The Queen Elizabeth II
Conference Centre

THE QUEEN ELIZABETH II CONFERENCE CENTRE

ANNUAL REPORT AND ACCOUNTS 2013–2014

The Queen Elizabeth II
Conference Centre

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Annual Report and Accounts

Presented to Parliament pursuant to Section 4(6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990

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Message from the Chief Executive

This is my second Annual Report as Chief Executive of the Agency, although this financial year covers my first year in post. The year has been one of solid achievement for the business both in terms of financial performance and in developing a new business strategy that will take this business forward, building upon the reputation of the Centre for excellence and service quality. The strategy includes enhancement of the building and its facilities and services which we started to address during the course of the financial year and have firm plans in place to continue throughout 2014/15 and beyond.

2013/14 has been another successful year for the Centre. It recorded a net surplus for the year of £2.1 million on a turnover of £9.6 million, a result that comfortably exceeded budget expectations. During the year 345 meetings and events were held. Those events were across a wide spectrum of clients including national and international associations, corporate bodies and not for profit organisations including government and charities. The Centre continues to experience strong client loyalty expressed through a high level of repeat bookings which currently stands at around 70%.

Following the Government's decision to retain the business as an Executive Agency with Trading Fund status in December 2012 the Centre has embarked upon 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. An investment programme in both facilities and technology has been commenced, with the first phase completed in 2013 with the introduction of a new colour palette for the building interior and the upgrade of washroom facilities. Phase two begins in the summer of 2014 and will result in significantly improved facilities in the Sanctuary foyer and the introduction of new conference furniture.

During the course of the year, the Agency went through an open European wide tendering process to find a catering services partner with a new contract to cover the next five year period. The competition was very impressive and after a thorough evaluation process the contract was awarded to the incumbent caterer, Leith's, part of the Compass Group. Leith's will work in close partnership with the Centre in developing and delivering its business strategies and will focus on bringing innovation to its catering offering whilst maintaining a high quality service.

The marketplace for conferences has remained exceedingly competitive and Government booking of space continues to be at lower levels than traditionally experienced prior to the introduction 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 corporations as well as events from the charities sector.

Revenues for the year have been boosted by increased levels of client spend on the Centre's production and IT services. Catering spend has also been at much higher levels than for recent years. This, together with significantly improved forward bookings, the impending major improvements in the building facilities and indications that the economy is at last showing consistent signs of improving gives me confidence that the business will only get stronger with improving occupancy rates and revenues.

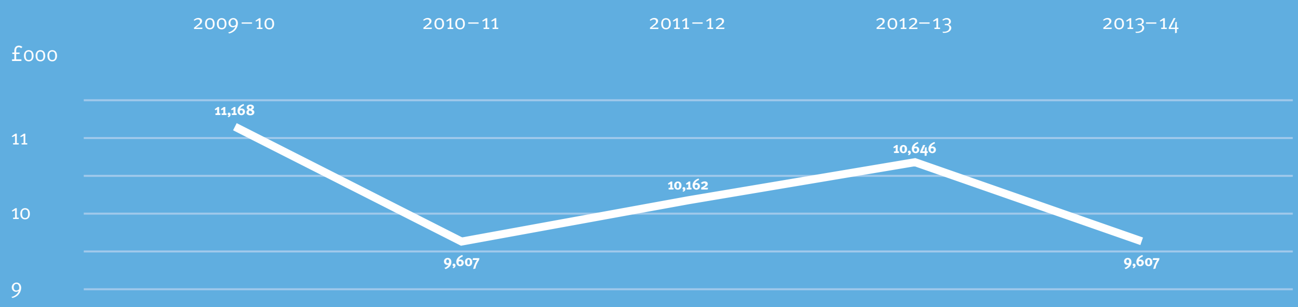
I would like to pay tribute to the Centre's team who collectively continue to provide high quality services to our clients and operate the facilities in a very cost effective manner enabling the Agency to return operating surpluses ahead of expectations.

The strategies the business is putting in place will focus on delivering a first class service to the Centre's clients, through establishing successful client partnerships and delivering creative, professional and innovative events. Our aim is to be London's finest specialist events venue with a global reputation for excellence.

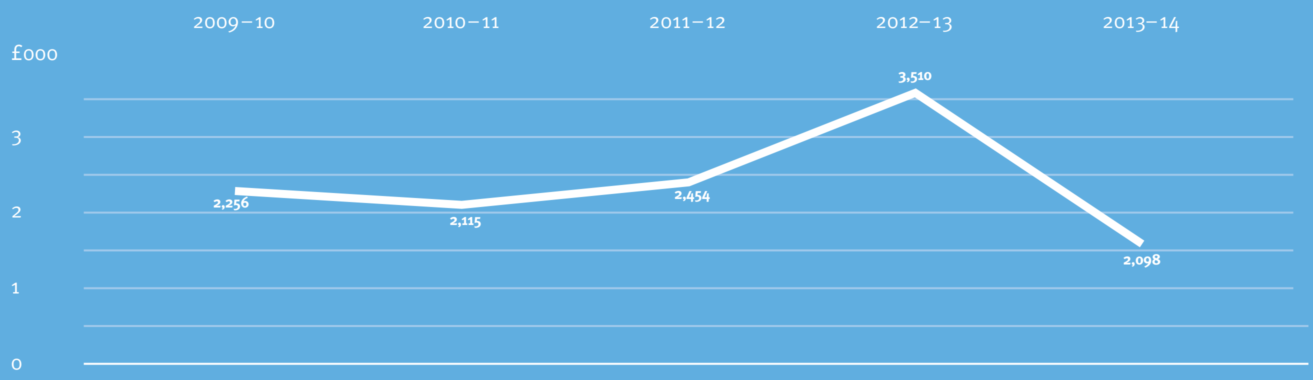
Mark Taylor
Chief Executive

5 YEAR RECORD OF TURNOVER AND SURPLUS

Turnover



Reported surplus on ordinary activities



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 2014

Contribution to the Exchequer of £1,500,000 *(target £1,500,000)*

Capacity utilisation of the Centre of 44.9% *(target 52.0%)*

Overall score for value for money in client questionnaires of 90.3% *(target 90%)*

The number of complaints per 100 events was 1.5 *(target less than 2)*

The average response time to deal with complaints was 1.8 days *(target less than 4 days)*

3 year record of performance against targets

		2012	2013	2014
Contribution to the Exchequer	Target	£1.20m	£2.25m	£1.50m
	Outturn	£1.20m	£2.25m	£1.50m
Capacity utilisation of the Centre	Target	54.0%	64.0%	52.0%
	Outturn	50.8%	58.4%	44.9%
Overall score for value for money	Target	90.0%	90.0%	90.0%
	Outturn	88.0%	92.5%	90.3%
The number of complaints per 100 events	Target	◀ 2.0	◀ 2.0	◀ 2.0
	Outturn	0.83	0.92	1.5
The average response time to deal with complaints	Target	◀ 4.0 days	◀ 4.0 days	◀ 4.0 days
	Outturn	1.5 days	2.0 days	1.8 days

Annual Report and Accounts 2013–14

Directors' Report

1. Management Board

The following served as members of the Management Board during the year.

Mark Taylor	*appointed 4 April 2014*	Chief Executive
Alison White		Non-executive
Simon Hughes		Non-executive
John French		Finance Director
Sue Etherington		Commercial Director
Raj Pragji		H.R. Director

No Directors have outside interests that conflict with their management responsibilities.

2. 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 January 2014 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.

3. 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.

4. 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.

5. Value of Property

The Department for Communities and Local Government holds title to the land and building. The property was valued at £25.6 million in the accounts of the Department for Communities and Local Government at 31 March 2014.

6. 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 £37,000 (2013: £38,000). No other services were provided.

7. 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.

8. Operational performance

The average absence from work during the year due to sickness was 5.7 days per employee (2013: 2.6 days).

There were no personal data related incidents during the year.

9. Innovations and improvements

The Agency is developing a master plan which is designed to give a structured core set of principles in undertaking future maintenance and capital improvement. The first phase of works has been undertaken in 2013 and included refurbishment of 50% of the Centre's washroom facilities, which had not been refurbished since the building opened, and the establishment of a new colour palette with all front of house walls and joinery having been repainted accordingly. The second phase of improvement works is planned for 2014 and will focus on refurbishment of the Sanctuary Foyer, replacement of all carpeted floor surfaces across the Centre and replacement of conference furniture. Further improvements will also be scheduled for 2015 onwards.

10. Changes in Property, plant and equipment

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

Mark L Taylor

Mark Taylor
Chief Executive
10 July 2014

Strategic 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. Development and performance during the financial year

2.1 Trading performance

Trading performance for 2013–14 has been impacted in comparison with 2012–13 because of the significant uplift in 2012 as a result of a major booking for the Olympic period. Turnover in 2013–14 is 8.8% lower than in the previous year: room hire decreased by 20.2%, the in-house production unit increased by 6.5% and the IT sales unit remained broadly steady; revenue from other conference activities decreased by 29.4% and rental income from non-conference space decreased by 17.9%. However the proportion of secondary revenue from in-house production, IT and catering royalty to room hire has increased from 73.7% to 99.8%

Costs were 2.2% higher than those in the previous year. Maintenance costs at £841K have increased significantly for 2013–14 compared to £586K for the 2012–13 as direct result of the refurbishment programme initiated following the government decision regarding the future of the Agency. The surplus on ordinary activities of £2.071 million was 40.5% lower than the figure reported for the previous year which again reflects the impact in FY 12–13 of the major Olympic period booking.

2.2 Capital structure

The amount of Public Dividend Capital remains unchanged at £821,000. A dividend payment of £1.50 million was made to the Exchequer which resulted in a retained surplus of £0.60m, and increased the General Reserve at 31 March 2014 to £10.2 million.

2.3 Cash management

Cash balances increased by £1.1 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.

2.4 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

A payment to the Exchequer of £1.50 million met the financial target. The occupancy level achieved was 44.9 per cent which is below the target of 52 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

Trading conditions remained difficult during 2013-14 and occupancy was substantially below expectations, particularly in the first six months of the financial year. The private sector and associations market sectors continued to be challenging and government spending controls have continued to have an adverse impact on occupancy. However booking levels improved for the second half of the year and advance bookings at the start of the year for 2014–15 are significantly ahead of those one year ago for 2013–14. Advance bookings for the years beyond 2014–15 are also substantially above the equivalent position at the end of 2012–13. There was very encouraging growth in the proportion of secondary revenue to room hire revenue during 2013–14.

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. Following the government's decision in December 2011 that the Agency would continue to manage the conference centre business at the Centre and the appointment of a new CEO there has been a thorough review of the Agency's operational business strategy. To this end the Agency aims to re-establish the Centre as the finest specialist events venue in London with a global reputation for excellence, successful client partnership working and the delivery of creative, professional and innovative events. Its corporate priorities anticipate a growth in clients' expectations of the quality and range of available services, and the use of leading-edge technology. 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

There was considerable investment in the building and its facilities during the course of 2013–14. Washroom facilities were refurbished on a number of floors and the network infrastructure has been upgraded with a fibre optic backbone and intelligent switching devices. A master plan has been developed for further building enhancements with a major project to refurbish the foyer are scheduled for the summer of 2014.

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 January 2014, 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.

At 31 March 2014 the gender of staff employed by the Agency was:

	Male	Female
Directors	2	2
Other Employees	24	15

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

The levels of advanced bookings are beginning to show consistent signs of improvement over the corresponding periods in the previous year and there is a significant improvement in the levels of secondary revenue being achieved from in-house production, IT and catering. One of the Agency's key strategic objectives is to continually grow the achieved occupancy rate, which has a recent history of decline with the exception of 2012–13 which was boosted by the whole centre booking during the Olympic period to host Casa Italia representing the National Olympic Committee of Italy. The market remains very competitive with occupancy rates still reflecting the economic climate, but nevertheless there are encouraging signs that the market is starting to recover with enquiry rates increasing, clients beginning to book events further in advance and with increased secondary spend. The Centre's management have produced a five year business plan with the expectation of a steady moderate increase in occupancy over the period.

6. Environmental, social and community issues

6.1 Recycling success

The Agency recycled 83 per cent of waste in 2013–14 (2012–13 85%). 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 2013–14 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.

7. Accounts Direction

This statement of accounts has been prepared in accordance with a Treasury direction, dated 20 December 2013, given in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973.

Mark R Taylor

Mark Taylor
Chief Executive
10 July 2014

Remuneration Report

1. Membership of Remuneration Committee

The Remuneration Committee comprises Alison White, 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

The notice period, by either party, for all staff contracts, excluding the Chief Executive, is one month.

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

	Years of service at 31 March 2014	Length of notice
Mark Taylor, *Chief Executive*	1.00	3 months
John French, *Finance Director*	6.75	1 month
Sue Etherington, *Commercial Director*	10.63	1 month
Raj Pragji, *H.R. Director*	20.75	1 month

7. 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 2014 £000	Bonus 2014 £000	Pension Benefits 2014 £000	Total 2014 £000	Basic Salary 2013 £000	Bonus 2013 £000	Pension Benefits 2013 £000	Total 2013 £000
Mark Taylor *Chief Executive*	85–90	–	33	120–125	–	–	–	–
John French *Finance*	70–75	0–1	19	90–55	70–75	0–1	24	90–95
Raj Pragji *Human Resources*	55–60	0–1	8	65–70	30–35	0–1	7	35–40
Sue Etherington *Commercial*	65–70	0–1	16	80–85	60–65	0–1	24	85–90
Alison White *Non-executive*	0–5	–	–	0–5	0–5	–	–	0–5
Simon Hughes *Non-executive*	0–5	–	–	0–5	0–5	–	–	0–5

Raj Pragji was on maternity leave for the financial year 2013, 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 2013–14 was £85,000 – £90,000 (2012–13, £95,000 – £100,000). This was 2.53 times (2012–13, 2.80) the median remuneration of the workforce, which was £34,619 (2012–13, £33,971).

In 2013–14, no employees received remuneration in excess of the highest-paid director (2012–13, nil). Remuneration bands ranged from £20,000 – £25,000 to £70,000 – £75,000 (2012–13 £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.

8. Awards to past senior managers

There were no awards to past senior managers.

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 2014 £000	CETV 2013 £000
Mark Taylor	*Chief Executive*	0 – 5	nil	24	–
Raj Pragji	*Human Resources*	10 – 15	40 – 45	201	184
John French	*Finance*	5 – 10	nil	171	139
Sue Etherington	*Commercial*	10 – 15	nil	236	203

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

		Accrued pension £000	Accrued lump sum £000	CETV £000
Mark Taylor	*Chief Executive*	0 – 2.5	nil	17
Raj Pragji	*Human Resources*	0 – 2.5	0 – 2.5	3
John French	*Finance*	0 – 2.5	nil	19
Sue Etherington	*Commercial*	0 – 2.5	nil	16

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 R Taylor

Mark Taylor
Chief Executive
10 July 2014

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

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 20 December 2013. 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 D Taylor

Mark Taylor
Chief Executive
10 July 2014

Governance statement

Current Position

Mark Taylor took up the post as the Centre's new Chief Executive on April 4th 2013. Subsequently a series of strategic development reviews and projects have been initiated in order to develop a detailed and structured business strategy to meet the overall objective of re-energising the business and re-establishing the venue as London's finest conference centre.

These strategic reviews and projects include:
- Vision, Mission & Values
- Commercial strategy
- Customer Journey – looking at interaction with our existing and potential customers.
- Master Plan – building presentation and facilities planning
- Technology strategy
- Brand, sales, marketing and positioning strategy review
- Venue operations review
- Resource planning

Whilst a number of these reviews and projects have been completed there are several which are still in progress. Once completed there will need to be an iterative process to ensure that cross project elements are recognised and incorporated into the overall strategy.

There has also been a successful tender exercise leading to a new contract for catering services. This will operate on a much more open and partnership basis than previously. A strategic board will be introduced to enable both parties to maximise the benefits of the arrangement and to ensure that the parties operate in accordance with the Centre's strategic objectives.

Business Review of Year

Following the exceptional booking in 2012 whereby the Centre was host for the Italian House (Casa Italia) during the London 2012 Olympics, revenues from room hire have understandably not delivered to the same level for 2013. However secondary revenue streams, audio visual, IT and catering, have shown significant growth indicating that the position of the business is strengthening. In comparing the performance from the previous year when stripping out the Olympic effect the Centre has delivered revenue growth and will return an increased surplus in excess of the budgeted target.

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.

DCLG Advisory Board

The Finance Director for the DCLG calls and chairs meetings of the Advisory Board which met in July 2013 and March 2014. This Board assists the Permanent Secretary to advise the Secretary of State on setting appropriate performance targets for the Centre, agreeing the corporate and business plans prior to submission, and evaluating performance.

The Chief Executive submits a written report in advance of the meeting updating the Board on key issues, initiatives and performance.

Membership of this Board includes DCLG officials, a member of the Shareholder Executive representing H.M. Treasury, two independent Non-Executive Directors and the Centre's CEO and Finance Director plus other Centre directors when required.

DCLG/QEII Quarterly Accounting Officer meetings

The CEO and the Finance Director for the DCLG undertake a quarterly Accounting Officer meeting to review the Centre's business performance. The CEO provides detailed reports covering the Centre's financial performance.

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, May, July, September, October and December 2013, and in February 2014. The quorum was met on all occasions.

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. The Board comprises the CEO, his Executive Directors and two independent Non-Executive Directors. 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 10th June 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. 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 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 were presented at each meeting. The number of management board meetings was increased to 6 for 2013 as the Centre management embarked on a thorough strategic review of the business. There are 7 meetings scheduled for 2014.This will ensure risk-based and proportionate governance at a time of change and transition for the Centre.

The Centre's Business and Corporate Plan received Ministerial approval in June 2014. These plans were reviewed by both the Advisory and Management Boards before submission to the Minister.

The Audit Committee

The Audit Committee met in May, September, December 2013 and March, June 2014. It is an effective committee chaired by Alison White, an experienced independent Non-Executive Director and qualified accountant. The Audit Committee comprises two Non-Executive Directors and in attendance is the CEO, the Director of Finance of the Centre, the NAO and the DCLG's internal auditors. The quorum was met for all meetings throughout the year.

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:-

- Re-tender of the Catering Contract
- HR Control Testing – Allowances
- Time required to obtain
- Accounting Policies

During the year an open tender process, under European procurement rules, was undertaken for the appointment of a catering partner for the Centre. This was successfully concluded in the autumn and the new contract came into effect on 1 February 2014.

New risks that arose during the year included project planning for the buildings capital expenditure programme; the mobilisation of the new catering contract; and the impending obsolescence of the telephone system.

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 progress on key strategy defining projects.

Management, Direction and Oversight of the Facility and Catering Contracts

Quarterly meetings are held to govern the management of the Catering Contract with Compass/Leiths'. The CEO, Director of Finance and Commercial Director are present at meetings with the caterers, who are represented via their onsite General Manager as well as the Divisional Director. 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.

Following the conclusion of the tender process monthly mobilisation meetings have been held with the successful bidder, Leiths, at divisional director level. Governance arrangements within the new contract include the formation of a strategic board which will meet on a quarterly basis to review contract performance and joint strategies for growing the business.

Monthly meetings are held between the Event Operations Manager and the TFM contractor Interserve, which covers cleaning, porterage, building maintenance, engineering and security. In addition the CEO has now initiated a Quarterly Update meeting with the onsite Interserve management team and Interserves regional Directors.

Health and Safety Committees

Health and Safety Committee, chaired by the CEO, meets quarterly and are attended by all operational personnel, including the TFM and catering contractors. Fire safety training for all staff occurs annually. A Business Continuity Plan is regularly updated and rehearsals undertaken from time to time.

Sustainability Committee

A Sustainability Committee, chaired by the CEO is being re-constituted and will be meeting quarterly attended by representatives from each of the Centre's core teams as well as the TFM and catering contractors.

Middle Managers Meeting (MMM)

The Middle Managers meet on a monthly basis throughout the year and discuss all operational matters. The meeting incorporates representation from the Centre's TFM contractor and also the catering contractor. Any matters of significance covering risks and health and safety are escalated to the DMM.

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, close scrutiny of expenditure across all areas of the Centre's operations has been maintained 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.

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 are required to pass the relevant sections of a Civil Service e-learning course on counter fraud, bribery and corruption as well as learning skills to protect information.

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 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 2014. During the year the internal auditors have submitted reports and Management Letters to the Audit Committee, prepared to Public Sector Internal Audit Standards, covering Finance Key Control Testing, Interserve Contract Management Stage 1, Income Procedures (Not including Room Hire), Payroll and Performance Targets. This year the internal auditor's overall opinion has been to give substantial assurance (amber/green) for risk management, control 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. The quality of data that is presented to the meetings as detailed in this statement is high. Internal audit provide regular reports, monthly management accounts are professionally compiled, catering statements are received from the catering contractor, revenue projections are assembled by a dedicated revenue manager, health and safety statistics and a monthly report by the TFM contractor is tabled.

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 received from Christian Concern regarding the cancellation of an event in May 2012 remains to be resolved. This is being handled by Treasury Solicitors who are being advised by Counsel.

There has been no further contact regarding a previously reported challenge in respect of copyright infringement which has been referred to the DCLG legal team. Nothing has been heard from the claimant for over two years.

The Centre's IT infrastructure has been upgraded and systems put into place to strengthen its integrity.

Various projects have been initiated to develop and progress the strategic direction for the business. One key element of this has been a customer journey review conducted by external independent specialists and the Centre's management team is now progressing a review of internal procedures to ensure the business delivers a high quality service to its customers while also ensuring that business opportunities are maximized.

This Trading Fund has a history of sound and prudent financial management, and as Accounting Officer I intend to do all I can to maintain this record of achievement.

Ownership Review

In December 2012, following a review by the Department of Communities and Local Government (DCLG), it was announced that existing arrangements for the management of the Centre should be maintained. This ensured that bookings can continue to be made and has allowed the Centre to plan future business with greater certainty, as evidenced by the three year capital expenditure programme which commenced in the summer of 2013.

Palace of Westminster Review

Last year it was also reported that Parliament had published an initial study into options for the long-term upkeep of the Palace of Westminster. The report highlighted a number of options for restoration and renewal. These would require further study, but may have implications for the future use of the Centre in the long term. There have been no further developments regarding any possible impact on the Centre and the situation remains that 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.

Mark Taylor
Chief Executive Officer
10 July 2014

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 2014 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 Chief Executive'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2014 and of the retained 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 Performance against targets, Directors' Report and Strategic report 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.

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

14 July 2014

Statement of Comprehensive Net Income

for the year ended 31 March 2014

	NOTES	2014 £000	2013 £000
Revenue	*2*	9,607	10,646
Depreciation and amortisation	*6*	(843)	(810)
Staff costs	*3*	(2,144)	(1,963)
Other expenditure	*6*	(4,549)	(4,389)
Operating surplus for the year	*2*	2,071	3,484
Interest receivable		27	26
Operating surplus for the year after interest		2,098	3,510
Payment to Exchequer		(1,500)	(2,250)
Retained surplus/(deficit)		598	1,260

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 2014

	NOTES	2014 £000	2013 £000
Non-current assets			
Property, plant and equipment	*7*	2,199	1,640
Intangible assets	*8*	–	2
Total non-current assets		2,199	1,642
Current assets			
Trade and other current receivables	*9*	1,732	1,118
Cash and cash equivalents	*10*	11,850	10,749
Total current assets		13,582	11,867
Total assets		15,781	13,509
Current liabilities			
Trade and other current payables	*11*	3,756	2,873
Provisions	*12*	75	75
Total current liabilities		3,831	2,948
Non-current assets plus net current assets		11,950	10,561
Non-current liabilities			
Deferred revenue	*11*	914	123
Total non-current liabilities		914	123
Assets less liabilities		11,036	10,438
Taxpayers' equity			
Public Dividend Capital		821	821
General Reserves		10,215	9,617
		11,036	10,438

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

Mark Taylor
Chief Executive Officer
10 July 2014

Statement of Cash Flows

for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Cash flows from operating activities			
Operating surplus after interest		2,098	3,510
Depreciation and amortisation	*6*	843	810
Interest received		(27)	(26)
Increase/(Decrease) in provisions	*12*	–	25
(Increase)/Decrease in trade and other receivables	*9*	(614)	404
Increase/(Decrease) in trade and other payables due within one year	*11*	883	(631)
Increase/(Decrease) in trade and other payables due after more than one year	*11*	791	(21)
Net cash inflow from operating activities		3,974	4,071
Cash flows from investing activities			
Property, plant and equipment and intangibles purchases	*7, 8*	(1,400)	(225)
Interest received		27	26
Cash flows from financing activities			
Payment to Exchequer		(1,500)	(2,250)
Net increase/(decrease) in cash and cash equivalents		1,101	1,622
Cash and cash equivalents at the beginning of the period	*10*	10,749	9,127
Cash and cash equivalents at the end of the period	*10*	11,850	10,749

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 2014

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2012	821	8,357
Comprehensive Net Income for the year	–	1,260
Balances at 1 April 2013	821	9,617
Comprehensive Net Income for the year	–	598
Balances at 31 March 2014	**821**	**10,215**

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 2014

Note 1

Accounting Policies

These accounts have been prepared in accordance with the Government Trading Act 1973 and the 2013–14 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.

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 2013 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.

	2014 £000	2013 £000
Income from conference activities	9,330	10,325
Other rental income	227	321
Income from operating activities	9,607	10,646
Surplus on conference activities	1,794	3,163
Surplus on rental activities	277	321
Operating surplus for the year	2,071	3,484

Note 3

Staff numbers and related costs

Employee benefits expense

	2014 Permanent £000	2014 Others £000	2014 Total £000	2013 Total £000
Wages and salaries	1,570	73	1,643	1,554
Social security costs	130	7	137	128
Pension	274	1	275	282
Increase/(decrease) in holiday pay accrual	11	–	11	–
Temporary agency staff	–	78	78	(1)
Total staff costs	1,985	159	2,144	1,963

Staff numbers

	2014 Permanent	2014 Fixed term	2014 Total	2013 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	7	1	8	8
Total average number of staff	40	3	43	43

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 £274,620 (2012–13 £282,101) 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 2014–15 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	2014 £000	2013 £000
Maintenance and cleaning		1,137	884
Sub-contracted services		953	903
Utilities		568	547
Rates		490	477
Equipment hire		179	349
Advertising and marketing		185	163
Travel and subsistence		60	43
Auditor's remuneration		37	38
Entertaining		12	7
Self-insurance losses		2	26
Other costs		921	932
Non-cash items			
Depreciation	7	841	805
Amortisation	8	2	5
Provision for doubtful debts		5	20
Total		5,392	5,199

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 2013	6,320	478	1,640	1,493	9,931
Additions	912	178	296	14	1,400
Disposals	(2,774)	(19)	(208)	(185)	(3,186)
At 31 March 2014	**4,458**	**637**	**1,728**	**1,322**	**8,145**
Depreciation					
At 1 April 2013	5,113	386	1,403	1,389	8,291
Charge for year	552	88	129	72	841
Disposals	(2,774)	(19)	(208)	(185)	(3,186)
At 31 March 2014	**2,891**	**455**	**1,324**	**1,276**	**5,946**
Net book value					
At 1 April 2013	1,207	92	237	104	1,640
At 31 March 2014	**1,567**	**182**	**404**	**46**	**2,199**

Included within the cost of property, plant and equipment are fully depreciated assets with a cost of £2,942,024 (2013, £4,406,349). 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 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**

Note 8

Intangible assets

	Computer Software £000
Cost or Valuation	
At 1 April 2013	134
Additions	–
At 31 March 2014	**134**
Amortisation	
At 1 April 2013	132
Charge for year	2
At 31 March 2014	**134**
Net book value	
At 1 April 2013	2
At 31 March 2014	**–**
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**

Note 9

Trade and other current receivables

	2014 £000	2013 £000
Amounts falling due within one year:		
Trade receivables	1,662	1,001
Prepayments and accrued income	49	91
Other receivables	21	26
	1,732	1,118
Intra-government balance analysis		
Balances with central government bodies	31	50
Balances with local authorities	17	1
Balances with NHS bodies	64	22
Balances with public corporations & trading funds	11	–
Balances with bodies external to government	1,609	1,045
	1,732	1,118

Note 10

Cash and cash equivalents

	2014 £000	2013 £000
Government Banking Service	11,460	10,302
Commercial banks and cash in hand	390	447
	11,850	10,749

Note 11

Trade and other current payables

Amounts falling due within one year:

	2014 £000	2013 £000
Trade payables	348	306
Value Added Tax	429	242
Other taxes and NI	71	74
Accruals and deferred income	1,234	806
Deposits invoiced in advance	1,674	1,438
Other payables	–	7
	3,756	2,873
Intra-government balance analysis		
Balances with central government bodies	631	403
Balances with local authorities	–	1
Balances with public corporations & trading funds	–	18
Balances with bodies external to government	3,125	2,451
	3,756	2,873
Deferred revenue:		
Deposits invoiced with bodies external to government	314	123
Advanced receipt from Compass Group	600	–
	914	123

Note 12

Provisions for liabilities and charges

	2014	2013
Due within one year		
Compensation claim	75	75
	75	75

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.

	2014 £000	2013 £000
Future minimum lease payments		
Not later than one year	77	48
Later than one year and not later than five years	81	44
Later than five years	88	–
	246	92

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 2014 are as follows:

	Book value £000	Fair value £000
Financial assets		
Cash at bank and in hand	11,850	11,850
Financial liabilities		
Deferred revenue	(914)	(914)

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.

Credit risk

The level of credit risk is managed by a credit vetting process which is undertaken for all clients using the Centre. In general the terms and conditions of contract require payment of room hire prior to the date that the event takes place. Accordingly credit risk is considered to be low.

Interest rate risk

107 per cent of net assets, (assets less liabilities), 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 2014 the Agency had no contracts for expenditure on property, plant and equipment (2013, nil).

Note 17

Losses, special payments and gifts

Costs falling into the category of losses, special payments and gifts were below the level, currently £300,000, 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 2014 (2013, 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 £55,099 (2013, £40,908). At 31 March 2014 there were no balances outstanding with the Department (2013, 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 Works & Pensions, Department for Business Innovation & Skills and the Parliamentary Estates Directorate.

Leith's Limited, part of the Compass Group, relinquished the right to a place on the Management Board during the year ended 31 March 2013 and accordingly is no longer considered a related party.

No Director, key manager or other related party has undertaken any material transaction with the Agency during the year. Compensation for key management personnel is disclosed in the remuneration report.

Note 20

Memorandum Account for the year ended 31 March 2014

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.

	2014 £000	2013 £000
Surplus for the financial year after interest per Statement of Comprehensive Net Income	2,098	3,510
Deduct expenditure incurred by owner of the building	(8)	(21)
Notional net surplus for the financial year	2,090	3,489

The Department for Communities and Local Government did not incur any capital expenditure on the building during the financial year (2013 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.

	2014 Target £000	2014 Actual £000	2013 Target £000	2013 Actual £000
Contribution to Exchequer	1,500	1,500	2,250	2,250

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:

	2014 £000	2013 £000
Amounts falling due within one year	644	588
Amounts falling due after one year but within five years	2,577	2,354

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.

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