of GCC, in respect of the multi storey car park. As noted in the Strategic Report the QD2 project will provide a hotel on site. Until the hotel is opened the company will for a period of up to 10 years pay an annual contribution to City Parking (Glasgow) LLP in respect of a contribution towards their rental payable on the car park lease. As a consequence, £242,446 has been provided in these accounts, reflecting the estimated outflow to City Parking (Glasgow) LLP.

The company entered into a Sale and Leaseback arrangement with Glasgow City Council during 2013 with a transaction value of £40m. Whilst the Sale and Leaseback arrangement has been implemented it is considered that the risks and rewards of the land and buildings still sit with the company in the longer term and so the arrangement is classified as a sale and finance leaseback and the receipt will be shown as a long term creditor which will ultimately be repaid through the disposal of the west development site, at which time the occupational lease will convert to a long ground lease. The assets that form part of the Sale and Leaseback transaction remain on SEC Limited's books with no change to their carrying value.

Key Management Personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,015,502 (2015 - £1,044,207).

26. CONTROLLING PARTY

The ultimate controlling party of Scottish Exhibition Centre Limited is Glasgow City Council, whose principal offices are at The City Chambers, George Square, Glasgow, G2 1DU.

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
QD Events Limited	Scotland	100	Event Organiser
Scottish Conference Centre Limited	Scotland	100	Venue Management
Scottish Exhibition Centre Project Management Limited	Scotland	100	Management of Large Capital Projects
Scottish Exhibition and Conference Centre Limited	Scotland	100	Dormant
Associated Events and Exhibitions Limited	Scotland	100	Dormant
Scottish Arena Limited	Scotland	100	Dormant
Glasgow Box Office Limited	Scotland	100	Dormant
SEC Exhibitions Limited	Scotland	100	Dormant

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. FIRST TIME ADOPTION OF FRS 102

The Company transitioned to FRS102 from previously extant UK GAAP as at 01 April 2014.

The impact from the transition to FRS102 is as follows:

Group

	<i>As previously stated 1 April 2014 £</i>	<i>Effect of transition 1 April 2014 £</i>	FRS 102 (as restated) 1 April 2014 £	<i>As previously stated 31 March 2015 £</i>	<i>Effect of transition 31 March 2015 £</i>	FRS 102 (as restated) 31 March 2015 £
Note						
Fixed assets	104,861,795	-	104,861,795	103,798,611	-	103,798,611
Current assets	16,640,443	-	16,640,443	22,652,471	-	22,652,471
Creditors: amounts falling due within one year	(31,940,592)	-	(31,940,592)	(33,460,064)	-	(33,460,064)
Net current liabilities	<u>(15,300,149)</u>	-	<u>(15,300,149)</u>	<u>(10,807,593)</u>	-	<u>(10,807,593)</u>
Total assets less current liabilities	89,561,646	-	89,561,646	92,991,018	-	92,991,018
Creditors: amounts falling due after more than one year	(45,818,325)	-	(45,818,325)	(43,465,269)	-	(43,465,269)
Provisions for liabilities	(41,716,372)	-	(41,716,372)	(39,827,501)	-	(39,827,501)
Net (liabilities)/assets	<u>2,026,949</u>	-	<u>2,026,949</u>	<u>9,698,248</u>	-	<u>9,698,248</u>
Capital and reserves	<u>2,026,949</u>	-	<u>2,026,949</u>	<u>9,698,248</u>	-	<u>9,698,248</u>

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. FIRST TIME ADOPTION OF FRS 102 (continued)

	<i>As previously stated 31 March 2015 £</i>	<i>Effect of transition 31 March 2015 £</i>	FRS 102 (as restated) 31 March 2015 £
Note			
Turnover	34,898,192	-	34,898,192
Cost of sales	(10,682,119)	-	(10,682,119)
	<hr/> 24,216,073	-	<hr/> 24,216,073
Administrative expenses	(17,309,453)	-	(17,309,453)
	<hr/> 6,906,620	-	<hr/> 6,906,620
Operating profit			
Interest receivable and similar income	48,060	-	48,060
Interest payable and similar charges	(303,891)	-	(303,891)
Taxation	1,020,510	-	1,020,510
	<hr/> 7,671,299	-	<hr/> 7,671,299
Profit on ordinary activities after taxation and for the financial year	<u>7,671,299</u>	<u>-</u>	<u>7,671,299</u>

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. FIRST TIME ADOPTION OF FRS 102 (continued)

Company

	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
		-			-	
Fixed assets	105,537,280		105,537,280	104,452,934		104,452,934
Current assets	13,188,982	-	13,188,982	18,748,697	-	18,748,697
Creditors: amounts falling due within one year	(29,423,106)	-	(29,423,106)	(30,277,343)	-	(30,277,343)
Net current liabilities	(16,234,124)	-	(16,234,124)	(11,528,646)	-	(11,528,646)
Total assets less current liabilities	89,303,156	-	89,303,156	92,924,288	-	92,924,288
Creditors: amounts falling due after more than one year	(45,634,328)	-	(45,634,328)	(43,353,209)	-	(43,353,209)
Provisions for liabilities	(41,724,932)	-	(41,724,932)	(39,845,285)	-	(39,845,285)
Net (liabilities)/assets	1,943,896	-	1,943,896	9,725,794	-	9,725,794
Capital and reserves	1,943,896	-	1,943,896	9,725,794	-	9,725,794

SCOTTISH EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. FIRST TIME ADOPTION OF FRS 102 (continued)

	<i>As previously stated 31 March 2015 £</i>	<i>Effect of transition 31 March 2015 £</i>	FRS 102 (as restated) 31 March 2015 £
Note			
Turnover	27,057,666	-	27,057,666
Cost of sales	(5,988,867)	-	(5,988,867)
	<hr/>	<hr/>	<hr/>
	21,068,799	-	21,068,799
Administrative expenses	(14,039,774)	-	(14,039,774)
	<hr/>	<hr/>	<hr/>
Operating profit	7,029,025	-	7,029,025
Interest receivable and similar income	45,478	-	45,478
Interest payable and similar charges	(303,891)	-	(303,891)
Taxation	1,011,286	-	1,011,286
	<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	<u>7,781,898</u>	-	<u>7,781,898</u>

There was no impact to the Consolidated and Parent Company Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Positions from the transition to FRS102.

