

**Registered Number:
SC082081**

SCOTTISH EVENT CAMPUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

SCOTTISH EVENT CAMPUS LIMITED

COMPANY INFORMATION

<i>Directors</i>	William Whitehorn Peter Duthie Carole Forrest William McFadyen Thomas Turley Pauline Lafferty Morag McNeill Susan Aitken Francis McAveety John Watson (appointed 1 March 2019) Gary Hughes (resigned 1 May 2019)
<i>Company Secretary</i>	William McFadyen
<i>Registered Number</i>	SC082081
<i>Registered Office</i>	Scottish Event Campus Glasgow G3 8YW
<i>Trading Address</i>	Scottish Event Campus Glasgow G3 8YW
<i>Independent Auditor</i>	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY

SCOTTISH EVENT CAMPUS LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

Introduction

The Directors present their strategic report for the year ended 31 March 2019. The report is presented as follows:

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

1. Business Review

2018/19 has been an outstanding year for Scottish Event Campus Limited with record turnover and contribution noted in all our venue trading sectors. With the exception of 2014, the year of the Commonwealth Games, turnover and EBITDA are the highest in the history of the SEC. Trading turnover increased by 21% to £35.1m and EBITDA increased by 27% to £4.9m.

Our Conference sector had a record year with 55% growth in turnover driven by 12 international events and a host of large UK conferences and corporate meetings, 89 meetings in total.

The Exhibition sector grew by 3% in the year, another record performance. Five new exhibitions were added and there were high retention levels for established events.

144 performances in The SSE Hydro and increased levels of activity in the SEC Armadillo and the SEC Centre led to a 24% uplift in turnover for the Live Entertainment sector. The SSE Hydro continues to be one of the world's top venues with 1.1m visitors during the year making it the 4th busiest live entertainment arena in the world for 2018.

The renewal of some key sponsorship agreements and strong demand for our hospitality offering led to an increase in our Commercial sector performance.

Investment in show presentation and additional staff was made in our events subsidiary, QD Events, with a view to future growth. The core shows performed well, and the second presentation of newer events was promising.

There was a net cash inflow from operating activities of £11.1m 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 over £1.25m per day in the Glasgow area, a total of £457m for the year. The net additional expenditure in Scotland was measured at £309m and in the UK at £223m, both significantly up from the previous year due to the increased number of international events. There were almost 2.1 million visitors to the campus. All of these are record numbers.

Trading profits continue to be reinvested to ensure the existing facilities meet the needs of our customers in an increasingly competitive market. The creation of the Meeting Academy has been a very successful addition to our conference offering. During the year several projects progressed including the installation of new wayfinding signage throughout the campus as well as a refresh of our digital signage. This has been supported by further investment in staff which will improve our customer experience and client service.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

We opened the Clubhouse & Balcony hospitality areas in The SSE Hydro, increasing the volume and range of our hospitality offerings. Further investment is underway in The SSE Hydro to increase the capacity of the venue. This project will see an extended rigging grid to provide more flexibility for stage positions and more retail units on the concourse thereby increasing the number of tickets available to see major artists.

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 People Strategy, with Culture and Values being a key focus, aligned to the Vision and Mission of the business, is well established and in particular recognises the need to have the “Best People”.

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, a Planning Permission in Principle application has been prepared. The plans are supported by a robust business case and an economic impact study. The challenge is to secure funding support for a project which would be of significant benefit to the Glasgow, Scottish and UK economies.

A refurbishment of the walkway, a Glasgow City Deal project, is being progressed.

The development of the two hotels on the campus is underway with opening of both expected in early 2020. 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.

During the year the SEC won an important award, the Best UK Conference Centre at the prestigious M&IT Awards. The venue has been nominated again for the Best Exhibition Venue at the Exhibition News Awards, an award which the SEC won the previous year. Our Marketing and Customer Experience teams have been nominated for the Best Team Award at the Event Organisers Awards. QD Events has also been nominated for its marketing and show presentations at this event. The Irn-Bru Carnival hosted autism-friendly sessions which were mentioned in the House of Lords as good practice in the hospitality and events sector. This recognition reflects the standing which SEC, including The SSE Hydro, has in the various sectors in which we operate.

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.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Community Engagement

During the year the SEC has continued its partnership with the Beatson Cancer Charity and Nordoff Robbins Scotland. We also supported the Glasgow Children's Hospital where our now legendary Grotto, provides a home for Santa, for those who cannot be home for Christmas.

The year also saw the launch of the SEC Learning journey, running alongside Scotland's "Year of the Young Person". This programme inspired 255 young people in Glasgow and surrounding areas through various initiatives such as campus work experience, employability workshops, DYW partnerships, onsite tours, SEC Team talks at Colleges and Universities and a summer work programme for disabled young people. Some of these initiatives have resulted in offers of employment, providing positive destinations for those involved and potential future stars for the SEC.

Health, Safety & Security

The SEC is committed to providing a safe and healthy environment for all staff, customers and clients. During the year a Health & Safety Committee was formed with representatives from all sectors of the business including Board representation. Our Health & Safety Charter outlining the SEC health and safety vision, guiding principles, commitments, and responsibilities was rolled out. Investment and training in our health & safety has continued which supports the aim of continuous improvement.

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. Recently we consulted our team who highlighted a demand for medical screening initiatives which were implemented. During the year we provided training for first aid and also mental health first aid. This resulted in 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.

Security of our employees and visitors is a key focus for SEC. Additional investment took place during the year in our security team and campus security measures.

Sustainability

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 and using electricity only from renewable sources. The SEC team has implemented over 15 initiatives to aid the goal of reducing waste to landfill and introducing recycling wherever possible. In addition, all contractors that operate at the SEC are encouraged to adopt more environmentally friendly policies.

These initiatives touch nearly all aspects of the campus from cleaning to wildlife and have led to significant waste and client cost reductions.

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

SCOTTISH EVENT CAMPUS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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 2018/19, as a result of the business conducted by SEC, the net additional expenditure in Glasgow was estimated at £457m, in Scotland £309m and in the UK, £223m (2017/18 Glasgow £400m, Scotland £227m, UK £136m).

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:

	2019	2018
Turnover, excluding grant release	£35.1m	£29.1m
EBITDA	£4.9m	£3.8m
Net cash inflow from operating activities	£11.1m	£7.1m
Capital expenditure	£1.4m	£1.5m
Economic impact (Glasgow, estimated)	£457m	£400m
Number of visitors	2.1m	1.8m
Pollstar arena global ranking	4 th	4 th
Number of exhibitions held	47	42
Number of international conferences held	12	9

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 55%. 12 international conferences were held during the year, an increase of 3. The number of international events helped to drive the increase in the economic impact to a record level. This aligns with the strategy pursued when The SSE Hydro opened allowing greater space availability to attract future business. The addition of the Meeting Academy in the prior year helped to attract a high number of smaller events and also provided a valuable addition to our meeting space for larger conferences. 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.

SCOTTISH EVENT CAMPUS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Whilst we continue to successfully win future business, the current uncertainty over Brexit has led some international conferences for future years to advise that they won't consider the UK at the moment. During the year however, exchange rate movements made the UK a more cost-effective option and was a factor in the SEC securing some events.

Exhibition turnover increased by 3% during the year with 5 new events added. The All Energy Exhibition and Conference, the largest sustainable energy show in the UK continues to be an annual event on the campus. A wide range of consumer events was hosted including MCM Comic Con® for the 5th year with a record number of attendees this year. The sector is confident of adding new shows in 2019.

A contributor to growth in both these sectors was a highly collaborative, cross sector and analytical approach to managing the allocation of available space in the venues. Space constraints will continue to restrict future growth and during the year we could not progress discussions for future events worth over £2.5m 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.

Live Entertainment turnover increased by 24% due to the increased number of SSE Hydro performances.

Visitor numbers to The SSE Hydro were 1.1m for the year which saw the venue retain its position at number 4 in the Pollstar ranking of Global Arenas for the year to December 2018. The venue was number 1 in the Billboard ranking of global arenas with a capacity between 10,000 and 15,000. Both organisations measure paid attendees at concerts and events. The SSE Hydro continues to host some of the world's leading artists with Justin Timberlake and Katy Perry returning during the year and Sir Paul McCartney, Roger Waters and Britney Spears performing for the first time.

A soft launch of the increased capacity took place in March. George Ezra performed in front of over 13,500 fans, a new record for the venue. The increased capacity will allow an increase of attendees up to maximum of 14,600 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 8th successful year of our pantomime which was one of the top UK pantomimes. A three-week run of War Horse was successfully staged in the SEC Armadillo.

Box Office turnover increased by 14%. The main driver was increased SSE Hydro performances. Demand for future events continues to be strong with 2019/20 shaping up well with a host of international artists including Hugh Jackman, Michael Bublé, The Eagles, Ariana Grande and a multi-night run of Still Game fuelling forward ticket sales.

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 2%. We continued to add to our sponsorships during the year and renewed some agreements on longer term deals. The introduction of the Clubhouse & Balcony increases 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.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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 In-Bru Carnival. The recent launch shows have built a strong foundation to grow in future years. 2019 will see the 100th presentation of The In-Bru Carnival in Glasgow.

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 (2018 £0.4m). Interest receivable increased by £0.1m in year. The favourable movements in interest payable and receivable were as a result of the increased cash balances held during the year. Our business is inherently cash generative with a net cash inflow from operating activities of £11.1m noted for the year. The level of cash held on behalf of promoters is driven by the level of ticket sales for future events. Longer lead times and some multi-night runs for 2019/20 were noted in the year boosting the cash flow. 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. Overall cash balances increased by £9.1m in the year. The level of ticket sales for future SSE Hydro performances during the year was a key contributor. An increase in Creditors falling due within one year was noted as the income from these events will be recorded at the time the show takes place.

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.

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.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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 new virtualised servers, our eLearning system and carried out a hardware refresh of user equipment as part of our hardware refresh cycle. An enhancement to our Wi-Fi capabilities has been identified and implemented. This will allow upscaling of our capabilities to meet demand across the campus and can be tailored on an event by event basis. 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. The business successfully implemented the requirements of GDPR across the business during the year which included staff awareness and education on the key requirements.

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.

SCOTTISH EVENT CAMPUS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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:

SCOTTISH EVENT CAMPUS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The Directors present their report and the financial statements for the year ended 31 March 2019.

Results and Dividends

The profit for the year, after taxation, amounted to £1,794,900 (2018 - £1,440,156).

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 (2018 - £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 its 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 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

Thomas Turley

Pauline Lafferty

Morag McNeill

Susan Aitken

Francis McAveety

John Watson (appointed 1 March 2019)

Gary Hughes (resigned 1 May 2019)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 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:

SCOTTISH EVENT CAMPUS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019 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 30, 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 2019 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.

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 where:

- 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH EVENT CAMPUS LIMITED
(CONTINUED)**

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 11, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH EVENT CAMPUS LIMITED
(CONTINUED)**

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
Glasgow
Date:

SCOTTISH EVENT CAMPUS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 Restated £
TURNOVER	4	35,959,804	29,875,953
OPERATING COSTS		(33,599,589)	(28,546,071)
OPERATING PROFIT	5	2,360,215	1,329,882
Gain on sale of asset	8	71,919	564,269
Interest receivable and similar income	9	155,273	57,046
Interest payable	10	(315,140)	(372,864)
Gain on financial liability at fair value		21,822	109,014
PROFIT BEFORE TAXATION		2,294,089	1,687,347
Tax on profit on ordinary activities	11	(499,189)	(247,191)
PROFIT FOR THE FINANCIAL YEAR		<u>1,794,900</u>	<u>1,440,156</u>
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>1,794,900</u>	<u>1,440,156</u>
PROFIT ATTRIBUTABLE TO			
Owners of the parent Company		1,794,900	1,440,156
		<u>1,794,900</u>	<u>1,440,156</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent Company		1,794,900	1,440,156
		<u>1,794,900</u>	<u>1,440,156</u>

SCOTTISH EVENT CAMPUS LIMITED
REGISTERED NUMBER: SC082081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	99,692,679	98,918,874
Goodwill	13	103,885	-
Investments		-	60,300
		<u>99,796,564</u>	<u>98,979,174</u>
Current assets			
Debtors: amounts falling due within one year	15	5,553,028	9,574,676
Financial asset	27	549,119	639,313
Bank and cash balances	27	20,113,771	18,901,262
Short term deposits	27	8,016,447	-
		<u>34,232,365</u>	<u>29,115,251</u>
Creditors: amounts falling due within one year	16	(43,569,370)	(38,386,321)
		<u>(9,337,005)</u>	<u>(9,271,070)</u>
Net current liabilities			
		<u>90,459,559</u>	<u>89,708,104</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	(39,300,688)	(39,967,131)
Provisions for liabilities			
Deferred taxation	21	(1,567,510)	(1,093,399)
Accruals and deferred grants			
Deferred government grants	22	(34,115,614)	(34,966,727)
		<u>(35,683,124)</u>	<u>(36,060,126)</u>
Net assets			
		<u>15,475,747</u>	<u>13,680,847</u>
Capital and reserves			
Called up share capital	23	21,900,000	21,900,000
Capital redemption reserve	24	2,750,000	2,750,000
Profit and loss account	24	(9,174,253)	(10,969,153)
Equity attributable to owners of the parent Company			
		<u>15,475,747</u>	<u>13,680,847</u>
		<u>15,475,747</u>	<u>13,680,847</u>

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 21 to 40 form part of these financial statements.

SCOTTISH EVENT CAMPUS LIMITED
REGISTERED NUMBER: SC082081

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	99,452,857	98,706,934
Investments	31	800,401	800,401
		<u>100,253,258</u>	<u>99,507,335</u>
Current assets			
Debtors: amounts falling due within one year	15	4,685,442	8,515,856
Financial asset		549,119	639,313
Bank and cash balances		19,752,654	18,892,680
Short term deposits		8,016,447	-
		<u>33,003,662</u>	<u>28,047,849</u>
Creditors: amounts falling due within one year	16	(43,053,369)	(38,260,795)
Net current liabilities		(10,049,707)	(10,212,946)
Total assets less current liabilities		90,203,551	89,294,389
Creditors: amounts falling due after more than one year	17	(39,223,503)	(39,747,137)
Provisions for liabilities			
Deferred taxation	21	(1,572,689)	(1,111,316)
Accruals and deferred grants			
Deferred government grants	22	(34,115,614)	(34,966,727)
		<u>(35,688,303)</u>	<u>(36,078,043)</u>
Net assets		<u>15,291,745</u>	<u>13,469,209</u>
Capital and reserves			
Called up share capital	23	21,900,000	21,900,000
Capital redemption reserve	24	2,750,000	2,750,000
Profit and loss account	24	(9,358,255)	(11,180,791)
		<u>15,291,745</u>	<u>13,469,209</u>

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 21 to 40 form part of these financial statements.

SCOTTISH EVENT CAMPUS LIMITED

**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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	21,900,000	2,750,000	(12,409,309)	12,240,691
Comprehensive income for the year				
Profit for the year	-	-	1,440,156	1,440,156
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,440,156	1,440,156
Total transactions with owners	-	-	-	-
At 31 March 2018	21,900,000	2,750,000	(10,969,153)	13,680,847

The notes on pages 21 to 40 form part of these financial statements.

SCOTTISH EVENT CAMPUS LIMITED

**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	<u>21,900,000</u>	<u>2,750,000</u>	<u>(9,358,255)</u>	<u>15,291,745</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	21,900,000	2,750,000	(12,400,147)	12,249,853
Comprehensive income for the year				
Profit for the year	-	-	1,219,356	1,219,356
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,219,356	1,219,356
Total transactions with owners	-	-	-	-
At 31 March 2018	<u>21,900,000</u>	<u>2,750,000</u>	<u>(11,180,791)</u>	<u>13,469,209</u>

The notes on pages 21 to 40 form part of these financial statements.

SCOTTISH EVENT CAMPUS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	<i>Note</i>	2019 £	2018 £
Net cash flow from operating activities	25	11,093,656	7,097,467
Returns on investments and servicing of finance	26	(159,867)	(315,818)
Capital expenditure and financial investment	26	(1,795,027)	(948,383)
CASH INFLOW BEFORE FINANCING		9,138,762	5,833,266
INCREASE IN CASH IN THE YEAR		9,138,762	5,833,266

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

	2019 £	2018 £
Increase in cash in the year	9,138,762	5,833,266
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	9,138,762	5,833,266

MOVEMENT IN NET DEBT IN THE YEAR:

Net funds at 1 April 2018	19,540,575	13,707,309
Movement in net debt resulting from cash flows	9,138,762	5,833,266
NET FUNDS AT 31 MARCH 2019	28,679,337	19,540,575

The notes on pages 21 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 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 Group has reallocated deferred grant income in the current year from expenses to revenue and restated the prior year comparatives in line with FRS 102. The impact of this has been to gross up the operating costs and revenue by £851,113 and no impact on the consolidated net assets in either year.

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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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.

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.

1.4 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 under construction are included within the relevant tangible assets categories and are not depreciated until the assets are brought into use.

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 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.

1.11 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1.16 Current and deferred taxation (Continued)

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.

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 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, accordingly the Company has 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 21.

3. Acquisition

On 6 July 2018, the Group acquired the remaining ordinary shares of SFN Expo Limited for £43,585. SFN Expo Limited was therefore fully acquired by the Group in the year for total consideration of £103,885. The value of the identifiable assets and liabilities acquired as at the date of the acquisition were (£42,308) of which £24,370 was in relation to debtors. The additional consideration was through outstanding debt due to the Group. On acquisition this created goodwill of £103,885. The useful life of the goodwill is assessed to be 10 years.

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Turnover

	2019	2018
	£	Restated £
Space letting, ticketing, service and exhibition organising	35,108,691	29,024,314
Release of grants	851,113	851,639
	<u>35,959,804</u>	<u>29,875,953</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	Restated £
Depreciation of tangible fixed assets	3,363,088	3,355,277
Audit remuneration audit services	42,000	41,500
Non audit services – taxation services	<u>7,000</u>	<u>16,000</u>

6. Employees

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

	2019	2018
	£	£
Wages and salaries	7,791,567	7,209,085
Social security costs	757,167	719,094
Cost of defined contribution scheme	677,289	654,571
	<u>9,226,023</u>	<u>8,582,750</u>

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

2019	2018
No.	No.
<u>226</u>	<u>227</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	570,316	513,940
Company contributions to defined contribution pension schemes	10,000	43,055
	<u>580,316</u>	<u>556,995</u>

The highest paid Director received remuneration of £251,463 (2018 - £224,982).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,000 (2018 - £26,265).

8. Gain on sale of asset

	2019	2018
	£	£
Gain on sale of hotel development site	-	552,255
Gain on sale of other tangible fixed assets	71,919	12,014
	<u>71,919</u>	<u>564,269</u>

9. Interest receivable

	2019	2018
	£	£
Other interest receivable	155,273	57,046
	<u>155,273</u>	<u>57,046</u>

10. Interest payable and similar charges

	2019	2018
	£	£
Bank interest payable	315,140	372,864
	<u>315,140</u>	<u>372,864</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Taxation

	2019	2018
	£	£
UK Corporation tax on profits for the period	25,079	-
Adjustment in respect of previous periods	-	2,016
Total current tax	<u>25,079</u>	<u>2,016</u>
Deferred tax		
Origination and reversal of timing differences	513,371	323,543
Effect of changes in tax rates	(39,260)	(73,466)
Adjustment in respect of previous periods	-	(4,902)
Total deferred tax	<u>474,110</u>	<u>245,175</u>
Taxation on profit on ordinary activities	<u>499,189</u>	<u>247,191</u>

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% (2018 – 19%).

The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	<u>2,294,089</u>	<u>1,687,347</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	435,876	320,596
Effects of:		
Expenses not deductible for tax purposes	274,030	277,191
Adjustments in respect of prior periods	-	(2,886)
Tax rate changes	(39,260)	(73,465)
Income not taxable	(161,712)	(266,740)
Deferred tax not provided	(9,745)	(7,505)
Total tax charge for the year	<u>499,189</u>	<u>247,191</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. Taxation (Continued)

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 includes legislation which will reduce the tax rate further to 17% from 1 April 2020. This became law when The Finance Act 2016 received Royal Assent on 15 September 2016. As all rate reductions were substantively enacted at the balance sheet date, deferred tax has been recognised at the applicable rates when timing differences are expected to reverse.

The Company expects £238,233 of the deferred tax asset recognised in respect of tax losses carried forward to reverse in the year to 31 March 2020. No element of the deferred tax liability on fixed asset timing differences is expected to reverse and it is not possible to estimate the expected reversal of the other elements of deferred tax.

The Company also has unrecognised tax losses carried forward of £461,376 as at 31 March 2019 (2018: £512,665). No deferred tax asset has been recognised in respect of these losses on the basis that the Company is not expected to generate future taxable profits against which these can be offset.

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 £1,822,536 (2018 - £1,219,356).

13. Goodwill

	Goodwill
	£
At 1 April 2018	-
Acquisition in year	103,885
At 31 March 2019	<u>103,885</u>

In consideration of a reliable estimate, the group assessed the useful life and deemed the estimate of 10 years to be the appropriate useful life. The amortisation period remaining at the period end is 10 years.

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Tangible fixed assets

Group

	Land, Buildings & Fixed Plant £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2018	150,090,467	19,193,029	321,810	169,605,306
Reclassification of assets under construction	3,036,998	-	-	3,036,998
Additions	839,937	295,023	-	1,134,960
Disposals	-	(21,000)	(126,425)	(147,425)
At 31 March 2019	<u>153,967,402</u>	<u>19,467,052</u>	<u>195,385</u>	<u>173,629,839</u>
Depreciation				
At 1 April 2018	56,851,768	13,583,769	250,895	70,686,432
Charge for the period on owned assets	2,338,483	1,007,129	17,476	3,363,088
Disposals	-	(16,081)	(96,279)	(112,360)
At 31 March 2019	<u>59,190,251</u>	<u>14,574,817</u>	<u>172,092</u>	<u>73,937,160</u>
Net book value				
At 31 March 2019	<u>94,777,151</u>	<u>4,892,235</u>	<u>23,293</u>	<u>99,692,679</u>
At 31 March 2018	<u>93,238,699</u>	<u>5,609,260</u>	<u>70,915</u>	<u>98,918,874</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Tangible fixed assets (continued)

Company

	Land, Buildings & Fixed Plant £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2018	150,073,512	18,231,043	279,357	168,583,912
Reclassification of assets under construction	3,036,998	-	-	3,036,998
Additions	839,937	213,566	-	1,053,503
Disposals	-	(21,000)	(103,180)	(124,180)
At 31 March 2019	<u>153,950,447</u>	<u>18,423,609</u>	<u>176,177</u>	<u>172,550,233</u>
Depreciation				
At 1 April 2018	56,833,926	12,818,922	224,130	69,876,978
Charge for the period on owned assets	2,336,811	970,913	14,520	3,322,244
Disposals	-	(16,081)	(85,765)	(101,846)
At 31 March 2019	<u>59,170,737</u>	<u>13,773,754</u>	<u>152,885</u>	<u>73,097,376</u>
Net book value				
At 31 March 2019	<u>94,779,710</u>	<u>4,649,855</u>	<u>23,292</u>	<u>99,452,857</u>
At 31 March 2018	<u>93,239,586</u>	<u>5,412,121</u>	<u>55,227</u>	<u>98,706,934</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	3,792,646	5,278,138	2,905,650	4,159,231
Other debtors	925,503	910,089	887,991	890,815
Prepayments and accrued income	834,879	3,386,449	722,521	3,310,879
VAT repayable	-	-	169,280	154,931
	<u>5,553,028</u>	<u>9,574,676</u>	<u>4,685,442</u>	<u>8,515,856</u>

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	3,710,108	2,719,722	3,114,844	2,196,931
Amounts owed to group undertakings	-	-	3,812,523	3,033,404
VAT payable	316,660	130,652	-	-
Other taxation and social security	227,499	221,982	196,471	197,022
Obligations under finance lease and hire purchase contracts	16,663	29,832	16,663	29,832
Promoters and other creditors	27,721,783	24,332,153	24,987,459	22,313,872
Corporation tax	25,078	-	-	-
Accruals and deferred income	11,503,315	10,916,936	10,877,145	10,454,690
Financial instruments	48,264	35,044	48,264	35,044
	<u>43,569,370</u>	<u>38,386,321</u>	<u>43,053,369</u>	<u>38,260,795</u>

Amounts owed to group undertaking are non-interest bearing and payable on demand.

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Net obligations under finance lease and hire purchase contracts	24,140	40,669	24,140	40,669
Sale and leaseback	38,500,000	39,000,000	38,500,000	39,000,000
Accruals and deferred income	776,548	891,419	699,363	671,426
Financial instruments (after 1 year)	-	35,043	-	35,042
	<u>39,300,688</u>	<u>39,967,131</u>	<u>39,223,503</u>	<u>39,747,137</u>

18. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial liabilities				
Derivative financial instruments designed as hedges of variable interest rate risk	(48,264)	(70,086)	(48,264)	(70,086)
	<u>(48,264)</u>	<u>(70,086)</u>	<u>(48,264)</u>	<u>(70,086)</u>

19. Provisions

Group and Company

	2019 £
At beginning of year	159,847
Repayment	(90,195)
Movement charged to income statement	143,575
At end of year	<u>213,227</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Within one year	16,663	29,832	16,663	29,832
Between 1-2 years	14,113	16,268	14,113	16,268
Between 2-5 years	10,027	24,401	10,027	24,401
	<u>40,803</u>	<u>70,501</u>	<u>40,803</u>	<u>70,501</u>

21. Deferred Tax Liability

Group

	2019 £
At beginning of year	1,093,399
Deferred tax charge to income statement for period	474,111
At end of year	<u>1,567,510</u>

Company

	2019 £
At beginning of year	1,111,316
Charged to the profit or loss	461,373
At end of year	<u>1,572,689</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

21. Deferred Tax Liability (Continued)

The deferred tax liability is made up as follows:

	Group £	Company £
RECOGNISED		
Fixed asset timing differences	2,473,508	2,478,687
Short-term timing differences	96	96
Trading losses	(906,094)	(906,094)
	<u>1,567,510</u>	<u>1,572,689</u>
UNRECOGNISED		
Trading losses	-	-
Capital losses	(78,434)	(72,430)
	<u>(78,434)</u>	<u>(72,430)</u>

22. Deferred grants

Group and Company

	Deferred Grants £
At 1 April 2018	34,966,727
Utilised in year	(851,113)
At 31 March 2019	<u>34,115,614</u>

The Group received two government grants for the development of the 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 was made.

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. Share capital

	2019	2018
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
21,900,000 Ordinary shares of £1 each	<u>21,900,000</u>	<u>21,900,000</u>

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.

24. Reserves

	Capital redemption reserve	Profit and loss account
Group	£	£
At 1 April 2018	2,750,000	(10,969,153)
Total comprehensive income for the financial year	-	1,794,900
	<u>2,750,000</u>	<u>(9,174,253)</u>
At 31 March 2019	<u>2,750,000</u>	<u>(9,174,253)</u>
	<u>2,750,000</u>	<u>(11,180,791)</u>
Total comprehensive income for the financial year	-	1,822,536
	<u>2,750,000</u>	<u>(9,358,255)</u>
At 31 March 2019	<u>2,750,000</u>	<u>(9,358,255)</u>

25. Net cash flow from operating activities

	2019	2018
	£	£
Operating profit	2,360,215	1,329,882
Depreciation of tangible fixed assets	3,363,088	3,355,277
(Increase)/decrease in debtors	1,208,116	(905,146)
Increase in creditors	5,013,350	4,996,184
Decrease in provisions	<u>(851,113)</u>	<u>(1,678,730)</u>
Net cash inflow from operating activities	<u>11,093,656</u>	<u>7,097,467</u>

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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

	2019 £	2018 £
Returns on investments and servicing of finance		
Interest received	155,273	57,046
Interest paid	(315,140)	(372,864)
	(159,867)	(315,818)
Net cash outflow from returns on investments and servicing of finance		
	(159,867)	(315,818)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,134,960)	(1,528,162)
Goodwill	(43,585)	-
Reclassification of assets under construction	(223,465)	-
Net proceeds of asset sales	106,983	579,779
Sale and leaseback	(500,000)	-
	(1,795,027)	(948,383)
Net cash outflow from capital expenditure		
	(1,795,027)	(948,383)

27. Analysis of changes in net funds

	1 April 2018 £	Cash flow £	Other non-cash changes £	31 March 2019 £
Cash at bank and in hand	19,540,575	9,138,762	-	28,679,337
Net funds	19,540,575	9,138,762	-	28,679,337

Included within cash at 31 March 2019 is an amount of £549,119 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 29 for further information.

Also included within cash at 31 March 2019 was an amount of £8,016,447 held within a short-term deposit account with a 120-day notice period.

**NOTES TO THE FINANCIAL STATEMENTS
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28. 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 2019 there was £NIL (2018 - £76,747) of outstanding pension contributions in respect of this scheme.

29. 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 30. 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, £213,227 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 £1,435,358 (2018 - £1,193,298).

SCOTTISH EVENT CAMPUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

30. 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.

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

31. 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.

For the year ended 31 March 2019 SFN Expo Limited, SC459534, was entitled to exemption from audit under section 479A of the Companies Act 2006. QD Events Limited has provided a guarantee over any liabilities at the end of the financial year.