

2010–2011

ANNUAL REPORT AND ACCOUNTS

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

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MESSAGE FROM THE CHIEF EXECUTIVE

The financial year 2010/11 has been a challenging one. Market conditions for conferences and events have been impacted by both the government's spending cuts and a relatively weak economy. This resulted in revenues dropping 14% from those achieved in 2009/10. However, cost and efficiency savings introduced earlier in the year were successfully achieved by management and staff and enabled the Agency at year end to record a net surplus of £2.1 million. This exceeded the 2010/11 forecast by £0.4 million.

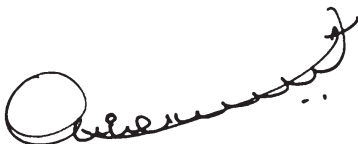
The Queen Elizabeth II Conference Centre Trading Fund continues to be a viable business in spite of these recent difficulties and is forecasting that it will return to higher levels of occupancy by 2012/13. Traditionally the Centre records occupancy of its space at around the 70% mark. In a more normal trading year the number of conferences and events that take place would number approximately 400. For FY 2010/11 occupancy fell to 54% and the number of events hosted by the Centre dropped to 320, clearly demonstrating the effect that cut backs in both the public and private sectors have had during the year.

However, the business of the conference centre is resilient and is dependant not only on the government sector but also – and to a much larger degree – on the corporate and association markets. Government business in previous years accounted for about 30% of recorded occupancy. This year occupancy by government meetings accounted for 20% of occupancy.

The Centre continues to attract high profile events and during the year it hosted Sir John Chilcot's Iraq Inquiry, the 2010 Global Summit of the Consumer Goods Forum, the Media Centre for the Papal Visit in September and the London 2012 International Safety and Security Summit.

There are signs of recovery in the marketplace for conferences and we are looking forward to some growth in 2011–12 but a significant increase in occupancy in 2012–13. The period of the Olympic Games has now been booked by the National Olympic Committee of Italy. The World Sports Trauma Conference will be held at QEIIICC in 2012 and an International Conference on the Biomedical Basis for Elite Performance will also take place in 2012.

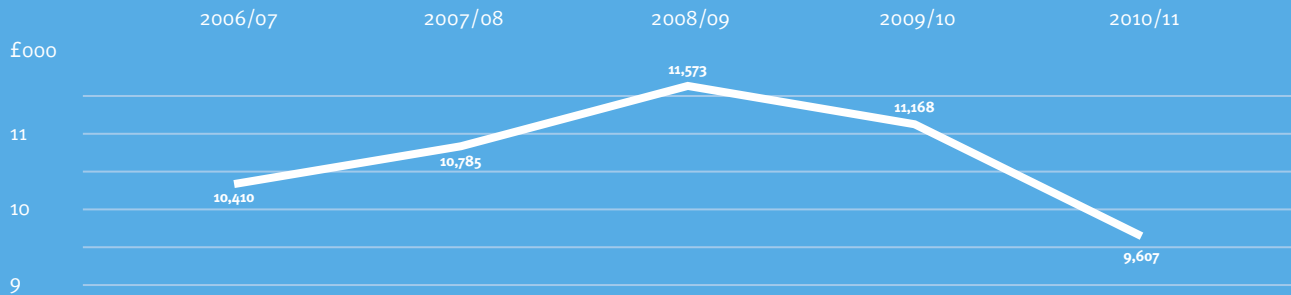
Exceeding our profit forecast for the year is an outstanding performance given the market conditions that the Centre faced. It is a tribute to the management and staff that this was possible and required a solid team effort to implement efficiencies without damaging the highly regarded service we provide to our clients. I would therefore like to thank them all for their commitment to the Centre and its many loyal clients. Furthermore, our facility contractors, MITIE, GBM and ISS Pegasus have performed well throughout the year. Catering provides an important and essential ingredient for a successful meeting. Leiths, part of the Compass Group, continue to excel and the Queen Elizabeth II Conference Centre maintains an enviable reputation as one of London's premiere conference venues for event hospitality.



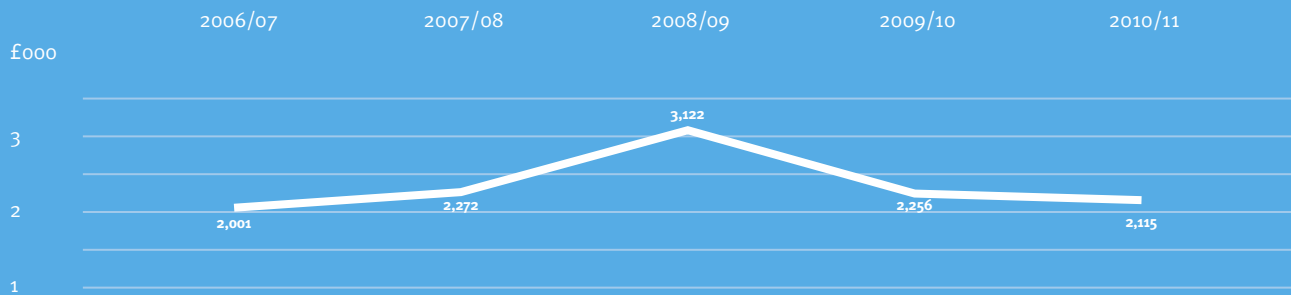
Ernest Vincent, Chief Executive

5 YEAR RECORD OF TURNOVER AND SURPLUS

TURNOVER

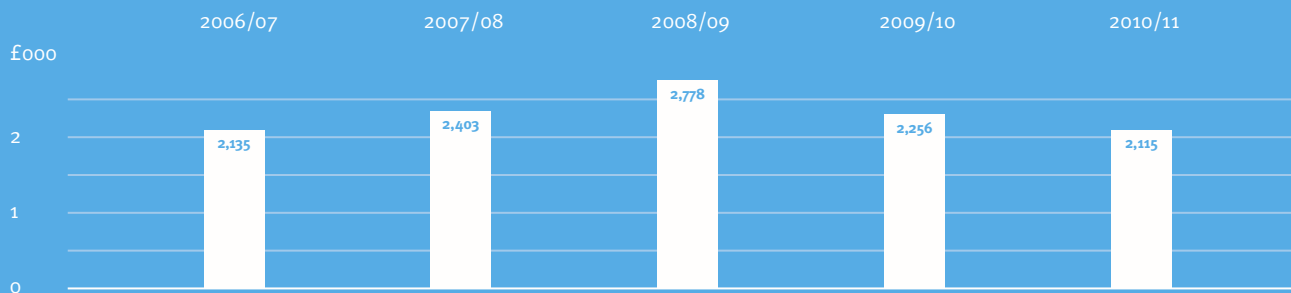


REPORTED SURPLUS ON ORDINARY ACTIVITIES



PRO FORMA SURPLUS ON ORDINARY ACTIVITIES

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



PERFORMANCE AGAINST TARGETS

METHODS OF MEASUREMENT

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

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

COMPARISON AGAINST TARGETS SET FOR THE YEAR ENDED 31 MARCH 2011

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

Capacity utilisation of the Centre of 54.3% (*target 65.0%*)

Overall score for value for money in client questionnaires of 97.6% (*target 90%*)

The number of complaints per 100 events was 0.32 (*target less than 2*)

The average response time to deal with complaints was 1 day (*target less than 4 days*)

3 YEAR RECORD OF PERFORMANCE AGAINST TARGETS

		2009	2010	2011
Contribution to the Exchequer	Target	£1.70m	£1.20m	£1.20m
	Outturn	£1.70m	£1.20m	£1.20m
Capacity utilisation of the Centre	Target	71.0%	60.0%	65.0%
	Outturn	73.5%	65.3%	54.3%
Overall score for value for money	Target	90.0%	90.0%	90.0%
	Outturn	98.9%	94.9%	97.6%
The number of complaints per 100 events	Target	◀ 2.0	◀ 2.0	◀ 2.0
	Outturn	0.52	1.58	0.32
The average response time to deal with complaints	Target	◀ 4.0 days	◀ 4.0 days	◀ 4.0 days
	Outturn	1.5 days	3.2 days	1.0 days

ANNUAL REPORT AND ACCOUNTS 2010–11

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 (retired 14 September 2010)	Non-executive
John French	Finance Director
Sue Etherington	Commercial Director
Raj Pragji	H.R. Director

3. Employee Involvement

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

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

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

5. Pension Scheme

Staff are eligible to join the Principal Civil Service Pension Scheme. The accounting policy on pension costs can be found in note 1.8 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 £30.95 million in the accounts of the Department for Communities and Local Government at 31 March 2011.

7. Changes in Property, plant and equipment

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

8. Future Developments

The 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.

9. Auditor's remuneration

The Comptroller and Auditor General is appointed auditor under the provisions of the Government Trading Funds Act 1973 and reports his findings to the Houses of Parliament. The cost of the audit of the accounts is £34,500 (2010: £37,500 including £3,000 relating to the audit of preparation for IFRS transition). No other services were provided.

10. Information supplied to Auditors

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

11. Accounts Direction

This statement of accounts has been prepared in accordance with a Treasury direction, dated 22 December 2010, 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 2010/11 is 14% lower than in the previous year: room hire decreased by 12.6%, the in-house production unit by 23.8% and the IT sales unit by 10%; revenue from other conference activities decreased by 10.7% and rental income from non-conference space by 5.8%.

Costs were 15.9% lower than those in the previous year. The surplus on ordinary activities of £2,102 million was 6.2% lower than the figure reported for the previous year.

1.2 Innovations and improvements

The drop in occupancy and overall difficult trading conditions this year have meant that expenditure on innovation and improvements has been restricted for this financial period.

1.3 Operational performance

The average absence from work during the year due to sickness was 6.3 days per employee; however the average excluding long term sickness cases was 3.1 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 £0.915m, and increased the General Reserve at 31 March 2010 to £7.1 million.

2.2 Cash management

Cash balances increased by £1.9 million in the year. All suppliers' invoices were paid in accordance with CBI guidelines, within 30 days from the delivery of goods or services or, if later, receipt of an agreed invoice. Credit control measures were again effective in limiting exposure to the risk of bad debts.

2.3 Non-current asset management

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

3. Performance against targets

3.1 Summary of performance against targets

A payment to the Exchequer of £1.2 million met the financial target. The occupancy level achieved was 54.3 per cent which is below the target of 65 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

In line with management expectations trading conditions were difficult during 2010/11. This was compounded by government policy on spending cuts and in particular the decision to limit spending on meetings and conferences. There are signs of the beginnings of a recovery in the market place and confirmed advance bookings at the start of the year for 2011/12 are at a similar level to those for 2010/11 one year ago.

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 previous Government issued an Operational and Efficiency Programme, which identified a number of assets that over time will no longer remain in Government ownership. The property and the trading fund were included within that programme and accordingly the Agency is being managed in the expectation that in time the conference centre will be transferred to new ownership.

5.2 Objectives

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

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

5.3 Building enhancement

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

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

Market conditions have ensured that a high level of competitiveness remains. The new hotel with conference facilities in Waterloo is now fully established and pricing policies have been aggressive across all competitors. Management are determined to ensure that the Centre remains competitive without compromising standards and its position in the market place.

5.6 Trading outlook

With revenue down 14% on the previous year for 2010/11 a good trading performance has been achieved by reduction in costs. Expectations are that 2011/12 will see a modest increase in revenue and costs will continue to be managed accordingly. Looking forward to the following financial year the Agency has been successful in securing a whole centre booking during the Olympic period to host Casa Italia representing the National Olympic Committee of Italy.

6. Environmental, social and community issues

6.1 Recycling success

The Agency recycled 74 per cent of waste in 2010/11 compared to 82 per cent achieved in 2009/10. 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 2010/11 the fall in occupancy over the previous year ensured that consumption was lower but a continued sustainability awareness programme has undoubtedly led to a real fall in consumption.

REMUNERATION REPORT

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

1. Membership of Remuneration Committee

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

2. Policy on remuneration of senior managers

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

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

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

3. Methods used to measure performance

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

4. Relationship between performance and remuneration

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

5. Policy on duration of contracts

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

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

	Years of service at 31 March 2011	Length of notice
Ernest Vincent, <i>Chief Executive</i>	7.50	6 months
John French, <i>Finance Director</i>	3.75	1 month
Sue Etherington, <i>Commercial Director</i>	7.63	1 month
Raj Pragji, <i>H.R. Director</i>	17.75	1 month

7. Awards to past senior managers

There were no awards to past senior managers.

8. Table of remuneration

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

	Basic			Basic		
	salary	Bonus	Total	Salary	Bonus	Total
	2011	2011	2011	2010	2010	2010
	£000	£000	£000	£000	£000	£000
Ernest Vincent, <i>Chief Executive</i>	85-90	5-10	95-100	85-90	5-10	95-100
John French, <i>Finance</i>	70-75	0-5	70-75	65-70	5-10	70-75
Raj Pragji, <i>Human Resources</i>	55-60	0-5	60-65	50-55	5-10	55-60
Sue Etherington, <i>Commercial</i>	60-65	0-5	65-70	30-35	0-5	30-35
Chris Brown, <i>Non-executive</i>	0-5	nil	0-5	0-5	nil	0-5
Andrew Hardy, <i>Non-executive</i>	0-5	nil	0-5	0-5	nil	0-5
Kenneth Ludlam, <i>Non-executive</i>	0-5	nil	0-5	0-5	nil	0-5

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	Accrued	CETV	CETV
	pension	lump sum	2011	2010
	£000	£000	£000	£000
Ernest Vincent, <i>Chief Executive</i>	10-15	nil	220	192
Raj Pragji, <i>Human Resources</i>	10-15	35-40	131	109
John French, <i>Finance</i>	0-5	nil	81	53
Sue Etherington, <i>Commercial</i>	5-10	nil	143	107

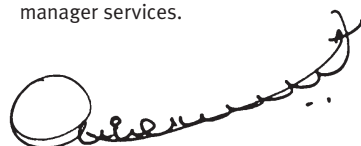
The real increases during the year of pension benefits are set out below.

	Accrued pension	Accrued lump sum	CETV
	£000	£000	£000
Ernest Vincent, <i>Chief Executive</i>	0-2.5	nil	20
Raj Pragji, <i>Human Resources</i>	0-2.5	2.5-5	12
John French, <i>Finance</i>	0-2.5	nil	21
Sue Etherington, <i>Commercial</i>	0-2.5	nil	25

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in the demographic assumptions and the move from the Retail Prices Index to the Consumer Prices Index as the measure used to uprate Civil Service Pensions. This means that the CETV in this year's report for 31 March 2010 will not be the same as the corresponding figure shown in last year's report.

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.



Ernest H. Vincent, Chief Executive • 13 July 2011

STATEMENT OF THE AGENCY AND ITS CHIEF EXECUTIVE'S RESPONSIBILITIES

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

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Queen Elizabeth II Conference Centre to prepare a statement of accounts for each financial year in the form and on the basis determined by the Treasury. These accounts accord with a Treasury direction dated 22 December 2010. The accounts are prepared on an accruals basis to give a true and fair view of the state of affairs of the Queen Elizabeth II Conference Centre at the year end and of its income and expenditure, changes in taxpayer's equity and cash flows for the financial year.

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

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



Ernest H. Vincent, Chief Executive • 13 July 2011

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 Interim Senior Finance Director at the Department for Communities and Local Government chairs meetings of the Advisory Board, which met in July 2010 and February 2011. This board assists the Permanent Secretary to advise the Secretary of State on setting appropriate performance targets for the Queen Elizabeth II Conference Centre (the Centre), agreeing the corporate and business plans, and evaluating 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 for the full year to 31 March 2011 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 July and December 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 me, use is made of independent non-executive directors. The term of the most senior of the Agency's non-executive directors, who chairs the Audit Committee, has been extended for another year to January 2012. An independent non-executive director whose term ended in September 2010 has been replaced for a one year term that commenced in April 2011. Leiths, as part of their contractual terms, nominate a non-executive director to sit of the Centre's Management Board. The Chair of the Audit Committee has now invited the Leiths non-executive director

to also sit on the Audit Committee (declaring an interest when matters concerning catering are to be addressed) and the newly appointed independent non-executive director will also join the Audit Committee. Great value is placed on the work of the Audit Committee which traditionally has met the guidelines on governance issued by the Cabinet Office. The appointment of a new independent non-executive director will ensure that this continues to be the case.

Guidance to staff is also provided on their desk-top computers in the form of a set of the Centre's 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 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 Business and Corporate Plan (BCP) with a five year horizon is prepared annually and this examines the risks and opportunities facing the Centre and charts the probable course of trading income, capital investment and human and financial resources. Responsibility for delivering a specific section of the BCP is allocated to a Director or the relevant senior manager. Targets are set for the coming year and a plan is drawn up incorporating income expectations and suitable levels of cost to contain risks at an appropriate level. The Business Plan section of the BCP 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 assessed and overseen by the activities of a Risk Management Working Group and Internal Auditors. 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 the

appointment of a senior information officer (SIRO) is in place.

There have been no breaches during the year. An annual assessment of information risk has been completed satisfactorily and there is an effective information handling policy.

An active health and safety committee, chaired by me, meets quarterly and is attended by all operational personnel, including those from our facility contractors. Fire safety training for all staff occurs annually. A business continuity plan is regularly updated and rehearsals undertaken from time to time – the next is scheduled for the summer of 2011.

The Centre's staff operate a business where overtime working is a necessity for some employees. Over the past two years the management of overtime has been reviewed and a new policy put in place. There are limits that prohibit excessive overtime claims and there is close scrutiny by both the Director of Finance and the HR Director of monthly overtime payments and trends. The level of management control in regard to overtime payments has been considerably increased and the risk of unauthorised overtime claims and payments significantly reduced.

During the year the Internal Auditor has submitted reports to the Audit Committee, prepared to Government Internal Audit Standards, covering Performance Targets; Payments and Receipts, the Catering Contract; the Maintenance Contracts; Finance Processes and Payroll; Miscellaneous Staff Expenses. This year the internal auditors' overall opinion is a rating of substantial assurance for risk management and governance. A limited assurance has been given for control but the limitations have now been addressed.

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 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 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.

The planned disposal of the Queen Elizabeth II Conference Centre by 2012 was announced by the Chancellor of the Exchequer at Budget 2009 as part of the Government's Operational Efficiency Programme. The Department continues to seek external property advice on disposal options and plans to seek a preferred option from current Ministers by the Summer of 2011. In the meantime, there are increased risks to the business, not only from the proposed disposal of the business but also from the reduction in government meetings following the Spending Review. The DCLG Advisory Board's focus is to support the business and management of the Centre during this period of uncertainty.

The Business Plan received Ministerial approval in March 2010. These plans were comprehensively reviewed by both the Advisory and Management Boards beforehand. Following the government's efficiency initiatives, a significant number of public sector events have not taken place and the trading for the current year has been impacted significantly. Trading has also been influenced by the state of the economy generally. However, the trading fund, via cost efficiencies, will produce a surplus on its activities after payment of a full dividend to the DCLG.

6. Significant internal control problems

A case of fraud via the improper use of a government procurement card, perpetrated by a member of staff, was brought to my attention in October 2010 and was quickly dealt with. It resulted in a custodial sentence following a summary dismissal. The fraud amounted to approximately £32,000 and with repayments this reduced the net loss to £26,000. I instructed that procedures regarding the issue and use of credit cards are immediately revised and updated. This has now been done. Spending limits are being tightly monitored and a decision has been made to restrict the actual number of cards. Monthly statements will be closely scrutinised and generally tighter controls around the use of credit cards have been enhanced considerably. In order that staff issued with credit cards are aware of their responsibilities they will be requested to sign up to terms and conditions of use. Internal Auditors have completed an audit of staff miscellaneous expenses and the audit findings make clear recommendations about the future use of credit cards. A paper entitled 'lessons learned' was produced in December 2010 by the internal auditors and this includes recommendations to improve and strengthen the internal control system. These recommendations have now been acted upon and the 'lessons learned' paper has been distributed to all Directors.

The perpetrator of this fraud was also entitled to claim for and work overtime hours and was subject to tighter controls as detailed in paragraph 4 above. There is no evidence to suggest that fraudulent claims for overtime working were made but I cannot guarantee that some additional unquantifiable losses may have been incurred. This case of fraud resulted in the Centre losing its IT Manager. A replacement is not yet in post as consideration is being given to the IT function as a whole but this matter will be given priority.

All staff together with those key personnel from the companies providing facility services have attended fraud awareness training conducted by the DCLG internal audit team.

The Agency has been challenged regarding the ownership of copyright for certain images used in the course of its business. Legal opinion has been sought and the advice provided by experts is being fully considered. In the meantime the processes and controls surrounding the commissioning and use of photographic images have been reviewed and strengthened.



Ernest H. Vincent, Chief Executive • 13 July 2011

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 2011 under the Government Trading Funds Act 1973. These comprise the Statement of Comprehensive Net Income and Statement of Changes in Taxpayers' Equity, 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 the Agency and its Chief Executive's Responsibilities, 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, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2011 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the 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

14 July 2011

STATEMENT OF COMPREHENSIVE NET INCOME

for the year ended 31 March 2011

	NOTES	2011 £000	2010 £000
Revenue	2	9,607	11,168
Depreciation and amortisation	6	(865)	(1,061)
Staff costs	3	(2,233)	(2,410)
Other expenditure	6	(4,407)	(5,455)
Operating surplus for the year	2	2,102	2,242
Interest receivable		13	14
Operating surplus for the year after interest		2,115	2,256
Payment to Exchequer		(1,200)	(1,200)
Retained surplus/(deficit)		915	(1,056)

Notes to the Statement of Comprehensive Net Income:

i All operations are continuing.

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

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2011

	NOTES	2011 £000	2010 £000
Non-current assets			
Property, plant and equipment	7	2,882	3,542
Intangible assets	8	6	16
Total non-current assets		2,888	3,558
Current assets			
Trade and other current receivables	9	1,816	1,805
Cash and cash equivalents	10	6,700	4,807
Total current assets		8,516	6,612
Total assets		11,404	10,170
Current liabilities			
Trade and other current payables	11	3,222	2,934
Provisions	12	58	9
Total current liabilities		3,280	2,943
Non-current assets plus net current assets		8,124	7,227
Non-current liabilities			
Provisions	12	–	7
Deferred revenue	11	200	211
Total non-current liabilities		200	218
Assets less liabilities		7,924	7,009
Taxpayers' equity			
Public Dividend Capital		821	821
General Reserves		7,103	6,188
		7,924	7,009



Ernest H. Vincent, Chief Executive • 13 July 2011

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

STATEMENT OF CASH FLOWS

for the year ended 31 March 2011

	NOTES	2011 £000	2010 £000
Cash flows from operating activities			
Operating surplus		2,115	2,256
Depreciation and amortisation	6	865	1,061
Interest received		(13)	(14)
Loss on disposal of non current assets	7	–	6
Increase/(Decrease) in provisions	12	42	(10)
(Increase)/Decrease in trade and other receivables	9	(11)	(164)
Increase/(Decrease) in trade and other payables due within one year	11	288	(479)
Increase/(Decrease) in trade and other payables due after more than one year	11	(11)	(94)
Net cash inflow from operating activities		3,275	2,562
Cash flows from investing activities			
Property, plant and equipment and intangibles purchases	7	(195)	(1,157)
Interest received		13	14
Cash flows from financing activities			
Payment to Exchequer		(1,200)	(1,200)
Net increase/(decrease) in cash and cash equivalents		1,893	219
Cash and cash equivalents at the beginning of the period	10	4,807	4,588
Cash and cash equivalents at the end of the period	10	6,700	4,807

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2011

	Public Dividend Capital £000	General Reserve £000
Balances at 1 April 2009	821	5,132
Comprehensive Net Income for the year	–	1,056
Balances at 1 April 2010	821	6,188
Comprehensive Net Income for the year	–	915
Balances at 31 March 2011	821	7,103

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 2011

NOTE 1

Accounting Policies

These accounts have been prepared in accordance with the Government Trading Act 1973 and the 2010–11 Government Financial Reporting Manual (FRM) issued by the Treasury. The accounting policies contained in the FRM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Queen Elizabeth II Conference Centre for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Queen Elizabeth II Conference Centre are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

1.2 Property, plant and equipment

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

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.

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 Value Added Tax.

1.5 Income recognition

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

1.6 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.

1.7 Insurance

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

1.8 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.

	2011 £000	2010 £000
Income from conference activities	9,316	10,859
Other rental income	291	309
Income from operating activities	9,607	11,168
Surplus on conference activities	1,811	1,933
Surplus on rental activities	291	309
Operating surplus for the year	2,102	2,242

NOTE 3

Staff numbers and related costs

Employee benefits expense

	2011 Permanent £000	2011 Others £000	2011 Total £000	2010 Total £000
Wages and salaries	1,707	75	1,782	1,897
Social security costs	141	8	149	161
Pension	301	–	301	308
Increase/(decrease) in holiday pay accrual	(31)	(1)	(32)	22
Redundancy and early retirement costs	–	–	–	10
Temporary agency staff	–	33	33	12
Total staff costs	2,118	115	2,233	2,410

Staff numbers

	2011 Permanent	2011 Fixed term	2011 Total	2010 Total
Average number of staff for the year				
Administration	8	–	8	8
Operations	14	1	15	15
Presentations	14	1	15	16
Sales and Marketing	7	1	8	9
Total average number of staff	43	3	46	48

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 £301,355 (2009/10 £308,492) 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 2011/12 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 2011

NOTE 6

Other expenditure

	NOTE	2011 £000	2010 £000
Advertising and marketing		114	193
Auditor's remuneration		35	38
Entertaining		7	10
Equipment hire		128	164
Maintenance and cleaning		1,348	1,718
Other costs		808	1,062
Rates		445	412
Sub-contracted services		921	1,069
Travel and subsistence		30	45
Utilities		440	723
Self-insurance losses		54	7
Non-cash items			
Depreciation	7	849	1,033
Amortisation	8	16	28
Provision for doubtful debts		77	14
Total		5,272	6,516

Auditor's remuneration in 2010 includes £3,000 relating to the audit of preparation for IFRS transition. There were no payments to the auditors for non-audit services.

NOTE 7

Property, plant and equipment

	Building Improvements £000	IT & Telecoms Equipment £000	Operational Equipment £000	Furniture £000	Total £000
Cost or Valuation					
At 1 April 2010	6,241	422	1,438	1,525	9,626
Additions	55	9	123	2	189
Disposals	–	(11)	(9)	(6)	(26)
At 31 March 2011	6,296	420	1,552	1,521	9,789
Depreciation					
At 1 April 2010	3,322	296	1,211	1,255	6,084
Charge for year	595	53	119	82	849
Disposals	–	(11)	(9)	(6)	(26)
At 31 March 2011	3,917	338	1,321	1,331	6,907
Net book value					
At 1 April 2010	2,919	126	227	270	3,542
At 31 March 2011	2,379	82	231	190	2,882

Included within the cost of property plant and equipment are fully depreciated assets with a cost of £3,699,485 (2010, £3,842,000). The majority of these assets are used as back-up when equipment in use malfunctions.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

NOTE 8

Intangible assets

	Computer Software	
	£000	
Cost or Valuation		
At 1 April 2010	122	
Additions	6	
At 31 March 2011	128	
Amortisation		
At 1 April 2010	106	
Charge for year	16	
At 31 March 2011	122	
Net book value		
At 1 April 2010	16	
At 31 March 2011	6	
Cost or Valuation		
At 1 April 2009 and 31 March 2010	122	
Amortisation		
At 1 April 2009	78	
Charge for year	28	
At 31 March 2010	106	
Net book value		
At 1 April 2009	44	
At 31 March 2010	16	

NOTE 9

Trade and other current receivables

	2011	2010
	£000	£000
Amounts falling due within one year:		
Trade receivables	1,760	1,726
Prepayments and accrued income	38	57
Other receivables	18	22
	<u>1,816</u>	<u>1,805</u>
Intra-government balance analysis		
Balances with central government bodies	281	114
Balances with local authorities	2	–
Balances with NHS bodies	2	59
Balances with public corporations & trading funds	25	52
Balances with bodies external to government	1,506	1,580
	<u>1,816</u>	<u>1,805</u>

NOTE 10

Cash and cash equivalents

Government Banking Service	5,836	4,515
Commercial banks and cash in hand	864	292
	<u>6,700</u>	<u>4,807</u>

NOTE 11

Trade and other current payables

	2011	2010
	£000	£000
Amounts falling due within one year:		
Trade payables	259	409
Value Added Tax	385	257
Other taxes and NI	70	76
Accruals and deferred income	629	688
Deposits invoiced in advance	1,860	1,454
Other payables	19	50
	<u>3,222</u>	<u>2,934</u>
Intra-government balance analysis		
Balances with central government bodies	621	289
Balances with local authorities	1	1
Balances with NHS bodies	–	3
Balances with public corporations & trading funds	24	91
Balances with bodies external to government	2,576	2,550
	<u>3,222</u>	<u>2,934</u>
Deposits invoiced more than one year in advance:		
Public Corporations & Trading Funds	–	1
Balances with bodies external to government	200	200
	<u>200</u>	<u>211</u>

NOTE 12

Provisions for liabilities and charges

Due within one year		
Early Retirement Pensions (see below)	8	9
Compensation claim	50	–
	<u>58</u>	<u>9</u>
Due more than one year in advance		
Early Retirement Pensions (see below)	–	7
	<u>–</u>	<u>7</u>
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	16	26
Charge to the Statement of Comprehensive Net Income	–	10
Payments made during the year	(8)	(20)
Closing balance	<u>8</u>	<u>16</u>

NOTE 13

Operating leases

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

	2011	2010
	£000	£000
Future minimum lease payments		
Not later than one year	69	109
Later than one year and not later than five years	69	95
Later than five years	9	26
	<u>147</u>	<u>230</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

NOTE 14

Financial instruments

Short-term debtors and creditors have been excluded from this disclosure. The fair values of the Agency's financial assets and liabilities at 31 March 2011 are as follows.

	Book value £000	Fair value £000
Financial assets		
Cash at bank and in hand	6,700	6,700
Financial liabilities		
Deposits invoiced more than one year in advance	(200)	(200)

NOTE 15

Financial risks

Liquidity risk

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

Interest rate risk

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

Foreign currency risk

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

NOTE 16

Capital commitments

At 31 March 2011 the Agency had no contracts for expenditure on property, plant and equipment valued (2010, £98,824).

NOTE 17

Losses, special payments and gifts

Costs falling into the category of losses, special payments and gifts were below the level, currently £250,000, at which they need to be reported separately. (2010, nil)

NOTE 18

Contingent liabilities

There were no material contingent liabilities at 31 March 2011 (2010, none).

NOTE 19

Related party transactions

The Queen Elizabeth II Conference Centre is an executive agency of the Department for Communities and Local Government, which is regarded as a related party. There were several transactions with the Department during the year to the total value of £41,994 (2010, £100,805). At 31 March 2011 there was a balance of £2,940 in trade receivables, £8,641 in trade payables and £4,900 deposits invoiced in advance (2010, £2,700 in trade receivables and £3,595 deposits invoiced in advance).

There were many normal business transactions with other Government bodies, amounting to significant value in the cases of the Foreign & Commonwealth Office, 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 £1,278,673 (2010, £1,157,363). At 31 March 2011 there was a balance £549 (2010, £1,844) in trade receivables, nil (2010: £1,089) in deposits in advance and £18,137 (2010, nil) in trade payables.

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

NOTE 20

Memorandum Account for the year ended 31 March 2011

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.

	2011 £000	2010 £000
Surplus for the financial year per Income Statement	2,115	2,256
Deduct expenditure incurred by owner of the building	65	197
Notional net surplus for the financial year	2,050	2,059

The Department for Communities and Local Government did not incur any capital expenditure on the building during the financial year (2010, nil).

NOTE 21

Financial performance indicators

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

	2011 Target £000	2011 Actual £000	2010 Target £000	2010 Actual £000
Contribution to Exchequer	1,200	1,200	1,200	1,200

NOTE 22

Commitments under leases

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

	2011 £000	2010 £000
Amounts falling due within one year	448	389
Amounts falling due after one year but within five years	1,792	1,555

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.

NOTE 23

Events after the reporting period

Under IAS10 the Agency is required to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date that the Comptroller and Auditor General certified the accounts.

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.qeicc.co.uk/corporateinformation/recruitment.

The Queen Elizabeth II Conference Centre

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