QEII CENTRE

The Queen Elizabeth II Conference Centre

Annual Report and Accounts 2015–16

The Queen Elizabeth II Conference Centre
Annual Report and Accounts 2015–16

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

Ordered by the House of Commons to be printed on 20th July 2016

HC 562

Any enquiries regarding this publication should be sent to us at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London SW1P 3EE

You can download this publication from www.qeiicentre.london

Print 978–1–4741–3635–8
Web 978–1–4741–3636–5

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office

ID: 11071609 07/16

Printed on paper containing 75% recycled fibre content minimum

Chief Executive's Statement

I am very pleased to be able to introduce an annual report which once again covers a year of high achievement for the Agency. The Centre has returned its highest operating surplus since the financial year 2012/13 and has continued to be successful in achieving industry awards, having won five during 2015/16 covering customer service, audio visual services, event delivery and leadership. The third phase of the building master plan has been concluded delivering major improvements to the configuration of the second floor meeting rooms, improved lighting across most areas of the Centre, new conference furniture and upgraded digital signage facilities. This programme of investment in the Centre will continue as we move into phase four of the plan in the summer of 2016.

Turnover for 2015/16 reached £11.5 million and was based on room hire with occupancy reaching 53.9%; ahead of the target of 53%. The net surplus for the year was £2.1m, a result which once again comfortably exceeded budget expectations. During the year, 505 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 Transforming Together programme initiated at the end of 2014/15 has progressed throughout 2015/16 involving staff and contractors at all levels in driving improvements throughout the business. The programme covers four key areas; systems and processes; people; building; and versatility and communications. Achievements to date include planning phase four of the building improvement project (to be implemented in the summer of 2016), introducing a new structure for the QEII Live (Audio Visual) team including creating a digital services team, launching a new website for the Centre and planning an intranet facility. The investment programme in both facilities and technology has continued, with the third phase being completed in 2015 and the launching of the new digital services team will enable the Centre and its clients to capitalise on the new technology installed and planned for the building. Phase four will deliver improved capacity and functionality for the sixth floor facilities and better service lift access for the first floor.

Forward bookings show a significant improvement when compared to the equivalent position last year. Confirmed bookings for the next financial year, 2017/18, are particularly strong with the position at the beginning of June being almost £1 million ahead of advanced bookings for the following financial year, 2016/17, twelve months ago. The further planned improvements in the building facilities, together with the significant progress made this year give me confidence that the business will carry on improving occupancy rates and revenues. There has been some speculation in the press regarding the Centre's involvement in future plans for the restoration of the Palace of Westminster. A joint parliamentary committee has been appointed to make recommendations for a preferred option to achieve the restoration programme. No decisions have been announced, including timescales and the allocation of funds for the project, which is critical for the project to proceed. The Centre continues to trade firmly with a "business as usual" approach and is planning for continued success.

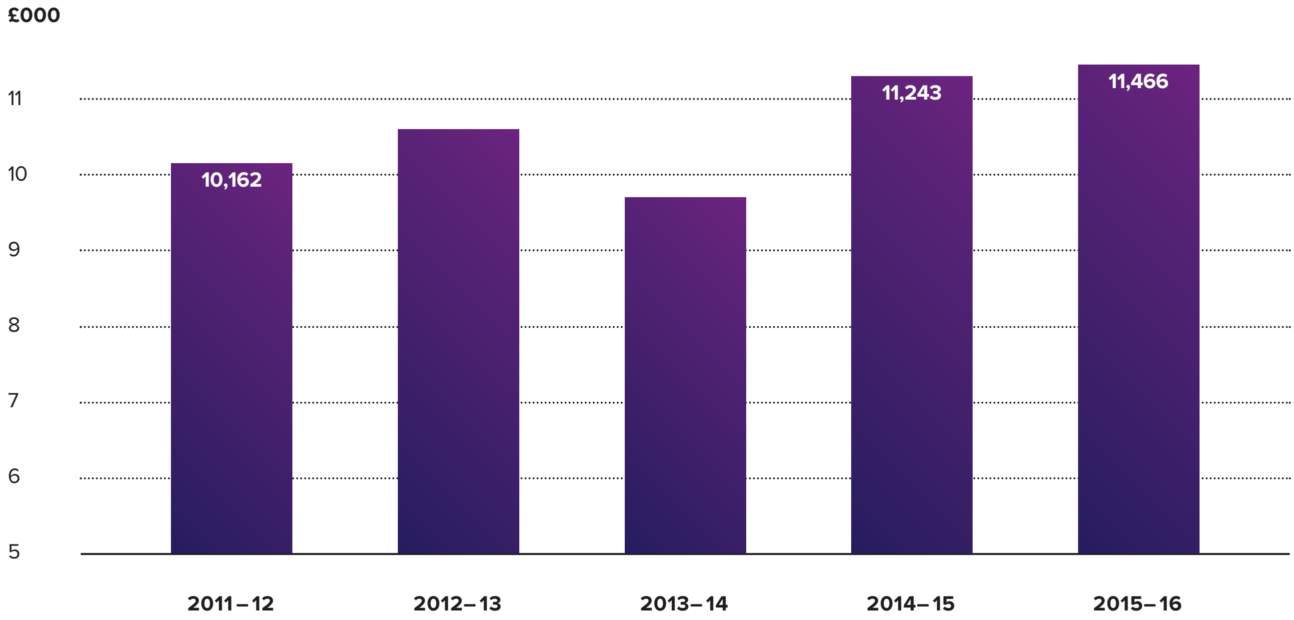
Once again I would like to pay tribute to the Centre's team, including our contractors, who collectively continue to provide high quality services to our clients and operate the facilities in a very cost effective manner enabling the Agency to return operating surpluses ahead of expectations.

The business continues to 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.

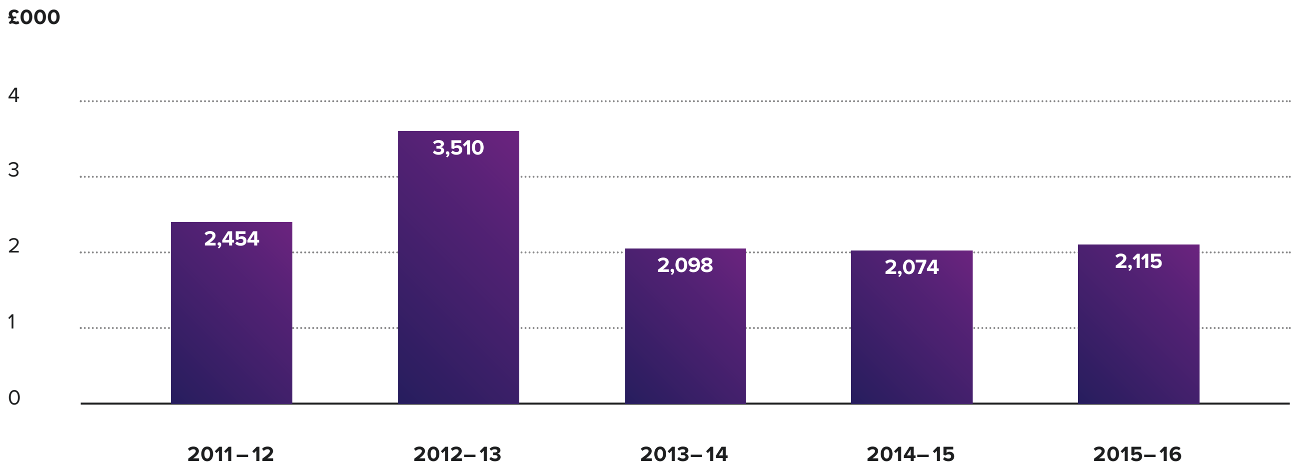
Mark Taylor
Chief Executive

5 year record of turnover and surplus

TURNOVER



REPORTED SURPLUS ON ORDINARY ACTIVITIES



Performance analysis

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.

3 YEAR RECORD OF PERFORMANCE AGAINST TARGETS

Overview

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. The Centre continues to operate in the market place with the trading name, the Queen Elizabeth II Centre, which was introduced in 2014. The Centre will celebrate the 30th anniversary of its opening in June 2016.

2. Development and performance during the financial year

2.1 Trading performance

Trading performance for 2015–16 has been ahead of last financial year. Turnover in 2015–16 is 2.0% higher than in the previous year: room hire increased by 5.3%, the in-house production unit increased by 0.9% and the IT sales unit increased by 15.0%; revenue from other conference activities decreased by 7.3% and rental income from non-conference space was the same as the previous year. However the proportion of secondary revenue from in-house production, IT and catering royalty to room hire has decreased from 96.8% to 91.8%.

Costs were 1.9% higher than those in the previous year. Cost of sales was down £14K compared to 2014–15 reflecting the fall in the secondary revenue ratio to room hire compared to last year. Maintenance costs at £1,276K have decreased significantly for 2015-16 compared to £1,642K for 2014–15 as the reactive maintenance required for the building reduces. The increase in depreciation and amortisation charges of £88K reflects the impact of the recent refurbishment programme. Staff costs have increased due to the increased usage of agency staff to meet key vacancies and the impact of a full year's cost for the two new directors recruited in January 2015. The surplus on ordinary activities of £2.094 million was 2.2% higher than the figure reported for the previous year.

2.2 Capital structure

The amount of Public Dividend Capital remains unchanged at £821,000. A dividend payment of £1.70 million was made to the Exchequer which resulted in a retained surplus of £0.42m, and increased the General Reserve at 31 March 2016 to £11.2 million.

2.3 Cash management

Cash balances decreased by £2.6 million in the year principally as a result of £3.9 million capital expenditure. 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 managementt

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 £1.70 million met the financial target. The occupancy level achieved was 53.9 per cent which is above the target of 53 per cent. The occupancy level is measured by reference to the theoretical maximum annual room hire revenue. For the second year running an annual target was set for the ratio of non room hire events revenue to room hire revenue. The target of 90% was exceeded with an achieved ratio of 91.8% The two other business strategy and quality of service targets were exceeded. A more detailed report of performance against targets can be found on page 3.

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 Centre can accommodate large 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 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 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 have continued to show encouraging signs of improvement during 2015–16 as occupancy has again improved in comparison to 2014–15. The levels of secondary revenue achieved have however not been as buoyant as in 2014–15 with the ratio of secondary revenue to room hire falling to 91.8% compared to 96.8% in 2014–15. Some of this can be explained by changes in the mix of business but there are also signs of budgetary constraints for clients. with record levels of business being achieved in the month of June 2014. Government spending controls have continued to have an adverse impact on traditional levels of business from that sector. Advance bookings at the start of the year for 2015-16 are ahead of those one year ago for 2014–15 and contracted bookings for the following year, 2017–18 are significantly ahead of the equivalent position for 2016–17 bookings 12 months ago.

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 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. The key risks facing the business are reported in the governance statement.

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 QEII Live 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 venue 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 continued investment in the building and its facilities during the course of 2015–16. The second floor has been redesigned employing movable wall facilities which has greatly improved the flexibility of the area. Digital signage facilities have been improved throughout the building and upgraded lighting has been extended further through the building. New conference furniture has also been introduced throughout the building. The master plan has further building enhancements planned with a project to upgrade the facilities for the Mountbatten Suite on the sixth floor which will provide extended capacity and a banqueting facility.

5.4 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.

5.5 Trading outlook

The levels of advance bookings are showing consistent signs of improvement over the corresponding periods in the previous year and there continues to be significant levels of revenue generated from in-house production, IT and catering. One of the Agency's key strategic objectives is to continually grow the achieved occupancy rate, and 2015–16 has seen a continued increase, building on the success of 2014–15 which reversed a recent history of decline. The market remains very competitive, with occupancy rates still below those achieved prior to the economic downturn following the banking crisis, nevertheless there continue to be signs of recovery with enquiry rates increasing and clients beginning to book events further in advance.

6. Environmental, social and community issues

6.1 Recycling success

The Agency recycled 63 per cent of waste in 2015–16 (2014–15 73%). 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 2015–16 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 18 December 2015, given in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973.

Mark R Taylor.

Mark Taylor, Chief Executive
28 June 2016

Accountability Report

DIRECTORS' REPORT

1. Management Board

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

Mark Taylor	Chief Executive
Alison White	Non-executive
Simon Hughes	Non-executive
John French	Finance Director
Raj Pragji	H.R. Director
Diane Waldron	Sales & Marketing Director
Anna Clover	Director Venue Operations & Customer Experience

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 £34.5 million in the accounts of the Department for Communities and Local Government at 31 March 2016.

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 (2014: £37,000). 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 3.8 days per employee (2015: 6.4 days).
There were no personal data related incidents during the year.

9. Changes in Property, plant and equipment

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

Mark R Taylor.

Mark Taylor, Chief Executive
28 June 2016

Governance statement

As Accounting Officer, working with the Agency Management Board, I have responsibility for maintaining effective governance and a sound system of internal control to underpin the achievement of the strategic objectives of the Trading Fund. The key strategic objectives are to optimise commercial revenues from effective operations of the Centre and to achieve targets set by government including the payment of a dividend to the Exchequer.

This statement sets out the key challenges faced by the Centre, the risks identified and under active management, and the control and assurance processes in place to mitigate these risks.

The Advisory Board, chaired by the Department of Communities and Local Government (DCLG) Finance Director, supports the Permanent Secretary in providing advice to the Secretary of State and Ministers as appropriate in respect of the regime of corporate planning and target setting. The Advisory Board met twice during 2015–16 and has overseen an annual room hire revenue increase of 5% for 2015–16 and consistent achievement of dividend targets for the past 12 years.

The Audit and Risk Assurance Committee, in conjunction with the Internal Auditors, supports the Management Board and myself (as Accounting Officer) in its responsibilities for risk management, control and governance within the Centre. There is also in place a proportionate structure of committees where accountability has been devolved to ensure decision-making is conducted appropriately.

Key risks to Centre

At the time of signing this annual report the most critical risk facing the business is the uncertainty regarding future plans for the restoration of the Palace of Westminster. A joint parliamentary committee has been appointed to make recommendations for a preferred option to achieve the restoration programme. This process has resulted in media speculation about the possible outcome which has included the use of the Centre as part of the solution for the option of a full decant of parliament whilst the restoration works are undertaken. Although no decisions have been announced, including timescales and the allocation of funds for the project, which is critical for the project to proceed, speculation about the future of the Centre presents a significant risk to the business. Furthermore the longer it takes to reach and announce decisions the greater the risk becomes.

The ultimate risk is that a decision is taken to adopt the full decant option and the Centre is part of the solution which would lead to the business being closed for a number of years. As stated above there is no definitive timescale should this scenario materialise. The Centre's management team has made strong representations that any decision should not be made on cost to parliament alone and should include due consideration of the wider implications to the local and national economy. The situation remains that should Parliament indicate that it requires the Centre in the 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 existing and prospective customers.

A previous period of uncertainty over the future of the Centre resulted in limited investment in the facilities over a prolonged period, and as a result, there is an ongoing requirement for significant capital investment in the fabric and facilities of the building. Substantial investment has been made over the last three financial years totalling in excess of £8 million. This investment programme continues and the complexity and cost, whilst essential, represents ongoing risk to the Centre.

The current total facilities management (TFM) contract is due to finish on 31 March 2017. The Centre is one of a consortium of government buildings that are party to this contract. The contract allows for an extension period of up to two years, but a decision whether this option will be taken has yet to be made. Nevertheless in the near future preparations will be needed for a new contract. This is an opportunity for the Centre to review the terms under which a TFM contractor is engaged but also represents risk in the future due to the potential need to mobilise a new contract and potential cost increases.

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, and human and financial resources. Due to the Palace of Westminster restoration programme generating uncertainty in the market place over the future of the Centre, the 2016 BCP has been difficult to produce because it is hard to predict with any certainty what the eventual impact will be on the business, especially with no clear indication as to when the period of uncertainty will end. Accordingly considerable management time has been focused on developing this plan, which has undoubtedly caused some distraction from managing the day to day operations of the business.

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 (RMWG) and internal auditors. Strategic risk is also considered at the monthly Directors' meetings, the audit and risk assurance committee and the Management Board.

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.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee met four times during 2015–16. 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, the government's internal auditors (GIAA) and a representative of DCLG. The quorum was met for all meetings throughout the year.

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

- Implications of the Parliamentary Joint Committee on the Palace of Westminster project and its potential impact on the business.
- The Centre's controls covering Cyber Security.

Resources and organisation

The governance structure is organised so that decisions can be taken at the appropriate level. The main elements of the structure other than the Advisory Board and Audit and Risk Assurance Committee referred to above are as follows:

- The Management Board, chaired by the Centre's Chief Executive, which comprises the executive and non executive directors meets at least six times a year, and is accountable for achievement of the strategic objectives and performance of the Centre. This board oversees the completion and approval of the Agency's business and corporate plan.
- The Directors' meeting brings together the executive directors on a monthly basis to review, monitor and manage operational performance, to manage strategic risks, to ensure clarity of accountability and decision-making at the correct level to optimise performance.
- The directors and managers meet on a quarterly basis to review business performance and strategy.
- A Catering Strategic Board is held on a quarterly basis to review contract performance and joint strategies for growing the business.
- Quarterly meetings are held to govern the management of the Catering Contract with Compass/Leiths. The CEO, Director of Finance and Sales and Marketing 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, TFM Manager, Director of Venue Operations and Customer Experience and CEO also takes place to ensure that all catering areas are being maintained to an appropriate standard.
- Monthly TFM Contract meetings are held between the Centre management and the contractor, Interserve, which cover cleaning, porterage, building maintenance, engineering and security. In addition, the CEO chairs a quarterly update meeting with the onsite Interserve management team and Interserve's regional management.
- The Health and Safety Committee, chaired by the Director of Venue Operations and Customer Experience, meets quarterly and is 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.
- A Sustainability Committee, chaired by the Director of Venue Operations and Customer Experience was re-constituted in 2014 and has been meeting quarterly attended by representatives from each of the Centre's core teams as well as the TFM and catering contractors.

The Centre continues to require the resources and capability to underpin the delivery of its commercial objectives. During the year the first phase of a reorganisation of the structure in the operations team was concluded with the QEII Live (Audio Visual) team being realigned to better meet the needs of the business.

Corporate Governance

There are no significant departures from the corporate governance code to report for the period covered by this report.

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 but 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 2016.

Internal Audit

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, HR Controls, Catering, Interserve, QEII Live and Governance – Risk Management. This year the internal auditor's overall opinion has been to give moderate assurance (yellow) for risk management, control and governance.

Significant internal control problems during the year

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

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 and Risk Assurance Committee. The Audit and Risk Assurance 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 and provides sufficient information for them to properly exercise their duties. Internal audit provide regular reports, monthly management accounts are professionally compiled, catering statements are received from the catering contractor, revenue projections are assembled by the sales and revenue management executive, and health and safety statistics and a monthly report by the TFM contractor is tabled.

Various projects have been progressed to develop and continually refine the strategic direction for the business. The Transforming Together project, which aims to consolidate the outcome from these reviews and to drive improvements in the operation of the business, has continued with substantial improvement to the utilisation of the Centre's management system, EBMS, being achieved; further integration of the Centre's Vision, Mission and Goal into the operating procedures; the restructure of the QEII Live team and the removal of certain headcount and recruitment constraints that will enable the business to meet its resourcing requirements. This work will continue throughout the coming financial year.

I am able to report that the boards, committees and formal meetings described above 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. 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.

Mark R Taylor.

Mark Taylor, Chief Executive
28 June 2016

Remuneration and Staff Report

Paragraphs 1 to 6 are not audited. Paragraphs 7 to 13 have been audited.

1. Membership of Remuneration Committee

The Remuneration Committee comprises Alison White, non-executive director and Chairman of the Audit and Risk Assurance 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. 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 2016 the gender of staff employed by the Agency was:

	Male	Female
Directors	2	3
Other Employees	25	16

6. Policy on duration of contracts

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

7. Staff numbers and related costs

Employee benefits expense	2016 Permanent £000	2016 Others £000	2016 Total £000	2015 Total £000
Wages and salaries	1,977	–	1,977	1,701
Social security costs	183	–	183	147
Pension	346	–	346	291
Increase/(decrease) in holiday pay accrual	–	–	–	–
Temporary agency staff	–	208	208	128
Total staff costs	2,506	208	2,714	2,267

Staff numbers	2015 Permanent	2015 Fixed term	2015 Total	2014 Total
Average number of staff for the year				
Administration	8	–	8	8
Operations	13	–	13	13
Presentations	13	–	13	14
Sales and Marketing	10	–	10	8
Total average number of staff	44	–	44	44

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

		Years of service at 31 March 2016	Length of notice
Mark Taylor	*Chief Executive*	2.00	3 months
John French	*Finance Director*	8.75	1 month
Raj Pragji	*H.R. Director*	22.75	1 month
Diane Waldron	*Sales & Marketing Director*	1.24	1 month
Anna Clover	*Director Venue Operations & Customer Experience*	1.18	1 month

9. 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 2016 £000	Bonus 2016 £000	Pension Benefits 2016 £000	Total 2016 £000	Basic Salary 2015 £000	Bonus 2015 £000	Pension Benefits 2015 £000	Total 2015 £000
Mark Taylor *Chief Executive*	95–100	10–15	38	150–155	85–90	–	33	120–125
John French *Finance*	70–75	10–15	23	105–110	70–75	0–1	17	90– 95
Raj Pragji *Human Resources*	55–60	10–15	27	95–100	55– 60	0–1	13	65–70
Diane Waldron *Sales*	65–70	5–10	27	105–110	15–20	0–1	6	20–25
Anna Clover *Venue Operations*	65–70	5–10	27	100–105	10–15	0–1	5	15–20
Alison White *Non-executive*	0–5	–	–	0–5	0–5	–	–	0–5
Simon Hughes *Non-executive*	5–10	–	–	5–10	0–5	–	–	0–5

The 2016 bonus includes a backdated bonus relating to 2014–15 performance which was agreed in August 2015 and paid in November 2015.

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 2015–16 was £110,000–£115,000 (2014–15, £85,000–£90,000). This was 3.10 times (2014–15, 2.33) the median remuneration of the workforce, which was £36,325 (2014–15, £37,575).

In 2015–16, no employees received remuneration in excess of the highest-paid director (2014–15, nil). Remuneration bands ranged from £20,000–£25,000 to £75,000–£80,000 (2014–15, £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.

10. Awards to past senior managers

There were no awards to past senior managers.

11. Details of non cash elements of remuneration

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

12. 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 2016 £000	CETV 2015 £000
Mark Taylor	*Chief Executive*	5 – 10	nil	83	50
Raj Pragji	*Human Resources*	15 – 20	45 – 50	256	220
John French	*Finance*	10 – 15	nil	213	193
Diana Waldron	*Sales & Marketing*	0 – 5	nil	22	4
Anna Clover	*Venue Operations*	0 – 5	nil	19	3

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	19
Raj Pragji	*Human Resources*	0 – 2.5	0 – 2.5	11
John French	*Finance*	0 – 2.5	nil	21
Diana Waldron	*Sales & Marketing*	0 – 2.5	nil	12
Anna Clover	*Venue Operations*	0 – 2.5	nil	11

13. 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 D Taylor.

Mark Taylor, Chief Executive
28 June 2016

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 2015. 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
28 June 2016

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 2016 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 2016 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 Report and Accountability 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;
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and 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

29 June 2016

Statement of Comprehensive Net Income

for the year ended 31 March 2016

	NOTES	2016 £000	2015 £000
Revenue	2	**11,466**	11,243
Depreciation and amortisation	7, 8	**(1,029)**	(941)
Staff costs	3	**(2,714)**	(2,267)
Other expenditure	6	**(5,629)**	(5,987)
Operating surplus for the year	2	**2,094**	2,048
Interest receivable		**21**	26
Operating surplus for the year after interest		**2,115**	2,074
Payment to Exchequer		**(1,700)**	(1,500)
Retained surplus/(deficit)		**415**	574

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 15 to 18 form an integral part of these accounts.

Statement of Financial Position

as at 31 March 2016

	NOTES	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	7	**7,534**	4,664
Intangible assets	8	**–**	1
Total non-current assets		**7,534**	4,665
Current assets			
Trade and other current receivables	9	**2,975**	2,867
Cash and cash equivalents	10	**7,040**	9,622
Total current assets		**10,015**	12,489
Total assets		**17,549**	17,154
Current liabilities			
Trade and other current payables	11	**4,846**	4,759
Provisions	12	**–**	50
Total current liabilities		**4,846**	4,809
Non-current assets plus net current assets		**12,703**	12,345
Non-current liabilities			
Deferred revenue	11	**678**	735
Total non-current liabilities		**678**	735
Assets less liabilities		**12,025**	11,610
Taxpayers' equity			
Public Dividend Capital		**821**	821
General Reserve		**11,204**	10,789
		12,025	11,610

The notes on pages 15 to 18 form an integral part of these accounts.

Mark Taylor, Chief Executive
28 June 2016

Statement of Cash Flows

for the year ended 31 March 2016

	NOTES	2016 £000	2015 £000
Cash flows from operating activities			
Operating surplus after interest		**2,115**	2,074
Depreciation and amortisation	*7, 8*	**1,029**	941
Interest received		**(21)**	(26)
Loss on disposal of non current assets	*7*	**5**	8
Increase/(Decrease) in provisions	*12*	**(50)**	(25)
(Increase)/Decrease in trade and other receivables	*9*	**(108)**	(1,135)
Increase/(Decrease) in trade and other payables due within one year	*11*	**87**	1,003
Increase/(Decrease) in trade and other payables due after more than one year	*11*	**(57)**	(179)
Net cash inflow from operating activities		**3,000**	2,661
Cash flows from investing activities			
Property, plant and equipment and intangibles purchases	*7, 8*	**(3,903)**	(3,415)
Interest received		**21**	26
Cash flows from financing activities			
Payment to Exchequer		**(1,700)**	(1,500)
Net increase/(decrease) in cash and cash equivalents		**(2,582)**	(2,228)
Cash and cash equivalents at the beginning of the period	*10*	**9,622**	11,850
Cash and cash equivalents at the end of the period	*10*	**7,040**	9,622

The notes on pages 15 to 18 form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2016

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2014	821	10,215
Comprehensive Net Income for the year	–	574
Balances at 1 April 2015	821	10,789
Comprehensive Net Income for the year	–	415
Balances at 31 March 2016	**821**	**11,204**

The notes on pages 15 to 18 form an integral part of these accounts.

Notes to the Financial Statements

for the year ended 31 March 2016

Note 1

Accounting Policies

These accounts have been prepared in accordance with the Government Trading Act 1973 and the 2015–16 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 from the month 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 current 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.

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 Production Costs

Production costs (see note 6) represent the direct cost of staging events excluding staff costs and equipment hire.

1.13 New accounting standards not yet effective

There are no new accounting standards which are effective for periods beginning after 1 April 2015 that would have a material impact on the Agency's financial statements.

1.14 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 premises. None of the Centre's costs or net assets is identified specifically with the rental activities.

	2016 £000	2015 £000
Income from conference activities	**11,154**	10,933
Other rental income	**312**	310
Income from operating activities	**11,466**	11,243
Surplus on conference activities	**1,782**	1,738
Surplus on rental activities	**312**	310
Operating surplus for the year	**2,094**	2,048

Note 3

Staff numbers and related costs

Employee benefits expense

	2016 Permanent £000	**2016 Others £000**	**2016 Total £000**	2015 Total £000
Wages and salaries	**1,977**	**–**	**1,977**	1,701
Social security costs	**183**	**–**	**183**	147
Pension	**346**	**–**	**346**	291
Increase/(decrease) in holiday pay accrual	**–**	**–**	**–**	–
Temporary agency staff	**–**	**208**	**208**	128
Total staff costs	**2,506**	**208**	**2,714**	2,267

Staff numbers

	2016 Permanent	**2016 Fixed term**	**2016 Total**	2015 Total
Average number of staff for the year				
Administration	**8**	**–**	**8**	8
Operations	**13**	**–**	**13**	13
Presentations	**13**	**–**	**13**	14
Sales and Marketing	**10**	**–**	**10**	9
Total average number of staff	**44**	**–**	**44**	44

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 £344,765 (2014–15 £291,151) were payable to the PCSPS at one of four rates in the range based on salary bands of 20.0 to 24.5 per cent of pensionable pay. Rates in 2016–17 are in the range of 20.0 to 24.5 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 and Staff Report.

Note 6

Other expenditure

	2016 £000	2015 £000
Maintenance and cleaning	1,623	1,972
Sub-contracted services	1,072	1,086
Production Costs	946	962
Utilities	596	601
Rates	512	501
Equipment hire	283	250
Advertising and marketing	271	301
Travel and subsistence	78	80
Auditor's remuneration	37	37
Entertaining	28	30
Self-insurance losses	52	14
Other costs	110	124
Non-cash items		
Provision for doubtful debts	21	29
Total	**5,629**	5,987

Note 7

Property, plant and equipment

	Building Improvements	IT & Telecoms Equipment	Operational Equipment	Furniture	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2015	7,262	570	1,932	751	10,515
Additions	2,322	34	696	851	3,903
Disposals	(1,564)	(51)	(32)	(395)	(2,042)
At 31 March 2016	**8,020**	**553**	**2,596**	**1,207**	**12,376**
Depreciation					
At 1 April 2015	3,419	322	1,413	697	5,851
Charge for year	640	97	230	61	1,028
Disposals	(1,564)	(51)	(31)	(391)	(2,037)
At 31 March 2016	**2,495**	**368**	**1,612**	**367**	**4,842**
Net book value					
At 1 April 2015	3,843	248	519	54	4,664
At 31 March 2016	**5,525**	**185**	**984**	**840**	**7,534**

Included within the cost of property, plant and equipment are fully depreciated assets with a cost of £1,816,386 (2015, £3,182,559). The majority of these assets are used as back-up when equipment in use malfunctions.

	Building Improvements	IT & Telecoms Equipment	Operational Equipment	Furniture	Total
Cost or Valuation					
At 1 April 2014	4,458	637	1,728	1,322	8,145
Additions	2,903	176	302	33	3,414
Disposals	(99)	(243)	(98)	(604)	(1,044)
At 31 March 2015	**7,262**	**570**	**1,932**	**751**	**10,515**
Depreciation					
At 1 April 2014	2,891	455	1,324	1,276	5,946
Charge for year	619	110	187	25	941
Disposals	(91)	(243)	(98)	(604)	(1,036)
At 31 March 2015	**3,419**	**322**	**1,413**	**697**	**5,851**
Net book value					
At 1 April 2014	1,567	182	404	46	2,199
At 31 March 2015	**3,843**	**248**	**519**	**54**	**4,664**

Note 8

Intangible assets

	Computer Software £000
Cost or Valuation	
At 1 April 2015	127
Additions	–
Disposals	(13)
At 31 March 2016	**114**
Amortisation	
At 1 April 2015	126
Charge for year	1
Disposals	(13)
At 31 March 2016	**114**
Net book value	
At 1 April 2015	1
At 31 March 2016	**–**
Cost or Valuation	
At 1 April 2014	134
Additions	1
Disposals	(8)
At 31 March 2015	**127**
Amortisation	
At 1 April 2014	134
Charge for year	–
Disposals	(8)
At 31 March 2015	**126**
Net book value	
At 1 April 2014	–
At 31 March 2015	**1**

Note 9

Trade and other current receivables

	2016 £000	2015 £000
Amounts falling due within one year:		
Trade receivables	2,788	2,723
Prepayments and accrued income	163	119
Other receivables	24	25
	2,975	2,867
Intra-government balance analysis		
Balances with central government bodies	103	41
Balances with local authorities	6	2
Balances with NHS bodies	–	–
Balances with public corporations & trading funds	177	277
Balances with bodies external to government	2,689	2,547
	2,975	2,867

Note 10

Cash and cash equivalents

	2016	2015
Government Banking Service	6,820	9,233
Commercial banks and cash in hand	220	389
	7,040	9,622

Note 11

Trade and other current payables

Amounts falling due within one year:

	2016 £000	2015 £000
Trade payables	738	250
Value Added Tax	331	537
Other taxes and NI	92	81
Accruals and deferred income	1,533	1,725
Deposits invoiced in advance	2,150	2,162
Other payables	2	4
	4,846	4,759

Deposits invoiced in advance at 31 March 2016 includes invoices totalling £1,066,796 (2015 £1,081,868) that were still outstanding for payment and are included in trade receivables (note 9).

	2016	2015
Intra-government balance analysis		
Balances with central government bodies	513	690
Balances with local authorities	–	–
Balances with public corporations & trading funds	–	–
Balances with bodies external to government	4,333	4,069
	4,846	4,759
Deferred revenue due in over one year:		
Deposits invoiced with bodies external to government	378	285
Advanced receipt from Compass Group	300	450
	678	735

Note 12

Provisions for liabilities and charges

	2016	2015
Due within one year		
Compensation claim	–	50
	–	50

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.

	2016 £000	2015 £000
Future minimum lease payments		
Not later than one year	103	121
Later than one year and not later than five years	55	82
Later than five years	61	74
	219	277

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 2016 are as follows:

	Book value £000	Fair value £000
Financial assets		
Cash at bank and in hand	7,040	7,040
Financial liabilities		
Deferred revenue	(678)	(678)

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

59 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 2016 the Agency had no contracts for expenditure on property, plant and equipment (2015, 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 2016 (2015, 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 £13,956 (2015, £32,407). At 31 March 2016 there was a nil balance in trade creditors outstanding with the Department (2015, £18,960).

There were many normal business transactions with other Government bodies, amounting to significant value in the cases of the Cabinet Office and the Parliamentary Estates Directorate.

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 2016

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.

	2016 £000	2015 £000
Surplus for the financial year after interest per Statement of Comprehensive Net Income	**2,115**	2,074
Deduct expenditure incurred by owner of the building	**(11)**	(18)
Notional net surplus for the financial year	**2,104**	2,056

The Department for Communities and Local Government did not incur any capital expenditure on the building during the financial year (2015 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.

	2016 Target £000	**2016 Actual £000**	2015 Target £000	2015 Actual £000
Contribution to Exchequer	**1,700**	**1,700**	1,500	1,500

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:

	2016 £000	2015 £000
Amounts falling due within one year	**709**	679
Amounts falling due after one year but within five years	**2,836**	2,718

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

Broad Sanctuary, Westminster, London SW1P 3EE
Telephone 020 7222 5000
Website: www.qeiicentre.london

-

-

ISBN 978-1-4741-3635-8

9 781474 136358