

2009–2010

ANNUAL REPORT AND ACCOUNTS



The Queen Elizabeth II
Conference Centre

2009–2010

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

Ordered by the House of Commons to be printed 15th June 2010

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ISBN: 978-0-10-296474-5

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

ID: 2356071 06/10

Printed on paper containing 75% recycled fibre content minimum

MESSAGE FROM THE CHIEF EXECUTIVE

I am pleased to report that the Queen Elizabeth II Conference Centre Executive Agency has performed well against its targets for the year. The Centre achieved an occupancy percentage of 65.3% against a target of 60%. The occupancy forecast for the current year anticipated a 10% occupancy shortfall against the last trading period – as a result of demanding trading conditions in the market for meetings and events. The actual decline in occupancy of 8% is better than anticipated and confirms that our business is showing resilience as we pass through this difficult phase of the economic cycle. I should mention that the agency has recorded a net surplus for the year of £2.26 million which is equivalent to an EBITDA (earnings before interest, taxation, depreciation and amortisation) of £3.3 million.

Throughout the year we have controlled expenditure carefully and this has contributed to our achieving the 20% surplus on a turnover of £11.2 million.

The year has seen the Centre host 379 meetings and it has also been the venue of choice for the Iraq Inquiry which attracted extensive media coverage almost on a daily basis. Other notable events during the year included: the Institute of Cancer Research's Centenary Conference; press facilities for the G20 Finance Ministers meeting; and the British Council's Going Global 2010 Conference.

Our programme of capital expenditure included renovating the ground floor foyer to give visitors a fresh, new and inviting feel upon entering the conference centre. We also replaced the ageing lounge furniture with new designer benches and chairs. This, together with the installation of attractive photographic artwork, has modernised and brightened the interior considerably. These improvements have been widely welcomed by users of the Centre – feedback has been extremely positive.

We are very much a people business and I would like to record my appreciation to our staff and everyone who is involved in running the Centre. Our clients remark often about the dedication and commitment of our people who provide a high level of client care which has now become a hallmark of the conference centre and a reason for its success.

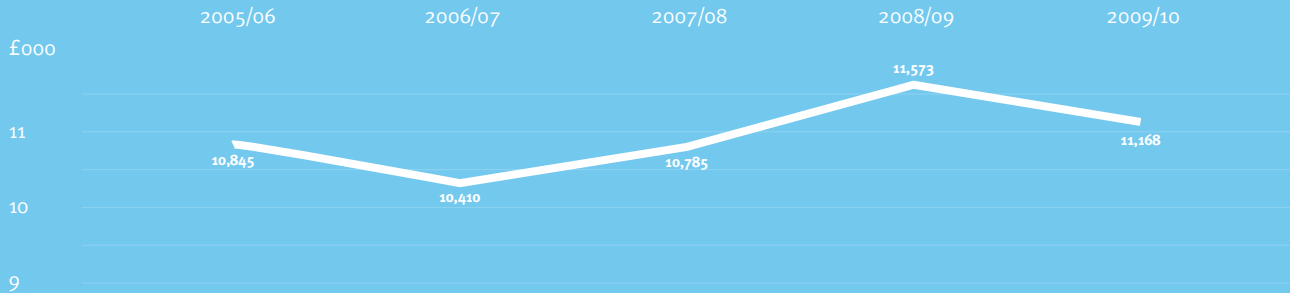
As we enter the new financial year the business challenges still remain but the future leading up to the Olympic Games in 2012 looks to be very bright indeed.



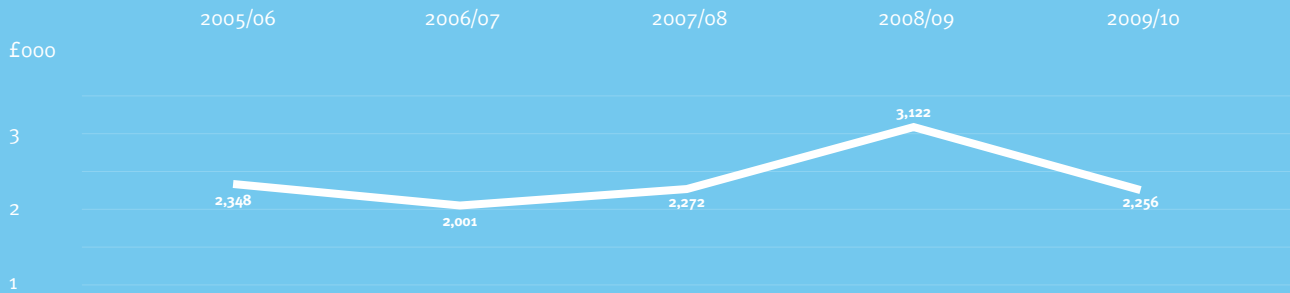
Ernest Vincent, Chief Executive

5 YEAR RECORD OF TURNOVER AND SURPLUS

TURNOVER



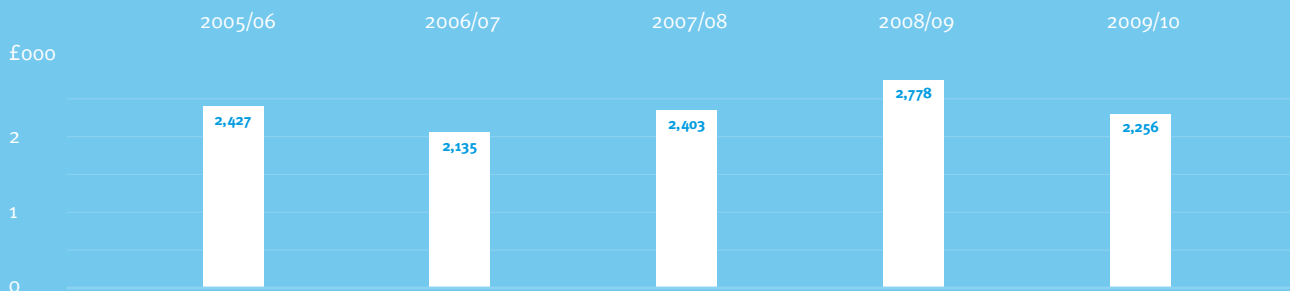
REPORTED SURPLUS ON ORDINARY ACTIVITIES



2009/10 is the first year of reporting under International Financial Reporting Standards. The only significant impact on the reported surplus is the inclusion of a charge for employees' outstanding holiday entitlements. A provision of £60,000 was made as at 31 March 2008 to reflect the historical cost of this accounting change and this has not been reflected in the figures above – however the surplus on ordinary activities for 2009/10 includes a charge of £23,000 (2008/9 £3,000) in recognition of an increase in outstanding holiday entitlement during the period.

PRO FORMA SURPLUS ON ORDINARY ACTIVITIES

The exceptional receipt in 2008/09 of a rate rebate of £0.344 million has been allocated to the three prior years to 2005/06 to which it refers.



PERFORMANCE AGAINST TARGETS

METHODS OF MEASUREMENT

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

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

COMPARISON AGAINST TARGETS SET FOR THE YEAR ENDED 31 MARCH 2010

Contribution to the Exchequer of £1,200,000 (*target £1,200,000*)

Capacity utilisation of the Centre of 65.3% (*target 60.0%*)

Overall score for value for money in client questionnaires of 94.9% (*target 90%*)

The number of complaints per 100 events was 1.58 (*target less than 2*)

The average response time to deal with complaints was 3.2 days (*target less than 4 days*)

3 YEAR RECORD OF PERFORMANCE AGAINST TARGETS

		2008	2009	2010
Contribution to the Exchequer	Target	£1.60m	£1.70m	£1.20m
	Outturn	£1.65m	£1.70m	£1.20m
Capacity utilisation of the Centre	Target	70.0%	71.0%	60.0%
	Outturn	69.3%	73.5%	65.3%
Overall score for value for money	Target	90.0%	90.0%	90.0%
	Outturn	93.8%	98.9%	94.9%
The number of complaints per 100 events	Target	◀ 2.0	◀ 2.0	◀ 2.0
	Outturn	0.8	0.52	1.58
The average response time to deal with complaints	Target	◀ 4.0 days	◀ 4.0 days	◀ 4.0 days
	Outturn	1.0 days	1.5 days	3.2 days

QEIICC DIRECTORS



Ernest Vincent

Ernest has been the Chief Executive of the Queen Elizabeth II Conference Centre since 2003. He has worked successfully in the international conference, exhibition and event industries for over thirty years.



Sue Etherington

Sue has been at the Queen Elizabeth II Conference Centre in Westminster, London, for the past 6 years. With a background of the hotel and conference centre sector, Sue currently sits on the Board of ICCA UK and Ireland Chapter and was on the Board of MPI UK Chapter for 2 years until 2009.



John French

John is a member of the Institute of Chartered Accountants in England and Wales and has been at the Centre for 3 years. Prior to this he has considerable experience in the private sector gained from the IT and airline industry sectors.



Raj Pragji

Raj has a Masters degree in Human Resource Development and is an active member of the Chartered Institute of Personnel & Development. She has a 16 year track record of managing HR in the public sector. She has held management roles in the most of the main HR specialist areas of expertise.

NON-EXECUTIVE DIRECTORS



Kenneth J Ludlam

Kenneth is a chartered accountant with 35 years experience in the private sector. He now holds a number of non-executive director appointments.



Chris Brown

Chris is a public affairs consultant specialising in the energy and transport sectors. Formerly head of communications for the Energy Saving Trust, he has extensive experience of organising high-profile stakeholder events.



Andy Hardy

Andy is Operations Director with Compass Group UK & Ireland and sits on the Executive Board within Sports, Leisure and Hospitality. He is an exceptionally experienced Director, with an extensive knowledge of catering within prestigious flagship visitor attractions, convention centres and arenas.

ANNUAL REPORT AND ACCOUNTS 2009–10

DIRECTORS' REPORT

1. History and Principal Activities

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

2. Management Board

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

Ernest Vincent	Chief Executive
Kenneth Ludlam	Non-executive
Andrew Hardy	Non-executive
Chris Brown	Non-executive
John French	Finance Director
Jonathan Byrne (resigned 9 October 2009)	Commercial Director
Sue Etherington (joined 28 September 2009)	Commercial Director
Raj Pragji	H.R. Director

3. Employee Involvement

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

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

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

5. Pension Scheme

Staff are eligible to join the Principal Civil Service Pension Scheme. The accounting policy on pension costs can be found in note 1.8 of the Financial Statements and information on the Scheme can be found in note 4 to the Financial Statements.

6. Value of Property

The Department for Communities and Local Government holds title to the land and building. The property was valued at £25 million in the accounts of the Department for Communities and Local Government at 31 March 2009.

7. Changes in Property, plant and equipment

Changes in property, plant and equipment are summarised in note 8 to the Financial Statements.

8. Important Events Occurring After the Year End

The financial statements were authorised for issue by the Chief Executive on 19 May 2010.

9. Future Developments

The Agency has a capital expenditure programme aimed at increasing capacity, improving facilities and expanding audio-visual and technological support while continuing to offer high quality service and customer care in order to maintain its reputation as an internationally recognised location for major conferences, banquets and award ceremonies.

10. 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 £34,500 (2009 £33,000) with a further £3,000 for an audit of preparation for IFRS transition. No other services were provided.

11. Information supplied to Auditors

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

12. Accounts Direction

This statement of accounts has been prepared in accordance with a Treasury direction, dated 22 December 2009, given in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973.

MANAGEMENT COMMENTARY

1. Development and performance during the financial year

1.1 Trading performance

Turnover in 2009/10 is 3.5% lower than in the previous year: room hire decreased by 3.8%, the in-house production unit by 4.2% and the IT sales unit by 10.1%; revenue from other conference activities increased by 42.8% and rental income from non-conference space by 1.3%.

Costs were 1.0% lower than those in the previous year before an exceptional rate rebate. The surplus on ordinary activities of £2.242 million was 12.3% lower than the figure reported for the previous year excluding the exceptional rate rebate.

1.2 Innovations and improvements

The final phase of a digital signage system, incorporating flat screen displays at strategic positions throughout the Centre, was completed in the summer of 2009 and the programme of upgrading the Centre's lighting system has been continued with an upgrade to the Whittle room lighting. A new secure, sound-proofed suite was created on the second floor to accommodate the Iraq Inquiry which has created additional rentable space within the Centre.

1.3 Operational performance

The average absence from work during the year due to sickness was 6.2 days per employee; however the average excluding long term sickness cases was 3.8 days.

There were no personal data related incidents during the year.

2. Position at the end of the year

2.1 Capital structure

The amount of Public Dividend Capital remains unchanged at £821,000. A dividend payment of £1.2 million was made to the Exchequer which resulted in a retained surplus of £1.056m, and increased the General Reserve at 31 March 2010 to £6.188 million.

2.2 Cash management

Cash balances increased by £0.22 million in the year. All suppliers' invoices were paid in accordance with CBI guidelines, within 30 days from the delivery of goods or services or, if later, receipt of an agreed invoice. Credit control measures were again effective in limiting exposure to the risk of bad debts.

2.3 Fixed asset management

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

3. Performance against targets

3.1 Summary of performance against targets

A payment to the Exchequer of £1.2 million met the financial target. The occupancy level achieved was 65.3 per cent which is above the target of 60 per cent. The three other business strategy and quality of service targets were exceeded. A more detailed report of performance against targets can be found on page 5.

4. Trends and factors affecting underlying performance during financial year

4.1 The market in which we operate

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

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

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

4.2 Market conditions

The Centre's business has remained strong despite the economic recession but the Centre's business plan does take account of a potential downturn due to the economic situation. This environment will ensure that the market remains extremely competitive and that clients will continue to search for the best value for money. In order to meet the challenge the Centre is exploring new markets and has developed new offerings for the small meetings and Government sector market segments. Nevertheless confirmed bookings for 2010/11 at the start of the year are lower than confirmed bookings one year ago for 2009/10 and the business will be managed accordingly.

4.3 Management of principal risks

A Risk Register of potential risks has been maintained by a Risk Management Working Group at its quarterly meetings. The Group continues 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. It evaluates and adds to the Risk Register new risks identified in a Risk Report, which is presented monthly to the Directors and Managers Meeting. Its activity is monitored by the Audit Committee, which is chaired by a non-executive director, Kenneth Ludlam.

4.4 Agency strengths and resources

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

5. Trends and factors affecting future performance

5.1 Strategy

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

The Government has issued an Operational and Efficiency Programme, which identifies a number of assets that over time will no longer remain in Government ownership. The property and the trading fund are included within that programme and accordingly the Agency will be managed in the knowledge that in time the conference centre will be sold.

5.2 Objectives

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

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

5.3 Building enhancement

The Whittle room lighting was upgraded with the installation of more energy-efficient fittings, a new secure, sound-proofed suite was created on the second floor to accommodate the Iraq Inquiry, the foyer was refurbished and the final stage of a digital signage system became operational.

5.4 Staff Resources

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

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

5.5 Competitive facilities

A new venue with hotel facilities has opened in Waterloo which will increase competition in the market. The award of the 2012 Olympic Games to London will provide the impetus for change, although to date there have been no specific developments in the conference market.

5.6 Trading outlook

Despite the current economic recession demand for space in the Centre was above expectations for 2009/10. However the level of confirmed bookings for 2010/11 at the start of the year is significantly lower than the equivalent position one year ago of bookings for 2009/10. At the start of the recent global economic problems management recognised that 2010/11 would be the year when the Centre's business could be most significantly affected and the business will be managed accordingly.

6. Environmental, social and community issues

6.1 Recycling success

The Agency recycled 77.0 per cent of waste in 2009/10 compared to 79.9 per cent achieved in 2008/09. In addition to paper, cardboard and bottles, which are high volume items, metal cans, wooden pallets, fluorescent tubes and toners are also being recycled and recycling bins are located in walk-through areas used by delegates.

6.2 Energy efficiency

The Agency has an active programme to reduce its consumption of electricity. During 2009/10 the programme of installing energy-efficient house light fittings was continued by upgrading the lighting in the Whittle Room. A summer boiler has also been recommissioned which will reduce gas consumption during the summer months. The Centre also achieved phase 1 of BS 8555: 2003 accreditation for Environmental Management Systems during the year.

REMUNERATION REPORT

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

1. Membership of Remuneration Committee

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

2. Policy on remuneration of senior managers

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

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

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

3. Methods used to measure performance

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

4. Relationship between performance and remuneration

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

5. Policy on duration of contracts

All staff contracts can be terminated by either party by giving one month's notice.

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

	Years of service at 31 March 2010	Over 40	Length of notice
Ernest Vincent, <i>Chief Executive</i>	6.50	Yes	6 months
John French, <i>Finance Director</i>	2.75	Yes	1 month
Sue Etherington, <i>Commercial Director</i>	6.63	Yes	1 month
Raj Pragji, <i>H.R. Director</i>	16.75	No	1 month

7. Awards to past senior managers

There were no awards to past senior managers.

8. Table of remuneration

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

Member	Function	Basic salary	Bonus	Total	Total
		2010	2010	2010	2009
		£000	£000	£000	£000
Ernest Vincent	<i>Chief Executive</i>	85–90	5–10	95–100	95–100
John French	<i>Finance</i>	65–70	0–5	70–75	65–70
Raj Pragji	<i>Human Resources</i>	50–55	0–5	55–60	55–60
Sue Etherington	<i>Commercial</i>	30–35	0–5	30–35	–
Jonathan Byrne	<i>Commercial</i>	30–35	nil	30–35	55–60
Chris Brown	<i>Non-executive</i>	0–5	nil	0–5	0–5
Andrew Hardy	<i>Non-executive</i>	0–5	nil	0–5	0–5
Kenneth Ludlam	<i>Non-executive</i>	0–5	nil	0–5	0–5
Jonathan Vickers	<i>Non-executive</i>	0–5	nil	0–5	0–5

Jonathan Vickers was not a member of the management board and was the non-executive representative for the Department for Communities and Local Government until 30 June 2009.

Two directors have been appointed since 1 April 2008 and they took up their position on the following dates:

Jonathan Byrne	29 April 2008 and resigned 9 October 2009
Sue Etherington	28 September 2009

9. Details of non cash elements of remuneration

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

10. Table of pension benefits

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

		Accrued pension	Accrued lump sum	CETV 2010	CETV 2009
		£000	£000	£000	£000
Ernest Vincent	<i>Chief Executive</i>	5–10	nil	203	161
Raj Pragji	<i>Human Resources</i>	10–15	30–35	132	110
John French	<i>Finance</i>	0–5	nil	57	33
Jonathan Byrne	<i>Commercial</i>	0–5	nil	27	15
Sue Etherington	<i>Commercial</i>	5–10	nil	115	100

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

		Accrued pension	Accrued lump sum	CETV
		£000	£000	£000
Ernest Vincent	<i>Chief Executive</i>	0–2.5	nil	31
Raj Pragji	<i>Human Resources</i>	0–2.5	2.5–5	14
John French	<i>Finance</i>	0–2.5	nil	20
Jonathan Byrne	<i>Commercial</i>	0–2.5	nil	9
Sue Etherington	<i>Commercial</i>	0–2.5	nil	15

11. Amounts payable to third parties for senior manager services

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

STATEMENT OF RESPONSIBILITIES OF THE AGENCY AND ITS CHIEF EXECUTIVE

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

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Queen Elizabeth II Conference Centre to prepare a statement of accounts for each financial year in the form and on the basis determined by the Treasury. These accounts accord with a Treasury direction dated 22 December 2009. The accounts are prepared on an accruals basis to give a true and fair view of the state of affairs of the Queen Elizabeth II Conference Centre at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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



Ernest H. Vincent, Chief Executive • 19 May 2010

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the Queen Elizabeth II Conference Centre set by the Secretary of State for Communities and Local Government, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me as a Trading Fund Accounting Officer.

The Director General, Finance and Corporate Service Delivery, at the Department for Communities and Local Government chairs meetings of the Advisory Board, which met in September 2009 and January 2010. This board assists the Permanent Secretary to advise the Secretary of State on setting appropriate performance targets for the Queen Elizabeth II Conference Centre, agreeing its corporate and business plans, and evaluating its performance.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Centre's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to assess the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control, which accords with Treasury guidance, has been in place at the Queen Elizabeth II Conference Centre up to 31 March 2010 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

In addition to regular advice from Directors and Managers, I receive advice on the handling of risk from a Management Board, a Directors' and Managers' Meeting and the Audit Committee. The Management Board met in June and November 2009 and February 2010 to review and agree strategic and business plans for the Centre, to review progress against those plans and to receive reports from the Audit Committee. The Directors' and Managers' Meeting is held monthly to manage the operational and commercial matters in respect of the business of the Centre. It also manages performance against the business plan and takes action on unplanned events. The Audit Committee meets quarterly to review reports from the Internal Auditor and the National Audit Office and to review the Centre's risk management activities.

To increase the amount of expertise available to the Chief Executive, use is made of independent non-executive directors. Throughout the year there have been three non-executive Directors sitting on the Management Board, one of them also acting as Chairman of the Audit Committee. In line with guidance, the Audit Committee comprised three non-executive Directors for part of the year, one of whom was an independent member nominated by the CLG. Following the retirement of the CLG independent member

in May 2009, the decision was taken that two non-executive Directors were sufficient, due to the uncertainty around the future of the Centre. The Chair of the Centre's Audit Committee also attends meetings of the Advisory Board.

Guidance to staff is also provided on their desk-top computers in the form of a set of policies and procedures, maintained to accommodate organisational and system changes and recommendations from auditors. A Performance Management System appraises staff and identifies job-related training to enhance their performance.

4. The risk management and control framework

The risk management strategy is to pursue those opportunities within the scope of the funded operations set out in the Queen Elizabeth II Conference Centre Trading Fund (Variation) Order 2002, where the risks can be managed sufficiently well to enable a financial surplus to be generated, each risk being contained at an acceptable level for an acceptable level of cost.

At the heart of the risk management process is an integrated system of long-term planning, allocation of responsibilities and budgetary control. A Corporate Plan with a five year horizon, examining the risks and opportunities facing the Centre and charting the probable course of trading income, capital investment and human and financial resources, is prepared annually. Responsibility for delivering a specific section of the Corporate Plan is allocated to a Director or the relevant senior manager. Targets are set for the coming year and a Business Plan is drawn up incorporating income expectations and acceptable levels of cost to contain risks at an acceptable level. The Business Plan is divided into monthly budgets against which each month's performance is measured.

Directors carry the process further by allocating specific responsibilities, financial authority and budgets to the managers within their departments. As a result of the current economic climate and in line with a prudent approach to financial management, closer scrutiny of expenditure across all areas of the Centre's operation has been introduced during the year. Directors and managers supply regular reports on the management of risks in their areas of responsibility including progress reports on key projects. The core system is supplemented by the activities of a Risk Management Working Group and an Internal Auditor. All identified risks are held on a Risk Register which ranks risks by their degree of potential damage and logs current control measures.

An inter-departmental Risk Management Working Group meets quarterly to maintain the Risk Register, to assess business risks and the means of managing them and to identify possible improvements. Since September 2006 a Risk Report, identifying new risks and how they have been dealt with, has been presented monthly to the Directors and Managers Meeting. New permanent risks identified by the Risk Report were referred to the Risk Management Working Group for addition to the Risk Register. Guidelines regarding data handling issued by the Cabinet Office are being adhered to and an annual assessment of information risk has been completed satisfactorily by a senior information risk owner. There is an information handling policy in operation.

During the year the Internal Auditor has submitted reports to the Audit Committee, prepared to Government Internal Audit Standards, covering IT Security, Health and Safety, Environmental and Sustainability Monitoring, Contract Management and Payroll.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditor and the executive managers and directors of the Queen Elizabeth II Conference Centre who have responsibility for the development and maintenance of the internal control framework. My review also takes into account comments made by the National Audit Office in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board and the Audit Committee. A plan is in place to address weaknesses and to ensure continuous improvement of the system.

The Management Board, the Audit Committee and the Internal Auditor all participate in the review of the effectiveness of the system of internal control. During the year the Management Board received written reports from the Chairman of the Audit Committee. The Audit Committee reviews all reports from internal and external auditors, which include management responses and agreed remedial action, and receives a written report on the progress of implementing the agreed remedies. It also receives regular reports from the Chairman of the Risk Management Working Group. This year the internal auditors' overall opinion is that they are able to give me substantial assurance – an amber/green ranking – that there were no significant audit issues arising from their work.

The sale of the Queen Elizabeth II Conference Centre was announced by the Chancellor in 2009 as part of the Government's Operational Efficiency Programme. The process leading to disposal will take time and, in the meanwhile, there are increased risks to the business. These risks are being managed by both the Advisory and Management Boards.

The business and corporate plan for the next five years received Ministerial approval in March 2010. These plans have been comprehensively reviewed by both the Advisory and Management Boards. To achieve the business plan and targets for the next financial year will be very challenging and measures have been put in place to assist the agency with the significant task ahead.

6. Significant internal control problems

I am pleased to report that no internal control problems of any significance were identified during the year.



Ernest H. Vincent, Chief Executive • 19 May 2010

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Queen Elizabeth II Conference Centre for the year ended 31 March 2010 under the Government Trading Funds Act 1973. These comprise the Income Statement and Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, Chief Executive and auditor

As explained more fully in the Statement of Responsibilities of the Agency and its Chief Executive, the Agency and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Queen Elizabeth II Conference Centre's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Queen Elizabeth II Conference Centre and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Queen Elizabeth II Conference Centre's affairs as at 31 March 2010 and of its surplus, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

25 May 2010

INCOME STATEMENT

for the year ended 31 March 2010

	NOTES	2010 £000	2009 £000
Revenue	2	11,168	11,573
Depreciation and amortisation	6	(1,061)	(932)
Staff costs	3	(2,410)	(2,444)
Other expenditure	6	(5,455)	(5,644)
Exceptional rate rebate	7	–	344
Operating surplus for the year	2	2,242	2,897
Interest receivable		14	225
Operating surplus for the year after interest		2,256	3,122
Payment to Exchequer		(1,200)	(1,700)
Special payment to Exchequer		–	(2,800)
Retained surplus/(deficit)		1,056	(1,378)

Notes to the Income Statement:

i All operations are continuing.

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

The notes on pages 16 to 19 form an integral part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2010

	NOTES	2010 £000	2009 £000	2008 £000
Non-current assets				
Property, Plant and equipment	8	3,542	3,424	3,115
Intangible assets	9	16	44	71
Total non-current assets		3,558	3,468	3,186
Current assets				
Trade and other receivables	10	1,805	1,641	1,408
Cash and cash equivalents	11	4,807	4,588	6,498
Total current assets		6,612	6,229	7,906
Total assets		10,170	9,697	11,092
Current liabilities				
Trade and other payables	12	2,849	3,350	3,175
Provisions	13	94	73	266
Total current liabilities		2,943	3,423	3,441
Non-current assets plus net current assets		7,227	6,274	7,651
Non-current liabilities				
Provisions	13	7	16	24
Deferred revenue	12	211	305	296
Total non-current liabilities		218	321	320
Assets less liabilities		7,009	5,953	7,331
Taxpayers' equity				
Public Dividend Capital		821	821	821
Retained earnings		6,188	5,132	6,510
		7,009	5,953	7,331

STATEMENT OF CASH FLOWS

for the year ended 31 March 2010

	NOTES	2010 £000	2009 £000
Cash flows from operating activities			
Operating surplus		2,256	3,122
Depreciation and amortisation		1,061	932
Interest received		(14)	(225)
Loss on disposal of non current assets		6	9
Increase/(Decrease) in provisions		12	(201)
(Increase)/Decrease in trade and other receivables		(164)	(233)
(Decrease)/Increase in trade and other payables due within one year		(501)	175
(Decrease)/Increase in trade and other payables due after more than one year		(94)	9
Net cash inflow from operating activities		2,562	3,588
Cash flows from investing activities			
Property, plant and equipment purchases		(1,157)	(1,223)
Interest received		14	225
Cash flows from financing activities			
Payment to Exchequer		(1,200)	(1,700)
Special payment to Exchequer		–	(2,800)
Net (decrease)/increase in cash and cash equivalents		219	(1,910)
Cash and cash equivalents at the beginning of the period	11	4,588	6,498
Cash and cash equivalents at the end of the period	11	4,807	4,588

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2010

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2008	821	6,510
Transfer of deficit on Income & Expenditure Account	–	(1,378)
Balances at 1 April 2009	821	5,132
Transfer of surplus on Income & Expenditure Account	–	1,056
Balances at 31 March 2010	821	6,188

The notes on pages 16 to 19 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

NOTE 1

Accounting Policies

1.1 Accounting basis

These financial statements have been prepared in accordance with the Government Trading Act 1973 and the 2009-10 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.

These accounts are the first to be prepared under IFRS and details of the reconciliations to the last UK GAAP accounts can be found in note 23.

The financial statements have been prepared under the historical cost convention, modified by the inclusion of fixed assets at their value to the business by reference to current costs.

1.2 Property, plant and equipment

The freehold title in the land and buildings is held by The Department for Communities and Local Government. This is revalued on an existing use basis each year and disclosed in the accounts for the Department net of the agency's interest in the property. The agency does invest in structural enhancements to the property which are capitalised as building improvements and valued at depreciated historical cost as management consider that, in the absence of a readily obtainable market for such items, this provides a suitable approximation for fair value.

Non property assets are re-valued by reference to the cost of modern equivalent assets. Items of furniture, IT and operational equipment valued under £1,000 are written off in the year of purchase. The cost or valuation of a tangible asset is written off on a straight-line basis over its expected useful life. Expected useful lives are as follows:

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

1.3 Intangible assets

Intangible assets acquired separately are re-valued internally each year by reference to the cost of modern equivalent assets. 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.

	Life in years
Computer Software	3-5

1.4 Value added tax

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

1.5 Income recognition

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

1.6 Foreign currencies

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 Income Statement.

1.7 Insurance

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

1.8 Pensions

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

NOTE 2

Income analysis

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

	2010 £000	2009 £000
Income from conference activities	10,859	11,268
Other rental income	309	305
Income from operating activities	11,168	11,573
Surplus on conference activities	1,933	2,592
Surplus on rental activities	309	305
Operating surplus for the year	2,242	2,897

The 2008-09 surplus includes a £344,000 rate rebate relating to prior years (note 7).

NOTE 3

Staff numbers and related costs

Employee benefits expense

	2010 Permanent £000	2010 Others £000	2010 Total £000	2009 Total £000
Wages and salaries	1,816	81	1,897	1,922
Social security costs	153	8	161	166
Pension	308	-	308	315
Increase/(decrease) in holiday pay provision	23	(1)	22	3
Redundancy and early retirement costs	-	10	10	10
Temporary agency staff	-	12	12	28
Total staff costs	2,300	110	2,410	2,444

Staff numbers

	2010 Permanent	2010 Fixed term	2010 Total	2009 Total
Average number of staff for the year				
Administration	8	-	8	9
Operations	14	1	15	15
Presentations	15	1	16	16
Sales and Marketing	8	1	9	10
Total average number of staff	45	3	48	50

NOTE 4

Pension costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Queen Elizabeth II Conference Centre is unable to identify its share of the underlying assets and liabilities. The Scheme's Actuary reviews employers' contributions every four years following a full scheme valuation. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Employers' contributions of £308,492 (2008/09 £315,448) were payable to the PCSPS at one of four rates in the range based on salary bands of 18.8 to 24.3 per cent of pensionable pay. Rates in 2010/11 are in the range of 18.8 to 24.3 per cent of pensionable pay.

NOTE 5

Remuneration of the Management Board

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

NOTE 6

Other expenditure

	NOTE	2010 £000	2009 £000
Advertising and marketing		193	197
Auditors' remuneration		38	36
Entertaining		10	9
Equipment hire		164	218
Maintenance and cleaning		1,718	1,703
Other costs		1,062	1,166
Rates		412	409
Sub-contracted services		1,069	1,299
Travel and subsistence		45	44
Utilities		723	645
Self-Insurance losses		7	-
Non-cash items			
Depreciation	8	1,033	905
Amortisation	9	28	27
Provision for doubtful debts		14	19
Self-Insurance provisions		-	(101)
Total		6,516	6,576

Auditors' remuneration includes £3,000 (2009: £2,750) relating to the audit of preparation for IFRS transition. There were no payments to the auditors for non-audit services.

NOTE 7

Exceptional rate rebate

During the financial year to 31 March 2009 the Centre received a rate rebate from Westminster City Council covering the period from 1 April 2005 to 31 March 2009. The amount, less costs, relating to the period prior to 1 April 2008, £343,927, has been disclosed as an exceptional item. The rebate relating to the financial year ending 31 March 2009, £122,293, has been included in other operating charges.

NOTE 8

Property, plant and equipment

	Building Improvements	IT & Telecoms Equipment	Operational Equipment	Furniture	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2009	5,520	416	1,367	1,465	8,768
Additions	721	73	138	225	1,157
Disposals	-	(67)	(67)	(165)	(299)
At 31 March 2010	6,241	422	1,438	1,525	9,626
Depreciation					
At 1 April 2009	2,613	300	1,132	1,299	5,344
Charge for year	709	61	144	119	1,033
Disposals	-	(65)	(65)	(163)	(293)
At 31 March 2010	3,322	296	1,211	1,255	6,084
Net book value					
At 1 April 2009	2,907	116	235	166	3,424
At 31 March 2010	2,919	126	227	270	3,542

Included within the cost of property plant and equipment are fully depreciated assets with a cost of £3,482,000. The majority of these assets are used as back-up when equipment in use malfunctions.

Cost or Valuation					
At 1 April 2008	4,429	427	1,320	1,475	7,651
Additions	1,091	57	59	16	1,223
Disposals	-	(68)	(12)	(26)	(106)
At 31 March 2009	5,520	416	1,367	1,465	8,768
Depreciation					
At 1 April 2008	2,014	304	1,006	1,212	4,536
Charge for year	599	63	138	105	905
Disposals	-	(67)	(12)	(18)	(97)
At 31 March 2009	2,613	300	1,132	1,299	5,344
Net book value					
At 1 April 2008	2,415	123	314	263	3,115
At 31 March 2009	2,907	116	235	166	3,424

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

NOTE 9

Intangible assets

	Computer Software	
	£000	
Cost or Valuation		
At 1 April 2008, 1 April 2009 and 31 March 2010		122
Amortisation		
At 1 April 2008		51
Charge for year		27
At 1 April 2009		78
Charge for year		28
At 31 March 2010		106
Net book value		
At 1 April 2008		71
At 1 April 2009		44
At 31 March 2010		16

NOTE 10

Trade and other receivables

	2010	2009	2008
	£000	£000	£000
Amounts falling due within one year:			
Trade receivables	1,726	1,565	1,304
Prepayments and accrued income	57	53	84
Other debtors	22	23	20
	1,805	1,641	1,408
Intra-government balance analysis			
Balances with central government bodies	114	177	54
Balances with local authorities	–	2	30
Balances with NHS bodies	59	28	40
Balances with public corporations & trading funds	52	6	6
Balances with bodies external to government	1,580	1,428	1,278
	1,805	1,641	1,408

NOTE 11

Cash and cash equivalents

Office of HM Paymaster General	4,515	4,402	6,437
Commercial banks and cash in hand	292	186	61
	4,807	4,588	6,498

NOTE 12

Trade and other payables

Amounts falling due within one year:			
Trade payables	409	489	397
Value Added Tax	257	209	226
Other taxes and NI	76	86	79
Accruals and deferred income	603	699	661
Deposits invoiced in advance	1,454	1,813	1,759
Other payables	50	54	53
	2,849	3,350	3,175
Intra-government balance analysis			
Balances with central government bodies	289	378	546
Balances with local authorities	1	41	5
Balances with NHS bodies	3	3	2
Balances with public corporations & trading funds	91	81	48
Balances with bodies external to government	2,465	2,847	2,574
	2,849	3,350	3,175

Deposits invoiced more than one year in advance:

Public Corporations & Trading Funds	1	8	4
Other Clients	210	297	292
	211	305	296

NOTE 13

Provisions for liabilities and charges

	2010	2009	2008
	£000	£000	£000
Due within one year			
Early Retirement Pensions (see below)	9	10	206
Provision for holiday pay	85	63	60
	94	73	266

Due more than one year in advance

Early Retirement Pensions (see below)	7	16	24
---------------------------------------	---	----	----

There is an obligation to pay early retirement pension benefits until the sixtieth birthday of the beneficiary. The future liability is fully provided at current award levels.

Early Retirement

Opening balance	26	93	22
Charge to the Income & Expenditure Account	10	10	93
Payments made during the year	(20)	(77)	(22)
Closing balance	16	26	93

Claims for compensation

Opening balance	–	137	85
Charge to the Income & Expenditure Account	–	(101)	118
Payments made during the year	–	(36)	(66)
Closing balance	–	–	137

The provision for holiday pay represents the cost for outstanding holiday entitlement due to employees at the end of the financial year.

Holiday Pay

Opening balance	63	60	60
Charge to the Income & Expenditure Account	22	3	–
Closing balance	85	63	60

NOTE 14

Operating leases

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

	2010	2009	2008
	£000	£000	£000
Future minimum lease payments			
Not later than one year	109	92	99
Later than one year and not later than five years	95	104	117
Later than five years	26	44	58
	230	240	274

NOTE 15

Financial instruments

Short-term debtors and creditors have been excluded from this disclosure. The fair values of the Agency's financial assets and liabilities at 31 March 2010 are as follows.

	Book value	Fair value
	£000	£000
Financial assets		
Cash at bank and in hand	4,807	4,807
Financial liabilities		
Deposits invoiced more than one year in advance	(211)	(211)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

NOTE 16

Financial risks

Liquidity risk

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

Interest rate risk

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

Foreign currency risk

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

NOTE 17

Capital commitments

At 31 March 2010 the Agency had contracts for expenditure on property, plant and equipment valued at £98,824 (2009, £202,365; 2008, £281,253).

NOTE 18

Losses, special payments and gifts

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

NOTE 19

Contingent liabilities

There were no material contingent liabilities at 31 March 2010 (2009, none).

NOTE 20

Related party transactions

The Queen Elizabeth II Conference Centre is an executive agency of the Department for Communities and Local Government, which is regarded as a related party. There were several transactions with the Department during the year to the total value of £100,805 (2009, £108,940). At 31 March 2010 there was a balance of £2,700 in trade receivables and £3,595 deposits invoiced in advance (2009, no outstanding balances).

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

Leith's Limited, part of the Compass Group, has the right to a place on the Management Board; transactions with the Compass Group totalled £1,157,363 (2009, £1,188,525). At 31 March 2010 there was a balance £1,844 (2009, £31,748) in trade receivables, £1,089 (2009: nil) in deposits in advance and no balance (2009, £2,423) in trade payables.

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

NOTE 21

Memorandum Account for the year ended 31 March 2010

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

	2010	2009
	£000	£000
Surplus for the financial year per Income Statement	2,256	3,122
Deduct expenditure incurred by owner of the building	197	984
Notional net surplus for the financial year	<u>2,059</u>	<u>2,138</u>

In addition the Department for Communities and Local Government incurred capital expenditure on the building during the financial year of nil (2009 £0.056 million).

NOTE 22

Financial performance indicators

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

	2010	2010	2009	2009
	Target	Actual	Target	Actual
	£000	£000	£000	£000
Contribution to Exchequer	1,200	1,200	1,700	1,700
Special contribution to Exchequer	-	-	-	2,800

NOTE 23

First-time adoption of IFRS

	2009	2008
	£000	£000
Reconciliation of retained earnings		
As at 31 March under UK GAAP	5,195	6,570
Adjustment for holiday pay provision	(63)	(60)
As at 1 April under IFRS	<u>5,132</u>	<u>6,510</u>

Reconciliation of (deficit)/surplus

As at 31 March under UK GAAP	(1,375)	672
Adjustment for holiday pay provision	(3)	(60)
As at 1 April under IFRS	<u>(1,378)</u>	<u>6,510</u>

NOTE 24

Commitments under leases

The agency operates its business in accordance with its Trading Fund agreement. The conference building is not owned by the agency and the agency does not have a formal lease with the landlord, the Department for Communities and Local Government, and accordingly does not pay rent. However under the terms of a framework document published in March 2003 part of the dividend payable by the agency is determined by the capital charge that applies to the building. This could be deemed to be a quasi rental and estimates of annual current commitments are as follows:

	2010	2009
	£000	£000
Amounts falling due within one year	693	666
Amounts falling due after one year but within five years	2,772	2,664

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

RECRUITMENT POLICY

The Centre continues to ensure that equality of opportunity applies throughout the recruitment process.

Recruitment into the Civil Service is regulated by the Civil Service Order in Council 1995 (as amended) and the Diplomatic Service Order in Council 1991 (as amended). The Council requires the Civil Service Commissioners to:

- Maintain the principle of selection for appointment on merit on the basis of fair and open competition in recruitment to the Civil Service;
- Prescribe and Publish a recruitment code on the interpretation and application of the principle;
- Incorporate in the code restricted circumstances in which exceptions to the principle can be made;

- Approve appointments at the most Senior levels in the Civil Service; and
- Audit the recruitment systems of departments and agencies for compliance with the code.

The Centre's recruitment policy; the Centre's core competencies against which all applicants for vacancies at the Centre are assessed and the Centre's recruitment statistics can be found on our website at: www.qeiicc.co.uk/corporateinformation/recruitment.

The Queen Elizabeth II Conference Centre

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ISBN 978-0-10-296474-5

