Registered number:
SC082081

SCOTTISH EVENT CAMPUS LIMITED

(formerly Scottish Exhibition Centre Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

SCOTTISH EVENT CAMPUS LIMITED
(formerly 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 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

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The directors present their strategic report for the year ended 31 March 2017. The report is presented as follows:

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

Business Review

2016/17 has been another very successful year for the Scottish Event Campus Limited (hereafter SEC, or the Group). During the year, the business changed its name to the Scottish Event Campus Limited from Scottish Exhibition Centre Limited. The new name acknowledges that the venue has developed over a period of more than 30 years – with The Armadillo and The SSE Hydro being added to the site over time. In addition, the company recognises that over this period, Live Entertainment has grown to be a significant part of the business which is not represented by its former name.

The Scottish Event Campus, better describes the site, is more representative of what we do and reflects a vision for the future. It is important to add that the new name still retains a clear reference to its origins, maintaining a connection to the excellent reputation the venue has built up in each of the market sectors – Conferences, Exhibitions, Live Entertainment and Box Office services in which we operate.

Turnover for the year was in line with last year. A change to the timing of recognition of ticketing income has resulted in a transitional reduction in this year only leading to a reduced operating profit for the year of £1.1m. Underlying business profitability is however also in line with the previous year despite the expected reduction in conference business.

It was a record year for the Exhibition sector with 15% revenue growth, 5 new shows added and high retention levels for established events. The SSE Hydro continues to be one of the world’s top venues with over 1 million visitors during the year returning to number 2 on the list of the busiest live entertainment arenas in the world in the first quarter of 2017. 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 having been signed. The Conference sector secured a record level of future business during the year.

There was net cash inflow from operating activities of £7.8m for the year. Whilst the business is inherently cash generative, there can be variations from year to year as a result of cash held on behalf of concert promoters. Significant cash fluctuations can arise from inflow at the time of the ticket sales and the outflow at the performance date.

The success is measured not only in financial terms but also by the economic impact of the campus which generated net additional expenditure of over £1m per day in the Glasgow area.

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 investment in the backstage artist and promoter areas took place along with the enhancement of hospitality areas, and handrails added in the SSE Hydro. Upgraded digital signage was installed in the SEC Centre and SEC Armadillo. New websites for SEC Centre and The SSE Hydro were launched.

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 drive the strategy for the Group. The implementation of the People Strategy began this year, with our Culture and Values being a key focus. The strategy provides a more strategic but individual approach to learning and development of every employee. The People Strategy is aligned to the vision and mission of the business, in particular the need to have the “Best People”.

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 was prepared to establish viable options for upgrading and expanding the campus, principally to facilitate further growth in the Conference and Exhibition sectors. The ambitious plans are supported by a robust business plan and an economic impact study. The focus now will be to secure funding support for a project which would be of significant benefit to the Glasgow and Scottish economies.

The results include the impact from the disposal of one of the hotel sites on the campus. A gain on sale of £2.0m is included in the results. The second site was disposed of post year end with proceeds of £0.6m and will be included in the following financial year's results.

The development of the two hotels on the campus is likely to begin in the final quarter of 2017.The hotels will add approximately 400 bedrooms to the campus when complete. The hotels 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 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 the related employment. The campus will continue to generate economic benefits for Glasgow, Scotland and the rest of the UK.

SEC continues to be the recipient of major industry awards having previously been named Large Venue of the Year at The Drum UK Event Awards, the Best Event Space at the Event Magazine Awards, and Venue of the Year at the Exhibition News awards. Most recently, SEC was announced as the winner of ABPCO's Best Industry Partnership Award. The SSE Hydro was awarded The Royal Academy of Engineering, Major Project Award. This prestigious award recognises the impact that a project has had on society.

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

Employees

As well as the rollout of the People Strategy, employees across the business have been involved in the development and application of the company missions 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.

Healthy initiatives for employees and event attendees are a focus for the SEC which 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 2016, SEC 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

SEC is creating a comprehensive environmental policy with the objective of reducing the impact that the business has on the environment. Among the measures being 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 SEC are encouraged to adopt more environmentally friendly policies. SEC 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 to reflect current best practice. EKOS was commissioned during 2015 to update the economic impact study it 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 and the Scottish Government. Using the base multipliers within the EKOS study, in the year 2016/17, as a result of the business conducted by SEC, the net additional expenditure in Glasgow was estimated at £414m, in Scotland £272m and in the UK, £166m.

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.

During the year, the Group reconsidered its policy on the timing of recognition of ticketing income and the associated costs. Due to the contractual requirement to provide a refund if an event does not take place, coupled with the fact that under current contractual agreements the final allocation of revenue between SEC and the promoters is not determined until after an event takes place, the Group has identified that it is more appropriate to recognise ticketing income and the associated costs when the event takes place and not as previously on sale of ticket. Under the previous policy, the revenue and costs could fluctuate depending on the number and timing of when events were sold, and not in relation to the events hosted in the year. Comparative information has been restated accordingly as set out in note 1 to the financial statements. This does not impact on cash flow issue described earlier. The performance indicators below include the effect of the restatement on turnover and EBITDA.

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

	2017	**Restated 2016**
Turnover	£28.8m	£29.4m
EBITDA	£3.4m	£4.3m
Net cash inflow/(outflow) from operating activities	£7.8m	(£5.5m)
Capital Expenditure excluding projects	£1.6m	£1.8m
Economic Impact (estimated)	£414m	£411m
Number of Visitors	1.9m	1.8m
Pollstar Arena Global Ranking	8th	3rd
Number of Exhibitions held	45	42
Number of International Conferences held	12	16

[1] EBITDA is defined as operating profit from recurring operations before depreciation of assets and release of grants.
[2]. Details of the restated 2016 figures are can be found in “Notes to the financial statements”, note 1.16 “Prior Year Restatement”.

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 6%. 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 Suites are currently all under contract.

Conference turnover decreased by 21% in the year. The previous financial year was a record year for the sector. The lower level of turnover was not unexpected and was in line with the cyclical nature of some national and international conferences. A similar cycle will be seen through 2017/18 followed by stronger years in 2018/19 and 2019/20. Twelve international conferences were held during the year. The greater space availability created by moving the majority of Live Entertainment events to The SSE Hydro has allowed the sector to continue to attract future business. During 2017, based on current turnover levels, the equivalent of 18 months' worth of future business was secured. The plans for an expanded campus will support further growth in this important sector.

Exhibition turnover increased by 15% during the year with 5 new events added. In August 2016, the venue hosted Ignition, a site wide festival of motoring, which utilised internal and external space on the campus. The All Energy exhibition and conference, the largest sustainable energy show in the UK continues to be an annual event on the campus. The sector is confident of adding new shows in 2017. The plans for an expanded campus would provide opportunity for future growth.

Live Entertainment turnover reduced by 3% during the year in line with the UK trend. The slight decrease was driven by the mix of touring productions. Visitor numbers to The SSE Hydro again exceeded 1 million which listed the venue at number 8 in the Pollstar ranking of Global Arenas for the year to December 2016. A strong first quarter in 2017 has seen the venue ranking moving to number 2 in the Pollstar rankings. 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 our first televised World Championship boxing event. Further televised broadcasts of Andy Murray Live, our first tennis event took place along with the worldwide broadcast of WWE Wrestling, a first for Scotland. 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.

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 announcement by Celine Dion who will play, London, Glasgow, Manchester and Birmingham. The addition of The SSE Hydro also broadened the range of events held in the venue which included Arenacross, Andy Murray Live, The Glasgow Tattoo, Disney Ice Productions and WWE Wrestling. 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.

The EBITDA achieved in 2017 was driven by the strong sector performances. This is a key measure for the business and all cash generated has been reinvested in the campus.

Box Office turnover reduced by 3% in line with the Live Entertainment turnover reduction. Demand for future events continues to be strong with 2017/18 shaping up well with a host of international artists including Bruno Mars, Celine Dion and Metallica fuelling forward 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 Irn Bru Carnival. During the year QD Events added Resonate – The Festival of eSports and Gaming to their portfolio with a successful launch.

Interest payable during the year was £0.4m. Our business is inherently cash generative with a net cash inflow from operating activities of £7.8m noted for the year. The positive cash flow allowed a debt repayment of £1.0m to be made during the financial year to Glasgow City Council in respect of the Sale and Leaseback liability. The level of cash held on behalf of promoters is driven by the level of ticket sales for future events. A movement towards longer lead times between the date of ticket sales and the performance date occurred during the year which resulted in the inflow. This contrasted with the outflow and shorter 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. The facility was undrawn at the year end.

Principal Risks and Uncertainties

SEC operates a risk register for the key business risks. The risk register is reviewed by the SEC 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. 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 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 SEC in a strong position in the Live Entertainment and Box Office sectors.

Security Risk

Recent events have yet again highlighted the ongoing risks associated with the threat of terrorism in public spaces in the UK. 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 in the light of the unfolding international situation.

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 SEC on an optimum basis.

Technological Risks

During the year, SEC implemented new websites to deal with the business needs. The websites are hosted offsite in a secure environment. An updated Technology Strategy has been prepared to establish future technology requirements across the business. The implementation of the strategy will begin in 2017 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, 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 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 main risks arising from the SEC's financial operations are liquidity, foreign currency, price and yield, and credit risks. SEC 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. SEC 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, SEC 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

  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 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.

  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 SEC Board and signed on its behalf.

Peter Duthie
Director
Date: 19 June 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Directors present their report and the financial statements for the year ended 31 March 2017.

Results and Dividends

The profit for the year, after taxation, amounted to £2,543,366 *(2016 - £1,231,480)*.

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 until such times as the Profit and Loss reserves return to a positive figure (2016 - £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 well-developed box office operation which provides a full ticketing service for events staged at and outwith the SEC.

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 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
Gary Hughes
Carole Forrest
William McFadyen
Graeme Hendry (Resigned 4 May 2017)
Morag Johnston (Resigned 31 May 2017)
Thomas Turley
Pauline Lafferty
Morag McNeill

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 auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, 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 and signed on its behalf.

Peter Duthie
Director
Date: 19 June 2017

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

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 (FORMERLY SCOTTISH EXHIBITION CENTRE LIMITED)

We have audited the financial statements of Scottish Event Campus Limited (formerly Scottish Exhibition Centre Limited) for the year ended 31 March 2017, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and 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 the 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 auditor

As explained more fully in the Directors' Responsibilities Statement 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 Financial Reporting Council'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 annual report and financial statements 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 the parent company's affairs as at 31 March 2017 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 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
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the 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 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, Statutory Auditor
Glasgow

Date:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 Restated £
TURNOVER		**28,810,542**	*29,386,018*
OPERATING COSTS		**(27,696,963)**	*(27,364,893)*
OPERATING PROFIT	4	**1,113,579**	*2,021,125*
Gain on sale of asset		**1,989,049**	*10,800*
Interest receivable and similar income	7	**30,503**	*35,033*
Interest payable	8	**(406,160)**	*(355,721)*
Gain/(Loss) on financial liability at fair value		**11,237**	*(190,347)*
PROFIT BEFORE TAXATION		**2,738,208**	*1,520,890*
Tax on profit on ordinary activities	9	**(194,842)**	*(289,410)*
PROFIT FOR THE FINANCIAL YEAR		**2,543,366**	*1,231,480*
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**-**	*-*
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**2,543,366**	*1,231,480*
PROFIT ATTRIBUTABLE TO			
Owners of the parent Company		**2,543,366**	*1,231,480*
		2,543,366	*1,231,480*
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent Company		**2,543,366**	*1,231,480*
		2,543,366	*1,231,480*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note		2017 £		2016 Restated £
Fixed assets					
Tangible assets	11		**100,761,506**		*102,412,809*
Investments			**60,300**		-
			100,821,806		*102,412,809*
Current assets					
Debtors: amounts falling due within one year	12	**8,671,546**		*9,238,626*	
Bank current accounts		**13,707,309**		*6,930,944*	
		22,378,855		*16,169,570*	
Creditors: amounts falling due within one year	13	**(31,442,357)**		*(26,722,001)*	
Net current liabilities			**(9,063,502)**		*(10,552,431)*
Total assets less current liabilities			**91,758,304**		*91,860,378*
Creditors: amounts falling due after more than one year	14		**(42,023,935)**		*(43,221,199)*
Provisions for liabilities					
Deferred taxation	17	**(848,221)**		*(653,379)*	
Other provisions	18	**(36,645,457)**		*(38,288,475)*	
			(37,493,678)		*(38,941,854)*
Net assets			**12,240,691**		*9,697,325*
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		**(12,409,309)**		*(14,952,675)*
Equity attributable to owners of the parent Company			**12,240,691**		*9,697,325*
			12,240,691		*9,697,325*

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:
Peter Duthie
Chief Executive Officer
Date: 19 June 2017
The notes on pages 18 to 36 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note		2017 £		2016 Restated £
Fixed assets					
Tangible assets	11		**100,505,549**		*102,235,589*
Investments			**800,401**		*800,101*
			101,305,950		*103,035,690*
Current assets					
Debtors: amounts falling due within one year	12	**8,109,824**		*8,518,780*	
Bank and cash balances		**12,425,466**		*5,904,242*	
		20,535,290		*14,423,022*	
Creditors: amounts falling due within one year	13	**(30,337,417)**		*(25,970,687)*	
Net current liabilities			**(9,802,127)**		*(11,547,665)*
Total assets less current liabilities			**91,503,823**		*91,488,025*
Creditors: amounts falling due after more than one year	14		**(41,743,737)**		*(42,935,137)*
Provisions for liabilities					
Deferred taxation	17	**(864,775)**		*(671,516)*	
Other provisions	18	**(36,645,458)**		*(38,288,475)*	
			(37,510,233)		*(38,959,991)*
Net assets			**12,249,853**		*9,592,897*
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		**(12,400,147)**		*(15,057,103)*
			12,249,853		*9,592,897*

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

Peter Duthie
Chief Executive Officer
Date: 19 June 2017

The notes on pages 18 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016 as originally presented	**21,900,000**	**2,750,000**	**(14,138,540)**	**10,511,460**
Prior year adjustment	**-**	**-**	**(814,135)**	**(814,135)**
At 1 April 2016 as restated	**21,900,000**	**2,750,000**	**(14,952,675)**	**9,697,325**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**2,543,366**	**2,543,366**
Other comprehensive income for the year				
Total comprehensive income for the year	**-**	**-**	**2,543,366**	**2,543,366**
At 31 March 2017	**21,900,000**	**2,750,000**	**(12,409,309)**	**12,240,691**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015 as originally presented	**21,900,000**	**2,750,000**	**(14,951,751)**	**9,698,249**
Prior year adjustment	**-**	**-**	**(1,232,404)**	**(1,232,404)**
At 1 April 2015 as restated	**21,900,000**	**2,750,000**	**(16,184,155)**	**8.465,845**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**1,231,480**	**1,231,480**
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**1,231,480**	**1,231,480**
At 31 March 2016	**21,900,000**	**2,750,000**	**(14,952,675)**	**9,697,325**

The notes on pages 18 to 36 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016 as originally presented	**21,900,000**	**2,750,000**	**(14,952,675)**	**10,407,035**
Prior year adjustment	**-**	**-**	**(814,135)**	**(814,138)**
At 1 April 2016 as restated	**21,900,000**	**2,750,000**	**(15,057,103)**	**9,592,897**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**2,656,956**	**2,656,956**
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**2,656,956**	**2,656,956**
At 31 March 2017	**21,900,000**	**2,750,000**	**(12,400,147)**	**12,249,853**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015 as originally presented	**21,900,000**	**2,750,000**	**(14,924,206)**	**9,725,794**
Prior year adjustment			**(1,232,402)**	**(1,232,402)**
At 1 April 2015 as restated	**21,900,000**	**2,750,000**	**(16,156,608)**	**8.493,392**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**1,099,505**	**1,099,505**
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**1,099,505**	**1,099,505**
At 31 March 2017	**21,900,000**	**2,750,000**	**(15,057,103)**	**9,592,897**

The notes on pages 18 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	*2016 £*
Net cash flow from operating activities	21	**7,765,633**	*(5,508,799)*
Returns on investments and servicing of finance	22	**(375,657)**	*(320,688)*
Capital expenditure and financial investment	22	**(613,611)**	*(1,801,961)*
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		**6,776,365**	*(7,631,448)*
(DECREASE)/INCREASE IN CASH IN THE YEAR		**6,776,365**	*(7,631,448)*

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

	2017 £	*2016 £*
Increase/(Decrease) in cash in the year	**6,776,365**	*(7,631,448)*
CHANGE IN NET DEBT RESULTING FROM CASHFLOWS	**6,776,365**	*(7,631,448)*
MOVEMENT IN NET DEBT IN THE YEAR:		
Net funds at 1 April 2016	**6,930,944**	*14,562,392*
Movement in net debt resulting from cash flows	**6,776,365**	*(7,631,448)*
NET FUNDS AT 31 MARCH 2017	**13,707,309**	*6,930,944*

The notes on pages 18 to 36 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The Scottish Event Campus Limited (formerly Scottish Exhibition Centre 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 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 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 consistently with the exception of the item disclosed in 1.16:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Scottish Event Campus Limited and its own subsidiaries ("the Scottish Event Campus Limited") 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.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

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.

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.

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.

1.6 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 re-measurement 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.

1.7 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 re-measured 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 company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1. Accounting policies (continued)

1.8 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.

1.9 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 company. 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.

1.10 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 of 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.

1.11 Holiday pay

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.

1.12 Interest income

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

1.13 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.

1. Accounting policies (continued)

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.

1.14 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.

1.15 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. Accounting policies (continued)

1.16 Prior Year Restatement

During the year, the Group reconsidered the timing of recognition of ticketing income and the associated costs in line with the revenue recognition requirements of FRS 102. Due to the contractual agreements, the final allocation of revenue between SEC and promoters is not determined until after an event takes place, the Group has identified that it is more appropriate to recognise ticketing income and the associated costs when the event takes place and not as previously on the sale of ticket. This ensures that revenue is recognised when all contractual obligations have been settled and the amount of revenue due to the Group is identified, separate from the ticket revenue and booking fees retained 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. Revenue recognised by the Group will now be in line with the hosting of the events and reduces fluctuations in revenue from arising principally due to the impacts of promoters changing the lead time between ticket sales and the performance date.

The effect in the policy change on the current year's results and the prior year comparative is noted below.

Net Assets Restatement:	£
Opening Net Assets at 1 April 2016	10,511,460
Increase/(decrease) in Debtors	627,678
(Increase)/decrease in Creditors	(1,645,414)
(Increase)/decrease in Deferred Tax	203,600
Closing Net Assets @ 1 April 2016 restated	9,697,325

Capital & Reserves Restatement:	
Opening Capital & Reserves at 1 April 2016	10,511,460
Increase/(decrease) in Operating Profit	522,869
(Increase)/decrease in Tax Charge	(104,600)
Prior Year Reserve Adjustment	(1,232,404)
Increase in Net Assets	9,697,325

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 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.

3. Turnover

	2017	*2016*
	£	*£*
Space letting, service and exhibition organising	**28,810,542**	*29,386,018*
	28,810,542	*29,386,018*

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	**3,193,662**	*3,198,561*
Deferred grant release	**(866,856)**	*(866,856)*
Deferred grant release on sale of asset	**(776,162)**	-
Audit Remuneration Audit Services	**45,000**	*46,300*
Audit Remuneration Tax Services	**15,000**	*20,000*

5. Employees

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

	2017 £	2016 £
Wages and salaries	**6,920,803**	*6,387,676*
Social security costs	**664,717**	*694,553*
Cost of defined contribution scheme	**656,085**	*599,918*
	8,241,605	*7,682,147*

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

	2017 No.	2016 No.
	255	*242*

6. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**494,586**	*486,007*
Company contributions to defined contribution pension schemes	**41,297**	*39,848*
	535,883	*525,855*

The highest paid Director received remuneration of £217,277 *(2016 - £210,723)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £25,750 *(2016 - £25,245)*.

7. Interest receivable

	2017 £	*2016 £*
Other interest receivable	**30,503**	*35,033*
	30,503	*35,033*

8. Interest payable and similar charges

	2017 £	*2016 £*
Bank interest payable	**406,160**	*355,721*
	406,160	*355,721*

9. Taxation

	2017 £	*2016 £*
Total current tax	**-**	*-*
Deferred tax		
Origination and reversal of timing differences	**248,489**	*419,153*
Changes to tax rates	**(54,385)**	*(95,220)*
Adjustment in respect of previous periods	**738**	*(34,523)*
Total deferred tax	**194,842**	*289,410*
Taxation on profit on ordinary activities	**194,842**	*289,410*

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2016 – the same as)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016* *£*
Profit on ordinary activities before tax	**2,738,589**	*1,520,890*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**547,718**	*304,204*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**295,843**	*288,321*
Adjustments to tax charge in respect of prior periods	**738**	*(34,523)*
Other timing differences leading to an increase (decrease) in taxation	**(54,387)**	*(95,221)*
Non-taxable income	**(608,960)**	*(173,371)*
Deferred Tax not provided	**13,890**	-
Total tax charge for the year	**194,842**	*289,410*

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 £6,318,199 (2016 - £4,176,999) 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 £2,656,956 *(2016 - £1,099,505)*.

11. Tangible fixed assets

Group

	Land, Buildings & Fixed Plant £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2016	**149,200,482**	**17,015,212**	**473,250**	**166,688,944**
Additions	**452,893**	**1,090,132**	**23,245**	**1,566,270**
Disposals	**-**	**-**	**(92,835)**	**(92,835)**
At 31 March 2017	**149,653,375**	**18,105,344**	**403,660**	**168,162,379**
Depreciation				
At 1 April 2016	**52,229,443**	**11,772,080**	**274,612**	**64,276,135**
Charge for the period on owned assets	**2,308,993**	**820,361**	**64,308**	**3,193,662**
Disposals	**-**	**-**	**(68,925)**	**(68,925)**
At 31 March 2017	**54,538,436**	**12,592,441**	**269,995**	**67,400,872**
Net book value				
At 31 March 2017	**95,114,939**	**5,512,903**	**133,665**	**100,761,507**
At 31 March 2016	*96,971,039*	*5,243,132*	*198,638*	*102,412,809*

Included with Plant and Machinery is £190,722 of computer software which is being amortised over a 5 year period, representing the contractual life of use of the software.

11. Tangible fixed assets (continued)

Company

	Land, Buildings & Fixed Plant £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2016	**149,183,527**	**16,168,832**	**454,042**	**165,806,401**
Additions	**452,893**	**983,651**	**-**	**1,436,544**
Disposals	**-**	**-**	**(92,835)**	**(92,835)**
At 31 March 2017	**149,636,420**	**17,152,483**	**361,207**	**167,150,110**
Depreciation				
At 1 April 2016	**52,216,858**	**11,086,091**	**267,863**	**63,570,812**
Charge for the period on owned assets	**2,305,408**	**782,507**	**54,759**	**3,142,674**
Disposals	**-**	**-**	**(68,925)**	**(68,925)**
At 31 March 2017	**54,522,266**	**11,868,598**	**253,697**	**66,644,561**
Net book value				
At 31 March 2017	**95,114,154**	**5,283,885**	**107,510**	**100,505,549**
At 31 March 2016	*96,966,669*	*5,082,741*	*186,179*	*102,235,589*

12. Debtors

	Group 2017 £	*Group 2016 Restated £*	**Company 2017 £**	*Company 2016 Restated £*
Trade debtors	**3,529,493**	*3,191,383*	**2,739,545**	*2,309,913*
Other debtors	**536,453**	*686,577*	**527,329**	*644,118*
Corporation tax repayable	**2,016**	*2,016*	**2,016**	*2,016*
Prepayments and accrued income	**4,436,190**	*5,283,697*	**4,377,857**	*5,272,271*
VAT repayable	**167,394**	*74,953*	**463,077**	*290,464*
	8,671,546	*9,238,626*	**8,109,824**	*8,518,782*

Included in prepayments and accrued income is the long term element of £2,789,234 (2016: £2,789,234)

13. Creditors: Amounts falling due within one year

	Group 2017 £	*Group 2016 Restated £*	**Company 2017 £**	*Company 2016 Restated £*
Trade creditors	**3,006,100**	*1,599,016*	**2,275,744**	*1,060,410*
Amounts owed to group undertakings	**-**	*-*	**1,443,633**	*1,803,453*
Other taxation and social security	**53,281**	*243,701*	**53,281**	*219,996*
Obligations under finance lease and hire purchase contracts	**38,001**	*23,041*	**38,001**	*23,041*
Other creditors	**18,820,783**	*16,946,538*	**17,625,147**	*15,448,119*
Accruals and deferred income	**9,464,489**	*7,862,118*	**8,841,908**	*7,368,082*
Financial instruments	**59,703**	*47,587*	**59,703**	*47,587*
	31,442,357	*26,722,001*	**30,337,417**	*25,970,688*

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

	Group 2017 £	*Group 2016 Restated £*	**Company 2017 £**	*Company 2016 Restated £*
Net obligations under finance lease and hire purchase contracts	**61,501**	*35,583*	**61,501**	*35,583*
Sale and Leaseback	**39,000,000**	*40,000,000*	**39,000,000**	*40,000,000*
Accruals and deferred income	**2,843,027**	*3,042,856*	**2,562,829**	*2,756,794*
Financial instruments (after 1 yr)	**119,407**	*142,760*	**119,407**	*142,760*
	42,023,935	*43,221,199*	**41,743,737**	*42,935,137*

15. Financial instruments

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Financial liabilities				
Derivative financial instruments designed as hedges of variable interest rate risk	**(179,110)**	*(190,347)*	**(179,110)**	*(190,347)*
	(179,110)	*(190,347)*	**(179,110)**	*(190,347)*

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Within one year	**38,001**	*23,041*	**38,001**	*23,041*
Between 1-2 years	**23,776**	*23,041*	**23,776**	*23,041*
Between 2-5 years	**37,725**	*12,542*	**37,725**	*12,542*
	99,502	*58,624*	**99,502**	*58,624*

17. Deferred taxation

Group

	2017 £
At beginning of year as restated	**(653,379)**
Charged to the profit or loss	**(194,842)**
At end of year	**(848,221)**

Company

	2017 £
At beginning of year as restated	**(671,516)**
Charged to the profit or loss	**(193,259)**
At end of year	**(864,775)**

	Group 2017 £	Company 2017 £
Accelerated capital allowances	**(1,907,582)**	**(1,924,136)**
Losses	**1,059,361**	**1,059,361**
	(848,221)	**(864,775)**

18 DEFERRED GRANTS

Group and Company

	Deferred Grants £
At 1 April 2016	**38,288,475**
Utilised in year	**(1,643,018)**
At 31 March 2017	**36,645,457**

19. Share capital

	2017 £	*2016 £*
Shares classified as equity		
Allotted, called up and fully paid		
21,900,000- Ordinary shares of £1 each shares of £1 each	**21,900,000**	*21,900,000*

20. RESERVES

Group	**Capital redemption reserve £**	**Profit and loss account £**
At 1 April 2016 as restated	**2,750,000**	**(14,952,675)**
Total comprehensive income for the financial year	-	**2,543,366**
At 31 March 2017	**2,750,000**	**(12,409,309)**

Company	**Capital redemption reserve £**	**Profit and loss account £**
At 1 April 2016 as restated	**2,750,000**	**(15,057,103)**
Total comprehensive income for the financial year	-	**2,656,956**
At 31 March 2017	**2,750,000**	**(12,400,147)**

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	*2016*
	£	*£*
Operating profit	**1,113,579**	*2,021,123*
Depreciation of tangible fixed assets	**3,193,662**	*3,198,561*
(Increase)/decrease in debtors	**567,083**	*(132,376)*
Increase/(decrease) in creditors	**4,534,327**	*(9,729,252)*
Decrease in provisions	**(1,643,018)**	*(866,856)*
Net cash (outflow)/inflow from operating activities	**7,765,633**	*(5,508,799)*

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

	2017	*2016*
	£	*£*
Returns on investments and servicing of finance		
Interest received	**30,503**	*35,033*
Interest paid	**(406,160)**	*(355,721)*
Net cash outflow from returns on investments and servicing of finance	**(375,657)**	*(320,688)*

	2017	*2016*
	£	*£*
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,566,270)**	*(1,812,761)*
Purchase of Investments	**(60,300)**	-
Net proceeds of asset sales	**2,012,959**	*10,800*
Sale and Leaseback	**(1,000,000)**	-
Net cash outflow from capital expenditure	**(613,611)**	*(1,801,961)*

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2016 £	Cash flow £	Other non-cash changes £	31 March 2017 £
Cash at bank and in hand	**6,930,944**	**6,776,365**	**-**	**13,707,309**
Net funds	**6,930,944**	**6,776,365**	**-**	**13,707,309**

Included within cash at 31 March 2017 is an amount of £726,881 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 25 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 2017 there was £NIL of outstanding pension contributions in respect of this scheme.

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 27. 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 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 19th 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. 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, £247,414 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. The positive cash flow during the year enabled the Group to repay £1m of the Sale and Leaseback liability. 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 £1,164,827 (2016 - £1,015,502).

26. Post balance sheet events

In April 2017, the SEC disposed of the remaining hotel development site for £0.6m. The financial impact of the sale will be included in the financial statements for the year to 31 March 2018.

27. 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.

28. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	**Holding**	**Principal activity**
QD Events Limited	100%	Event Organiser
Scottish Conference Centre Limited	100%	Venue Management
Scottish Exhibition Centre Project Management Limited	100%	Management of Large Capital
Scottish Exhibition and Conference Centre Limited	100%	Dormant
Associate Events and Exhibition Limited	100%	Dormant
Scottish Exhibition Centre Limited	100%	Dormant
Glasgow Box Office Limited	100%	Dormant
SEC Exhibitions Limited	100%	Dormant