Registered Number:
SC082081

SCOTTISH EVENT CAMPUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

COMPANY INFORMATION

Directors	William Whitehorn Peter Duthie Gary Hughes Carole Forrest William McFadyen Thomas Turley Pauline Lafferty Morag McNeill Susan Aitken (appointed 31 May 2017) Francis McAveety (appointed 31 May 2017) Graeme Hendry (resigned 4 May 2017) Morag Johnston (resigned 31 May 2017)
Company Secretary	William McFadyen
Registered Number	SC082081
Registered Office	Scottish Event Campus Glasgow G3 8YW
Trading Address	Scottish Event Campus Glasgow G3 8YW
Independent Auditors	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY

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GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Directors present their strategic report for the year ended 31 March 2018. The report is presented as follows:

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

1. Business Review

2017/18 has been another very successful year for Scottish Event Campus Limited. Turnover increased by 1% to £29.1m and EBITDA increased by 11% to £3.8m. EBITDA is defined as operating profit from recurring operations before depreciation of assets and release of grants. The increase in EBITDA was driven by efficient cost management in our event delivery and supply chain management whilst investing in additional staff in our event delivery teams.

Following a record year in 2016/17, the Exhibition sector recorded a 2% increase in turnover with five 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 nine hundred thousand visitors during the year and number 4 on the list of the busiest live entertainment arenas in the world for 2017. There was a strong performance from our events subsidiary, QD Events, with existing shows performing well and the launch shows in the previous year having their second presentations. Increases were recorded in our Commercial sector with the renewal of some key sponsorship agreements and strong demand for our hospitality offering. The Conference sector turnover was slightly behind the prior year, but ahead of expectation given a reduction in turnover was expected due to the cyclical nature of some events.

There was net cash inflow from operating activities of £7.1m 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.

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, a total of £400m for the year. The net additional expenditure in Scotland was measured at £227m and in the UK at £136m.

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 recently launched Meeting Academy which caters for smaller conferences and meetings is a significant addition to our offering. The project involved the conversion of former catering, office and storage space to a modern technology focussed meeting area which has been warmly received by the Conference sector. During the year investment also took place in mobile catering units, replacement conference chairs, I.T. infrastructure and wayfinding.

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' drives the strategy for the Group. Our People Strategy, with Culture and Values being a key focus, provides a more strategic but individual approach to learning and development for 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, in the previous financial year, 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. In the current financial year, to further our ambitious plans, a Planning Permission in Principle application has been proposed. The 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, Scottish and UK economies. Engagement has commenced with key stakeholders as to how this might be progressed.

The development of the two hotels on the campus is expected to begin in the summer of 2018 with opening expected in 2019.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. In the longer term the development of the west end site will add other mixed uses which will complement the existing site activities.

The results include the impact from the disposal of the second of two hotel sites on the campus. A gain on sale of £0.6m is included in the results.

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 recognised with a string of plaudits at major industry awards, achieving the Sustainability Gold Award by the Green Tourism Business Scheme. Recently, it was awarded Best Large Venue at the Annual Exhibition Awards when the judges commented "In an incredibly competitive category with world class competitors, the SEC really demonstrated their desire to work with organisers and visitors to get the best for each individual show". SEC also took the silver trophy for the Best Conference Centre at the M&IT Industry Awards. 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 increased 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.

Health & Safety

The SEC is committed to providing a safe and healthy environment for all staff, customers and clients. Several initiatives are underway to support continuous improvement, which include the appointment of key health and safety staff and the development of a Health and Safety Charter outlining the SEC Health and Safety vision, guiding principles, commitments, and responsibilities.

Key focus areas have included on site security in light of the Manchester terror attack and its integration into the SEC public safety model, and in developing an environment of testing and learning with the emergency services and key partners.

Sustainability

The SEC has retained its Gold Award in line with the Green Tourism Business Scheme (GTBS), which was originally awarded in 2009. In the past 18 months, the SEC team have implemented over 15 initiatives to aid the goal of achieving zero waste to landfill by 2020. These initiatives touch nearly all aspects of the campus from cleaning to wildlife and have led to significant waste and client cost reductions.

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, access to NextBikes and provision of pedometers for step challenges.

Venues which have followed suit include Vancouver Convention Centre & The Convention Centre Dublin.

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.

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 2017/18, as a result of the business conducted by SEC, the net additional expenditure in Glasgow was estimated at £400m, in Scotland £227m and in the UK, £136m. (2016/17 Glasgow £414m, Scotland £272m, UK £166m).

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.

Our Key Performance Indicators are measured on the Group activities.

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

	2018	***2017***
Turnover	£29.1m	£28.8m
EBITDA	£3.8m	£3.4m
Net cash inflow from operating activities	£7.1m	£7.8m
Capital expenditure	£1.5m	£1.6m
Economic impact (estimated)	£400m	£414m
Number of visitors	1.8m	1.9m
Pollstar arena global ranking	4th	8th
Number of exhibitions held	42	45
Number of international conferences held	9	12

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 has reached capacity and our Executive Suites are currently all under contract.

Conference turnover decreased by 2% in the year. The lower level of turnover was not unexpected and was in line with the cyclical nature of some national and international conferences. Stronger conference years are expected in 2018/19 and 2019/20. Nine 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. The addition of the Meeting Academy will allow the hosting of smaller events and the future business achieved to date for the new addition to our conference space has been encouraging. The SEC continues to successfully win future business and during the year a record level of future events was secured. 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. The plans for an expanded campus will support further growth in this important sector.

Following the record year in 2016/17, Exhibition turnover increased by 2% during the year with five new events added. The inclement weather in March 2018 saw two events cancelled, these will however return in 2019. 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 were hosted including MCM Comic Con® for the 4th year with a record number of attendees recorded this year. The sector also hosted Brick Live, a Lego exhibition for the first time. The sector is confident of adding new shows in 2018. The plans for an expanded campus would provide opportunity for further growth.

Live Entertainment turnover was in line with the previous year with the level of performances in line with the UK trend in the year. Visitor numbers to The SSE Hydro were over nine hundred thousand for the year which saw the venue listed at number 4 in the Pollstar ranking of Global Arenas for the year to December 2017, an improvement of four places compared to the previous year. 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 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 such as Celine Dion, Bruno Mars and Ed Sheeran during the past year.

The SSE Hydro also hosted an Andy Murray Live, Boxing, 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 7th successful year of our pantomime offering which was one of the top three pantomimes in the UK. 2018/19 will see a three week run of WarHorse being staged in the SEC Armadillo.

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

Box Office turnover increased by 3%. The main driver was the demand for tickets associated with international artists such as Metallica. Demand for future events continues to be strong with 2018/19 shaping up well with a host of international artists including Justin Timberlake, Paul Simon and a multi night run by Kevin Bridges 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, Motorhome and Holiday Home Show, The Scottish Wedding Show and The Irn-Bru Carnival.

Interest payable during the year was £0.4m (2017 £0.4m). A positive movement of £0.1m was noted against the interest swap utilised by the Group after the rise in bank base rates. Our business is inherently cash generative with a net cash inflow from operating activities of £7.1m 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 2018/19 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 £5.8m in the year. The level of ticket sales for future SSE Hydro performances during the year was a key contributor. A corresponding 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 and 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

Recent events continue to highlight 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 accordingly.

Health and Safety Risk

SEC is committed to providing a safe and healthy environment for all staff, customers and clients. A Health & Safety Committee has recently been formed 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 on a regular basis.

Technological & Cyber Risks

The websites implemented in the previous year 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 began in the year with updates to our mail network, new virtualised servers and the introduction of our eLearning system. 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 has been working on its GDPR preparation for over a year and is well placed to implement the new legislation.

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 outwith the SEC.

SEC operates a strong approach to treasury management to ensure that there is a balance between interest deposit yield and cash access for operational liquidity.

Robust cash flow forecasting exists to ensure that anticipated cash demands, particularly in relation to development and capital programmes, are known and planned, to ensure that outgoings are balanced by anticipated trading receipts.

The SEC's principal financial instrument is cash in hand and on deposit. The Group has various other financial assets such as trade debtors and creditors that arise directly from its trading operations.

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

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

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

Peter Duthie
Director
Date:

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

Results and Dividends

The profit for the year, after taxation, amounted to £1,440,156 *(2017 - £2,543,366)*.

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 (2017 - £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 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 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
Thomas Turley
Pauline Lafferty
Morag McNeill
Susan Aitken (appointed 31 May 2017)
Francis McAveety (appointed 31 May 2017)
Graeme Hendry (resigned 4 May 2017)
Morag Johnston (resigned 31 May 2017)

Qualifying Third Party Indemnity Provisions

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

Disclosure of Information to Auditors

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

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

- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

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

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

Peter Duthie
Director
Date:

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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 2018 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 29, 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 2018 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.

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 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

Notes:

1. The maintenance and integrity of the Scottish Event Campus Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
TURNOVER		**29,024,314**	28,810,542
OPERATING COSTS		**(27,694,432)**	(27,696,963)
OPERATING PROFIT	4	**1,329,882**	1,113,579
Gain on sale of asset	7	**564,269**	1,989,049
Interest receivable and similar income	8	**57,046**	30,503
Interest payable	9	**(372,864)**	(406,160)
Gain on financial liability at fair value		**109,014**	11,237
PROFIT BEFORE TAXATION		**1,687,347**	2,738,208
Tax on profit on ordinary activities	10	**(247,191)**	(194,842)
PROFIT FOR THE FINANCIAL YEAR		**1,440,156**	2,543,366
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,440,156**	2,543,366
PROFIT ATTRIBUTABLE TO			
Owners of the parent Company		**1,440,156**	2,543,366
		1,440,156	2,543,366
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent Company		**1,440,156**	2,543,366
		1,440,156	2,543,366

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	12		**98,918,874**		100,761,506
Investments			**60,300**		60,300
			98,979,174		100,821,806
Current assets					
Debtors: amounts falling due within one year	13	**9,574,676**		8,671,546	
Bank current accounts		**19,540,575**		13,707,309	
		29,115,251		22,378,855	
Creditors: amounts falling due within one year	14	**(38,386,321)**		(31,442,357)	
Net current liabilities			**(9,271,070)**		(9,063,502)
Total assets less current liabilities			**89,708,104**		91,758,304
Creditors: amounts falling due after more than one year	15		**(39,967,131)**		(42,023,935)
Provisions for liabilities					
Deferred taxation	18	**(1,093,399)**		(848,221)	
Accruals and deferred grants					
Deferred government grants	19	**(34,966,727)**		(36,645,457)	
			(36,060,126)		(37,493,678)
Net assets			**13,680,847**		12,240,691
Capital and reserves					
Called up share capital	20		**21,900,000**		21,900,000
Capital redemption reserve	21		**2,750,000**		2,750,000
Profit and loss account	21		**(10,969,153)**		(12,409,309)
Equity attributable to owners of the parent Company			**13,680,847**		12,240,691
			13,680,847		12,240,691

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 20 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	12		**98,706,934**		100,505,549
Investments			**800,401**		800,401
			99,507,335		101,305,950
Current assets					
Debtors: amounts falling due within one year	13	**8,515,856**		8,109,824	
Bank and cash balances		**19,531,993**		12,425,466	
		28,047,849		20,535,290	
Creditors: amounts falling due within one year	14	**(38,260,795)**		(30,337,417)	
Net current liabilities			**(10,212,946)**		(9,802,127)
Total assets less current liabilities			**89,294,389**		91,503,823
Creditors: amounts falling due after more than one year	15		**(39,747,137)**		(41,743,737)
Provisions for liabilities					
Deferred taxation	18	**(1,111,316)**		(864,775)	
Accruals and deferred grants					
Deferred government grants	19	**(34,966,727)**		(36,645,458)	
			(36,078,043)		(37,510,233)
Net assets			**13,469,209**		12,249,853
Capital and reserves					
Called up share capital	20		**21,900,000**		21,900,000
Capital redemption reserve	21		**2,750,000**		2,750,000
Profit and loss account	21		**(11,180,791)**		(12,400,147)
			13,469,209		12,249,853

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 20 to 37 form part of these financial statements.

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*

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*
Total comprehensive income for the year	-	-	-	-
At 31 March 2017	*21,900,000*	*2,750,000*	*(12,409,309)*	*12,240,691*

The notes on pages 20 to 37 form part of these financial statements.

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	21,900,000	2,750,000	(11,180,791)	13,469,209

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	(14,242,965)	10,407,035
Prior year adjustment	-	-	(814,138)	(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
Total comprehensive income for the year	-	-	-	-
At 31 March 2017	21,900,000	2,750,000	(12,400,147)	12,249,853

The notes on pages 20 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Net cash flow from operating activities	22	**7,097,467**	7,765,633
Returns on investments and servicing of finance	23	**(315,818)**	(375,657)
Capital expenditure and financial investment	23	**(948,383)**	(613,611)
CASH INFLOW BEFORE FINANCING		**5,833,266**	6,776,365
INCREASE IN CASH IN THE YEAR		**5,833,266**	6,776,365

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

	2018 £	2017 £
Increase in cash in the year	**5,833,266**	6,776,365
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	**5,833,266**	6,776,365
MOVEMENT IN NET DEBT IN THE YEAR:		
Net funds at 1 April 2017	**13,707,309**	6,930,944
Movement in net debt resulting from cash flows	**5,833,266**	6,776,365
NET FUNDS AT 31 MARCH 2018	**19,540,575**	13,707,309

The notes on pages 20 to 37 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The Scottish Event Campus Limited is a limited liability Company incorporated in Scotland whose registered office is at Scottish Event Campus, Glasgow, G3 8YW.

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

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

The financial statements have been prepared in sterling which is the functional currency of the Group and reported to the nearest £.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Scottish Event Campus Limited and its 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.

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 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 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.

1.7 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.

1.8 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 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.

1.12 Holiday pay accrual

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

1.13 Interest income

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

1.14 Provisions for liabilities

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

Provisions are charged as an expense to the 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.

1.15 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.

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 10 and 18.

3. Turnover

	2018	2017
	£	£
Space letting, ticketing, service and exhibition organising	**29,024,314**	28,810,542
	29,024,314	28,810,542

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	**3,355,277**	3,193,662
Deferred grant release	**(851,639)**	(866,856)
Deferred grant release on sale of asset	**(811,874)**	(776,162)
Audit remuneration audit services	**41,500**	45,000
Non audit services – taxation services	**16,000**	15,000

5. *Employees*

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

	2018 £	2017 £
Wages and salaries	7,209,085	6,920,803
Social security costs	719,094	664,717
Cost of defined contribution scheme	654,571	656,085
	8,582,750	8,241,605

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

2018 No.	2017 No.
227	255

Despite the continued investment in our event delivery staff, the outsourcing of medical services seen a reduction in staff numbers.

6. *Directors' remuneration*

	2018 £	2017 £
Directors' emoluments	513,940	494,586
Company contributions to defined contribution pension schemes	43,055	41,297
	556,995	535,883

The highest paid Director received remuneration of £224,982 *(2017 - £217,277)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £26,265 *(2017 - £25,750)*.

7. *Gain on sale of asset*

	2018 £	2017 £
Gain on sale of hotel development site	552,255	1,970,142
Gain on sale of other tangible fixed assets	12,014	18,907
	564,269	1,989,049

8. Interest receivable

	2018 £	2017 £
Other interest receivable	**57,046**	30,503
	57,046	30,503

9. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	**372,864**	406,160
	372,864	406,160

10. Taxation

	2018 £	2017 £
Adjustment in respect of previous periods	**2,016**	-
Total current tax	**2,016**	-
Deferred tax		
Origination and reversal of timing differences	**323,543**	248,489
Effect of changes in tax rates	**(73,466)**	(54,385)
Adjustment in respect of previous periods	**(4,902)**	738
Total deferred tax	**245,175**	194,842
Taxation on profit on ordinary activities	**247,191**	194,842

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% *(2017 – 20%).* The differences are explained below:

	2018	*2017*
	£	*£*
Profit on ordinary activities before tax	**1,687,347**	*2,738,208*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**320,596**	*547,718*
Effects of:		
Expenses not deductible for tax purposes	**277,191**	*295,843*
Adjustments in respect of prior periods	**(2,886)**	*738*
Tax rate changes	**(73,465)**	*(54,387)*
Income not taxable	**(266,740)**	*(608,960)*
Deferred tax not provided	**(7,505)**	*13,890*
Total tax charge for the year	**247,191**	*194,842*

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 £183,386 of the deferred tax asset recognised in respect of tax losses carried forward to reverse in the year to 31 March 2018. 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 £512,665 as at 31 March 2018 (2017: £554,039). 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.

11. 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 £1,219,356 *(2017 - £2,656,956)*.

12. Tangible fixed assets

Group

	Land, Buildings & Fixed Plant £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2017	149,653,375	18,105,344	403,660	168,162,379
Additions	437,092	1,091,070	-	1,528,162
Disposals	-	(3,385)	(81,850)	(85,235)
At 31 March 2018	150,090,467	19,193,029	321,810	169,605,306
Depreciation				
At 1 April 2017	54,538,436	12,592,441	269,995	67,400,872
Charge for the period on owned assets	2,313,332	992,992	48,953	3,355,277
Disposals	-	(1,664)	(68,053)	(69,717)
At 31 March 2018	56,851,768	13,583,769	250,895	70,686,432
Net book value				
At 31 March 2018	93,238,699	5,609,260	70,915	98,918,874
At 31 March 2017	*95,114,939*	*5,512,903*	*133,655*	*100,761,506*

12. Tangible fixed assets (continued)

Company

	Land, Buildings & Fixed Plant £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2017	149,636,420	17,152,483	361,207	167,150,110
Additions	437,092	1,081,945	-	1,519,037
Disposals	-	(3,385)	(81,850)	(85,235)
At 31 March 2018	150,073,512	18,231,043	279,357	168,583,912
Depreciation				
At 1 April 2017	54,522,266	11,868,598	253,697	66,644,561
Charge for the period on owned assets	2,311,660	951,988	38,485	3,302,133
Disposals	-	(1,664)	(68,052)	(69,716)
At 31 March 2018	56,833,926	12,818,922	224,130	69,876,978
Net book value				
At 31 March 2018	93,239,586	5,412,121	55,227	98,706,934
At 31 March 2017	*95,114,154*	*5,283,885*	*107,510*	*100,505,549*

13. Debtors

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade debtors	**5,278,138**	3,529,493	**4,159,231**	2,739,545
Other debtors	**910,089**	536,453	**890,815**	527,329
Corporation tax repayable	**-**	2,016	**-**	2,016
Prepayments and accrued income	**3,386,449**	4,436,190	**3,310,879**	4,377,857
VAT repayable	**-**	167,394	**154,931**	463,077
	9,574,676	8,671,546	**8,515,856**	8,109,824

14. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade creditors	**2,719,722**	3,006,100	**2,196,931**	2,275,744
Amounts owed to group undertakings	**-**	-	**3,033,404**	1,443,633
VAT payable	**130,652**		**-**	-
Other taxation and social security	**221,982**	53,281	**197,022**	53,281
Obligations under finance lease and hire purchase contracts	**29,832**	38,001	**29,832**	38,001
Other creditors	**24,332,153**	18,820,783	**22,313,872**	17,625,147
Accruals and deferred income	**10,916,936**	9,464,489	**10,454,690**	8,841,908
Financial instruments	**35,044**	59,703	**35,044**	59,703
	38,386,321	31,442,357	**38,260,795**	30,337,417

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

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Net obligations under finance lease and hire purchase contracts	**40,669**	61,501	**40,669**	61,501
Government grants received	**39,000,000**	39,000,000	**39,000,000**	39,000,000
Accruals and deferred income	**891,419**	2,843,027	**671,426**	2,562,829
Financial instruments (after 1 yr)	**35,043**	119,407	**35,042**	119,407
	39,967,131	42,023,935	**39,747,137**	41,743,737

16. Financial instruments

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Financial liabilities				
Derivative financial instruments designed as hedges of variable interest rate risk	**(70,086)**	(179,110)	**(70,086)**	(179,110)
	(70,086)	(179,110)	**(70,086)**	(179,110)

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Within one year	**29,832**	38,001	**29,832**	38,001
Between 1-2 years	**16,268**	23,776	**16,268**	23,776
Between 2-5 years	**24,401**	37,725	**24,401**	37,725
	70,501	99,502	**70,501**	99,502

18. Deferred tax asset

Group

	2018
	£
At beginning of year	***848,221***
Adjustment in respect of prior years	***(4,902)***
Deferred tax charge to income statement for period	***250,080***
At end of year	***1,093,399***

Company

	2018
	£
At beginning of year	***864,775***
Adjustment in respect of prior years	***(5,431)***
Charged to the profit or loss	***251,972***
At end of year	***1,111,316***

The deferred tax asset is made up as follows:

	Group	***Company***
	£	***£***
RECOGNISED		
Fixed asset timing differences	***2,218,307***	***2,236,224***
Short-term timing differences	***(9,371)***	***(9,371)***
Trading losses	***(1,115,537)***	***(1,115,537)***
	1,093,399	***1,111,316***
UNRECOGNISED		
Trading losses	***(8,719)***	***-***
Capital losses	***(78,434)***	***(72,430)***
	(87,153)	***(72,430)***

19. Deferred grants

Group and Company

	Deferred Grants £
At 1 April 2017	36,645,457
Utilised in year	(1,678,730)
At 31 March 2018	34,966,727

20. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
21,900,000 Ordinary shares of £1 each	21,900,000	21,900,000

21. Reserves

Group	Capital redemption reserve £	Profit and loss account £
At 1 April 2017	2,750,000	(12,409,309)
Total comprehensive income for the financial year	-	1,440,156
At 31 March 2018	2,750,000	(10,969,153)

Company	Capital redemption reserve £	Profit and loss account £
At 1 April 2017	2,750,000	(12,400,147)
Total comprehensive income for the financial year	-	1,219,356
At 31 March 2018	2,750,000	(11,180,791)

22. Net cash flow from operating activities

	2018	2017
	£	£
Operating profit	1,329,882	1,113,579
Depreciation of tangible fixed assets	3,355,277	3,193,662
(Increase)/decrease in debtors	(905,146)	567,083
Increase in creditors	4,996,184	4,534,327
Decrease in provisions	(1,678,730)	(1,643,018)
Net cash inflow from operating activities	7,097,467	7,765,633

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

	2018	2017
	£	£
Returns on investments and servicing of finance		
Interest received	57,046	30,503
Interest paid	(372,864)	(406,160)
Net cash outflow from returns on investments and servicing of finance	(315,818)	(375,657)

	2018	2017
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,528,162)	(1,566,270)
Purchase of investments	-	(60,300)
Net proceeds of asset sales	579,779	2,012,959
Sale and leaseback	-	(1,000,000)
		-
Net cash outflow from capital expenditure	(948,383)	(613,611)

24. Analysis of changes in net funds

	1 April 2017	Cash flow	Other non-cash changes	31 March 2018
	£	£	£	£
Cash at bank and in hand	13,707,309	5,833,266	-	19,540,575
Net funds	13,707,309	5,833,266	-	19,540,575

Included within cash at 31 March 2018 is an amount of £639,313 deposited into an escrow account to cover the potential maximum liability to City Parking (Glasgow) LLP for the loss of earnings from the expiry of the car park rent free period until the opening date of the hotel on the campus. Please refer to note 26 for further information.

25. 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 5 Employees. The assets are held in the names of individual employees. At 31 March 2018 there was £76,747 of outstanding pension contributions in respect of this scheme.

26. 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 29. 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. As noted in the strategic report 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, £159,847 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 £1,193,298 (2017 - £1,164,827).

27. Post balance sheet events

None.

28. 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.

29. 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
SEC Project Management Limited	100%	Management of Large Capital Projects
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