The Queen Elizabeth II
Conference Centre

THE QUEEN ELIZABETH II CONFERENCE CENTRE

ANNUAL REPORT AND ACCOUNTS 2012–2013

The Queen Elizabeth II Conference Centre

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Annual Report and Accounts

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Message from the Chief Executive

It is with pleasure that I introduce the Annual Report for the year 2012/13 for the Queen Elizabeth II Conference Centre. My predecessor, Ernest Vincent, left the Centre on 31 March 2013 and I took up my post at the beginning of April. The Government announced its decision to retain the business as an Executive Agency with Trading Fund status in December 2012 and so I have joined the Centre at a time when there is a real opportunity to re-define the business strategy and focus on moving the Centre forward with a more certain future.

2012/13 was a very successful year for the Centre. It recorded a net surplus for the year of £3.51 million on a turnover of £10.6 million, a result that is well ahead of expectations. During the year 326 meetings and events were held and government bookings accounted for 18% of these events (5 % of revenue). The Centre has a strong foundation of private sector business and a high level of repeat bookings which currently stands at around 70%.

The results for the year were achieved by actively marketing the conference rooms both at home and abroad and revenues were maximised via the sale of ancillary services and opportunities identified to introduce more cost efficiency measures.

The Centre benefited from an extensive booking with the National Organising Committee of Italy for the duration of the Olympic and Paralympic Games operating as the Olympic House for Italy, Casa Italia.

The marketplace for conferences remains highly competitive and government booking of space continues to be at lower levels than traditionally experienced prior to the imposition of government spending controls. The Centre, whilst welcoming government bookings, is not solely reliant on this sector to attain its financial objectives as it attracts a diverse mix of national and international professional associations and international corporations as well as events from the charities sector.

Revenues for the year came in below budget as a result of unanticipated reductions in occupancy either side of the Olympic Games when London was seen by many organisations as a place to avoid due to the Games. The new financial year will not see the benefit of the extensive booking over the period of the Games which is a traditionally quiet period for business events.

Exceeding budgeted net surplus for the 12/13 year is a tribute to the Centre's team who collectively were able to market and operate the facilities and implement efficiencies without compromising the high level of personal service provided to clients.

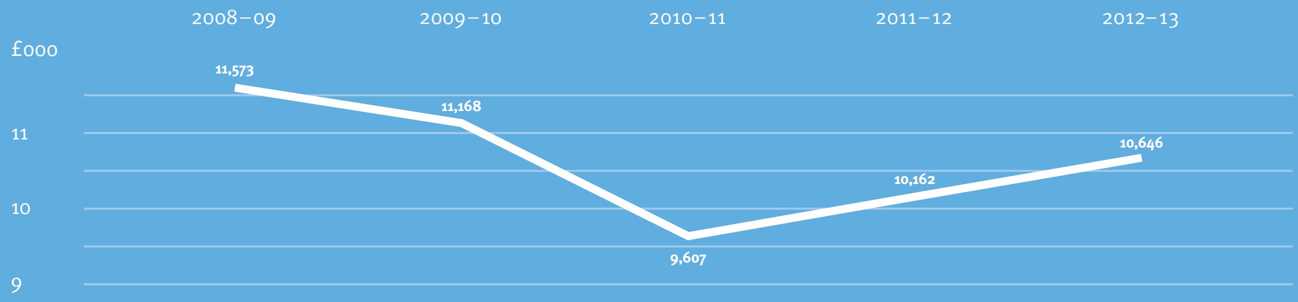
Leith's, part of the Compass Group, continues to maintain a good reputation as one of the UK's leading event venue caterers. The current contract is up for renewal and so the Centre will be coordinating a European wide tendering exercise for the awarding of a new catering services partner contract to commence 1st January 2014.

Looking forward it is important that the Centre takes advantage of its established position in the marketplace and to this end a programme of investment in both facilities and technology is being planned. The first stage will commence in August 2013 and a longer term plan is being created to cover the following three year period. The Centre is also embarking on a comprehensive review of its organisation and strategy to ensure that it is best positioned to meet the challenges presented by an increasingly competitive marketplace.

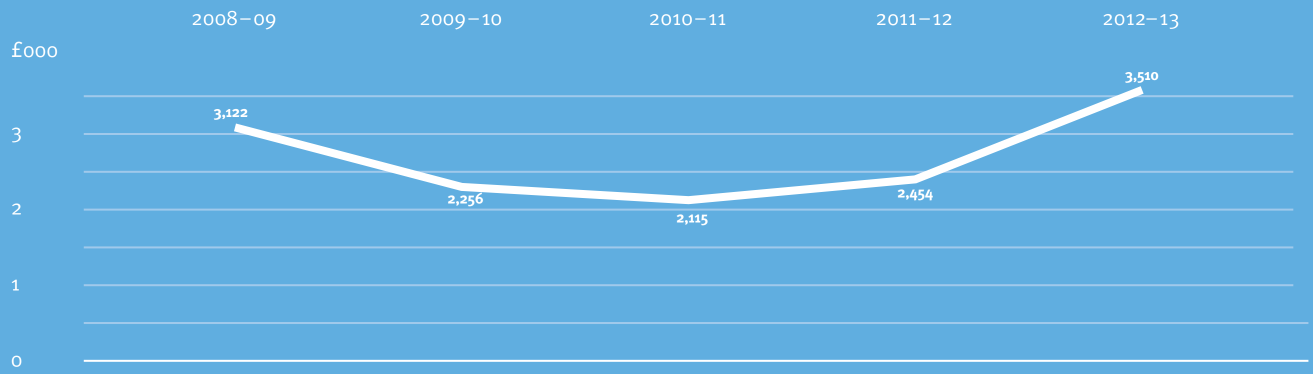
Mark Taylor, Chief Executive

5 YEAR RECORD OF TURNOVER AND SURPLUS

Turnover

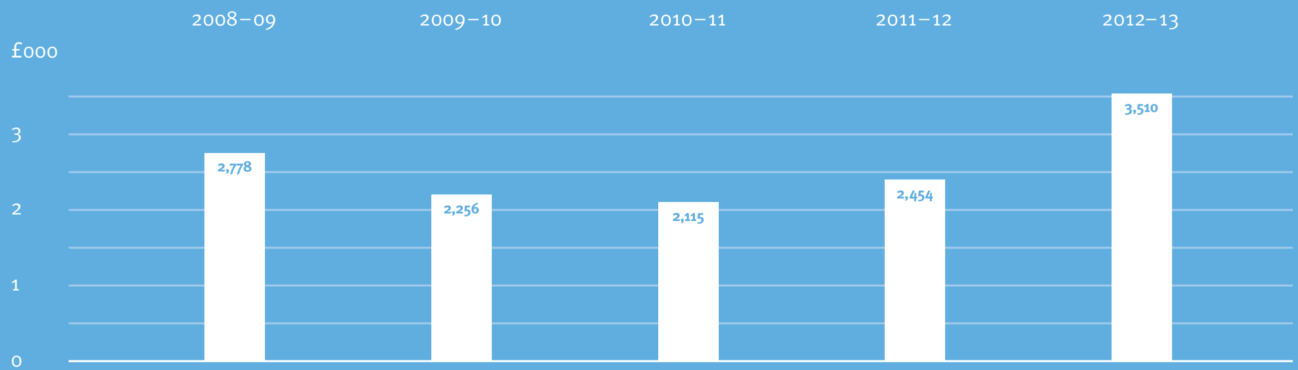


Reported surplus on ordinary activities



Pro forma surplus on ordinary activities

The exceptional receipt in 2008/09 of a rate rebate of £0.344 million has been allocated to prior years which it refers.



Performance against targets

Methods of measurement

Capacity utilisation of the Centre is the relationship between the annual room hire revenue and a theoretical annual maximum expressed as 241 days hire of the whole Centre in a leap year and 240 days in a normal year.

The overall score for value for money in client questionnaires is the calculated average of responses to a specific question in the client questionnaire that accompanies each event. Expressions of satisfaction with value for money are scored as 100 per cent and expressions of dissatisfaction are scored as 0 per cent.

Comparison against targets set for the year ended 31 March 2013

Contribution to the Exchequer of £2,250,000 *(target £2,250,000)*

Capacity utilisation of the Centre of 58.4% *(target 64.0%)*

Overall score for value for money in client questionnaires of 92.5% *(target 90%)*

The number of complaints per 100 events was 0.92 *(target less than 2)*

The average response time to deal with complaints was 2 days *(target less than 4 days)*

3 year record of performance against targets

		2011	2012	2013
Contribution to the Exchequer	Target	£1.20m	£1.20m	£2.25m
	Outturn	£1.20m	£1.20m	£2.25m
Capacity utilisation of the Centre	Target	65.0%	54.0%	64.0%
	Outturn	54.3%	50.8%	58.4%
Overall score for value for money	Target	90.0%	90.0%	90.0%
	Outturn	97.6%	88.0%	92.5%
The number of complaints per 100 events	Target	◀ 2.0	◀ 2.0	◀ 2.0
	Outturn	0.32	0.83	0.92
The average response time to deal with complaints	Target	◀ 4.0 days	◀ 4.0 days	◀ 4.0 days
	Outturn	1.0 days	1.5 days	2.0 days

Annual Report and Accounts 2012–13

Directors' Report

1. History and Principal Activities

The Queen Elizabeth II Conference Centre (the Agency) was opened by Her Majesty the Queen in 1986. Trading Fund status was granted on 1 April 1997 under the Government Trading Funds Act 1973. Its role is to provide conference facilities for national and international meetings up to the highest level and to market its facilities commercially as a high quality venue for both Government and private sector use.

2. Management Board

The following served as members of the Management Board during the year. The catering contract with Leith's Limited entitles them to a seat on the Management Board; their nominee, Andrew Hardy is Operations Director of Leith's, part of the Compass Group UK & Ireland.

Ernest Vincent	*retired 31 March 2013*	Chief Executive
Kenneth Ludlam	*retired 31 March 2013*	Non-executive
Alison White	*appointed 29 November 2012*	Non-executive
Simon Hughes	*appointed 29 November 2012*	Non-executive
Andrew Hardy	*retired 30 June 2012*	Non-executive
Hugh Spicer	*retired 16 May 2012*	Non-executive
John French		Finance Director
Sue Etherington		Commercial Director
Raj Pragji		H.R. Director

3. Employee Involvement

The Agency is committed to improving the quality of service it provides to clients and delegates through the involvement and development of its staff, consistent with its Investor in People accreditation, which was renewed in October 2009 for a further three years. It maintains regular contacts with managers and staff through circulars and forums and through consultation with trade union representatives. Employees participate in a group bonus scheme based on the surplus for the financial year.

4. Policy in Relation to Employment of People with a Disability

The Agency operates a policy of full and fair consideration to applicants with a disability, having due regard to their individual aptitudes, skills and capabilities.

5. Pension Scheme

Staff are eligible to join the Principal Civil Service Pension Scheme. The accounting policy on pension costs can be found in note 1.11 of the Financial Statements and information on the Scheme can be found in note 4 to the Financial Statements.

6. Value of Property

The Department for Communities and Local Government holds title to the land and building. The property was valued at £25.3 million in the accounts of the Department for Communities and Local Government at 31 March 2013.

7. Changes in Property, plant and equipment

Changes in property, plant and equipment are summarised in note 7 to the Financial Statements.

8. Future Developments

The Government has concluded its review of the future of the conference business with the result that management of the conference business remains with the Agency. The Centre's management is now engaged on the development of an investment programme to ensure that the Centre maintains its market position. This will involve the production of a master plan for the building and upgrades to the technical facilities available.

9. Auditor's remuneration

The Comptroller and Auditor General is appointed auditor under the provisions of the Government Trading Funds Act 1973 and reports his findings to the Houses of Parliament. The cost of the audit of the accounts is £38,000 (2012: £34,600). No other services were provided.

10. Information supplied to Auditors

The Agency and its Chief Executive have taken all reasonable steps to ensure that the auditors have been made aware of all information relevant to their audit, to ensure that there is no relevant information of which the auditors are unaware and to establish that this is so.

11. Accounts Direction

This statement of accounts has been prepared in accordance with a Treasury direction, dated 18 December 2012, given in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973.

Management Commentary

1. Development and performance during the financial year

1.1 Trading performance

Turnover in 2012–13 is 4.8% higher than in the previous year: room hire increased by 19.0% principally as a result of a major booking for the Olympic period, the in-house production unit decreased by 12.8% and the IT sales unit by 34.8%; revenue from other conference activities decreased by 2.7% and rental income from non-conference space increased by 29.2%.

Costs were 7.3% lower than those in the previous year. The surplus on ordinary activities of £3.484 million was 43.1% higher than the figure reported for the previous year.

1.2 Innovations and improvements

The continued uncertainty over the future of the Centre until December 2012 and overall difficult trading conditions this year have meant that expenditure on innovation and improvements has been restricted for this financial period. However the Centre did invest in a new wi-fi system capable of delivering higher capacity services in March 2013 and there are plans in place to further improve facilities during the new financial year.

1.3 Operational performance

The average absence from work during the year due to sickness was 2.6 days per employee (2012: 3.3 days).

There were no personal data related incidents during the year.

2. Position at the end of the year

2.1 Capital structure

The amount of Public Dividend Capital remains unchanged at £821,000. A dividend payment of £2.25 million was made to the Exchequer which resulted in a retained surplus of £1.26m, and increased the General Reserve at 31 March 2013 to £9.6 million.

2.2 Cash management

Cash balances increased by £1.6 million in the year. All suppliers' invoices were paid in accordance with CBI guidelines, within 30 days from the delivery of goods or services or, if later, receipt of an agreed invoice. Credit control measures were again effective in limiting exposure to the risk of bad debts.

2.3 Non-current asset management

All fixed assets were checked in March to confirm that they are still in good condition and relevant to our business. Those assets not meeting these criteria have been sold or scrapped. Depreciation rates are influenced by the speed with which assets become outdated by changes in technology and fashion.

3. Performance against targets

3.1 Summary of performance against targets

A payment to the Exchequer of £2.25 million met the financial target. The occupancy level achieved was 58.4 per cent which is below the target of 64 per cent. The occupancy level is measured by reference to the theoretical maximum annual room hire revenue. It is therefore adversely affected by the increased levels of discounting that are prevalent in a more competitive market place. The three other business strategy and quality of service targets were exceeded. A more detailed report of performance against targets can be found on page 5.

4. Trends and factors affecting underlying performance during financial year

4.1 The market in which we operate

The conference and meetings market is both local and international and it is very competitive by nature. A wide range of facilities suitable for hosting conferences is available from large purpose-built conference centres in major cities to single rooms in institutions and hotels, with new and additional capacity regularly coming on stream.

The Queen Elizabeth II Conference Centre can accommodate the largest conferences either alone or as part of a London syndicate and small to medium sized events in rooms that can be let singly. It enjoys a prestigious location facing Westminster Abbey and close to Whitehall, the Houses of Parliament and the London Eye.

The products and services offered by the Queen Elizabeth II Conference Centre target sections of the market that value quality, reliability, security and the latest technology. Its competitive advantage is enhanced by its partnership with Leith's, whose reputation for quality catering and excellent service is widely recognised. The Queen Elizabeth II Conference Centre is an ideal venue for large conferences, with or without exhibition space, and for annual general meetings and gatherings of international organisations. It also continues to compete successfully for smaller events, award ceremonies and banquets.

4.2 Market conditions

In line with management expectations trading conditions remained difficult during 2012–13 although the Centre's occupancy was boosted through a booking with the National Organising Committee of Italy for the duration of the Olympic and Paralympic Games. Government spending controls and in particular the decision to limit spending on meetings and conferences have continued to have an adverse impact on occupancy. Advance bookings at the start of the year for 2013–14 are slightly ahead of those for 2012–13 one year ago, after making adjustment for the exceptional Olympic booking.

4.3 Management of principal risks

A Risk Register of potential risks has been maintained by Management and is discussed at quarterly meetings of the Risk Management Working Group. Risk is also on the agenda of the monthly Directors and Managers Meetings. The purpose is to evaluate the potential impact of these risks on profitability, to determine what controls are in place to minimise each risk and to propose additional control measures where appropriate. New risks identified are evaluated and added to the Risk Register with appropriate remedial actions. Activity is monitored by the Audit Committee which is chaired by a non-executive director.

4.4 Agency strengths and resources

The Agency's principal strengths are its location and the quality of its product. Its principal resource is the considerable experience, expertise and professionalism of its staff and of its on-site contractors. Analysis of the client feedback questionnaires confirms that the Centre is preferred mainly because of the quality of service provided, whether it be the creativity of Leith's cuisine, the flair of the Interface in-house production team, the attentiveness of our event managers or our flexibility in dealing with changing circumstances.

5. Trends and factors affecting future performance

5.1 Strategy

The strategic aim of the Agency is to meet the financial objectives of the Trading Fund Order. To this end it aims to retain its position as a premium quality and internationally acclaimed conference venue, drawing strength from its prestigious location. Its corporate priorities anticipate a growth in clients' expectations of the quality and range of available services, the use of leading-edge technology and, in particular, value for money. Integrated commercial, operational, financial and HR strategies are updated annually in the light of past performance and perceived changes in market conditions.

5.2 Objectives

The broad operational objective of the Agency, as set out in its Framework Document, is to achieve best value for money in operating the conference centre as a high quality facility for use, on a commercial basis, by government and private sector customers for national and international events.

Its specific objectives are to further strengthen commercial performance by optimising use of the Centre, to maximise revenue from room hire and the sales of ancillary services, to maintain the interior of the building and its services consistent with a high quality venue and to ensure that all staff members are properly trained, well motivated and have opportunities to develop their full potential.

5.3 Building enhancement

The trading conditions experienced during the year resulted in a severely restricted capital expenditure programme and no significant building enhancements occurred during the year. Nevertheless management remained committed to maintaining the Centre's standard of facilities for future years and a capital expenditure programme commencing in August 2013 has been approved.

5.4 Staff Resources

The Agency maintains a significant pool of technical expertise in the areas of engineering, audio-visual presentation, IT and telecommunications. Further technical support continued to be provided by the Department for Communities and Local Government in respect of matters relating to the fabric of the building and by the contractors who operate building systems and facilities on the Agency's behalf.

In October 2009, the Agency was successful in renewing its IIP accreditation for a further three years and continues to apply those principles in the management and motivation of staff. Training and development remains focused on individual improvement.

5.5 Competitive facilities

Market conditions have ensured that a high level of competitiveness remains and pricing policies have been aggressive across all competitors. Management are determined to ensure that the Centre remains competitive without compromising standards and its position in the market place.

5.6 Trading outlook

Revenue for 2012–13 was boosted by the whole centre booking during the Olympic period to host Casa Italia representing the National Olympic Committee of Italy. Expectations are that 2013–14 will see a fall in revenue to a level similar with 2011–12. The market remains very competitive with low occupancy rates still reflecting the economic climate and continued government cost constraints making it unlikely that there will be growth in that sector of the Centre's business. The government review on the future of the business has concluded, which means Centre's management can now concentrate on planning for the future with more certainty.

6. Environmental, social and community issues

6.1 Recycling success

The Agency recycled 85 per cent of waste in 2012–13 which was the same as achieved in 2011–12. In addition to paper, cardboard and bottles, which are high volume items, metal cans, wooden pallets, fluorescent tubes and toners are also being recycled and recycling bins are located in walk-through areas used by delegates.

6.2 Energy efficiency

The Agency has an active programme to reduce its consumption of electricity. During 2012–13 a continued sustainability awareness programme has been in place.

6.3 Sustainability Reporting

The Agency is exempt from producing a producing a sustainability report on the basis that its headcount is below the 250 threshold.

Remuneration Report

Paragraphs 1 to 5 are not audited. Paragraphs 6 to 11 have been audited.

1. Membership of Remuneration Committee

The Remuneration Committee comprises Kenneth Ludlam, non-executive director and Chairman of the Audit Committee, the Chief Executive, Commercial Director, Finance Director and HR Director.

2. Policy on remuneration of senior managers

The remuneration of the Chief Executive, comprising salary and bonus, is determined by the Department for Communities and Local Government.

Salaries of all other staff, including Directors and senior managers, are determined by a Performance Management Pay Scheme under which most receive a basic award, up to ten per cent receive an enhanced increase for high performance and non-performers receive no increase.

In addition all eligible staff, other than the Chief Executive, participate in a Corporate Bonus Scheme which is linked to the financial performance of the Centre.

3. Methods used to measure performance

Biannually staff are appraised against a set of competencies and individually targeted objectives.

4. Relationship between performance and remuneration

Apart from some small allowances, all remuneration is based on either individual performance or group performance.

5. Policy on duration of contracts

All staff contracts, excluding the Chief Executive, can be terminated by either party by giving one month's notice.

6. Details of Directors' service contracts relevant to the cost of early termination

	Years of service at 31 March 2013	Length of notice
Ernest Vincent, *Chief Executive*	8.50	6 months
John French, *Finance Director*	5.75	1 month
Sue Etherington, *Commercial Director*	9.63	1 month
Raj Pragji, *H.R. Director*	19.75	1 month

7. Awards to past senior managers

There were no awards to past senior managers.

8. Table of remuneration

Details of the remuneration of members of the Management Board and non-executive directors are set out below. None of the members received any benefits in kind. There were no expense allowances and no payments of compensation for loss of office.

Member	Function	Basic salary 2013 £000	Bonus 2013 £000	Total 2013 £000	Basic Salary 2012 £000	Bonus 2012 £000	Total 2012 £000
Ernest Vincent	*Chief Executive*	85–90	5–10	95–100	85–90	5–10	95–100
John French	*Finance*	70–75	0–5	70–75	70–75	0–5	70–75
Raj Pragji	*Human Resources*	30–35	0–5	30–35	55–60	0–5	60–65
Sue Etherington	*Commercial*	60–65	0–5	65–70	60–65	0–5	65–70
Andrew Hardy	*Non-executive*	0–5	nil	0–5	0–5	nil	0–5
Kenneth Ludlam	*Non-executive*	0–5	nil	0–5	0–5	nil	0–5
Hugh Spicer	*Non-executive*				0–5	nil	0–5
Alison White	Non-executive	0–5	nil	0–5			
Simon Hughes	Non-executive	0–5	nil	0–5			

Raj Pragji was on maternity leave for the financial year part of which was unpaid leave.

The Agency is required to disclose the relationship between the remuneration of the highest-paid director and the median remuneration of the Agency's workforce.

The banded remuneration of the highest-paid director in the financial year 2012–13 was £95,000–£100,000 (2011–12, £95,000–£100,000). This was 2.80 times (2011–12, 2.69) the median remuneration of the workforce, which was £33,971 (2011–12, £36,266).

In 2012–13, no employees received remuneration in excess of the highest-paid director (2011–12, nil). Remuneration bands ranged from £20,000–£25,000 to £70,000–£75,000 (2011–12 £20,000–£25,000 to £70,000–£75,000)

Total remuneration includes salary, overtime, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

9. Details of non cash elements of remuneration

There were no non cash elements of remuneration given to any employee during the year.

10. Table of pension benefits

Pension benefits of members of the Management Board are set out below. The capitalised value of accrued benefits transferable to another scheme is shown under Cash Equivalent Transfer Value, (CETV). Non-executive members accrue no pension benefits from the Agency.

		Accrued pension £000	Accrued lump sum £000	CETV 2013 £000	CETV 2012 £000
Ernest Vincent	*Chief Executive*	15 – 20	nil	287	250
Raj Pragji	*Human Resources*	10 – 15	40– 45	184	170
John French	*Finance*	5 – 10	nil	139	106
Sue Etherington	*Commercial*	10 – 15	nil	203	168

The real increases during the year of pension benefits are set out below.

		Accrued pension £000	Accrued lump sum £000	CETV £000
Ernest Vincent	*Chief Executive*	0 – 2.5	nil	32
Raj Pragji	*Human Resources*	0 – 2.5	0 – 2.5	4
John French	*Finance*	0 – 2.5	nil	23
Sue Etherington	*Commercial*	0 – 2.5	nil	22

11. Amounts payable to third parties for senior manager services

There were no amounts paid during the year to third parties for senior manager services.

Mark Taylor, Chief Executive

Statement of the Agency and its Chief Executive's responsibilities

The functions of the Queen Elizabeth II Conference Centre are set out in Statutory Instrument 933, 1997. Primarily these are to provide conference and related services. A more detailed description of aims, objectives, responsibilities and governance arrangements are set out in a Framework Document issued by the Secretary of State.

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Queen Elizabeth II Conference Centre to prepare a statement of accounts for each financial year in the form and on the basis determined by the Treasury. These accounts accord with a Treasury direction dated 18 December 2012. The accounts are prepared on an accruals basis to give a true and fair view of the state of affairs of the Queen Elizabeth II Conference Centre at the year end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Queen Elizabeth II Conference Centre is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in operation; to observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements; to apply appropriate accounting policies on a consistent basis; to make judgements and estimates on a reasonable basis; to follow applicable accounting standards and to disclose and explain any material departure from those standards.

The Treasury has appointed the Chief Executive of the Queen Elizabeth II Conference Centre as the Accounting Officer for the Trading Fund. The Framework Document defines the duties and responsibilities of the Chief Executive. Further, his relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances, for the keeping of proper records and for the safeguarding of the Agency's assets are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in Managing Public Money.

Mark Taylor, Chief Executive

Governance statement

Introduction

Ernest Vincent relinquished his responsibilities as Accounting Officer on 12th March 2013 which was followed by his official retirement on 31st March 2013. I, Mark Taylor, was appointed as Accounting Officer for the Trading Fund in succession to Ernest with responsibility for the preparation of The Queen Elizabeth II Conference Centre for 2012-13 in accordance with section 4(6) (a) of the Government Trading Funds Act 1973. As Accounting Officer, I must be able to assure Parliament and the public of high standards of probity in the management of public funds, including The Queen Elizabeth II Conference Centre Governance Statement.

The Annual Report and Accounts for 2012–13 have been produced with the full consideration and approval of the Audit Committee appointed for the purpose of preparing the Annual Report and Accounts.

Ernest Vincent has, by means of the Governance Statement which follows, confirmed that the Centre operated, up until the handover of his Accounting Officer's duties to John French, Finance Director on 13th March, with appropriate governance and an improved system of internal control and risk management during 2012–13. John French assumed temporary Accounting Officer responsibilities for the period 13th March up until 3rd April 2013 and he has also confirmed appropriate governance was in place. I took over Accounting Officer Responsibilities from 4th April 2013 onwards.

Current Position

Options for the future of the Queen Elizabeth II Conference Centre (the Centre) have been reviewed, particularly in light of the Government Property Unit policy to retain freehold property in the Whitehall area for future flexibility and efficiency reasons. The Department for Communities and Local Government (DCLG), owners of the freehold, managed the review process via a Project Board. A pre-market engagement exercise of the Centre's conference business was undertaken over the summer of 2012 and demonstrated that there would be market interest in running the conference business.

Since that exercise was concluded, Parliament published an initial study into options for the long-term upkeep of the Palace of Westminster. The report highlights a number of options for restoration and renewal. These require further study, but may have implications for the future use of the Centre in the long term.

While recognising that Parliament needs to continue to have a full range of options available, the Government has concluded that current arrangements for the management of the Centre should be maintained for the present time. This will ensure that bookings can continue to be made and allow the Centre to plan future business with greater certainty. Should Parliament indicate that it requires the Centre in future, it has been agreed that discussions will take place on timescales which recognise the importance of the Centre maintaining a viable business plan, to provide assurance to potential customers.

Business Review of Year

During the year the Centre was host for the Italian House (Casa Italia) during the London 2012 Olympics, a booking that significantly added to the year's revenues.

Responsibility and accountability of the Chief Executive

As Accounting Officer, I have responsibility for providing a Governance Statement that describes the system of internal control in place at the Centre. This Statement supports how the Centre achieves the policies, aims and objectives set by the Secretary of State for Communities and Local Government, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me as a Trading Fund Accounting Officer. I am aware of my responsibilities within the HM Treasury publication 'Managing Public Money' and also those guidelines contained in the 'Code of Practice 2011, Corporate Governance in Central Government Departments'.
I have applied, wherever practicable, the principles of the code to the governance of the Trading Fund.

I am able to report that the boards, committees and formal meetings described below have provided me with appropriate advice and support to manage the business of the Trading Fund effectively and to produce a net surplus from operations ahead of that budgeted a year ago.

The DCLG Project Board

The Project Board, which was tasked with conducting a pre-market engagement exercise, remained in place until September 2012, when it reverted to the Advisory Board following the announcement in December 2012 of the decision regarding the future of the Centre. Options for lease of the Centre were put forward by the Board during this time. The Chair of this Board was the Finance Director for the DCLG. Members were drawn from officials and specialists at the DCLG, the CEO and Executive Directors of the Centre, independent Non Executive Directors, and representatives from the Government's Shareholder Executive and the Government Property Unit.

The QEIICC Management Board

The Management Board, chaired by the centre's Chief Executive, manages and directs the commercial affairs of the Centre and is tasked with doing so to produce each year a net surplus from trading and to pay a cash dividend to DCLG. The Management Board met in March, September and December 2012, and in March 2013. The quorum was met on all occasions apart from the September meeting when only one NED was in attendance. The principal task of the Management Board is to advise the CEO on the content and format of the business and corporate plan, and to prepare the annual targets for presentation to DCLG ahead of Ministerial submission. This board also has oversight of the management accounts. Membership of the Management Board changed during the year. The Board initially comprised the CEO, his Executive Directors and three Non-Executive Directors, two of whom were wholly independent whilst the third represented the contracted catering company.
In autumn, following discussions on the future of the Centre, it was considered there was potential conflict of interest for the Non-Executive representing the catering contract to remain on the Board. In addition, Kenneth Ludlam's term of office came to the end and subsequently two new Non-Executive Directors were appointed to sit on the Advisory Board, Management Board and Audit Committee. The Management Board also receives an annual report from the Chair of the Audit Committee. This was received by the board at its meeting of the 23rd May and no significant issues or concerns were highlighted. A Board Governance questionnaire has been completed and circulated to members of the Audit Committee and members of the Management Board. At the March meeting, It was agreed that because there had been a long period of change throughout the year for the Board, it would be preferable to review this again nearer the end of this year in order to make a more accurate assessment on how the Board is performing. No significant issues were identified regarding the current effectiveness of the Board. All members of the Board are actively involved in the business of the conference centre and are closely involved with the strategic management of the Centre. Quarterly updates from Human Resources, the Caterer, Interserve FM, the Commercial Director and the Finance Director for Risk were presented at each meeting. Following an announcement on the future of the Centre, the governance of the Centre has been reviewed by the non-executive directors and the sponsoring department. The recommendations included increasing the number of management board meetings to between 6 and 8 per annum. This will ensure risk-based and proportionate governance at a time of change and transition for the Centre. Following this review the management board will have a more comprehensive oversight of the operations of the Centre. The CEO, as Accounting Officer, retains responsibility for the chairing the Management Board.
The Centre's Framework Agreement and the terms of reference for the Management Board have also been reviewed and updated.

The Centre's Business and Corporate Plan received Ministerial approval in March 2013. These plans were reviewed by both the Advisory and Management Boards before submission to the Minister. In June the business plan was presented to a specially convened challenge panel as part of the process of pre-market engagement. The approach taken before executives appeared before the challenge panel was discusses at the June meeting of the management board. The September meeting of the management board discussed the findings of the challenge panel as well as other issues regarding the potential privitisation of the business. In December the meeting gave time for the newly appointed non executives to hear presentations from the operational managers.

The Audit Committee

The Audit Committee met in May, September, December 2012 and in March 2013. It is an effective committee chaired by Kenneth Ludlam, an experienced independent Non-Executive Director and professional accountant. Kenneth Ludlam retired on 31st March 2013, and is succeeded by Alison White, independent Non-Executive Director, who is also a qualified accountant. The Audit Committee comprises three Non-Executive Directors and in attendance is the CEO, the Director of Finance of the Centre, the NAO and the DCLG's internal auditors. Throughout the year, the quorum was always met apart from the September meeting.

The Committee oversees management of the risk management processes and regularly reviewed the Centre's risk register. Issues arising for which further executive consideration was encouraged included:-

- EBMS (the computer management system)
- Income forecasting of receipts
- HR Control Testing
- Control arrangements for overtime of contracts staff (Interserve)
- Finance Key Control testing.

A new total facilities management (TFM) contract came into force on 1st April 2012 when Interserve FM took over the management of the building maintenance and engineering functions, as well as the cleaning and porterage and security services. This contract is being closely monitored and managed as it is the first time the centre has used the TFM system to manage service delivery. New risks that arose during the year included post Olympic 'boost' to business which did not materialize; the rebid of the catering contract; the on-going matter regarding the future of the Centre (now resolved). Another risk is that surrounding any decant of Parliament and how this could impact of the Centre.

The Directors' and Managers' Monthly Meeting (DMM)

The Chief Executive chairs these meetings which are held monthly to an agenda and minutes are recorded. The meeting reviews the monthly management accounts as presented by the Finance Director; it takes a report from the Commercial Director and the Head of Human Resources; it also records operational progress and deals with issues around the operation of the Centre such as event operations, audio visual service provision and IT. The meeting also reviews any risks that have been identified including agreeing appropriate action plans to mitigate those risks. The DMM formally reviews all overtime expenditure incurred during the period. The Finance Director also provides an update on risk at each meeting. This meeting manages guidance to staff which is provided on their desk-top computers in the form of a set of the Centre's policies and procedures. This guidance is maintained to accommodate organisational and system changes and recommendations from auditors. There is a Performance Management System in place through which staff are appraised and which identifies job-related training to enhance their performance. During the year this meeting covered the financial performance of the Centre, plans for refurbishment and the summer 2012 occupancy by Casa Italia.

These meeting deal in many aspects of operational management and the seconded HR manager introduced procedural changes, including revisions to the competency framework.

Management, Direction and Oversight of the Facility and Catering Contracts

Formal meetings are held to govern the management of the Catering Contract with Leith's and the TFM contract with Interserve. The CEO and Director of Finance are present at the Leith's meetings. A regular walkround with the Catering Manager, Commercial Director and CEO also takes place to ensure that all catering areas are being maintained to an appropriate standard. The Event Operations Manager attends monthly meetings with Interserve management. The catering contract is to be re-bid in 2013 and to enable this to be managed effectively, the existing contract will be extended to December 2013. This is probably one of the highest risks in the year ahead.

The Health and Safety and Sustainability Committees

Health and Safety and Sustainability Committees, chaired by the CEO, meet quarterly and are attended by all operational personnel, including the TFM contractors. Fire safety training for all staff occurs annually. A Business Continuity Plan is regularly updated and rehearsals undertaken from time to time. The Business Continuity Plan, in respect of IT services and, infrastructure and delivery was tested in December 2012. The outcome was successful and a report was sent to the internal auditors.

The Middle Managers Meeting (MMM)

The Middle Managers met on a monthly basis throughout the year and discussed all operational matters. The meeting incorporated representation from Interserve (representing cleaning and porterage, building maintenance and engineering, and security, and also the catering contractor Leiths. Any matters of significance covering risks and health and safety are escalated to the DMM.

The Risk Management Process

At the heart of the risk management process is an integrated system of long-term planning, allocation of responsibilities and budgetary control. The Centre's business and corporate plan (BCP) with a five year horizon is prepared annually and takes into account the risks and opportunities facing the Centre and charts the probable course of trading income, capital investment, human and financial resources. Responsibility for delivering a specific section of the BCP is allocated to a Director or the relevant senior manager. Targets are set for the coming year and a plan is drawn up incorporating income expectations and suitable levels of cost to run the business effectively and contain risks at an appropriate level.

Directors allocate specific responsibilities, financial authority and budgets to the managers within their departments. As a result of the current economic climate, and in line with a prudent approach to financial management, closer scrutiny of expenditure across all areas of the Centre's operations has been introduced during the year. Close monitoring of all expenditure is undertaken by all managers at regular intervals.

Directors and Managers supply regular reports on the management of risks in their areas of responsibility including progress reports on key projects. These procedures are assessed and overseen by a Risk Management Working Group and internal auditors.

During the year, a review of the risk management process to ensure it is effective was undertaken by internal auditors, and the streamlined Risk Register that was introduced earlier in the year continued to be improved. Following a resolution on the future of the Centre, the inter-departmental Risk Management Working Group was reconvened in January 2013 and will meet quarterly to maintain the risk register, assess business risks, and discuss the means of managing them and identify possible improvements. In December 2012, a separate register which recorded the risks to the business arising from the Government's review of options for future ownership of the business was discontinued following a decision on the future of the Centre being made.

Guidelines regarding data handling issued by the Cabinet Office are being adhered to and the appointment of a senior information officer (SIRO) is in place. All staff passed the relevant sections of a Civil Service e-learning course on counter fraud, bribery and corruption as well as learning skills to protect information.

A separate project risk was created to specifically consider the risks relating to the future of the Centre.

The system of internal control

The system of internal control is designed, inter alia, to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives. It can, therefore provide, only reasonable, and not absolute, assurance of effectiveness. The system of internal control accords with Treasury guidance and has been in place for the full year to March 2012. During the year the internal auditors have submitted reports to the Audit Committee, prepared to Government Internal Audit Standards, covering Interface (in-house Audio Visual team), the Event Business Management System (used to record all bookings and relating data), Key Financial Control Testing and Business Procedures. This year the internal auditor's overall opinion has improved to moderate assurance for control and substantial assurance for both risk management and governance.

Review of Effectiveness)

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Directors and Managers of the Centre who have responsibility for the development and maintenance of the internal control framework. My review takes into account comments made by the National Audit Office in their management letter and other reports. I have also been advised on the effectiveness of the system of internal control by the Management Board and the Audit Committee.

The Management Board, the Audit Committee, the monthly Directors' and Managers' Meeting, and the internal auditors all participate in the review of the effectiveness of the system of internal control. The Audit Committee reviews all reports from internal and external auditors, which include management responses and agreed remedial action, and receives a written report on the progress of implementing the agreed remedies. It also receives regular reports on risk from the Finance Director.

Significant internal control problems during the year

There are no issues of significance to report for the period covered by this report. There have been no information security breaches during the year.

A claim for costs has been received from Christian Concern regarding the cancellation of an event in May 2012. This is being handled by Treasury Solicitors who are being advised by Counsel. A challenge regarding copyright infringement has been actioned by the DCLG legal team and nothing further has been heard. The event management computer system server has been upgraded and systems put into place to strengthen its integrity, including technical support; help desk; systems and contractual documentation; audit trail, etc. Contactor's overtime payments have recently been subject to audit and an 'amber' audit opinion has been received. The Centre's management will continue to carefully manage the payment of overtime and improve oversight generally.

Maintaining effective internal control when resource availability and allocation is being closely monitored and controlled remains challenging. TheTrading Fund has a history of sound and prudent financial management, and during my term of office I have sustained this record of achievement.

Ernest Vincent, Chief Executive Officer • *12 March 2013*

Governance in the period after 4 April 2013

An effective handover and induction was implemented prior to Ernest Vincent departing and Mark Taylor starting in post, this was assisted by the close partnership working with DCLG colleagues, in order to ensure a satisfactory continuation of Accounting Officer Duties. I can confirm that all aspects of governance as outlined in the Governance Statement prepared above by Ernest Vincent have been continued up to the date of signing this report and that an adequate system of internal control has been maintained during that period.

Mark Taylor, Chief Executive • *27 June 2013*

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Queen Elizabeth II Conference Centre for the year ended 31 March 2013 under the Government Trading Funds Act 1973. The financial statements comprise: the Statement of Comprehensive Net Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, Chief Executive and auditor

As explained more fully in the Statement of the Agency and its Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Queen Elizabeth II Conference Centre's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Queen Elizabeth II Conference Centre; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of The Queen Elizabeth II Conference Centre's affairs as at 31 March 2013 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Message from the Chief Executive, Directors' Report and Management Commentary sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London SW1W 9SP

1 July 2013

Statement of Comprehensive Net Income

for the year ended 31 March 2013

	NOTES	2013 £000	2012 £000
Revenue	*2*	10,646	10,162
Depreciation and amortisation	*6*	(810)	(801)
Staff costs	*3*	(1,963)	(2,104)
Other expenditure	*6*	(4,389)	(4,822)
Operating surplus for the year	*2*	3,484	2,435
Interest receivable		26	19
Operating surplus for the year after interest		3,510	2,454
Payment to Exchequer		(2,250)	(1,200)
Retained surplus/(deficit)		1,260	1,254

Notes to the Statement of Comprehensive Net Income:

i All operations are continuing.

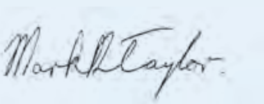
ii There were no other recognised gains or losses during the year.

The notes on pages 17 to 20 form an integral part of these accounts.

Statement of Financial Position

as at 31 March 2013

	NOTES	2013 £000	2012 £000
Non-current assets			
Property, plant and equipment	*7*	1,640	2,220
Intangible assets	*8*	2	7
Total non-current assets		1,642	2,227
Current assets			
Trade and other current receivables	*9*	1,118	1,522
Cash and cash equivalents	*10*	10,749	9,127
Total current assets		11,867	10,649
Total assets		13,509	12,876
Current liabilities			
Trade and other current payables	*11*	2,873	3,504
Provisions	*12*	75	50
Total current liabilities		2,948	3,554
Non-current assets plus net current assets		10,561	9,322
Non-current liabilities			
Provisions	*12*	–	–
Deferred revenue	*11*	123	144
Total non-current liabilities		123	144
Assets less liabilities		10,438	9,178
Taxpayers' equity			
Public Dividend Capital		821	821
General Reserves		9,617	8,357
		10,438	9,178



Mark Taylor, Chief Executive • *27 June 2013*

The notes on pages 17 to 20 form an integral part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2013

	NOTES	2013 £000	2012 £000
Cash flows from operating activities			
Operating surplus after interest		3,510	2,454
Depreciation and amortisation	*6*	810	801
Interest received		(26)	(19)
Increase/(Decrease) in provisions	*12*	25	(8)
(Increase)/Decrease in trade and other receivables	*9*	404	294
Increase/(Decrease) in trade and other payables due within one year	*11*	(631)	282
Increase/(Decrease) in trade and other payables due after more than one year	*11*	(21)	(56)
Net cash inflow from operating activities		4,071	3,748
Cash flows from investing activities			
Property, plant and equipment and intangibles purchases	*7, 8*	(225)	(140)
Interest received		26	19
Cash flows from financing activities			
Payment to Exchequer		(2,250)	(1,200)
Net increase/(decrease) in cash and cash equivalents		1,622	2,427
Cash and cash equivalents at the beginning of the period	*10*	9,127	6,700
Cash and cash equivalents at the end of the period	*10*	10,749	9,127

The notes on pages 17 to 20 form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2013

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2011	821	7,103
Comprehensive Net Income for the year	–	1,254
Balances at 1 April 2012	821	8,357
Comprehensive Net Income for the year	–	1,260
Balances at 31 March 2013	**821**	**9,617**

The notes on pages 17 to 20 form an integral part of these accounts.

Notes to the Financial Statements

for the year ended 31 March 2013

Note 1

Accounting Policies

These accounts have been prepared in accordance with the Government Trading Act 1973 and the 2012–13 Government Financial Reporting Manual (FReM) issued by the Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Queen Elizabeth II Conference Centre for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Queen Elizabeth II Conference Centre are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared on a going concern basis under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets to their value to the business by reference to current costs.

The Government review of alternative delivery options for the conference business was concluded in December 2012 with the decision that the conference business would remain in its current form for the foreseeable future. Accordingly management considers it appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

1.2 Property, plant and equipment

The freehold title in the land and buildings is held by the Department for Communities and Local Government. This is revalued on an existing use basis each year and disclosed in the accounts for the Department net of the Agency's interest in the property. The Agency does invest in structural enhancements to the property which are capitalised as building improvements and valued at depreciated historical cost as management consider that, in the absence of a readily obtainable market for such items, this provides a suitable approximation for fair value. Non property assets are re-valued by reference to the cost of modern equivalent assets. Items of furniture, IT and operational equipment valued under £1,000 are written off in the year of purchase. The cost or valuation of a tangible asset is written off on a straight-line basis over its expected useful life with a full year's depreciation being charged in the year of acquisition. Expected useful lives are as follows:

	Life in years
Building improvements	4–15
Furniture	3–10
IT & telecommunications equipment	2–10
Operational equipment	3–10

1.3 Intangible assets

Intangible assets acquired separately are re-valued internally each year by reference to relevant pricing indices published by the government. The cost or valuation of an intangible asset is written off on a straight-line basis over its expected useful life. Items valued under £1,000 are written off in year of purchase.

Expected useful lives are as follows:

	Life in years
Computer Software	3–5

1.4 Value added tax

In the financial statements all figures are shown net of recoverable Value Added Tax.

1.5 Income recognition

Income is recognised on the day that a service is provided. Income invoiced less than one year in advance is shown as a liability. Income invoiced more than one year in advance is shown as a deposit invoiced more than one year in advance.

1.6 Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease receipts under operating leases are recognized as income on a straight line basis over the lease term.

1.7 Accounting estimates and judgements

The Agency makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other relevant factors. In the future, actual experience may differ from these estimates and assumptions.

The Agency has recognised a provision for liabilities of uncertain timing or amount arising from a legal dispute. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

1.8 Provisions

The Agency recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where these criteria are not met a contingent liability may be disclosed in the financial statements.

1.9 Foreign currency transactions

Amounts paid or received in foreign currency are converted to sterling at the rate ruling on the day of the transaction. Differences on exchange are immediately written off to the Statement of Comprehensive Net Income.

1.10 Insurance

In accordance with Government policy, the Agency is self-insured. Payments in respect of insurable losses are charged to the Statement of Comprehensive Net Income as they occur.

1.11 Pensions

Pension costs are the monthly contributions by the Agency to the Principal Civil Service Pension Scheme, which accepts the liability for the payment of pensions after retirement.

1.12 New accounting standards not yet effective

There are no new accounting standards which are effective for periods beginning after 1 April 2012 that would have a material impact on the Agency's financial statements.

1.13 New accounting standards adopted early

The Agency has not adopted any new accounting standards in advance of their effective date.

Note 2

Income analysis

Whilst its principal source of income arises from conference activities, The Queen Elizabeth II Conference Centre also receives income from renting space within and on the Centre. None of the Centre's costs or net assets is identified specifically with the rental activities.

	2013 £000	2012 £000
Income from conference activities	10,325	9,914
Other rental income	321	248
Income from operating activities	10,646	10,162
Surplus on conference activities	3,163	2,187
Surplus on rental activities	321	248
Operating surplus for the year	3,484	2,435

Note 3

Staff numbers and related costs

Employee benefits expense

	2013 Permanent £000	2013 Others £000	2013 Total £000	2012 Total £000
Wages and salaries	1,490	64	1,554	1,637
Social security costs	121	7	128	163
Pension	282	–	282	284
Increase/(decrease) in holiday pay accrual	–	–	–	9
Temporary agency staff	–	(1)	(1)	11
Total staff costs	1,893	70	1,963	2,104

Staff numbers

	2013 Permanent	2013 Fixed term	2013 Total	2012 Total
Average number of staff for the year				
Administration	8	–	8	8
Operations	12	1	13	13
Presentations	13	1	14	14
Sales and Marketing	8	–	8	7
Total average number of staff	41	2	43	42

Note 4

Pension costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and therefore the Queen Elizabeth II Conference Centre is unable to identify its share of the underlying assets and liabilities. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Employers' contributions of £282,101 (2011–12 £283,918) were payable to the PCSPS at one of four rates in the range based on salary bands of 18.8 to 24.3 per cent of pensionable pay. Rates in 2013–14 are in the range of 18.8 to 24.3 per cent of pensionable pay.

Note 5

Remuneration of the Management Board

Details of the remuneration and pension benefits of members of the Management Board are given in the Remuneration Report.

Note 6

Other expenditure

	NOTE	2013 £000	2012 £000
Maintenance and cleaning		884	1,322
Sub-contracted services		903	915
Utilities		547	498
Rates		477	472
Equipment hire		349	415
Advertising and marketing		163	126
Travel and subsistence		43	36
Auditor's remuneration		38	35
Entertaining		7	7
Self-insurance losses		26	2
Other costs		932	978
Non-cash items			
Depreciation	7	805	796
Amortisation	8	5	5
Provision for doubtful debts		20	16
Total		5,199	5,623

Note 7

Property, plant and equipment

	Building Improvements £000	IT & Telecoms Equipment £000	Operational Equipment £000	Furniture £000	Total £000
Cost or Valuation					
At 1 April 2012	6,320	441	1,614	1,517	9,892
Additions	–	79	135	11	225
Disposals	–	(42)	(109)	(35)	(186)
At 31 March 2013	**6,320**	**478**	**1,640**	**1,493**	**9,931**
Depreciation					
At 1 April 2012	4,516	367	1,419	1,370	7,672
Charge for year	597	61	93	54	805
Disposals	–	(42)	(109)	(35)	(186)
At 31 March 2013	**5,113**	**386**	**1,403**	**1,389**	**8,291**
Net book value					
At 1 April 2012	1,804	74	195	147	2,220
At 31 March 2013	**1,207**	**92**	**237**	**104**	**1,640**

Included within the cost of property, plant and equipment are fully depreciated assets with a cost of £4,406,349 (2012, £3,975,160). The majority of these assets are used as back-up when equipment in use malfunctions.

	Building Improvements £000	IT & Telecoms Equipment £000	Operational Equipment £000	Furniture £000	Total £000
Cost or Valuation					
At 1 April 2011	6,296	420	1,552	1,521	9,789
Additions	24	37	62	11	134
Disposals	–	(16)	–	(15)	(31)
At 31 March 2012	**6,320**	**441**	**1,614**	**1,517**	**9,892**
Depreciation					
At 1 April 2011	3,917	338	1,321	1,331	6,907
Charge for year	599	45	98	54	796
Disposals	–	(16)	–	(15)	(31)
At 31 March 2012	**4,516**	**367**	**1,419**	**1,370**	**7,672**
Net book value					
At 1 April 2011	2,379	82	231	190	2,882
At 31 March 2012	**1,804**	**74**	**195**	**147**	**2,220**

Note 8

Intangible assets

	Computer Software £000
Cost or Valuation	
At 1 April 2012	134
Additions	–
At 31 March 2013	**134**
Amortisation	
At 1 April 2012	127
Charge for year	5
At 31 March 2013	**132**
Net book value	
At 1 April 2012	7
At 31 March 2013	**2**
Cost or Valuation	
At 1 April 2011	128
Additions	6
At 31 March 2012	**134**
Amortisation	
At 1 April 2011	122
Charge for year	5
At 31 March 2012	**127**
Net book value	
At 1 April 2011	6
At 31 March 2012	**7**

Note 9

Trade and other current receivables

	2013 £000	2012 £000
Amounts falling due within one year:		
Trade receivables	1,001	1,457
Prepayments and accrued income	91	42
Other receivables	26	23
	1,118	1,522
Intra-government balance analysis		
Balances with central government bodies	50	36
Balances with local authorities	1	62
Balances with NHS bodies	22	1
Balances with public corporations & trading funds	–	110
Balances with bodies external to government	1,045	1,313
	1,118	1,522

Note 10

Cash and cash equivalents

	2013	2012
Government Banking Service	10,302	8,684
Commercial banks and cash in hand	447	443
	10,749	9,127

Note 11

Trade and other current payables

Amounts falling due within one year:

	2013 £000	2012 £000
Trade payables	306	240
Value Added Tax	242	385
Other taxes and NI	74	72
Accruals and deferred income	806	823
Deposits invoiced in advance	1,438	1,962
Other payables	7	22
	2,873	3,504
Intra-government balance analysis		
Balances with central government bodies	403	498
Balances with local authorities	1	57
Balances with public corporations & trading funds	18	12
Balances with bodies external to government	2,451	2,937
	2,873	3,504
Deposits invoiced more than one year in advance:		
Balances with bodies external to government	123	144
	123	144

Note 12

Provisions for liabilities and charges

	2013	2012
Due within one year		
Compensation claim	75	50
	75	50
Early Retirement		
Opening balance	–	8
Charge to the Statement of Comprehensive Net Income	–	1
Payments made during the year	–	(9)
Closing balance	–	–

Note 13

Operating leases

The Agency leases out certain facilities under operating leases. Office space is let under a short term arrangement with a three month notice period for either party, car park spaces are let on annual leases and longer term lease arrangements are in place for roof space to house telecommunications equipment.

	2013 £000	2012 £000
Future minimum lease payments		
Not later than one year	48	50
Later than one year and not later than five years	44	61
Later than five years	–	–
	92	111

Note 14

Financial instruments

Short-term debtors and creditors have been excluded from this disclosure.
The fair values of the Agency's financial assets and liabilities at 31 March 2013 are as follows:

	Book value £000	Fair value £000
Financial assets		
Cash at bank and in hand	10,749	10,749
Financial liabilities		
Deposits invoiced more than one year in advance	(123)	(123)

NOTE 15

Financial risks

Liquidity risk

The levels of capital expenditure and Exchequer payment are both managed to be met from available cash balances. The Agency is reliant on the liquidity of the Department for Communities and Local Government to meet a major insurable loss.

Interest rate risk

103 per cent of capital and reserves is in the form of cash on deposit, earning interest at a rate that varies broadly in line with the Bank Rate.

Foreign currency risk

The Agency has no significant exposure to assets, liabilities, income or expenditure denominated in foreign currencies.

NOTE 16

Capital commitments

At 31 March 2013 the Agency had no contracts for expenditure on property, plant and equipment (2012, nil).

NOTE 17

Losses, special payments and gifts

Costs falling into the category of losses, special payments and gifts were below the level, currently £250,000, at which they need to be reported separately for both this financial year and the prior year.

NOTE 18

Contingent liabilities

There were no material contingent liabilities at 31 March 2013 (2012, none).

NOTE 19

Related party transactions

The Queen Elizabeth II Conference Centre is an executive agency of the Department for Communities and Local Government, which is regarded as a related party. There were several transactions with the Department during the year to the total value of £40,908 (2012, £2,812). At 31 March 2013 there were no balances outstanding with the Department (2012, nil).

There were many normal business transactions with other Government bodies, amounting to significant value in the cases of the Foreign & Commonwealth Office, Department for Culture, Media & Sport and the Parliamentary Estates Directorate.

Leith's Limited, part of the Compass Group, relinquished the right to a place on the Management Board as the catering concession at the Centre is due to go to tender; transactions with the Compass Group totalled £1,385,283 (2012, £1,631,266). At 31 March 2013 there was a balance £62,608 (2012, £152,959) in trade receivables, £2,328 (2012: £2,737) in deposits in advance and nil (2012, nil) in trade payables.

No Director, key manager or other related party has undertaken any material transaction with the Agency during the year.

NOTE 20

Memorandum Account for the year ended 31 March 2013

The Department for Communities and Local Government incurs costs as owner of the building. The following account incorporates these costs with the results of the Agency.

	2013 £000	2012 £000
Surplus for the financial year after interest per Statement of Comprehensive Net Income	3,510	2,454
Deduct expenditure incurred by owner of the building	(21)	(21)
Notional net surplus for the financial year	3,489	2,433

The Department for Communities and Local Government did not incur any capital expenditure on the building during the financial year (2012 nil).

NOTE 21

Financial performance indicators

The Queen Elizabeth II Conference Centre is set performance targets annually by the Secretary of State for Communities and Local Government. The financial target and the actual outturn are given below.

	2013 Target £000	2013 Actual £000	2012 Target £000	2012 Actual £000
Contribution to Exchequer	2,250	2,250	1,200	1,200

NOTE 22

Commitments under leases

The Agency operates its business in accordance with its Trading Fund agreement. The conference building is not owned by the Agency and the Agency does not have a formal lease with the landlord, the Department for Communities and Local Government, and accordingly does not pay rent. However under the terms of a framework document published in March 2003 the minimum dividend payable by the Agency is determined by the capital charge that applies to the building and 6% of the average capital employed. However following the adoption of international accounting standards the building is treated as an investment asset by the Department for Communities and Local Government and accordingly capital charges do not apply. The calculated minimum dividend could be deemed to be a quasi rental and estimates of annual current commitments are as follows:

	2013 £000	2012 £000
Amounts falling due within one year	588	513
Amounts falling due after one year but within five years	2,354	2,052

As there is no formal lease there is no term to the commitment and it is not possible to arrive at a definitive figure for the commitment beyond 5 years.

NOTE 23

Events after the reporting period

Under IAS10 the Agency is required to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date that the Comptroller and Auditor General certified the accounts. There have been no material events requiring disclosure between the end of the financial year and the authorised date of issue of these accounts.

The Queen Elizabeth II Conference Centre

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