



ANNUAL REPORT AND ACCOUNTS 2022-23

THE QUEEN ELIZABETH II CONFERENCE CENTRE EXECUTIVE AGENCY
TRADING AS THE QUEEN ELIZABETH II CENTRE

QUEEN ELIZABETH II CENTRE





The Queen Elizabeth II Conference Centre Annual Report and Accounts 2022–23

For the period 1 April 2022 to 31 March 2023

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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Performance Report

CHIEF EXECUTIVE'S STATEMENT

I am delighted to report that The Queen Elizabeth II Conference Centre (the Centre) has delivered a remarkable year of business stabilisation and recovery resulting in the Centre's third best trading performance since opening in 1986 and a return to profitability. The Centre delivered total revenues of £14.95m, equivalent to 94% of what was achieved in its best year of trading in 2019/20 (£15.94m).

Room hire for the year was £6.57m versus a budget of £5.89m. In terms of secondary income the results for 2022/23 have been quite phenomenal, achieving £8.16m versus a budget of £5.01m. For the first time in the Centre's trading history secondary income exceeded room hire with a ratio to room hire of 124%. As a result, the Centre has delivered a surplus from its operations of £0.6m, £1.3m ahead of budget and has also repaid £1.98m of its loan on 31st December 2022 and is on schedule to pay back the balance to its parent department, Department for Levelling Up, Housing and Communities (DLUHC) by December 2023.

The most significant development that occurred during the year for the Centre relates to its previously reported potential use as the preferred temporary decant location for the House of Lords as part of the Restoration and Renewal (R&R) of Parliament.

As previously reported, the risk associated with the R&R programme was lifted in May 2022 by the Secretary of State for Levelling Up, Housing and Communities, the RT Hon Michael Gove MP who wrote to the Lords Speaker, as owner of the QEII Centre freehold and the operating body advising the House of Lords that they cannot use the QEII Centre as their decant venue during the R&R of Parliament and that they should be seeking alternative venues.

This resulted in the following;

- The previous date restriction for forward contracting events of 31 May 2024 was removed;
- The Centre now has no future boundary date in place for forward selling and contracting of events;
- The Centre is able to trade unencumbered and without restrictions.

Along with the rest of the world and the global events industry, the Centre has faced unique challenges with the speed, strength and uncertainty of market recovery following COVID-19 and the stability and pace of global economic improvement. The challenge for the Centre in 2022/23 was to recover its future trading position and the repopulating of its forward diary of advance bookings, previously prejudiced by the publicised closure of the Centre due to R&R, combined with the significant effects of COVID-19. It is recognised that the many years of uncertainty and advising that the Centre was going to close will take time to reverse perceptions and reach the thousands of organisations and decision makers across the global marketplace.

The Centre and its team have worked tirelessly to recover and rebuild its trading performance, proactively liaising with clients, business tourism industry bodies and promotional agencies. As a direct consequence of its efforts and the trading changes, the Centre has delivered an outstanding performance

in 2022/23 and has also been able to enter into negotiations with existing clients to contract multi-year deals for the future with client continuity bookings now booked as far as November 2029.

The Centre has continued to be successful in achieving industry awards having won an impressive 4 individual awards in 2022/23. These included Eventex Awards; City Venue: Gold award and Versatile Venue: Bronze Award; London Venue & Catering Awards: Best Covid-19 Bounceback (Gold) and Best Conference Venue 600+ Attendees Theatre Style (Silver).

The Centre's economic contribution is scheduled to be re-evaluated during Q3 in 2023 following the Centre's full year of trading in 2022/23 preceded by 2 years of the COVID-19 pandemic impacting its trading. The most recent assessment of the Centre's economic performance related to trading in 2019/20, which calculated that the Centre's business generated a total gross UK expenditure of £334m, creating a Gross Value Added (GVA) economic contribution of £160.5m, with the Centre supporting 3,547 FTE jobs. With turnover having reached 94% of that achieved in 2019/20, the Centre's economic contribution in 2022/23 will be significant.

From a HR perspective, it is important to acknowledge that as a people business, the Centre's workforce has played a crucial role in driving and delivering business recovery and growth.

The ongoing skills shortages in the events industry, particularly within the audio-visual (AV) field, continues to present significant recruitment and retention challenges for the Centre. However, by adopting proactive recruitment strategies, supporting employee training and development, and reviewing retention initiatives, the Centre is actively addressing these challenges.

The QEII Workforce Plan for 2023/24 will continue to focus on maintaining stability and building a future people platform to support business growth and development.

The Centre understands the impact of the cost of living on staff and strives to provide a supportive work environment. To support staff well-being, hybrid working arrangements remain in place and staff have access to a range of well-being support initiatives.

The Centre will be preparing for Investor's in People reaccreditation in 2023/24 and will be working to retain the Silver standard awarded in 2020 with an aspiration to achieve Gold standard over the coming years.

From a building management operations perspective, the team have had an exceptionally busy year. The removal of the Centre's commitment to R&R and its forward trading restrictions has thus provided the opportunity to re-establish a long-term investment programme in respect to the Centre's maintenance, technological competitiveness and the opportunities to further drive commercial revenues.

At the time of preparing this report the Centre's management are undertaking surveys and preparing plans relating to the following; a long-term maintenance programme covering the Centre's plant and fabric based upon receipt of a newly commissioned building condition survey; investment in the Centre's event related equipment and infrastructure; remobilising the Centre's Master Plan with plans to implement Phase 5, to enclose the level 4/5 courtyard and refurbish both floors, which was paused in 2018 due to the R&R uncertainty.

During 2022/23 works continued in maintaining regulatory compliance across the site, upgrading front and back of house areas in line with business developments, improving fire prevention and controls, security, critical plant, service lifts and enhanced web steaming and new virtual local area network infrastructure for client events.

The Centre's Operations team retendered for both Soft and Hard Facilities Management services via Crown Commercial Services Framework. Soft Services; Housekeeping and Security occurred in January 2022, with the contracts mobilising in April and June respectively. Hard Services were procured in October 2022 and mobilised in January 2023.

The recycling rate across the Centre achieved in 2022/23 was 100% with the 224 tons of waste either recycled or recovered as waste to energy. This is in line with the Greening Government Initiative on waste management (2021–2025) where a key target of waste to landfill is less than 5%. The overall volume of waste generated, 224 tons, was an increase of approx. 42% on the previous year due to the increased number of events, however no waste was sent to landfill.

The Operations team have continued to look for efficiency savings across the Centre. Management is engaged with our energy provider to review the Centre's power consumption and there is an independent assessment underway covering fluorescent tubes to extend the programme to convert all fittings to sustainable LED.

The Centre is a member of the Green Tourism Accreditation programme and has been awarded Silver status. The Centre is a member of the Greengage accreditation programme and has been awarded Gold status, recognising its eco approach to Food and Beverage, Energy and Water Conservation, Waste Management & Recycling, Corporate and Social Responsibility and Consumables.

At the time of writing this report, enquiry and booking levels are strong and have exceeded expectations with forward contracts for room hire already at £6.4m c.86% of target for 2023/24, just over two months into the year.

As advised, Management assesses that the core risk to this continuing momentum is more likely to be economic with rising inflation and economic indicators suggesting a possible risk of an economic recession combined with labour shortages across the sector. Continuing high levels of inflation and increased costs across staffing, equipment, consumables, services and particularly food and beverage continue to significantly prejudice margins and profitability levels and it is anticipated that it will take several years to return back to levels similar to those associated with pre-pandemic trading.

Whilst market uncertainty or contraction could impact the Centre's business performance, its diversity of events will hold it in good stead to weather adverse economic conditions as it has on several occasions since trading began in 1986.

Despite these factors the Centre remains committed to delivering a strong and robust business stabilisation and recovery plan with its core priorities being to optimise profitability, whilst

maintaining the highest possible standards of health and safety, customer delivery and experience, and facilities.

During the course of 2022 the Centre's two Non-Executive Directors, Alison White and Simon Hughes both resigned having successfully served the maximum 10 years on the Board. I would like to thank them both for their dedicated and outstanding contributions to the Centre over this period.

The Centre has therefore appointed two new Non-Executive Directors, Lindsey Hoy and Mark Riches. The two new Non-Executives bring a mix of skills. Lindsey who takes over the Chair of the Audit and Risk Committee is a qualified accountant, was formerly the Head of Audit with AXA and sits on a range of other audit committees. Mark brings significant business events industry knowledge having worked across the sector including co-founding First Agency, an award-winning global brand agency.

Once again, I would like to pay tribute to the Centre's team, including our contractors, who collectively have continued to provide high quality services to our clients and to operate and maintain our facilities under the most extraordinarily difficult circumstances. The team's dedication, perseverance and resilience over the course of this most challenging period has been truly exceptional.

The removal of the previous trading restrictions has provided a solid future for the Centre and its professional team and reinvigorated their commitment to continuing to deliver a strong and robust business recovery plan. Our core priorities are to deliver and maximise levels of income at minimum levels of cost, whilst maintaining high standards of customer service, experience, facilities and staff morale.

The Centre and its team remain fully committed to delivering a first-class service to the Centre's clients, through maintaining and building successful client partnerships and delivering creative, professional and innovative events. Our aim is to continue to be London's finest specialist events venue with a global reputation for excellence.

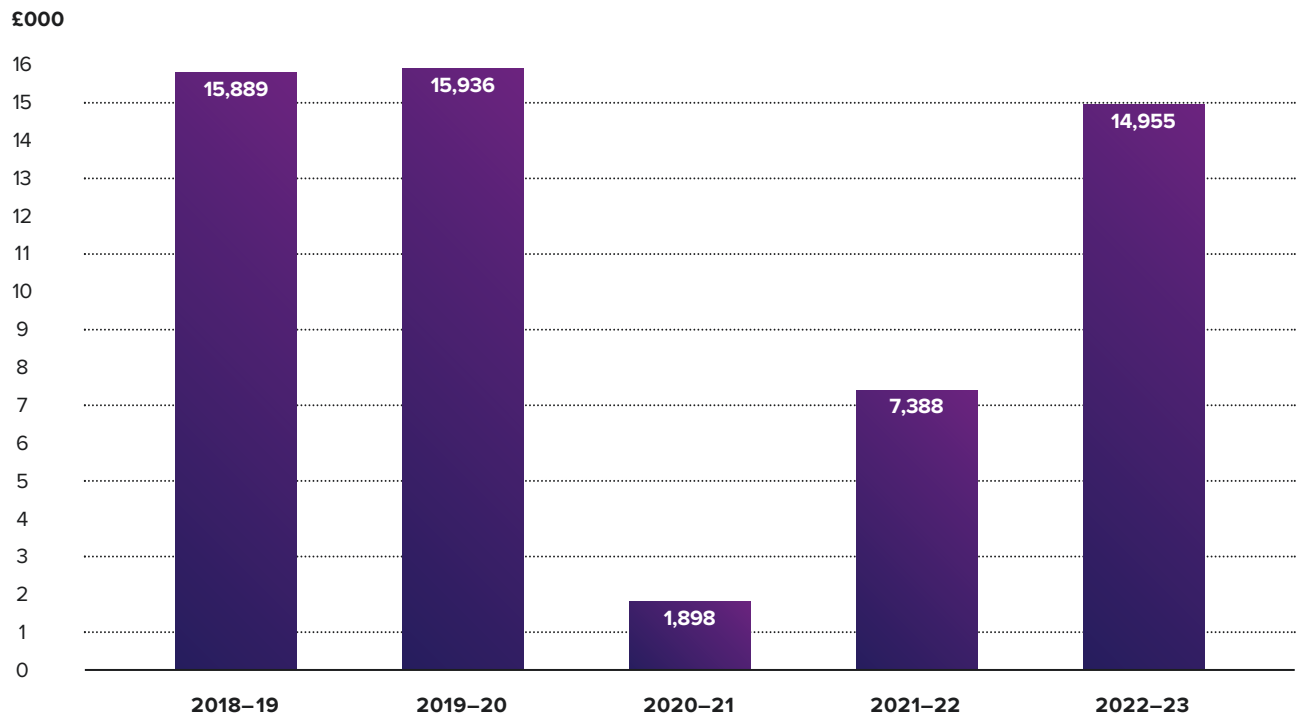
Finally, this year was also marked by the sad passing of Her Majesty Queen Elizabeth II. The Queen officially opened the Centre on June 24th 1986 to much fanfare attracting political, business and industry leaders. The Centre and its team have had a distinguished association with Her Majesty and were proud to be able to play a part in the coordination of the State Funeral and to bid Her Majesty farewell after such a long and successful affiliation.



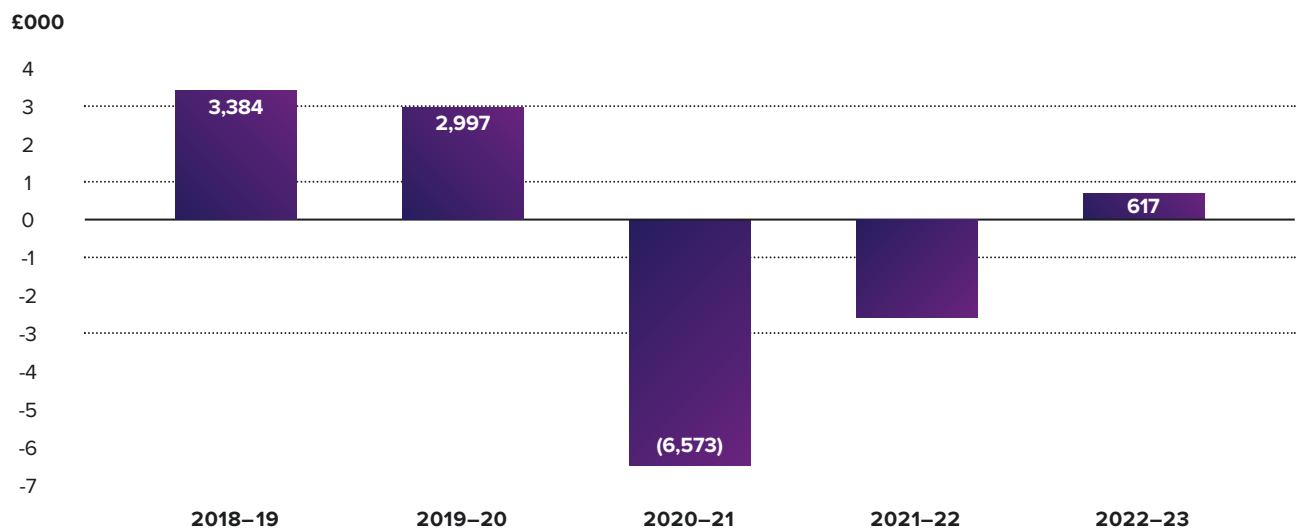
Mark Taylor, Chief Executive and Accounting Officer

5 year record of turnover and surplus

TURNOVER



REPORTED SURPLUS/(DEFICIT) 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 client satisfaction is the calculated average of responses to two specific questions in the event questionnaires that accompanies each event. Expressions of overall client satisfaction are measured on a scale of 0 to 100 per cent with a score of 100 representing maximum overall satisfaction. (also referred to in 4.4)

COMPARISON AGAINST TARGETS SET FOR THE YEAR ENDED 31 MARCH 2023

The Centre's financial targets were suspended during the COVID-19 pandemic and the business strategy was adjusted to contain the net deficit. For 2022/23 the focus was on re-establishing the business following the pandemic and a reduced set of financial targets were set, in particular there was no dividend payment to DLUHC required.

Capacity utilisation of the Centre of 51% (*target 45.7%*)

The overall score for client satisfaction was 95% (*target 90%*)

The number of complaints per 100 events was 1.08 (*target 2*)

The ratio of non-room hire events revenue to room hire revenue was 117% (*target 85%*)

3 YEAR RECORD OF PERFORMANCE AGAINST TARGETS

		2020–21	2021–22	2022–23
Contribution to DLUHC	Target	£0m	£0m	£0
		£0m	£0m	£0
Capacity utilisation of the Centre	Target	–	–	45.7%
		6.3%	29.0%	51.0%
Overall score for client satisfaction	Target	N/A	N/A	90%
		N/A	N/A	95%
The number of complaints per 100 events	Target	–	–	2
		0.00	0.00	1.08
The ratio of non-room hire events revenue to room hire revenue	Target	–	–	85%
		4.3%	72.3%	117.0%

Overview

1. History and Principal Activities

The Queen Elizabeth II Conference Centre (the Centre) 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 at 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 marketplace with the trading name, the Queen Elizabeth II Centre, which was introduced in 2014.

2. Development and performance during the financial year

2.1 Trading performance

Turnover in 2022/23 continued its rapid recovery following the re-opening of the Centre for normal business in September 2021. As a result, there has been a significant increase in revenue across all elements of conference activities. Room hire increased by £2.9m (81%) and other revenue streams for QEII Live (in-house Audio-Visual services), QEII Taste (Contracted Catering services provided by Compass/Levy) and QEII Connect (in-house ICT services) have increased by £5m (156%). The proportion of secondary revenue from QEII Live, QEII Taste and QEII Connect to room hire was 124.0% (87% 2021/22).

Total costs of £14.34m were 41.2% higher than those in the previous year. This was in part a direct consequence of the Centre returning to normal business for the full trading period resulting in a £1.04m increase in production costs and £0.49m in sub-contracted services. Utility costs increased by £0.36m but this was partly as a result of significant inflationary pressure. Maintenance costs increased by £1.09m as works suspended or postponed due to the pandemic were reinstated. The surplus on ordinary activities of £0.61m was £3.41m above the deficit for 2020/21.

The Centre's economic contribution is scheduled to be re-evaluated during Q3 in 2023 following the Centre's full year of trading in 2022/23 preceded by 2 years of the COVID-19 pandemic impacting its trading. The most recent assessment of the Centre's economic performance related to trading in 2019/20, which calculated that the Centre's business generated a total gross UK expenditure of £334m, creating a Gross Value Added (GVA) economic contribution of £160.5m, with the Centre supporting 3,547 FTE jobs. With turnover having reached 94% of that achieved in 2019/20 the Centre's economic contribution in 2022/23 will be significant.

2.2 Capital structure

The amount of Public Dividend Capital remains unchanged at £821k. As a result of the previous agreement between DLUHC with R&R, it had been agreed that no dividend payment would be required for 2022/23 which resulted in a retained surplus of £0.62m and increased the General Reserve at 31 March 2023 to £6.97m.

2.3 Cash management

Cash balances decreased by £0.52m in the year but £1.98m of loans received from DLUHC was repaid in December 2022 leaving an amount outstanding of £2.6m scheduled for repayment in December 2023. 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 effective in limiting exposure to the risk of bad debts.

2.4 Non-current asset management

A full annual fixed asset check was carried out in March 2023.

3. Performance against targets

Following the impact of COVID-19 on the Centre's business and the uncertainty concerning trading conditions for the year, there was a reduced set of targets for the financial year as focus was directed towards re-establishing the business. The key targets for Occupancy Yield and Secondary Revenue Ratio were both exceeded, and the business has returned to producing an operating surplus.

4. Trends and factors affecting underlying performance during financial year

4.1 The market in which we operate

The conference and meetings market are both local and international and are 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 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 Centre target sections of the market that value quality, reliability, security and the latest technology. Its competitive advantage is enhanced by its partnership with Compass/Levy (QEII Taste), whose reputation for quality catering and excellent service is widely recognised. Another core competitive advantage is that the Centre operates its own highly experienced audio-visual team (QEII LIVE) able to deliver the most sophisticated and complex event delivery and presentation specifications, complemented by London's most experienced event management team. The Centre is an ideal venue for large conferences and congresses, with or without an associated exhibition, and for annual general meetings and gatherings of international organisations. It also competes successfully for a diverse range of other events including award ceremonies, banquets, receptions, product launches, fashion shows and other special events.

4.2 Market conditions

The global events market recovery is continuing following two years of COVID-19 disruption. The market recovery throughout 2022/23 has been generally very strong and positive despite multiple factors; adverse economic conditions, the war in Ukraine, and industrial action such as rail strikes across the UK which has weakened business and consumer confidence, with the latter resulting in event cancellations and rescheduling.

The Centre's business recovery in 2022/23 exceeded expectations as the business events marketplace bounced back quickly post pandemic with high levels of pent-up event demand. However, current economic and business confidence indicators suggest that this position may not be sustained with many organisations forecasting adverse economic conditions and a risk of recession with the previous pent-up demand levels having been satisfied.

Continuing high levels of inflation and increased costs across staffing, equipment, consumables, services and particularly food and beverage continue to significantly prejudice margins and profitability levels and it is anticipated that it will take several years to return back to levels similar to those associated with pre pandemic trading.

However, the Centre is seeing a strong return of the events market for calendar year 2023 with high levels of international and large-scale events. Some of these events had been disrupted from their traditional meeting cycles due to the previous pandemic and

it is apparent that the rotational cycle for international congresses is still disrupted with calendar year 2024 recovering at a slower pace. Short booking lead times remains a trend in the industry. Nonetheless the Centre's forecast revenues for 2023/24 look positive and achievable to potentially exceed pre pandemic revenue levels so long as the prevailing economic conditions do not deteriorate further.

4.3 Management of principal risks

An internal audit of the Centre's Governance Arrangements and Delivery against Business Plan took place in Q3 which included a review of risk management, and the outcome of this audit was that risks around governance are managed effectively in the Centre and the audit was given a rating of 'Substantial'. During the year the Strategic Risk Register continued to be updated to reflect the strategic risks for the business, and this continues to be supported by a departmental Risk Register for all line managers to complete for emerging risks and near misses in their areas. A risk appetite matrix was approved by the Management Board and has been maintained by Management. Risk Registers are discussed at quarterly meetings of the Risk Management Working Group and risk is also an agenda item of the 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 Strategic Risk Register with appropriate remedial actions. The effectiveness of the risk management process is reviewed by the Audit and Risk Assurance Committee which is chaired by a non-executive director. An online Health & Safety reporting system, Safesmart, has been used for the recording of accidents, incidents and near misses. The key risks facing the business are reported in the governance statement.

4.4 Centre strengths and resources

The Centre's principal strengths are its location and the quality of its facilities and services. Its principal resource is the considerable experience, expertise and professionalism of its staff and of its on-site contractors. Analysis of client feedback questionnaires confirms that the Centre is preferred mainly because of the quality of service provided, whether it be the creativity of QEII Tastes' cuisine, the flair of the QEII Live 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 Centre is to meet the financial objectives of the Trading Fund Order. To this end the Centre has established itself 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 Centre, as set out in its Framework Document, is to operate the venue as a high-quality facility for use, on a commercial basis, by both the private and public sectors for local, national and international events. Its specific objectives are to further strengthen commercial performance by optimising the use of the Centre, to maximise revenue from room hire and the sales of ancillary services, to maintain 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 to their full potential.

Following disruption due to the COVID-19 pandemic, the Centre's immediate forward objective has been to successfully re-establish the Centre's business, through optimising income and cost, whilst maintaining high standards of customer facilities, delivery and experience.

5.3 Building enhancement and services

The Building Management team have continued their work to maintain regulatory compliance across the site, upgrading front and back of house areas in line with business developments. Work continued throughout 2022/23 to improve fire prevention and controls, security, critical plant and all areas affecting Health & Safety. Other works have included new automated doors on the West Side VIP entrance, a new goods-only scissor lift from the loading bay to the bin store and the basement level TV studio refurbishments.

QEII Live have further invested in web streaming of events for our clients, in 4K broadcast cameras and mass recording equipment. Having merged our event AV & IT teams we have further invested in a new virtual local area network (VLAN) infrastructure, allowing us to sell many different VLANs across the centre to multiple clients. The Centre's ICT infrastructure and plans also worked flawlessly in maintaining all QEII personnel, wherever they were located, online and fully accessible.

The Centre has historically outsourced both Soft and Hard Facility Management Services. This was previously undertaken via a Framework Agreement with the Ministry of Justice (MOJ) which came to an end in January 2023.

The Centre's Operations team retendered for Soft Services; Housekeeping and Security occurred in January 2022, the contracts were mobilised in April and June 2022 respectively. Hard Services were procured in October 2022 and mobilised in January 2023. All new Suppliers were procured through the Crown Commercial Services. Five companies tendered for the Housekeeping contract with Julius Rutherford being the successful Supplier. Three companies tendered for the Security contract that was awarded to Atalian Servest and there were ten submissions for the Hard FM contract, this was awarded to BAM FM. All contracts are based on contract terms of three years plus a potential further three years. The Centre has also reorganised the on-site FM Team and the Operations directorate now has a Head of Building Operations, a Building Manager, and a Soft Services Manager.

5.4 Competitive facilities

Market conditions have ensured that a high level of competitiveness remains, and pricing policies have been competitive against its core competitors. The period of post COVID-19 recovery combined with difficult economic trading conditions and double-digit inflation has seen significant variation as to how businesses both competitive venues and clients respond to the latest circumstances. The Centre continues to gather and review data associated with its competitive set's and to monitor the situation closely. Management is determined to ensure that the Centre remains both competitive and focused on maximising yields without compromising standards and its position in the marketplace.

5.5 Trading outlook

5.5.1 Trading overview

Trading in 2022/23 has shown a continuation of the significant recovery following the re-opening of the Centre for normal business in September 2021 after the disruption to business caused by COVID-19. As a result, there has been a significant increase in revenue across all elements of conference activities. Contracted bookings into 2023/24 are extremely strong with forward contracts for room hire already at £6.4m c.86% of target.

There has been a high level of pent-up demand in the market following the lifting of COVID-19 restrictions and the Centre is striving to take advantage of this opportunity. Now that trading restrictions due to the R&R project have been lifted, the Centre is focussing once more to compete for larger association and international events which generally have a much longer lead time.

Ministers have approved the 2023–2024 Business Plan for rebuilding the business following the lifting of all trading restrictions that were in place due to the R&R project, and the Centre's management are revisiting the Building Master Plan which was suspended during that period of uncertainty with the aim of obtaining approval for further significant investment in the Centre's facilities.

5.5.2 Going concern assessment – Summary and Management's view

In May 2022 the Secretary of State for Levelling Up, Housing and Communities (DLUHC), the RT Hon Michael Gove MP, wrote to the Lords Speaker, as owner of the QEII Centre freehold and the operating body. The Secretary of State informed the House of Lords that they cannot use the QEII Centre as their decant venue during the R&R of Parliament and that they should be seeking alternative venues.

The Centre is now able to trade unencumbered and without restrictions and has returned to profitability and normal trading levels delivering its third best year in total revenue since the Centre opened in 1986.

The Centre now has the security of increased borrowing facility of £12m via the Statutory Instrument which was laid in Parliament and came into effect on 29 June 2021. In addition the Centre's parent department DLUHC has provided a letter of support advising that should any issues arise now or in the future that affects the QEII's ability to meet its contractual commitments, DLUHC will provide the QEII with sufficient financial resources to cover the costs incurred. Accordingly, management considers it appropriate to continue to adopt the going concern basis.

5.5.3 Withdrawal from the European Union

The withdrawal of the UK from the European Union (EU) officially took place on 31 January 2020. Leading up to this, there had been much economic and business uncertainty on the impact that exiting the EU would have and increasing concern for the UK meetings industry sector. To date, the impact on the Centre's trading has been minimal, with the movement of global goods being the main impact. The ongoing impact will not be known until the effects of the economic difficulties facing the UK and the European Union have diminished and the events sector has fully recovered post pandemic.

6. Environmental, social and community issues

6.1 Sustainability Reporting/Commitment

The Centre has previously been exempt from the Treasury Sustainability Reporting due to operating below the FTE staff de-minimis threshold of 50 people. The Centre is liaising with DEFRA to clarify the position following recent changes in the reporting guidance.

Whilst this position is yet to be formally clarified, as can be seen within the following section, the Centre continues to demonstrate a strong and determined commitment to sustainability and efficiency. However, due to previous exemption, the Centre does not have information to report against all areas set out in the latest guidance.

6.2 Recycling success

In 2022/23 the Centre generated 224 tons of waste with 100% of waste either recycled/recovered as waste to energy. 157 tons were recycled and 67 tons went to recovered heat via energy Incineration

with CO2 Savings of 51 tons. This is in line with the Greening Government Initiative on waste management (2021–2025) where a key target of waste to landfill is less than 5%. The overall volume of waste generated, 224 tons, was an increase of approx. 42% on the previous year due to the increased number of events. No waste is sent to landfill.

6.3 Energy and water efficiency

In respect to sustainability and efficiency the Centre has undertaken numerous initiatives and continues to look for further efficiency savings to reduce energy and water consumption.

Management is engaged with our energy provider to review the Centre's power consumption and to look for efficiencies. There is an independent assessment underway to complete the replacement of fluorescent tubes on site, further extending the Centre's programme to convert all fittings to sustainable LED.

The multi phased programme of toilet refurbishments, installing reduced capacity flush tanks, half flush buttons as part of Building Master Plan is 50% completed with the programme continuing to be rolled out over the next 2–4 years. The Centre is currently testing waterless urinals.

Management have recently completed a comprehensive building wide condition survey, which subject to DLUHC approval, will be implemented in a phased basis from Q4 2023 for circa 15 years. The condition survey works programme implementation will be looking at all opportunities to reduce energy consumption and meet net zero targets including extension of lighting replacement programme over to LED's, potential use of heat pump technology (subject to planning), connection to South Westminster Area Network (low energy heat network across Westminster), installation of revolving doors to retain heat and cool environments, replacement of all window seals to name just a few of the opportunities being considered.

6.4 Sustainability accreditation/Corporate Social Responsibility

The Centre is a member of the Green Tourism Accreditation programme and has been awarded Silver status. The Centre is also a member of the Greengage accreditation programme and has been awarded Gold status, recognising its eco approach to Food and Beverage, Energy and Water Conservation, Waste Management & Recycling, Corporate and Social Responsibility and consumables. The Centre's recent EPA assessment has rated the Centre as C. We continue to actively support the Victoria/ Westminster BID Clean team and Ambassador personnel with the CEO also serving on the BID's Board of Directors. A board member of the Compass Quarterly Contract Meeting stepped into a new role last year, Net Zero Lead, which was created within Compass as part of the rollout of their long-term sustainability strategy. They will be implementing a range of initiatives to help drive forward ambitious environmental targets. These include Compass/Levy UK & Ireland's plan to become net zero in the UK by 2027, which will require an 80% decarbonisation of the business. QEII will be working closely in support of this and will also continue to introduce its own initiatives.

7. Accounts Direction

This statement of accounts has been prepared in accordance with a Treasury direction, dated 15 December 2022, given in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973.



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

Accountability Report

DIRECTORS' REPORT

1. Management Board

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

Mark Taylor	Chief Executive and Accounting Officer
Lindsey Hoy	Non-executive and Chair of Audit Committee <i>appointed 29 November 2022</i>
Mark Riches	Non-executive <i>appointed 29 November 2022</i>
Alison White	Non-executive and Chair of Audit Committee <i>resigned 28 November 2022</i>
Simon Hughes	Non-executive <i>resigned 28 November 2022</i>
John French	Finance Director (Interim)
Raj Pragji	Human Resources Director
Diane Waldron	Sales and Marketing Director
Neil Chandler	Venue Operations Director

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

Lindsey Hoy and Mark Riches joined the Centre on 19 September 2022 and undertook an induction programme before commencing their appointment as non-executive members of the management board on 29 November 2022.

2. Advisory Board

An Advisory Board is also in place, details of which is included in the Governance statement on page 10.

3. Employee Engagement

The Centre delivers a range of employee engagement activities to keep staff motivated and engaged to deliver ongoing excellent customer service. The Centre maintains regular contact with managers and staff through meetings, workshops, circulars, forums and via consultation with trade union representatives. The Centre actively promotes learning and development including continuous professional development, encouraging staff to keep skills and knowledge updated and relevant. The Centre operates a variety of reward and recognition schemes, for example, staff participate in an annual bonus scheme based on the results achieved for the financial year.

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

The Centre operates fair and open recruitment and will not discriminate on any grounds as defined by the Equality Act 2010. Full and fair consideration is given to any applicants with a disability, having due regard to their experience, skills and capabilities.

5. Pension Scheme

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

6. Value of Property

QEIIIC do not recognise the Conference Centre land and building in their accounts because DLUHC holds title to the land and building, which reflects the fact that the risk and rewards from the building do not fully sit with QEIIIC, as outlined in the original QEIIIC Trading Fund order from 1987. DLUHC commissions a valuation of the property on an annual basis and the valuation at 31 March 2023 was £32.5m.

7. 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 £60,000 (2022: £48,000). No other services were provided.

8. Operational performance

The average absence from work during the year due to sickness was 11.5 days per employee which is reduced to 5.3 days if two long term sick cases are excluded (2022: 15.9 days reducing to 4.1 days excluding three long term sick cases).

9. Personal Data Incidents

There have been no personal data related incidents during the year.

10. Countering fraud, bribery and corruption

The Centre has comprehensive fraud and whistleblowing policies and processes in place. These are reviewed annually and updated in accordance with government guidance. Management considers these to adequately cover the Centre's requirements but to date this has not been tested by actual events.

11. Changes in Property, plant and equipment

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



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

Governance statement

As Accounting Officer, working with the Centre's Management Board, I have responsibility for maintaining effective governance and a sound system of internal controls 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 DLUHC, except on those exceptional occasions (for example 2020/21 through to 2022/23 where the requirement for a dividend was relaxed due to the impact on trading caused by the COVID-19 pandemic and the R&R project).

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 DLUHC Commercial Director, supports the Permanent Secretary in providing advice to the Secretary of State and Ministers in respect of the regime of corporate planning and target setting. The Advisory Board is comprised of DLUHC Commercial Director, two Non-Executive Directors, the CEO, the Finance Director, the Human Resources Director, the Sales & Marketing Director, the Venue Operations Director and representatives of DLUHC. The Advisory Board met on four occasions during 2022/23 and has overseen the return of the business to generating an operating surplus.

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

Key risks to Centre

The most significant impact on the Centre for the financial year to 31 March 2023 was the removal of all trading restrictions previously in place as a result of the Centre's potential involvement in future plans for the R&R programme of the Palace of Westminster. In May 2022 the Secretary of State for Levelling Up, Housing and Communities (DLUHC), the RT Hon Michael Gove MP, wrote to the Lords Speaker, as owner of the QEII Centre freehold and the operating body. The Secretary of State informed the House of Lords that they cannot use the QEII Centre as their decant venue during the R&R of Parliament and that they should be seeking alternative venues.

Therefore, as a result the Centre was advised that:

- The previous date restriction for forward contracting events of 31 May 2024 has been removed;
- The Centre no longer has any future boundary date in place for forwarding selling and contracting of events;
- The Centre is able to trade unencumbered and without restrictions.

As demonstrated by the Centre's financial performance, the impact of COVID-19 on the business has significantly diminished and the associated risk has now been downgraded to low. As previously reported the pandemic did put considerable strain on the Centre's finances and as a result loans totalling £4.5m were received from the parent department, DLUHC. The first repayment of £1.9m for those loans was made as scheduled on 31 December 2022. The final repayment of £2.6m is due on 31 December 2023 and the ministerially approved Business Plan for FY 2023–24 projects that this will be met on time.

The Centre's previous core risks have dissipated therefore providing the opportunity to trade unencumbered and without restriction. The economic and business impact of the UK's withdrawal from the European Union post COVID-19 have started to become more evident. However, to date this has not had any significant or quantifiable impact on the Centre's trading performance.

The conflict in Ukraine, both in terms of the conflict itself and the sanctions imposed on Russia, has to date not had a significant impact on trading. Management is closely monitoring and managing the impacts to trading of increased inflation and labour shortages and recognise the potential impact that may result from the slowing down of the global economy.

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) has, in the past, been prepared and approved annually with a three to five-year horizon; however, for 2021/22 and 2022/23 a two-year plan was produced in light of the uncertainties with the combination of the potential Parliamentary decant and the COVID-19 pandemic, with Ministerial sign off for the first year of each plan.

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 appropriate levels of cost to run the business effectively which includes identification of risks, and mitigations, taking account of the risk appetite determined by the Management Board.

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). Strategic risk is also considered at the weekly Directors' meetings, the Audit and Risk Assurance Committee and the Management Board.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee met four times during 2022/23. It is an effective committee chaired by Alison White, an experienced independent Non-Executive Director and qualified accountant up until November 2022 and subsequently by Lindsey Hoy who is a qualified accountant, was formerly the Head of Audit with AXA and sits on a range of other audit committees. The Audit and Risk Assurance Committee comprises of two Non-Executive Directors and in attendance are the CEO, the Finance Director of the Centre, the NAO, the Government Internal Audit Agency (GIAA) and a representative of DLUHC. The quorum was met for all meetings throughout the year.

The Committee oversees the risk management processes and regularly reviews the Centre's strategic risk register. The Committee continued to provide advice about reviewing the risk management process during the year, particularly with consideration that the Centre returned to hosting a greater number of events on-site.

The key risks which were identified and managed during the year included:

- Impact of industrial action, particularly in the rail industry, on the business.
- Impact of State Occasions on the Centre's ability to deliver contracted events.
- Commercial impact on the Centre of exiting from the European Union.
- Impact of inflation on all areas of the business.
- Retaining and attracting staff of the necessary calibre/skills due to restraints on pay and benefits.
- Management of FM services and costs, with the transition to new service providers.
- Building maintenance and repair due to assets (lifts in particular) having exceeded their normal useful life and delays to works programmes caused by the previous uncertainty surrounding the R&R programme.
- The inclusion of the Centre as part of government's emergency contingency planning.
- Disaster and Recovery planning for business continuity.
- Cyber security improvements.
- Management of cash resource to enable the repayment of loans on the due date.
- Implications and potential impact of the outbreak of Russia/Ukraine war.

Corporate Governance

The main elements of the structure other than the Advisory Board, RMWG and the Audit and Risk Assurance Committee referred to above are as follows:

- The **Management Board**, chaired by the Centre's Chief Executive and Accounting Officer, 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 Centre's business and corporate plan and Annual Report
- The **Directors' meeting** brings together the executive directors on a weekly 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 **Business Performance Management** meeting brings directors and managers together on a quarterly basis to review business performance and strategy.
- The **Remuneration Committee** meets annually to review and approve the results of the performance appraisal process and the proposed allocation of the corporate bonus and the pay remit.
- The **Catering Strategic Board** meetings are held on a quarterly basis to govern the management of the Catering Contract with Compass/Levy; this includes reviewing contract performance and joint strategies for growing the business. The CEO and Directors of Finance, Sales and Marketing and Operations are present at meetings with the caterers, who are represented via their onsite General Manager as well as the Divisional Director. In January 2022, the contract was extended for a further three years.

- **Monthly Facilities Management Contract meetings** are held between the Centre's management and its contract providers, Julius Rutherford provide cleaning and portage services, Atalian Servest who provide reception and security services and BAM FM covering building maintenance and engineering. The CEO chairs a quarterly update meeting with the onsite contractors' management team and regional management.
- **The Health, Safety and Environmental Committee**, chaired by the Venue Operations Director, meets bi-monthly and is attended by departmental representatives, including the FM and catering contractors. A new Health and Safety online platform was introduced in 2021/22, Safesmart, which better enables the team to: manage the recording and investigation of accidents/near misses/incidents; staff safety training; issue and monitor risk assessments specific to need; log all of the Centre's safety and routine tests/checks; and manage internal policies and eventually log the Centre's assets. The platform underwent further bespoke improvements during 2022/23 and staff training continues to be undertaken to ensure staff compliance. The Centre continues to rely on internal expertise within the business to manage H&S and ensure greater accountability and performance, across the site. This Committee also reports on, and reviews, core initiatives and developments with sustainability and environmental matters.

The Centre has complied with the HM Treasury corporate governance code 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 31 March 2023.

The Centre acknowledges that a range of Government Functional Standards have been introduced that may need to be applied in full or on a proportional basis to various aspects of the Centre's business operation and functionalities. The Guidance advises that organisations can tailor how they meet the standard in practice, depending on business need. Compliance should be proportionate and appropriate to the functional work done, and the level of prevailing risk.

The Centre's management and audit and risk committee are in the process of establishing an assessment programme to review the requirements under the government and audit framework.

Information Security Assurance

The Centre holds a limited level of sensitive information commensurate with its size and commercial remit. There are data collection policies and controls in place which ensure access to information is managed correctly in accordance with the Data Protection and Freedom of Information Act. There is a Senior Information Risk Owner (SIRO) who ensures the overall management of such information. There have been no security breaches during the year.

Conflicts of interest

Members of the Management Board, both executive and non-executive, are obliged to report all potential conflicts of interest. There are no relevant interests and potential conflicts to report.

Internal Audit

The Government Internal Audit Agency (GIAA) provides internal audit services for the Centre. During the year, internal audit produced reports on (with their opinion in brackets below):

- Finance and HR Key Controls (Substantial opinion)
- Contract Management – Security and Cleaning Contracts (Moderate opinion)
- Governance Arrangements and Delivery of Business Plan (Substantial Opinion)

The overall end of year opinion provided by GIAA was Substantial.

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 internal audit 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.

Conclusion

As Accounting Officer, I have considered the evidence provided regarding the production of the Governance Statement and the independent advice and assurance provided by the Audit and Risk Assurance Committee. I have concluded that the Agency has appropriate risk management and control systems in place.



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

Remuneration and Staff Report

Paragraphs 1 to 6, 8 and 13 to 16 are not audited. Paragraphs 7, and 9 to 12 have been audited.

1. Membership of Remuneration Committee

The Remuneration Committee comprises Lindsey Hoy, Non-Executive Director and Chair of the Audit and Risk Assurance Committee, Mark Riches, Non-Executive Director, the Chief Executive and Accounting Officer, Sales and Marketing Director, Finance Director, Venue Operations Director and Human Resources Director.

2. Policy on remuneration of senior managers

The remuneration of the Chief Executive, comprising salary and bonus, is determined by DLUHC. 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. There is some scope for up to ten per cent of high performing staff to receive a higher award and any poor performers receive no increase. In addition, all eligible staff participate in an annual Corporate Performance and Reward Scheme which is linked to both the financial performance of the Centre as well as individual performance.

3. Methods used to measure performance

Staff are appraised against a set of competencies and individually targeted objectives. The appraisals are undertaken bi-annually.

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 Centre maintains a significant pool of technical expertise in the areas of engineering, audio-visual presentation, IT and telecommunications. Further support continued to be provided by our partner contractors, Atalian Servest, Julius Rutherford, Kier (until January 2023), and BAM FM (from January 2023 onwards), who operate building systems and facilities on the Centre's behalf.

At 31 March 2023 the gender of staff employed by the Centre was:

	Male	Female
Directors	3	2
Other Employees	27	11

6. Policy on duration of contracts

The notice period for the majority of staff, is one month. However, the Chief Executive and Operations Director have a notice period of 3 months. All new entrants joining the Centre will also have a notice period of 3 months. This will enable improved management of vacancies whilst minimising disruption to business and event delivery.

7. Staff numbers and related costs

Employee benefits expense	2022-23 Permanent £000	2022-23 Others £000	2022-23 Total £000	2021-22 Total £000
Wages and salaries	2,296	99	2,395	1,788
Social security costs	247	12	259	196
Pension costs	468	8	476	436
Decrease in holiday pay accrual	(50)	0	(50)	0
Temporary agency staff	0	289	289	131
Total staff costs	2,961	408	3,369	2,551

Staff numbers	2022-23 Permanent	2022-23 Fixed term	2022-23 Total	2021-22 Total
Average number of staff for the year				
Administration	7	1	8	9
Operations	11		11	13
Presentations	14		14	9
Sales and Marketing	9	1	10	9
Total average number of staff	41	2	43	40

Staff turnover for the period to 31 March 2023, based on the headcount at the beginning of the period was 21.4%. Staff turnover is not subject to audit.

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

		Years of service at 31 March 2023	Length of notice
Mark Taylor	Chief Executive and Accounting Officer	10.00	3 months
John French	Interim Finance Director	1.92	1 month
Raj Pragji	Human Resources Director	29.75	1 month
Diane Waldron	Sales & Marketing Director	8.24	1 month
Neil Chandler	Venue Operations Director	3.08	3 months

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 2022-23 £000	Bonus 2022-23 £000	Pension Benefits 2022-23 £000	Total 2022-23 £000	Basic Salary 2021-22 £000	Bonus 2021-22 £000	Pension Benefits 2021-22 £000	Total 2021-22 £000
Mark Taylor Chief Executive	115-120	5	46	165-170	115-120	-	46	160-165
John French Finance (Interim)	65-70 (FTE 140-145)	-	-	65-70 (FTE 140-145)	60-65 (FTE 140-145)	-	-	60-65 (FTE 140-145)
Raj Pragji Human Resources	70-75	3	(5)	70-75	70-75	-	17	85-90
Diane Waldron Sales & Marketing	75-80	3	30	105-110	70-75	-	29	100-105
Neil Chandler Venue Operations	75-80	3	29	105-110	70-75	-	29	100-105
Lindsey Hoy Non-executive	5-10	-	-	5-10	-	-	-	-
Mark Riches Non-executive	5-10	-	-	5-10	-	-	-	-
Alison White Non-executive	0-5	-	-	0-5	0-5	-	-	0-5
Simon Hughes Non-executive	0-5	-	-	0-5	0-5	-	-	0-5

(Note) John French has been employed as Interim Finance Director on a part-time basis.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to the financial year that they are paid to the individual.

Fair pay disclosure

The Centre is required to disclose the relationship between the remuneration of the highest-paid director and the median, 25th percentile and 75th percentile, remuneration of the Centre's workforce.

The banded remuneration of the highest paid director in the financial year 2022/23 was £140,000-£145,000 (2021/22: £140,000-£145,000). The banded remuneration of the highest paid director relates to the Full Time Equivalent remuneration of the Finance Director who is employed on an interim part-time basis at an appropriate rate – the table of remuneration above shows that the actual remuneration paid to the Finance Director was significantly below the FTE amount and that the cost to the Centre of this arrangement has resulted in a saving to the business in the banded range of £45,000 compared to previous costs for a full time position. There was no increase in salary and allowances for the highest paid director. Corporate bonuses were reintroduced at a reduced level following their suspension due to the temporary closure of the business due to COVID-19 for 2021/22.

The percentage change in total salary and bonuses for the highest paid director and the staff average were:

	Total salary and allowances	Bonus payments
Staff Average	5.2%	–
Highest paid director	0.0%	0

The ratio of the highest paid director's remuneration to the remuneration of the workforce was:

	25th Percentile	Median	75th Percentile
2022–23	3.99	3.21	2.69
2021–22	4.15	3.56	3.07

The lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits were

	25th Percentile 2022–23 £	Median 2022–23 £	75th Percentile 2022–23 £	25th Percentile 2021–22 £	Median 2021–22 £	75th Percentile 2021–22 £
Salary	31,000	39,000	45,892	32,500	38,000	44,000
Total pay and benefits	36,268	44,985	53,831	34,357	39,998	46,460

The differences between 2022–23 and 2021–22 quartiles in the table above for salary are due to the impact of changes in the workforce through change in headcount, recruitment and staff leaving combined with the average pay increase of 5.2%. The differences for total pay and benefits are as a result of increased overtime payments as the Centre has returned to normal trading conditions following the impact of COVID-19 in previous years and the reintroduction of the Corporate Bonus scheme.

The median total pay and benefits of the highest paid director was 3.21 times (2021–22: 3.56 times) the median remuneration of the workforce, which was £44,985 (2021–22, £39,998)

In 2022/23, no employees received remuneration in excess of the highest-paid director (2021/22 nil). Remuneration bands including the highest paid director ranged from £25,000 – £30,000 to £140,000 - £145,000 (2021/22, £20,000 – £25,000 to £135,000 – £140,000). 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.

The average percentage change in salary and allowance for employees was 5.2 per cent. Performance bonuses were reintroduced following the temporary closure of the business due to COVID-19 and paid in 2022/23. As no bonuses were paid in the previous a percentage increase cannot be calculated.

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 for members of the Management Board are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60 and one providing benefits on a whole career basis (nuvos) with a normal statutory pension age.

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 Centre.

		Accrued Pension (at pension age as at 31/3/2023)	Accrued Lump Sum (at pension age as at 31/3/2023)	CETV As at 31/3/2023	CETV As at 31/3/2022
		£000	£000	£000	£000
Mark Taylor	Chief Executive	25–30	nil	424	361
John French	Finance	nil	nil	nil	nil
Raj Pragji	Human Resources	30–35	55–60	544	500
Diana Waldron	Sales & Marketing	10–15	nil	194	161
Neil Chandler	Venue Operations	5–10	nil	57	37

The real increases during the year of pension benefits are set out below. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023–24 CETV figures.

		Real Increase in Accrued Pension £000	Real Increase in Accrued Lump Sum £000	Real Increase in CETV £000
Mark Taylor	<i>Chief Executive</i>	2.5–5.0	nil	32
John French	<i>Finance</i>	nil	nil	nil
Raj Pragji	<i>Human Resources</i>	0–2.5	nil	(14)*
Diana Waldron	<i>Sales & Marketing</i>	0–2.5	nil	18
Neil Chandler	<i>Venue Operations</i>	0–2.5	nil	13

*Taking account of inflation, the CETV funded by the employer had decreased in real terms.

13. Amounts payable to third parties for senior manager services

No payments were made during the year to third parties for senior manager services. (2021/22 £nil).

14. Expenditure on consultancy

In 2022/23 there was no spend on Consultancy. New proposals for Consultancy projects are subject to business case clearance procedures in line with Cabinet Office guidelines.

15. Off-Payroll

There were no other off-payroll arrangements in 2022/23. There were no off-payroll engagements as of 31st March 2023, for more than £245 per day and that lasted longer than six months.

16. Other employee matters

The Centre operates recruitment in line with the Civil Service Commission recruitment principles. All new staff receive a good induction to the Centre and have access to appropriate learning and development interventions. The Centre operates a wide range of employee engagement activities to keep staff engaged, updated, and motivated to deliver excellent customer service. The Centre is committed to the Health and Safety of all staff and a Health and Safety Committee meets bi-monthly to ensure any concerns or issues are promptly dealt with. A bi-annual performance management system assesses individual performance, identifies learning and development needs and opportunities to aid career progression. The Centre promotes its wide range of reward and recognition initiatives on a regular basis. The Centre's annual pay arrangements are progressed in line with Treasury/Cabinet Office pay policy and guidance.



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

Statement of the Centre 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 set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Queen Elizabeth II Conference Centre and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Treasury has appointed the Chief Executive of the Queen Elizabeth II Conference Centre as the Accounting Officer for the Trading Fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Queen Elizabeth II Conference Centre's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Comptroller and Auditor General is aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable.



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

Parliamentary Accountability and Audit Report

Overview

The Parliamentary accountability and audit report bring together the key Parliamentary accountability documents within the annual report and accounts. This section is subject to audit.

Losses, special payments and gifts

Costs falling into the category of losses, fruitless and special payments and gifts were, in total and separately, below the level, currently £300,000, at which they need to be reported separately for both this financial year and the prior year.



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

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

Opinion on financial statements

I certify that I have audited the financial statements of the Queen Elizabeth II Conference Centre for the year ended 31 March 2023 under the Government Trading Funds Act 1973.

The financial statements comprise: the Queen Elizabeth II Conference Centre's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2023 and its operating surplus for the year after interest, for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Queen Elizabeth II Conference Centre in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Queen Elizabeth II Conference Centre's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Queen Elizabeth II Conference Centre's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Queen Elizabeth II Conference Centre and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Queen Elizabeth II Conference Centre or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Centre and its Chief Executive's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Queen Elizabeth II Conference Centre from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- assessing the Queen Elizabeth II Conference Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Queen Elizabeth II Conference Centre's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Queen Elizabeth II Conference Centre's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Queen Elizabeth II Conference Centre's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Queen Elizabeth II Conference Centre's controls relating to the Queen Elizabeth II Conference Centre's compliance with the Government Trading Funds Act 1973 and Managing Public Money.
- inquired of management, the Queen Elizabeth II Conference Centre's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Queen Elizabeth II Conference Centre for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Queen Elizabeth II Conference Centre's framework of authority and other legal and regulatory frameworks in which the Queen Elizabeth II Conference Centre operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Queen Elizabeth II Conference Centre. The key laws and regulations I considered in this context included Government Trading Funds Act 1973, Managing Public Money and relevant employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, performed detailed testing of the appropriateness of revenue recognised in the accounts.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies, Comptroller and Auditor General
National Audit Office, 157–197 Buckingham Palace Road
Victoria, London SW1W 9SP
12 July 2023

Statement of Comprehensive Net Income

for the year ended 31 March 2023

The notes on pages 21 to 24 form an integral part of these accounts.

	NOTES	2022-23 £000	2021-22 £000
Revenue	2	14,955	7,388
Depreciation and amortisation	7, 8	(1,697)	(1,812)
Staff costs	3	(3,369)	(2,551)
Other expenditure	6	(9,277)	(5,794)
Operating (deficit)/surplus for the year	2	612	(2,769)
Interest receivable		49	2
Interest payable		(44)	(29)
Operating (deficit)/surplus for the year after interest		617	(2,796)
Payment to DLUHC		–	–
Retained (deficit)/surplus		617	(2,796)

Notes to the Statement of Comprehensive Net Income: There were no other recognised gains or losses during the year.

Statement of Financial Position

as at 31 March 2023

The notes on pages 21 to 24 form an integral part of these accounts.

	NOTES	As at 31 March 2023 £000	As at 31 March 2022 £000
Non-current assets			
Property, plant and equipment	7	6,563	7,636
Intangible assets	8	0	0
Total non-current assets		6,563	7,636
Current assets			
Trade and other current receivables	9	4,280	3,361
Cash and cash equivalents	10	5,653	6,177
Total current assets		9,933	9,538
Total assets		16,496	17,174
Current liabilities			
Trade and other current payables	11	8,456	6,948
Total current liabilities		8,456	6,948
Non-current assets plus net current assets		8,040	10,226
Non-current liabilities			
Deferred income	12	254	457
Loan from DLUHC	12	–	2,600
Total non-current liabilities		254	3,057
Assets less liabilities		7,786	7,169
Taxpayers' equity			
Public Dividend Capital		821	821
General Reserve		6,965	6,348
		7,786	7,169

The Queen Elizabeth II Conference Centre trading fund order from 1997 included details of Public Dividend Capital, which is a form of long-term government finance representing DLUHC equity interest in the Queen Elizabeth II Conference Centre.



Mark Taylor, Chief Executive and Accounting Officer | 6 July 2023

Statement of Cash Flows

for the year ended 31 March 2023

The notes on pages 21 to 24 form an integral part of these accounts.

	NOTES	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Operating surplus/(deficit) after interest		617	(2,796)
Depreciation and amortisation	7, 8	1,697	1,812
Interest received		49	2
Loss on disposal of non-current assets		2	0
(Increase)/Decrease in trade and other receivables	9	(919)	(2,263)
Increase/(Decrease) in trade and other payables			
due within one year	11	887	2,098
Increase/(Decrease) in trade and other payables			
due after more than one year	12	(203)	281
Net cash Inflow/(Outflow) from operating activities		2,130	(866)
Cash flows from investing activities			
Property, plant and equipment and intangibles purchases	7, 8	(626)	(448)
Interest received		(49)	(2)
Cash flows from financing activities			
Loan received from DLUHC	12	0	3,400
Payment to DLUHC	18	(1,979)	0
Net Increase/(Decrease) in cash and cash equivalents		(524)	2,084
Cash and cash equivalents at the beginning of the period	10	6,177	4,093
Cash and cash equivalents at the end of the period	10	5,653	6,177

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2023

The notes on pages 21 to 24 form an integral part of these accounts.

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2021	821	9,144
Comprehensive Net Income for the year	–	(2,796)
Balances at 1 April 2022	821	6,348
Comprehensive Net Income for the year	–	617
Balances at 31 March 2023	821	6,965

Notes to the Financial Statements

for the year ended 31 March 2023

Note 1

Accounting Policies

These accounts have been prepared in accordance with the Government Trading Act 1973 and the 2022/23 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.

1.1.1 Going concern assessment – Summary and Management's view

In May 2022 the Secretary of State for Levelling Up, Housing and Communities (DLUHC), the RT Hon Michael Gove MP, wrote to the Lords Speaker, as owner of the QEII Centre freehold and the operating body. The Secretary of State informed the House of Lords that they cannot use the QEII Centre as their decant venue during the R&R of Parliament and that they should be seeking alternative venues.

The Centre is now able to trade unencumbered and without restrictions and has returned to profitability and normal trading levels delivering its third best year in total revenue since the Centre opened in 1986.

The Centre now has the security of increased borrowing facility of £12m via the Statutory Instrument which was laid in Parliament and came into effect on 29 June 2021. In addition the Centre's parent department DLUHC has provided a letter of support advising that should any issues arise now or in the future that affects the QEII's ability to meet its contractual commitments, DLUHC will provide the QEII with sufficient financial resources to cover the costs incurred. Accordingly, management considers it appropriate to continue to adopt the going concern basis.

1.2 Property, plant and equipment

The freehold title in the land and buildings of the Centre is held by DLUHC. This is revalued on an existing use basis each year and disclosed in the accounts for the Department net of the Centre's interest in the property. The Centre does invest in structural enhancements to the property which are capitalised as building improvements and valued at depreciated historical cost. Assets under construction are depreciated from when they are brought into operational service. Management considers that, in the absence of a readily obtainable market for such items, this provides a suitable approximation for fair value. Non-property assets held by the QEII at 31 March 2022 are carried in the statement of financial position at depreciated historical cost. The depreciated historical cost is used as a proxy for fair value, since the useful life over which the asset class is depreciated is considered to be a realistic reflection of the consumption of that asset class. Items of furniture, IT and operational equipment valued under £1,000 are written off in the year of purchase. The cost 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 revalued 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

The main source of funding for QEII is income from conference activities which includes Room hire, QEII Live, QEII Connect and QEII Taste. Under IFRS15 and the 5-step model, there is a contractual arrangement between QEII and the organisations that hire QEII conference space. Revenue is recognised in the month event occurs and the obligations in the Hire Agreement have been met. Where an event straddles year-end, an accrual is made in the accounts to recognise the relevant income in the correct period. The recognition of this income is the point in time at which the performance obligation is deemed to be satisfied. QEII also receive a small amount of other income which is rental of roof space and car park spaces. This is invoiced in advance as per agreed contracts and recognised in the month of occurrence with the performance obligations deemed to be recognised over time.

1.6 Cash

Cash and cash equivalents comprise cash at bank and in hand.

1.7 Trade receivables

Trade receivables represents amounts invoiced but not received at the balance sheet date for contracted events and other services for which there is a performance obligation. Initially trade and other receivables are recognised at fair value plus associated transaction costs that are directly attributable to their acquisition or issue. Under IFRS9 these are held at and are subsequently carried at invoiced value, less provision for impairment.

1.8 Deposits in advance and Deferred Income

Deposits in advance represents amounts relating to events occurring after the balance sheet date for which payment has been received. Deferred income represents amounts received for non-event related items for which the point of income recognition is after the balance sheet date.

1.9 Accruals

Accruals represent amounts relating to goods or services received but not invoiced at the balance sheet date.

1.10 Trade and other payables

Trade and other payables are recognised at invoice value and arise principally from the receipt of goods and services.

1.11 Loans

Loans are recognised at the issue value from the date of receipt and are recorded in the balance according to their date of scheduled repayment, either as current liabilities for amounts repayable within 12 months or as non-current liabilities for amounts repayable more than 12 months after the balance sheet date.

1.12 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.

1.13 Accounting estimates and judgements

The Centre makes certain estimates and assumptions regarding the future, particularly with respect to accruals. 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.

1.14 Provisions

The Centre 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.

1.15 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.

1.16 Insurance

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

1.17 Pensions

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

1.18 Production Costs

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

1.19 Financial Instruments

Financial assets and financial liabilities arise from QEIIIC's normal operational activities and are recognised in accordance with standard accruals accounting principles. The QEIIIC financial assets comprise cash at bank and in hand and also other assets such as receivables. Financial liabilities comprise deferred income and the loan from DLUHC. The fair values of financial assets and liabilities are deemed to be their book values, unless there is appropriate cause to apply an alternative basis of valuation.

1.20 New accounting standards in issue but not yet effective or adopted

There are a number of IFRSs, amendments and interpretations issued by the Internal Accounting Standards Board that are effective for financial statements after this accounts period. The following have not been adopted early;

IFRS 16 Leases – effective from 2022/23 (for FreM entities). The Centre has reviewed all existing contracts and operational leases. In particular the Centre has reviewed its position with regards occupation and use of the conference centre and determined that a lease does not exist.

IFRS 17 Insurance contracts – effective from 2023/24. This may not be relevant to the Centre.

Note 2**Income analysis**

Whilst its principal source of income arises from conference activities (Room Hire, QEII Live, QEII Connect & QEII Taste) the Centre also receives income from renting space within and on its roof. None of the Centre's costs or net assets is identified specifically with the rental activities.

	2022–23 £000	2021–22 £000
Income from room hire	6,573	3,634
Other income from QEII: Live, Taste, Connect & Support	8,161	3,180
Income from conference activities	14,734	6,814
Other rental income	213	242
Redployment of staff at cost	8	332
Income from operating activities	14,955	7,388
Surplus/(deficit) on conference activities	399	(3,011)
Surplus on rental activities	213	242
Operating deficit for the year	612	(2,769)

Note 3**Staff numbers and related costs****Employee benefits expense**

	2022–23 Permanent £000	2022–23 Others £000	2022–23 Total £000	2021–22 Total £000
Wages and salaries	2,296	99	2,395	1,788
Social security costs	247	12	259	196
Pension costs	468	8	476	436
Increase/(decrease) in holiday pay accrual	(50)	0	(50)	0
Temporary agency staff	0	289	289	131
Total staff costs	2,961	408	3,369	2,551

Staff numbers

	Permanent	Fixed term	Total	Total
Average number of staff for the year				
Administration	7	1	8	9
Operations	11	–	11	13
Presentations	14	–	14	9
Sales and Marketing	9	1	10	9
Total average number of staff	41	2	43	40

Staff turnover for the period to 31 March 2023, based on the headcount at the beginning of the period was 21.4%.

Note 4**Pension costs**

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' are unfunded multi-employer Defined Benefit schemes. However, it's not possible for the Centre to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Scheme at (www.civilservicepensionscheme.org.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 £436,210 (2020/21 £483,293) were payable to the PCSPS at one of four rates in the range based on salary bands of 26.6% to 30.3% of pensionable pay. Rates in 2021/22 are in the range of 26.6% to 30.3% 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**

	2022–23 £000	2021–22 £000
Maintenance and cleaning	3,199	2,113
Sub-contracted services	1,530	1,036
Production costs	1,750	707
Utilities	1,160	797
Rates	641	661
Equipment hire	288	111
Advertising and marketing	197	110
Travel and subsistence	138	28
Auditor's remuneration	60	48
Entertaining	11	2
Self-insurance losses	28	1
Other costs	183	67
Non-cash items		
Provision for doubtful debts	92	113
Total	9,277	5,794

Note 7**Property, plant and equipment**

	Building Improvements £000	IT & Telecoms Equipment £000	Operational Equipment £000	Furniture £000	Capital under construction £000	Total £000
Cost or Valuation						
At 1 April 2022	13,971	826	4,652	1,187	0	20,636
Additions	51	60	236	0	279	626
Disposals	(2,170)	(532)	(1,114)	(42)	0	(3,858)
At 31 March 2023	11,852	354	3,774	1,145	279	17,404
Depreciation						
At 1 April 2022	7,529	735	3,865	871	0	13,000
Charge for year	1,169	43	390	95	0	1,697
Disposals	(2,170)	(532)	(1,114)	(42)	0	(3,857)
At 31 March 2023	6,528	246	3,143	924	0	10,841
Net book value						
At 1 April 2022	6,442	91	787	316	0	7,636
At 31 March 2023	5,324	108	631	221	279	6,563

Included within the cost of property, plant and equipment are fully depreciated assets with a cost of £2.68m (2022, £4.36m). The majority of these assets are used as back-up when equipment in use malfunctions and are not in regular day to day use.

Cost or Valuation						
At 1 April 2021	12,402	798	4,602	1,192	1,240	20,234
Additions	1,569	69	50	0	0	1,688
Disposals	0	(41)	0	(5)	(1,240)	(1,286)
At 31 March 2022	13,971	826	4,652	1,187	0	20,636
Depreciation						
At 1 April 2021	6,338	720	3,396	780	0	11,234
Charge for year	1,191	56	469	96	0	1,812
Disposals	0	(41)	0	(5)	0	(46)
At 31 March 2022	7,529	735	3,865	871	0	13,000
Net book value						
At 1 April 2021	6,064	78	1,206	412	1,240	9,000
At 31 March 2022	6,442	91	787	316	0	7,636

Note 8**Intangible fixed assets**

	Computer Software £000
Cost or Valuation	
At 1 April 2022	0
Additions	0
Disposals	0
At 31 March 2023	–
Amortisation	
At 1 April 2022	0
Charge for year	0
Disposals	0
At 31 March 2023	–
Net book value	
At 1 April 2022	0
At 31 March 2023	0
Cost or Valuation	
At 1 April 2021	65
Additions	0
Disposals	(65)
At 31 March 2022	–
Amortisation	
At 1 April 2021	65
Charge for year	0
Disposals	(65)
At 31 March 2022	0
Net book value	
At 1 April 2021	65
At 31 March 2022	0

Note 9**Trade and other current receivables**

	As at 31/03/23 £000	As at 31/03/22 £000
Amounts falling due within one year:		
Trade receivables	4,005	3,295
Prepayments and accrued income	293	85
Other receivables	(18)	(19)
	4,280	3,361

Note 10**Cash and cash equivalents**

	As at 31/03/23 £000	As at 31/03/22 £000
Government Banking Service	2,262	2,221
Commercial banks and cash in hand	3,391	3,956
	5,653	6,177

Note 11**Trade and other current payables**

Amounts falling due within one year:

	As at 31/03/23 £000	As at 31/03/22 £000
Trade payables	635	356
Value Added Tax	354	429
Other taxes and NI	107	100
Accruals and deferred income	1,606	1,139
Deposits invoiced in advance	3,106	2,919
Loan from DLUHC	2,600	1,979
Other payables	48	26
	8,456	6,948

Note 12**Trade and other current payables
due after more than one year**

	As at 31/03/23 £000	As at 31/03/22 £000
Loan from DLUHC	0	2,600
Deferred income due in over one year:		
Deferred income	113	263
Deposits invoiced in advance	141	194
	254	3,057

Deposits invoiced in advance at 31 March 2023 includes invoices totalling £1.82m (2022 £1.75m) that were still outstanding for payment and are included in trade receivables (note 9).

Note 13**Operating leases**

The Centre leases out certain facilities under operating leases. Car park spaces are let on annual leases and the longer-term lease arrangements in place for roof space to house telecommunications equipment ended in 2022/23 and are currently on a monthly rolling basis.

	2022-23 £000	2021-22 £000
Future minimum lease receipts		
Not later than one year	27	26
Later than one year and not later than five years	–	–
Later than five years	–	–
	27	26

Note 14**Financial instruments**

Short-term debtors and creditors have been excluded from this disclosure but the total loan balance has been included.

The fair values of the Centre's financial assets and liabilities at 31 March 2023 are as follows

	Book value £000	Fair value £000
Financial liabilities		
DLUHC Loan	(2,600)	(2,600)
Deferred income	(113)	(113)
Long-term deposits in advance (note 12)	(141)	(141)
	2,854	2,854

Note 15**Financial risks****Liquidity risk**

The level of capital expenditure is managed to be met from available cash balances. The Centre is reliant on the liquidity of DLUHC 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

72% 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. The interest rate for DLUHC loan is already fixed so not exposed to Bank Rate changes.

Foreign currency risk

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

Note 16**Capital commitments**

There were no capital commitments at 31 March 2023 (2022 nil).

Note 17**Related party transactions**

The Queen Elizabeth II Conference Centre is an Executive Agency of DLUHC and is owned and accounted for by DLUHC under the terms of the Trading Fund Order, which is regarded as a related party. The Centre repaid loans received from DLUHC to the amount of £1.98m on 31 December 2022 which leaves the remaining balance of loans outstanding at 31 March 2023 of £2.6m (2022, £4.6m) – see note 12. At 31 March 2023 there was a £7K balance in trade debtors outstanding with the Department (2022, £112K).

There were many normal trading transactions with other Government Bodies, amounting to significant value in the cases of the Foreign, Commonwealth & Development Office and the Parliamentary Estates Directorate (re the Parliamentary Library).

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

Note 18**Financial commitments**

The Centre operates its business in accordance with its Trading Fund agreement. The conference building is not owned by the Centre and the Centre does not have a formal lease with the landlord, DLUHC, and accordingly does not pay rent. However, under the terms of a framework document published in November 2018 the minimum dividend payable by the Centre is determined by the capital charge that applies to the building of 3.5%, and 6% of the average capital employed. Payment of a dividend has been suspended since 2021 due to the impact of COVID-19 pandemic on the Centre's financial position. Discussions with DLUHC are ongoing regarding re-instating a dividend in future.

Estimates of annual current commitments are as follows:

	2022-23 £000	2021-22 £000
Amounts falling due within one year		
Contribution to DLUHC	0	0
Amounts falling due after one year but within five years		
Contribution to DLUHC	0	0

As there is no formal lease there is no term to the commitment.

Note 19**Contingent Liabilities**

There were no contingent liabilities at the date of signing the annual report.

Note 20**Events after the reporting period**

Under IAS10 the Centre 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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