Registered Number:
SC082081

SCOTTISH EVENT CAMPUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

COMPANY INFORMATION

Directors	William Whitehorn Peter Duthie Carole Forrest William McFadyen Pauline Lafferty Morag McNeill Susan Aitken Francis McAveety John Watson George Gillespie (appointed 12 September 2019)
Company Secretary	William McFadyen
Registered Number	SC082081
Registered Office	Scottish Event Campus Glasgow G3 8YW
Trading Address	Scottish Event Campus Glasgow G3 8YW
Independent Auditor	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY

SCOTTISH EVENT CAMPUS LIMITED

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The Directors present their strategic report for the year ended 31 March 2020. The report is presented as follows:

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

1. Business Review

The campus closed on 20 March 2020 due to the COVID-19 pandemic. A period of disruption is under way and we are taking all measures to protect our people, clients and business through this unprecedented event. This includes the reduction of expenditure and the protection of cash and liquidity until the recommencement of events on the campus can be confirmed. Appropriate financial modelling has been undertaken to support the assessment of the business as a going concern.

Since the campus closed, we have rescheduled a large number of events into future years. The United Nations Climate Change Conference (COP26) has been rescheduled to November 2021.

On 30 March 2020, a Licence was signed with the Scottish Government to convert the halls of the campus into a temporary medical facility, NHS Louisa Jordan. An incredible amount of work has been carried out to make this possible and we are proud to support NHS Scotland as it continues to manage COVID-19.

Whilst there was some impact from COVID-19 on the results, 2019/20 produced an outstanding performance. With the exception of 2014, the year of the Commonwealth Games, EBITDA was the highest in the history of the SEC, increasing by 5% to £5.1m.

Our Conference sector had a record year with 12% growth in turnover driven by 14 (2019 - 12) international events and a host of large UK conferences and corporate meetings. There were 67 meetings in total.

The Exhibition sector turnover was 8% less than the prior year with two events cancelling due to COVID-19 and some biennial events not scheduled to take place during the year. However, 7 new events successfully launched during the year and there were high retention levels from existing events.

Our Live Entertainment sector included 127 performances in The SSE Hydro with a further 7 rescheduled from March 2020 to later dates due to COVID-19. Whilst activity levels were lower than the previous year's 144 performances, The SSE Hydro continues to be one of the world's top arenas and was one of only five venues in the world to sell more than a million tickets in 2019.

The addition of some key sponsorship agreements and strong demand for our hospitality offerings helped our Commercial sector achieve a record performance with growth of 11%.

There was a net cash inflow from operating activities of £11.3m for the year. Whilst the business is inherently cash generative, there can be variations from year to year as a result of cash from ticket sales held on behalf of concert promoters.

Our success is measured not only in financial terms but also by the economic impact of the campus which generated net additional expenditure of £1.2m per day in the Glasgow area, a total of £431m for the year. The net additional expenditure in Scotland was measured at £311m and in the UK at £243m. There were 1.9 million visitors to the campus during the year.

Trading profits continue to be reinvested to ensure the existing facilities meet the needs of our customers in an increasingly competitive market. During the year, several projects progressed including the installation of a new back-up generator and associated equipment to improve our campus resilience. An adult changing facility was installed in the SEC Centre adding to the existing one in The SSE Hydro. As our technology strategy is implemented, we carried out a hardware refresh across the business and concluded the implementation of a CRM system in QD Events, our events subsidiary.

We opened the Super Suite hospitality area in The SSE Hydro, increasing the volume and range of our hospitality products. The SSE Hydro project to increase the capacity of the venue was completed during the year. The project included an extension to the rigging grid to provide more flexibility for stage positions thereby increasing the number of tickets available to see major artists. The venue capacity has increased to 14,300.

An overall vision for the business – 'To be the best event campus in Europe' adopted with the mission statement - 'Best Venues, Best People, Best Events' continues to drive the strategy for the Group. Our focus on our people is reflected in our core values – Teamwork, Respect, Positive, Friendly and Fun.

The ambitious plan to upgrade and expand the campus, principally to facilitate further growth in the Conference and Exhibition sectors, is being pursued. In the current financial year, the Planning Permission in Principle application has been approved subject to a Section 75 agreement for developer planning contributions which is currently being progressed. The plans are supported by a robust business case and an economic impact study. The challenge is to secure funding support for the project to proceed which would be of significant benefit to the Glasgow, Scottish and UK economies.

A refurbishment of the station walkway, a Glasgow City Deal project, is being progressed and works should commence after the hosting of COP26.The development of the two hotels on the campus is underway with opening of both expected in 2021 subject to the lifting of the current construction restrictions imposed by COVID-19. The new hotels will increase the number of hotel bedrooms in the vicinity of the campus from 950 to almost 1,400. This will be an invaluable addition and will support our growing Conference and Exhibition sectors as well as our Live Entertainment offering.

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 the related employment. The campus will continue to generate economic benefits for Glasgow, Scotland and the rest of the UK.

This year the SEC has been shortlisted for 3 awards at the AEO (Association of Event Organisers) Awards – Best Venue, Best Company Culture and Best Venue Team – Customer Experience and additionally Best Venue at the Exhibition News Awards. QD Events have been shortlisted for no less than 8 awards at the AEO Awards; both The Irn-Bru Carnival and The Scottish Caravan, Motorhome and Holiday Show have been recognised for marketing, innovation, use of social media and Best Live Event/Consumer Show. Team members have also been shortlisted for Best Organiser Salesperson and Unsung Hero.

Employees

Through the People Strategy, employees across the business have been involved in the development and application of the Company Mission and Values. The development of the inclusive, supportive and positive culture recognises the crucial role played by the whole team in the success of the business. Our core staff numbers continue to grow to support the increased levels of business across the site and to ensure we can maintain the high standards of client service for which the SEC is renowned.

Community Engagement

SEC continues to partner with the Beatson Cancer Charity and Nordoff Robbins Scotland. We also continue to support the Glasgow Children's Hospital with not only our now legendary Christmas Grotto, but this year we were home to the famous Oor Wullie Farewell Weekend, showcasing the statues that covered the streets of Scotland during the summer period.

Our SEC Learning Journey is our way of supporting Scotland's young people by tapping into our talent pool within the business to enable us to raise the profile of our industry to a new generation.

This programme inspired 600 young people in Glasgow and surrounding areas through various initiatives such as campus work experience, employability workshops, Developing Youth Workforce partnerships, onsite tours, SEC Team talks at colleges and universities and a summer work programme for disabled young people. This is a 135% increase on last year's programme numbers.

All our initiatives focus on adding value to each person's learning with tailor made experiences to make an impact and help the young people choose a career that is best for them.

Health, Safety & Security

Health & Safety is SEC's number one priority and we strive to make SEC a healthy and safe place to be. We remain committed to driving standards at the SEC and across the industry, always providing a safe and healthy environment for all staff, customers and clients.

Since the launch of the Best Health and Safety Group with representatives from across the business, and the Health and Safety Charter, health and safety is considered in everything we do.

Our vision, guiding principles, commitments and responsibilities, coupled with the investment in training is demonstrated through positive action and behaviour on campus.

Our commitment to the wellbeing of our employees is focused and evolving. We plan a year in advance for team activations, providing access to services such as stress management, fitness and healthy eating and medical screening initiatives.

We have 10 first aiders and 8 mental health first aiders to support our team members. This has helped to promote positive conversations about potential illnesses and how to identify them early and is a key driver in developing legacy strategies for mental health.

Sustainability

SEC is creating a comprehensive environmental strategy with the objective of reducing the impact that the business has on the environment. Among the measures being undertaken to achieve this objective is the exploration of an ambitious net zero energy strategy for the Campus, aiming to generate and store renewable power onsite in support of Scotland's Climate Change Bill and directive to become a net zero society by 2045.

The SEC team has also taken measures to become more energy efficient, using electricity only from renewable sources, and through a strong partnership with Glasgow City Council, ensures the SEC sends zero waste to landfill, using the new state of the art Glasgow Recycling and Renewable Energy Centre for efficient waste reduction, re-use, enhanced recycling rates, and recovering renewable energy from residual waste.

The SEC supply chain is considered for environmental impact and all contractors that operate at the SEC are encouraged to adopt more environmentally friendly policies.

The SEC has retained its Gold Award in line with the Green Tourism Business Scheme (GTBS), which was originally awarded in 2009.

Healthy Venue

The SEC continues to champion the Healthy Venue Initiative, having become the first venue in the world to be awarded the World Obesity Federation's Silver Accreditation in 2016.

The scheme sees the venue provide visitors and staff with healthier options across catering and exercise.

This includes bespoke conference menus, low salt initiatives, free access to NextBikes and provision of pedometers for step challenges and local walking routes.

Economic

The method of calculating the economic benefits for the city and beyond reflects current best practice. EKOS was commissioned during 2015 to update the economic impact study originally carried out in 2006.

The 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 and the Scottish Government.

Using the base multipliers within the EKOS study, in the year 2019/20, as a result of the business conducted by SEC, the net additional expenditure in Glasgow was estimated at £431m, in Scotland £311m and in the UK, £243m (2018/19 Glasgow £457m, Scotland £309m, UK £223m).

2. Financial Review

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 continued investment in our facilities and our people.

Our Key Performance Indicators are measured on the Group activities.

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

	2020	2019
Turnover, excluding grant release	£32.5m	£33.2m
EBITDA	£5.1m	£4.9m
Net cash inflow from operating activities	£11.3m	£11.1m
Capital expenditure	£2.0m	£1.4m
Economic impact (Glasgow, estimated)	£431m	£457m
Number of visitors	1.9m	2.1m
Number of exhibitions held	41	47
Number of international conferences held	14	12
Number of SSE Hydro performances	127	144

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

The record year for the Conference sector saw turnover increase by 12%. 14 international conferences were held during the year, an increase of 2. The number of international events helped to drive the strong economic impact. This aligns with the strategy pursued when The SSE Hydro opened allowing greater space availability to attract future business. This success is due to Glasgow being recognised as a great event city, by having an award-winning convention bureau and by the industry's recognition of our professional and friendly staff.

Whilst we continue to successfully win future business, Brexit has led to some uncertainty for international conferences for future years. During the year however, exchange rate movements made the UK a more cost-effective option and was a factor in the SEC securing some additional events.

The Exhibition sector continues to host a wide range of consumer and trade shows. Turnover decreased by 8% during the year. Two March events were lost due to COVID-19 and some biennial events, scheduled for alternate years, did not take place during the period. However, there were 7 successful launch events added during the year.

Our Conference and Exhibition teams work collaboratively to manage the allocation of available space in the venues. Space constraints will continue to restrict future growth and during the year we were unable to progress discussions for future events worth over £2.4m of turnover as a result of being unable to find suitable, available dates within the SEC. The plans for an expanded campus would provide opportunity for further growth in both these sectors.

Whilst turnover in the Live Entertainment sector reduced by 12%, The SSE Hydro attracted 1.0m visitors in the year. The venue was number 1 in the Billboard ranking of global arenas with a capacity between 10,000 and 15,000, based on paid attendees at concerts and events.

During the year we were able to increase the capacity of The SSE Hydro to 14,300. A soft launch of the increased capacity took place in March. The Gerry Cinnamon performances in December sold out the new capacity creating a new record for the venue. The increased capacity will allow additional attendees depending on the production set up and audience profile, allowing even more fans to see their favourite artists.

A wide range of events continued to be staged throughout the campus including musical and stage productions, comedy, live music and the 9th successful year of our pantomime which was one of the top UK pantomimes.

Despite the reduced number of SSE Hydro performances, the reduction in Box Office turnover was minimal due to the calibre of artists performing in the venue and strong average attendance figures. Since March, due to COVID-19, many of the scheduled 2020 performances have rescheduled to later in 2021 or into 2022. Once The SSE Hydro reopens, we expect a strong period of performances with a host of international artists playing the venue.

The SSE Hydro not only provides a purpose-built venue to host Live Entertainment events, but also provides an income opportunity from commercial activities including sponsorship and hospitality. Commercial turnover for the year increased by 11%. We welcomed Eden Mill and Vodafone as new partners during the year. We also extended our partnership with Clydesdale Bank which will see a rebranding to Virgin Money during the year in the venue.

The introduction of the Super Suite adds to our hospitality offering and will enhance future revenue. Strong sales were noted in our Hydro Club membership and our Executive Suites are currently all under contract.

Within QD Events, our events management subsidiary, we invested in some key positions, our show presentation and a technology upgrade to allow for future growth. The core shows have continued to provide a solid contribution to Group results with robust performances delivered by The Scottish Caravan, Motorhome and Holiday Home Show and The Irn-Bru Carnival. The recent launch shows have built a strong foundation to grow in future years. 2019 saw the celebration of the 100th presentation of The Irn-Bru Carnival in Glasgow with a strong attendance.

The EBITDA achieved during the year was driven by strong sector performances and effective cost control across the Group. This is a key measure for the business and cash generated continues to be reinvested in the campus.

Interest payable during the year was £0.3m (2019 £0.3m). Interest receivable increased by £0.1m in the year. The favourable movements in interest receivable was a result of the increased cash balances held during the year, part of which were held on longer term deposits attracting a higher rate of interest. Our business is inherently cash generative with a net cash inflow from operating activities of £11.3m noted for the year. The level of cash held on behalf of promoters is driven by the level of ticket sales for future events. The Group has a revolving credit facility with the Clydesdale Bank which is used to support cash flows from operations if required. £10m of the facility was drawn at the year end. Overall cash balances increased by £8.7m in the year.

3. Principal Risks & Uncertainties

SEC operates a risk register for the key business risks. The risk register is reviewed by the SEC Board and the SEC Audit and Risk Committee on a regular basis. The principal risks and uncertainties facing the Group are broadly grouped as competitive, security, health & safety, technological and cash flow.

The terms of the UK withdrawal from the European Union have still to be concluded and may represent both opportunities and risks to the business.

COVID-19 Risk

The COVID-19 pandemic has become a worldwide crisis and at the date of this report the situation is still evolving. The campus closed on 20 March 2020 and we continue to follow Health Protection Scotland guidance to ensure we respond to any developments quickly, safely and in the best interests of our people and clients.

Management has taken a number of actions including rescheduling a large number of events to the following financial years, supporting the NHS with NHS Louisa Jordan, reducing operating costs, deferring payments of VAT and accessing the government Job Retention Scheme to reduce the impact on the business. Our cash reserves ensure adequate cash liquidity of the business to 31 January 2022 and is included in the note below in the assessment of going concern. Looking forward, the greatest uncertainty is the timing, phasing and nature of the reopening of our business sectors.

The main risk and uncertainty of the impact of COVID-19 is around when events will return to campus. The Directors have considered scenarios of no events taking place until 1 October 2021 as well as worst-case modelling with periods of no income from events or partners until 1 April 2022 when assessing the impact COVID-19 may have on the Group's cash flows, liquidity and business activities.

The Directors believe the outlook of the Group remains positive due to the level of secured future business, cash reserves, available funding and the flexible nature of the campus to adapt to delivering events safely post pandemic. A large number of events are rescheduling into future years, including COP26 to November 2021, reducing the uncertainties of future financial years. An extended agreement to continue to support the NHS in Scotland with NHS Louisa Jordan until July 2021, reduces the uncertainty surrounding the 2020/21 and 2021/22 financial years.

Competitive Risks

The principal risk to the Group is competition in the Conference and Exhibition sectors. The competitive landscape continues to evolve with the further development of new facilities and the upgrading of existing facilities in the UK and throughout Europe. Further planned investment is required to ensure the campus provides the facilities expected from our various clients across the business sectors. The SSE Hydro has placed the SEC in a strong position in the Live Entertainment and Box Office sectors.

Security Risks

The safety and wellbeing of our team, partners, clients and the public attending events on our campus is paramount. The Company frequently reviews security arrangements at our venues in consultation with Police Scotland and other stakeholders and will continue to update procedures accordingly.

Health & Safety Risk

SEC is committed to providing a safe and healthy environment for all staff, customers and clients. A Health & Safety Committee is in place which includes Board representation to drive forward our Health & Safety Charter. Appointments of key staff and the development of comprehensive staff training plans have been implemented. Reporting of key Health & Safety information is provided to management monthly and is reviewed by the SEC Board and the SEC Audit and Risk Committee at each meeting.

Technological & Cyber Risks

Our websites are hosted offsite in a secure environment. Our technology strategy has been prepared to establish future technology requirements across the business. During the year we implemented a new CRM system in QD Events, replaced our Employee App and carried out a hardware refresh of user equipment as part of our hardware refresh cycle. Our ticketing requirements are provided by a third party which has increased security, 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. These are supported by regular system penetration testing to look for any vulnerabilities.

Training on GDPR requirements was carried out during the year including mandatory training modules for all users using our eLearning system.

At the present time with a high percentage of our team working from home, we have refreshed our Cyber Security training and increased our security levels including the roll out of two factor authentication.

Cash Flow Risks

SEC 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 are also industry accepted agreements regarding advance ticket sales on box office operations for events which take place at and out with the SEC.

SEC 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 anticipated trading receipts.

The SEC'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 Group offers forward foreign currency contracts to our international conference clients to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

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.

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

Peter Duthie
Director
Date:

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and the financial statements for the year ended 31 March 2020.

Going Concern

The Group'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.

The financial statements have been prepared on a going concern basis. The impact of COVID-19 at and after the balance sheet date has had a significant impact on the financial plans of the Group. In particular, COVID-19 has resulted in the closure of the campus and cancellation of all events since 20 March 2020 to the date of these financial statements. This closure, as well as longer term uncertainty around the future of mass gatherings, has had a significant impact on the Group's forecast cash flow through to the assessment period to 31 January 2022 from the reporting date.

In response to the cancellation of events the Directors have taken measures to protect our people, clients and business which include:

- the utilisation of the government Job Retention Scheme; and
- a significant reduction of the non-essential cost base.

Furthermore, in March 2020, and as announced on 30 March 2020 by Scotland's First Minister, the Group also agreed with the Scottish Government to the closure of the campus to support the NHS in Scotland, with the NHS Louisa Jordan temporary medical facility being established. The facility was created to increase patient capacity during the coronavirus pandemic and is currently being utilised to treat day patients across different medical areas and as a training centre. The SSE Hydro was returned to the Group on 31 July 2020 and the SEC Centre will be utilised to 31 July 2021 with an extension to the initial agreement now in place.

In assessing the going concern position of the Group, the Directors have considered the Group's cash flows, liquidity and business activities. In making the assessment, the Directors have considered worst-case modelling with no income from events or partners until 1 April 2022 to further support the assessment of the business as a going concern. This assessment demonstrates that no further external financing is required.

There is uncertainty around when events will return to campus and the impact COVID-19 will have on events for the foreseeable future and the future financial position of the Group. The Directors have considered the impact and uncertainties of COVID-19 and believe the outlook of the Group remains positive due to a large number of events rescheduling into future years, including COP26 to November 2021, and an agreement to continue to support the NHS in Scotland with NHS Louisa Jordan until July 2021. With the vaccine rollout the Directors remain optimistic and believe the business is well placed to manage the risks due to the level of secured future business, cash reserves and the flexible nature of the campus to adapt to delivering events safely post pandemic.

The assessment has taken into account the current measures put in place to preserve cash and reduce discretionary expenditure during a period when the campus is all but temporarily closed. The Directors have considered the additional options that are available to the Group to further mitigate expenditure and the impact on its cash flow and liquidity should they be required.

The cash flow forecasts prepared in the assessment show a continuing positive cash position and remaining within the current cash available and funds drawn down from the bank facility to date. This headroom is before considering the remaining available funding from the revolving credit facility which is available to the Directors.

The current revolving credit bank facility is secured until September 2022. £10 million has been drawn to date from the £25 million available finance. The cancellation of events during 2020 does result in the Group failing to meet the agreed loan covenants for the quarters to September 2020 and December 2020. However, the Directors have received formal written confirmation from their lender waiving the covenant for these quarters and expect to meet the covenant requirements through the remainder of 2021 including the final test in the assessment period to 31 January 2022.

Having assessed the combination of the various options and mitigations available, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for preparation of the financial statements.

Results and Dividends

The profit for the year, after taxation, amounted to £1,560,681 *(2019 - £1,794,900)*.

A business and development review and detailed financial review are presented 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 (2019 - £NIL).

Principal Activity

The principal activities are the management and promotion of the SEC 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 SEC to stage exhibitions, conferences, concerts and other events. The venue business is supported by a successful exhibition organising company and a box office operation which provides a full ticketing service for events staged at and out with the SEC.

Hall rental charges vary by market sector, as is normal across the industry. The objective is to maximise revenue through an optimising mix of business in the SEC Centre, SEC Armadillo and The 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 the SEC 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 SEC 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
Carole Forrest
William McFadyen
Pauline Lafferty
Morag McNeill
Susan Aitken
Francis McAveety
John Watson
George Gillespie (Appointed 12 September 2019)
Gary Hughes (Resigned 1 May 2019)
Thomas Turley (Resigned 12 September 2019)

Qualifying Third Party Indemnity Provisions

SEC 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.

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 the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and

- the 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 SEC Board and signed on its behalf.

Peter Duthie
Director
Date:

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 they are 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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 MEMBERS OF SCOTTISH EVENT CAMPUS LIMITED

Opinion

We have audited the financial statements of Scottish Event Campus Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the consolidated and company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Impact of the Coronavirus on the live events lockdown and going concern basis:

We draw attention to note 1 of the financial statements, which describes the operational and financial impact on the Group of the Covid-19 lockdown and the impact of the restrictions on holding large scale events and the resulting impact on the Group's financial performance. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Stephen Reid (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
Date: 27 January 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	*2019 Restated* *£*
TURNOVER	4	**33,323,071**	34,033,424
OPERATING COSTS		**(30,907,099)**	(31,673,209)
OPERATING PROFIT	5	**2,415,972**	2,360,215
Gain on sale of asset	8	**3,808**	71,919
Interest receivable and similar income	9	**225,052**	155,273
Interest payable	10	**(317,706)**	(315,140)
Gain on financial liability at fair value		**48,264**	21,822
PROFIT BEFORE TAXATION		**2,375,390**	2,294,089
Tax on profit on ordinary activities	11	**(814,709)**	(499,189)
PROFIT FOR THE FINANCIAL YEAR		**1,560,681**	1,794,900
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,560,681**	1,794,900
PROFIT ATTRIBUTABLE TO			
Owners of the parent company		**1,560,681**	1,794,900
		1,560,681	1,794,900
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent company		**1,560,681**	1,794,900
		1,560,681	1,794,900

SCOTTISH EVENT CAMPUS LIMITED
REGISTERED NUMBER: SC082081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note		2020 £		*2019 £*
Fixed assets					
Tangible assets	14		**98,262,054**		99,692,679
Goodwill	13		**-**		103,885
			98,262,054		99,796,564
Current assets					
Debtors: amounts falling due within one year	15	**5,452,258**		5,553,028	
Financial asset	28	**456,218**		549,119	
Bank and cash balances	28	**28,779,586**		20,113,771	
Short term deposits	28	**8,117,508**		8,016,447	
		42,805,570		34,232,365	
Creditors: amounts falling due within one year	16	**(49,525,826)**		(43,569,370)	
Net current liabilities			**(6,720,256)**		(9,337,005)
Total assets less current liabilities			**91,541,798**		90,459,559
Creditors: amounts falling due after more than one year	17		**(38,858,205)**		(39,300,688)
Provisions for liabilities					
Deferred taxation	22	**(2,382,219)**		(1,567,510)	
Accruals and deferred grants					
Deferred government grants	23	**(33,264,946)**		(34,115,614)	
			(35,647,165)		(35,683,124)
Net assets			**17,036,428**		15,475,747
Capital and reserves					
Called up share capital	24		**21,900,000**		21,900,000
Capital redemption reserve	25		**2,750,000**		2,750,000
Profit and loss account	25		**(7,613,572)**		(9,174,253)
Equity attributable to owners of the parent Company			**17,036,428**		15,475,747
			17,036,428		15,475,747

The financial statements were approved and authorised for issue by the SEC Board and were signed on its behalf by:

Peter Duthie
Chief Executive Officer
Date:
The notes on pages 23 to 46 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note		2020 £		*2019* £
Fixed assets					
Tangible assets	14		97,931,638		99,452,857
Investments	32		800,102		800,401
			98,731,740		100,253,258
Current assets					
Debtors: amounts falling due within one year	15	4,530,991		4,685,442	
Financial asset		456,218		549,119	
Bank and cash balances		28,512,992		19,752,654	
Short term deposits		8,117,508		8,016,447	
		41,617,709		33,003,662	
Creditors: amounts falling due within one year	16	(49,056,896)		(43,053,369)	
Net current liabilities			(7,439,187)		(10,049,707)
Total assets less current liabilities			91,292,553		90,203,551
Creditors: amounts falling due after more than one year	17		(38,560,542)		(39,223,503)
Provisions for liabilities					
Deferred taxation	22	(2,366,190)		(1,572,689)	
Accruals and deferred grants					
Deferred government grants	23	(33,264,946)		(34,115,614)	
			(35,631,136)		(35,688,303)
Net assets			17,100,875		15,291,745
Capital and reserves					
Called up share capital	24		21,900,000		21,900,000
Capital redemption reserve	25		2,750,000		2,750,000
Profit and loss account	25		(7,549,125)		(9,358,255)
			17,100,875		15,291,745

The financial statements were approved and authorised for issue by the SEC Board and were signed on its behalf by:

Peter Duthie
Chief Executive Officer
Date:
The notes on pages 23 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	21,900,000	2,750,000	(9,174,253)	15,475,747
Comprehensive income for the year				
Profit for the year	-	-	1,560,681	1,560,681
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,560,681	1,560,681
Total transactions with owners	-	-	-	-
At 31 March 2020	21,900,000	2,750,000	(7,613,572)	17,036,428

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	21,900,000	2,750,000	(10,969,153)	13,680,847
Comprehensive income for the year				
Profit for the year	-	-	1,794,900	1,794,900
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,794,900	1,794,900
Total transactions with owners	-	-	-	-
At 31 March 2019	21,900,000	2,750,000	(9,174,253)	15,475,747

The notes on pages 23 to 46 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	21,900,000	2,750,000	(9,358,255)	15,291,745
Comprehensive income for the year				
Profit for the year	-	-	1,809,130	1,809,130
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,809,130	1,809,130
Total transactions with owners	-	-	-	-
At 31 March 2020	21,900,000	2,750,000	(7,549,125)	17,100,875

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	21,900,000	2,750,000	(11,180,791)	13,469,209
Comprehensive income for the year				
Profit for the year	-	-	1,822,536	1,822,536
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,822,536	1,822,536
Total transactions with owners	-	-	-	-
At 31 March 2019	21,900,000	2,750,000	(9,358,255)	15,291,745

The notes on pages 23 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	*2019* £
Net cash flow from operating activities	26	**11,290,112**	11,093,656
Returns on investments and servicing of finance	27	**(92,654)**	(159,867)
Capital expenditure and financial investment	27	**(2,523,483)**	(1,795,027)
CASH INFLOW BEFORE FINANCING		**8,673,975**	9,138,762
INCREASE IN CASH IN THE YEAR		8,673,975	9,138,762

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT

	2020 £	*2019* £
Increase in cash in the year	8,673,975	9,138,762
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	8,673,975	9,138,762

MOVEMENT IN NET DEBT IN THE YEAR

Net funds at 1 April 2019	**28,679,337**	19,540,575
Movement in net debt resulting from cash flows	**8,673,975**	9,138,762
NET FUNDS AT 31 MARCH 2020	**37,353,312**	28,679,337

The notes on pages 23 to 46 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The “Scottish Event Campus Limited” is a limited liability company incorporated in Scotland whose registered office is at Scottish Event Campus, 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 UK and the Republic of Ireland and the Companies Act 2006.

The Group has restated the prior year revenue and operating costs figures, as these had included an intercompany transaction, with the impact of grossing up both revenue and operating costs by £1,926,380. This has no impact on the consolidated net assets.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group'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 the Scottish Event Campus Limited and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

No statement of comprehensive income is presented for the Scottish Event Campus Limited as permitted by section 408 of the Companies Act 2006.

1.3 Going concern

The Group'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.

The financial statements have been prepared on a going concern basis. The impact of COVID-19 at and after the balance sheet date has had a significant impact on the financial plans of the Group. In particular, COVID-19 has resulted in the closure of the campus and cancellation of all events since 20 March 2020 to the date of these financial statements. This closure, as well as longer term uncertainty around the future of mass gatherings, has had a significant impact on the Group's forecast cash flow through to the period up to 12 months from the reporting date.

In response to the cancellation of events the Directors have taken measures to protect our people, clients and business which include:

- the utilisation of the government Job Retention Scheme; and
- a significant reduction of the non-essential cost base.

Furthermore, in March 2020, and as announced on 30 March 2020 by Scotland's First Minister, the Group also agreed with the Scottish Government to the closure of the campus to support the NHS in Scotland, with the NHS Louisa Jordan temporary medical facility being established. The facility was created to increase patient capacity during the coronavirus pandemic and is currently being utilised to treat day patients across different medical areas and as a training centre. The SSE Hydro was returned to the Group on 31 July 2020 and the SEC Centre will be utilised to 31 July 2021 with an extension to the initial agreement now in place.

In assessing the going concern position of the Group, the Directors have considered the Group's cash flows, liquidity and business activities. In making the assessment, the Directors have considered worst-case modelling with periods of no income from events or partners and reduced capacity until 1 April 2022 to further support the assessment of the business as a going concern. This assessment demonstrates that no further external financing is required.

There is uncertainty around when events will return to campus and the impact COVID-19 will have on events for the foreseeable future and the future financial position of the Group. The Directors have considered the impact and uncertainties of COVID-19 and believe the outlook of the Group remains positive due to a large number of events rescheduling into future years, including COP26 to November 2021, and an agreement to continue to support the NHS in Scotland with NHS Louisa Jordan until July 2021.

With the vaccine rollout the Directors remain optimistic and believe the business is well placed to manage the risks due to the level of secured future business, cash reserves and the flexible nature of the campus to adapt to delivering events safely post pandemic. The assessment has taken into account the current measures put in place to preserve cash and reduce discretionary expenditure during a period when the campus is all but temporarily closed. The Directors have considered the additional options available to the Group to further mitigate expenditure and the impact on its cash flow and liquidity should they be required.

1.3 Going concern (continued)

The cash flow forecasts prepared in the assessment show a continuing positive cash position and remaining within the current cash available and funds drawn down from the bank facility to date. This headroom is before considering the remaining available funding from the revolving credit facility which is available to the Directors.

The current revolving credit bank facility is secured until September 2022. £10 million has been drawn to date from the £25 million available finance. The cancellation of events during 2020 does result in the Group failing to meet the agreed loan covenants for the quarters to September 2020 and December 2020. However, the Directors have received formal written confirmation from their lender waiving the covenant for these quarters and expect to meet the covenant requirements throughout 2021.

Having assessed the combination of the various options and mitigations available, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for preparation of the financial statements.

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.

The Group recognises the revenue for space letting, ticketing, service and exhibition organising at the time the event takes place.

1.5 Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or Group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

1.6 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.

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land, Buildings and Fixed Plant	-	primarily over 50 years
Plant and equipment	-	over 3 to 50 years
Motor vehicles	-	over 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 and are recognised in the consolidated statement of comprehensive income.

1.7 Valuation of investments

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.8 Financial instruments

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.9 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 consolidated statement of comprehensive income 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.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

1.10 Leased assets: the Group as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives.

Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.11 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price.

In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

1.12 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 payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income 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.

1.13 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.

1.14 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

1.15 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 consolidated statement of comprehensive income 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.

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge 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 tax 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;
- 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.17 Related parties

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

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.

2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

The Company 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 Company retained the significant risks and rewards of ownership of these assets, the Directors have considered it appropriate to continue to recognise the assets in the statement of financial position.

The following is the Company'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 11 and 22.

3. Subsequent events

Following the balance sheet date, COVID-19 has had a significant impact on the group, with no events taking place until further notice. There is an agreement to continue to support NHS Scotland with NHS Louisa Jordan in the SEC Centre until July 2021. At the date of signing, the SSE Hydro and Armadillo remain available for events. The impact of the COVID-19 pandemic has been discussed in the Strategic Report, Directors' Report and Accounting Policies note 1.3. The risk of impairment of assets and worst-case scenario modelling has been carried out.

4. Turnover

	2020	*2019 Restated*
	£	£
Space letting, ticketing, service and exhibition organising	**32,472,403**	33,182,311
Release of deferred capital grants	**850,668**	851,113
	33,323,071	34,033,424

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020 £	*2019* £
Depreciation of tangible fixed assets	**3,457,916**	3,363,088
Amortisation of goodwill	**20,777**	-
Impairment of goodwill	**83,108**	-
Audit remuneration – audit services	**65,000**	42,000
Non audit services – taxation services	**7,000**	7,000

6. Employees

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

	2020 £	*2019* £
Wages and salaries	**8,243,421**	7,791,567
Social security costs	**806,849**	757,167
Cost of defined contribution scheme	**790,328**	677,289
	9,840,598	9,226,023

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

	2020 No.	*2019* No.
	235	226

7. Directors' remuneration

	2020 £	*2019* £
Directors' emoluments	**595,467**	570,316
Company contributions to defined contribution pension schemes	**7,500**	10,000
	602,967	580,316

The highest paid Director received remuneration of £266,808 *(2019 - £251,463)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £2,500 *(2019 - £10,000)*.

8. Gain on sale of asset

	2020 £	2019 £
Gain on sale of other tangible fixed assets	3,808	71,919
	3,808	71,919

9. Interest receivable

	2020 £	2019 £
Other interest receivable	225,052	155,273
	225,052	155,273

10. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	317,706	315,140
	317,706	315,140

11. Taxation

	2020 £	2019 £
UK Corporation tax on profits for the period	-	25,079
Adjustment in respect of previous periods	-	-
Total current tax	-	25,079
Deferred tax		
Origination and reversal of timing differences	590,126	513,371
Effect of changes in tax rates	213,275	(39,260)
Adjustment in respect of previous periods	11,308	-
Total deferred tax	814,709	474,110
Taxation on profit on ordinary activities	814,709	499,189

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% *(2019 – 19%).*

The differences are explained below:

	2020 £	*2019 £*
Profit on ordinary activities before tax	**2,375,390**	2,294,089
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**451,324**	435,876
Effects of:		
Expenses not deductible for tax purposes	**300,430**	274,030
Adjustments in respect of prior periods	**11,308**	-
Tax rate changes	**213,275**	(39,260)
Income not taxable	**(161,628)**	(161,712)
Deferred tax not provided	**-**	(9,745)
Total tax charge for the year	***814,709***	499,189

Factors affecting future tax charges

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017.

The Finance Act 2016 included legislation to reduce the tax rate further to 17% from 1 April 2020.

This rate was enacted when The Finance Act 2016 received Royal Assent on 15 September 2016.

Following the Budget resolution on 17 March 2020, the main UK corporation tax rate will remain at 19% from 1 April 2020 (cancelling the previously enacted cut to 17%). As this became substantially enacted on 17 March 2020, deferred tax has been recognised at 19% (2019 - 17%).

12. 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 £1,809,130 *(2019 - £1,822,536)*.

13. Goodwill

	Goodwill £
Cost /Valuation	
At 1 April 2019	**103,885**
At 31 March 2020	**103,885**
Amortisation/Impairment	
At 1 April 2019	-
Amortisation charge	20,777
Impairment charge	83,108
At 31 March 2020	**103,885**
Net book value	
At 31 March 2020	**-**
At 31 March 2019	**103,885**

In consideration of recoverable values, the Directors' have assessed the carrying value of goodwill and impaired it in full.

14. Tangible fixed assets

Group

	Land, Buildings & Fixed Plant £	Assets under construction £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2019	150,988,329	3,036,998	19,409,127	195,385	173,629,839
Additions	923,100	-	1,078,080	39,100	2,040,280
Disposals	-	-	-	(50,695)	(50,695)
At 31 March 2020	**151,911,429**	**3,036,998**	**20,487,207**	**183,790**	**175,619,424**
Depreciation					
At 1 April 2019	59,190,251	-	14,574,817	172,092	73,937,160
Charge for the period on owned assets	2,396,386	-	1,048,461	13,069	3,457,916
Disposals	-	-	-	(37,706)	(37,706)
At 31 March 2020	**61,586,637**	**-**	**15,623,278**	**147,455**	**77,357,370**
Net book value					
At 31 March 2020	**90,324,792**	**3,036,998**	**4,863,929**	**36,335**	**98,262,054**
At 31 March 2019	91,798,078	3,036,998	4,834,311	23,293	99,692,679

14. Tangible fixed assets (continued)

Company

	Land, Buildings & Fixed Plant £	Assets under construction £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2019	150,971,373	3,036,998	18,365,685	176,177	172,550,233
Additions	923,099	-	926,541	39,100	1,888,740
Disposals	-	-	-	(50,695)	(50,695)
At 31 March 2020	**151,894,472**	**3,036,998**	**19,292,226**	**164,582**	**174,388,278**
Depreciation					
At 1 April 2019	59,170,737	-	13,773,754	152,885	73,097,376
Charge for the period on owned assets	2,394,713	-	989,188	13,069	3,396,970
Disposals	-	-	-	(37,706)	(37,706)
At 31 March 2020	**61,565,450**	**-**	**14,762,942**	**128,248**	**76,456,640**
Net book value					
At 31 March 2020	**90,329,022**	**3,036,998**	**4,529,284**	**36,334**	**97,931,638**
At 31 March 2019	91,800,636	3,036,998	4,591,931	23,292	99,452,857

15. Debtors

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Trade debtors	**3,499,614**	3,792,646	**2,641,692**	2,905,650
Other debtors	**929,824**	925,503	**917,833**	887,991
Prepayments and accrued income	**1,022,820**	834,879	**872,293**	722,521
VAT repayable	**-**	-	**99,173**	169,280
	5,452,258	5,553,028	**4,530,991**	4,685,442

16. Creditors: Amounts falling due within one year

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Bank drawdown	**10,000,000**	-	**10,000,000**	-
Trade creditors	**609,257**	3,710,108	**460,705**	3,114,844
Amounts owed to Group undertakings	**-**	-	**4,600,181**	3,812,523
VAT payable	**422,127**	316,660	**-**	-
Other taxation and social security	**253,052**	227,499	**224,113**	196,471
Obligations under finance lease and hire purchase contracts	**40,978**	16,663	**40,978**	16,663
Promoters and other creditors	**26,630,235**	27,721,783	**22,677,136**	24,987,459
Corporation tax	**-**	25,078	**-**	-
Accruals and deferred income	**11,570,177**	11,503,315	**11,053,783**	10,877,145
Financial instruments	**-**	48,264	**-**	48,264
	49,525,826	43,569,370	**49,056,896**	43,053,369

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Creditors: Amounts falling due after more than one year

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Net obligations under finance lease and hire purchase contracts	**37,154**	24,140	**37,154**	24,140
Sale and leaseback	**38,000,000**	38,500,000	**38,000,000**	38,500,000
Accruals and deferred income	**821,051**	776,548	**523,388**	699,363
	38,858,205	39,300,688	**38,560,542**	39,223,503

18. Financial instruments

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Financial liabilities				
Derivative financial instruments designed as hedges of variable interest rate risk	**-**	(48,264)	**-**	(48,264)
	-	(48,264)	**-**	(48,264)

19. Short term bank loans

Group and Company

	2020 £	*2019 £*
Bank drawdown	**10,000,000**	-

A revolving credit bank facility was drawn down in the year to reduce any cash flow risks. This was in the form of a short term bank loan of £10m which is shown above and included within Note 16 Creditors: Amounts falling due within one year.

20. Provisions

Group and Company

	2020 £
At beginning of year	**213,227**
Repayment	(92,900)
Movement charged to income statement	49,279
At end of year	**169,606**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase plant and machinery fall due as follows:

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Within one year	**40,978**	16,663	**40,978**	16,663
Between 1-2 years	**37,154**	14,113	**37,154**	14,113
Between 2-5 years	**-**	10,027	**-**	10,027
	78,132	40,803	**78,132**	40,803

22. Deferred tax liability

Group

	2020 £
At beginning of year	**1,567,510**
Adjustment in respect of prior years	11,308
Deferred tax charge to income statement for period	803,401
At end of year	**2,382,219**

22. Deferred tax liability (continued)

Company

	2020 £
At beginning of year	**1,572,689**
Adjustment in respect of prior years	11,308
Charged to the profit or loss	782,193
At end of year	**2,366,190**

The deferred tax liability is made up as follows:

	Group £	Company £
RECOGNISED		
Fixed asset timing differences	3,042,954	3,026,927
Short-term timing differences	52	52
Trading losses	(660,790)	(660,790)
	2,382,216	2,366,189
UNRECOGNISED		
Trading losses	-	-
Capital losses	(87,662)	(80,951)
	(87,662)	(80,951)

23. Deferred grants

Group and Company

	Deferred Grants £
At 1 April 2019	**34,115,614**
Utilised in year	(850,668)
At 31 March 2020	**33,264,946**

The Group received two government grants for the development of The SSE Hydro and related works. The conditions of the grant required capital expenditure which were fully met when awarded. There are no unfulfilled conditions related to either grant and the only contingency for repayment would arise if a disposal of The SSE Hydro were made.

The expected outflow of the deferred grant is as follows:	2020 £	*2019 £*
Within one year	**814,213**	850,668
Between 1-2 years	**779,511**	814,213
Between 2-5 years	**2,333,358**	2,335,083
Greater than 5 years	**29,337,866**	30,115,652

24. Share capital

	2020 £	*2019 £*
Shares classified as equity		
Allotted, called up and fully paid		
21,900,000 Ordinary shares of £1 each	**21,900,000**	21,900,000

The Company has one class of ordinary share which carries full voting rights but no rights to fixed income or repayment of capital. Distributions are at the discretion of the Company.

25. Reserves

Group	Capital redemption reserve £	Profit and loss account £
At 1 April 2019	**2,750,000**	**(9,174,253)**
Total comprehensive income for the financial year	-	1,560,681
At 31 March 2020	**2,750,000**	**(7,613,572)**

Company	Capital redemption reserve £	Profit and loss account £
At 1 April 2019	**2,750,000**	**(9,358,255)**
Total comprehensive income for the financial year		1,809,130
At 31 March 2020	**2,750,000**	**(7,549,125)**

26. Net cash flow from operating activities

	2020 £	*2019* £
Operating profit	**2,415,972**	2,360,215
Depreciation	**3,457,916**	3,363,088
Amortisation charges	**20,777**	-
Impairment charges	**83,108**	-
(Increase)/decrease in debtors	**100,770**	1,208,116
Increase in creditors	**6,062,237**	5,013,350
Deferred capital grant movement	**(850,668)**	(851,113)
Net cash inflow from operating activities	**11,290,112**	11,093,656

27. Analysis of cash flows for headings netted in cash flow statement

	2020	*2019*
	£	*£*
Returns on investments and servicing of finance		
Interest received	**225,052**	155,273
Interest paid	**(317,706)**	(315,140)
Net cash outflow from returns on investments and servicing of finance	**(92,654)**	(159,867)

	2020	*2019*
	£	*£*
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(2,040,280)**	(1,134,960)
Goodwill	**-**	(43,585)
Reclassification of assets under construction	**-**	(223,465)
Net proceeds of asset sales	**16,797**	106,983
Sale and leaseback	**(500,000)**	(500,000)
Net cash outflow from capital expenditure	**(2,523,483)**	(1,795,027)

28. Analysis of changes in net funds

	1 April 2019	**Cash flow**	**Other non-cash changes**	**31 March 2020**
	£	**£**	**£**	**£**
Cash at bank and in hand	**28,679,337**	**8,673,975**	**-**	**37,353,312**
Net funds	**28,679,337**	**8,673,975**	**-**	**37,353,312**

Included within cash at 31 March 2020 is an amount of £456,218 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 30 for further information.

Also included within cash at 31 March 2020 was an amount of £8,117,508 held within a short-term deposit account with a 120-day notice period.

29. Pension commitments

On 1 April 2006, a 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 6 Employees. The assets are held in the names of individual employees. At 31 March 2020 there was £273 (2019 - £NIL) of outstanding pension contributions in respect of this scheme.

30. 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 31. 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 SEC Board as representatives of the principal shareholder.

Scottish Event Campus 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 19 April 2047.

Scottish Event Campus Limited entered an agreement with City Parking (Glasgow) LLP, a wholly owned subsidiary of GCC, in respect of the multi storey car park. The campus development will provide two hotels on site. Until the first 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, £169,606 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 Scottish Event Campus 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 £1,537,852 (2019 - £1,435,358).

31. Controlling party

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

Scottish Event Campus Limited (the Group) consists of all subsidiaries listed in Note 32.

The results of the Group are consolidated into the Glasgow City Council financial statements which are available from the principal offices.

32. Subsidiary undertakings

The following were subsidiary undertakings of the Group:

Name	Holding	Country of Incorporation	Share Capital	Principal Activity
QD Events Ltd	100%	Scotland	Ordinary	Event Organiser
Scottish Conference Centre Ltd	100%	Scotland	Ordinary	Venue Management
SEC Project Management Ltd	100%	Scotland	Ordinary	Management of Large Capital Projects
Scottish Exhibition & Conference Centre Ltd	100%	Scotland	Ordinary	Dormant
Associate Events and Exhibition Ltd	100%	Scotland	Ordinary	Dormant
Scottish Exhibition Centre Ltd	100%	Scotland	Ordinary	Dormant
Glasgow Box Office Ltd	100%	Scotland	Ordinary	Dormant
SEC Exhibitions Ltd	100%	Scotland	Ordinary	Dormant
SFN Expo Ltd *	100%	Scotland	Ordinary	Show Organiser

* Owned via QD Events Ltd

The registered office of the subsidiary undertakings noted above is Scottish Event Campus, Glasgow, G3 8YW.

32. Subsidiary undertakings (continued)

For the year ended 31 March 2020 Scottish Conference Centre Limited, SC090711, QD Events Ltd, SC241462 and SFN Expo Limited, SC459534 were entitled to exemption from audit under section 479A of the Companies Act 2006. The parent companies have provided a guarantee over any liabilities at the end of the financial year.

For the year ended 31 March 2020 Scottish Exhibition & Conference Centre Ltd, SC160699, Associate Events and Exhibition Ltd, SC093013, Scottish Exhibition Centre Ltd, SC259983, Glasgow Box Office Ltd, SC201916 and SEC Exhibitions Ltd, SC130717 were dormant and exempt from preparing individual accounts by virtue of section 394a of Companies Act 2006.