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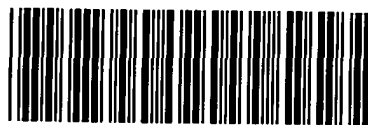
**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Paul Thandi Richard Ashton Paul Errington Kevin Watson
<b>Company secretary</b>	Paul Errington
<b>Registered number</b>	979395
<b>Registered office</b>	National Exhibition Centre Birmingham West Midlands B40 1NT
<b>Independent auditor</b>	Deloitte LLP Four Brindley Place Birmingham West Midlands B1 2HZ
<b>Bankers</b>	National Westminster Bank PLC Four High Street Solihull West Midlands B91 3TF

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

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#### Report and financial statements

The directors present their Strategic Report for the company for the year ended 31 March 2023.

#### Principal activities

The company is a market-leading live events business with world-class expertise in venue and destination management. Our vision is to be Europe's most successful live events business, operating leading leisure, entertainment and business destinations.

We have over 40 years' expertise and the trust of world-renowned content owners in delivering live events across our five world-class venues in the West Midlands. These venues offer almost 250,000 square metres of covered space and during the year welcomed over 3.5 million visitors at over 800 live events. The five venues that make up the company are the National Exhibition Centre (NEC), International Convention Centre (ICC), the Vox Conference Centre, Resorts World Arena and the Utilita Arena Birmingham. Together these venues provide exceptional flexibility and a wide choice of highly versatile spaces for staging exhibitions, conferences, concerts, sporting championships and entertainment events.

We create unforgettable live experiences for our customers, bringing Live to Life® by connecting each part of the live events experience through venues, content, data analytics, ticketing and catering services.

Our trading activities are organised and managed through four business units as detailed further below. These business units are structured according to economic characteristics, services, business processes and customer relationships.

#### COVID-19

The company has been severely impacted by COVID-19 with the pandemic having a significant impact on the exhibition, conference and live events sectors in which we operate. Following implementation of the original COVID-19 lockdown in March 2020, the subsequent tier restrictions and further lockdowns, our venues were unable to hold indoor events for more than 30 people. These restrictions were finally lifted in August 2021 and we recommenced trading from September 2021.

These results reflect the first full year of trading post COVID-19, and although trading started strongly with a large number of rearranged events taking place, exhibitions in particular have been smaller with both lower exhibitor and visitor numbers. The reduced numbers are in part due to the adverse impact that COVID-19 has had on a number of sectors that exhibit at our facilities, resulting in the rescaling of a number of shows, combined with exhibitors scaling back on their participation due to the delay in new product developments coming to market and the back-log in delivering current orders as a result of challenges in their respective supply chains.

The directors are pleased with the progress that the company has made in building back its business, but we do not expect to return to pre COVID-19 trading levels until around 2025.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Conventions & Exhibitions

This is the largest revenue generating business unit with events being held in our purpose-built facilities - the NEC, ICC and Vox. During the year we held 226 conventions and 147 exhibitions which was up 129 and 51 respectively against the part-year ended 31 March 2022.

The NEC is the UK's leading exhibition venue, comprising exhibition halls, conference facilities, associated property and car parks. The venue offers exceptional flexibility across 182,000 square metres of covered exhibition space. During the year the NEC welcomed 2.0 million visitors and exhibitors to 147 trade and consumer exhibitions including Crufts and Spring Fair, the latter being the UK's largest trade exhibition. During the year the NEC also hosted the 2022 Commonwealth Games alongside our arena venues and 21 Live conference events.

The ICC is one of Europe's premier purpose-built conference centres, offering an extensive range of first-class facilities for international conferences of several thousand delegates through to small meetings. During the year the ICC welcomed over 350,000 delegates to over 400 events, including 138 conferences, including the Conservative Party Conference, together with banqueting and internal meetings for major UK and international corporates.

The Vox is our cutting-edge conference venue situated within Resorts World Birmingham. With five impressive fully flexible meeting suites it can accommodate anything from small meetings up to large scale events for 900 delegates. The Vox offers a fresh approach for those wanting an end-to-end conference experience including state-of-the-art facilities and significant event expertise and in the year it held 67 events.

#### Arenas & Ticketing

Our two arenas supported by our national ticketing agency business, The Ticket Factory, deliver live entertainment events across all genres of music, comedy, family entertainment and sport. During the year we held 179 shows which was up 89 against the part-year 2022 and welcomed over 1.2m visitors.

Resorts World Arena is one of the leading entertainment venues in the world. The venue has a maximum capacity of 15,700 with a strong food, beverage and hospitality offer. During the year to 31 March 2023, Resorts World Arena hosted major global music artists, as well as staging the Horse of the Year Show.

Utilita Arena Birmingham is one of the busiest, large-scale indoor sporting and entertainment venues in Europe. Based in Birmingham city centre, the multi-purpose venue is extremely flexible accommodating a maximum capacity of almost 16,000. During the year to 31 March 2023, visitors enjoyed a range of major artists and events.

Both arenas also played host to the 2022 Commonwealth Games.

The Ticket Factory offers the customer service, ethos, experience and authority of more than 25 years of operating as the UK's most successful venue box office. Managing the sale of tickets for events at our own venues, as well as for events nationwide. We have invested heavily in leading-edge technology to meet the demands of the biggest event releases. This includes leveraging considerable experience in data analytics and insight marketing to help national and international promoters maximise attendance and sales, supporting over 2,000 events and selling over 1.5m tickets in the year.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Amadeus

Amadeus is the company's retail, conference and banqueting and hospitality caterer, delivering a broad offering from fast food to fine dining through an award-winning team of chefs and catering professionals. In addition to catering at the company's venues, Amadeus also delivers to high-profile destination venues such as Cadbury World, Farnborough and Dudley Zoo.

#### Central Support Functions

Providing operational and specialist support services to the company including strategic management, finance and procurement, IT, marketing, legal, HR services, insurance and operations.

#### New business

In building-back the business post COVID-19, we will continue to build on our excellent track record of securing new business. In the year ended 31 March 2023 we welcomed 21 new shows for the first time including Boat Life Live, together with new content including the 2022 Wireless Festival and the continuation of Winter Funland.

#### Major international events

During the year, the company hosted the Commonwealth Games in Birmingham 2022.

The 2022 Games was the largest ever held, with 72 participating nations and over 1.3 million ticket sales. It was also the first to have more events for women than men and the first integrated event, with the para competition held at the same time.

From the opening ceremony on 28 July 2022 through to the closing ceremony on 8 August 2022, the event put Birmingham and our venues on a global stage with record breaking viewing figures. As the host of nine different sporting disciplines our world-class facilities and talented staff were showcased to an international audience.

#### New venues

Our refined offer for third-party venue owners enabled us in 2018 to win the contract for the operation of the iconic Bradford Odeon following its redevelopment in conjunction with Bradford Live. The facility will be managed alongside our existing Arenas & Ticketing business and we have exciting plans to use the building to its full potential when it reopens, staging live music, comedy, Bollywood shows, and other live performances.

#### Leisure destinations

We are committed to creating destinations of the future across our venues. Our leisure and destination credentials are already enhanced by the development of the Moxey Hotel at the NEC and two Merlin Entertainments' visitor attractions, LEGOLAND Discovery Centre at Utilita Arena Birmingham and The Bear Grylls Adventure at the NEC.

#### Data

We leverage our sophisticated customer segmentation model to draw insight from a database of over three million customers and prospects. This made a fundamental contribution to new business development. In the year ended 31 March 2023 we sent over 200 million emails to customers promoting events and provided targeted information based on our deep understanding of their motivations and preferences. We also continued our customer satisfaction feedback program using the information to refine customer service and drive product development and capital investment. Data remains key to our business, and enabling engagement with our customers and visitors will be key to the recovery post COVID-19.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Investment

In the year ended 31 March 2023 we invested £12.1m in capital expenditure additions, this was an increase versus the year ended 31 March 2022 total of £5.4m, as we reinvested in our facilities and product offerings.

As we continue to build-back post COVID-19 our investment will focus on compliance and asset life cycle replacement, however we remain committed to investing in projects that improve the customer and visitor experience and we will progress these subject to the availability of the required financial resources.

#### Commercial partnerships

The NEC campus hosts Resorts World Birmingham (RWB), a modern and extensive leisure and entertainment complex owned and run by Genting Solihull Limited. The complex comprises a casino (one of the eight Large Casino licences granted in the UK), the 182 room, four-star Genting Hotel, a luxury spa, a multiscreen fully digital Cineworld cinema and a broad range of entertainment including Hollywood Bowl, restaurants, bars and retail outlets. Within RWB is the Vox Conference Centre, operated by the company.

RWB is the naming rights sponsor for the arena at the NEC Site which was renamed Resorts World Arena and UK energy supplier Utilita is the naming rights sponsor for the arena in Birmingham city centre which was renamed Utilita Arena Birmingham.

#### Masterplan

Work continues alongside Birmingham City Council on the Masterplan for the NEC site. The Masterplan is aligned with the vision of creating one of Europe's foremost leisure and business destinations and proposes new uses to complement those already existing on the site including:

- 5,000 new homes;
- 35,000sqm and 14,000sqm of commercial space and associated outdoor public realm;
- Enhanced leisure with a new hotel, bars and restaurants; and
- Creating a sustainable environment.

The Masterplan will seek to build on opportunities delivered through the HS2 project and Highways England investment in the local road infrastructure.

#### Awards and recognition

The company has continued to win a wide range of awards including:

- AEO Excellence Awards – in 2023 NEC won Venue of the Year > 20,000sqm for a sixth time; and
- Conference Awards – in July 2022 the Vox won the gold award for 'Most Versatile Venue over 500 theatre style', while the ICC won the silver award for 'Best Conference Venue over 1,100 theatre style'.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Financial performance

The financial results of the company are set out in the Income Statement on page 22.

Management's preferred measure of operational profitability that provides consistency and comparability of financial performance, is earnings before interest, taxation, depreciation, amortisation, fair value movements on investment property and exceptional operating expenses (EBITDAE). For the year ended 31 March 2023 the company generated EBITDAE of £51.6m on revenue of £186.1m compared to a EBITDAE of £16.1m on revenue of £92.1m for the year ended 31 March 2022.

The reconciliation of EBITDAE to the figures in the statutory Financial Statements is as follows:

	2023 £'000	2022 £'000
<b>Operating profit/(loss)</b>	<b>35,461</b>	<b>(248)</b>
Add back:		
Depreciation of tangible assets (note 13)	11,014	10,784
Depreciation of right-of-use assets (note 14)	3,373	2,257
Amortisation of intangible assets (note 12)	980	1,114
Asset impairment (reversal) (notes 12 & 13)	(1)	(366)
Intercompany transactions with Group undertakings	766	2,521
<b>EBITDAE</b>	<b>51,593</b>	<b>16,062</b>

The improvement in the trading results for the year is driven by the recommencement of trading with this year being the first full year following the lifting of the COVID-19 lockdown restrictions in September 2021, combined with the one-off benefit from the 2022 Commonwealth Games.

During the year the company's primary focus has been to restart the business and continue to build-back its workforce to levels required to deliver future business demand following the headcount restructuring process which was completed in January 2021.

The company has net assets of £46.8m at 31 March 2023 (restated net assets of £31.0m at 31 March 2022).

Liquidity of the company is in a good position with a cash balance of £43.2m at 31 March 2023 (£99.2m at 31 March 2022), the reduction in the year is driven by the £60m repayment of inter-group borrowings. Further information is contained in the going concern section of the Directors' Report on page 14.

No dividends were paid in the year and none are proposed at year end (2022: £Nil).



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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Key performance indicators

The directors have established a range of key performance indicators which they use to measure and monitor the performance of the company. The principal KPIs used include:

- The number of events held;
- Event occupancy which measures the total space occupied as a percentage of the total saleable space; and
- Event yield which measures the value of each unit of space sold.

References to these KPIs are included in the Strategic Report unless they are commercially sensitive.

The KPIs are used to:

- Manage the performance of sales teams;
- Prioritise the deployment of resources and maintenance activity; and
- Evaluate business investment proposals.

The service businesses use KPIs relevant to the sectors in which they operate. These measures have not been disclosed due to their commercial sensitivity.

#### Energy and carbon footprint

The following report on UK energy use and carbon emissions relates to the company for the year ended 31 March 2023. As for previous year, the year-on-year data comparisons are less meaningful due to the part-closure of the business in the year ended 31 March 2022 but have been included in the report for reference.

The company's Energy Usage and Greenhouse Gas (GHG) Emissions have been calculated using guidance issued by the Department for Business, Energy & Industrial Strategy Environmental Reporting Guidelines: Streamlined Energy and Carbon Reporting guidance & the GHG Protocol.

Gas and electricity used by tenants and retail concessions are excluded from our calculation where possible to avoid double counting by these third-party companies. Emissions relating to events are excluded to avoid double counting by the external event organisers, who in effect lease the space during the build, execution, and breakdown of their event, i.e. they are not within the company's financial or operational control.

Market based conversion factors for electricity suppliers are used as a comparison with government issued conversion factors.

THE NATIONAL EXHIBITION CENTRE LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

Energy and carbon footprint (continued)

Intensity ratio

Energy Usage & Tonnes CO <sub>2</sub> e by Emissions Scope For The Year Ended 31 March 2023			
Emissions Scope / Type	Energy usage (kWh)	tCO <sub>2</sub> e <sup>g</sup>	tCO <sub>2</sub> e <sup>m</sup>
Scope 1 (Gas)	27,392,103	5,000	5,000
Scope 1 (Fuel – business transport)	923,743	224	224
Scope 1 (Fugitive)	N/A	245	245
Scope 2 (Electricity)	21,480,562	4,705	3,143
Scope 2 (Heat & Chilled)	7,844,023	1,826	1,826
Scope 3 (Fuel – business transport)	105,183	26	26
<b>Total</b>	<b>57,745,614</b>	<b>12,026</b>	<b>10,464</b>

g = conversion factors using government data

m = conversion factors from market data available in May 2023

Emissions Type	YE 31 March 2023			YE 31 March 2022		
	kWh	tCO <sub>2</sub> e <sup>g</sup>	tCO <sub>2</sub> e <sup>m</sup>	kWh	tCO <sub>2</sub> e <sup>g</sup>	tCO <sub>2</sub> e <sup>m</sup>
Scope 1	28,315,846	5,469	5,469	15,492,835	3,092	3,092
Scope 2	29,324,585	6,531	4,969	21,339,800	4,926	2,876
Scope 3	105,183	26	26	63,568	16	16
<b>Total</b>	<b>57,745,614</b>	<b>12,026</b>	<b>10,464</b>	<b>36,896,203</b>	<b>8,034</b>	<b>5,984</b>

CO<sub>2</sub>e emissions are normalised against revenue, as this, in our view, is the most relevant measure for the company.

Year Ended 31 March	Tonnes of CO <sub>2</sub> e per £m turnover				
	Turnover	Scope 1	Scope 2	Scope 3	Total
2023	£186.1m	29.4	26.7	0.1	56.2
2022	£92.1m	33.6	31.2	0.2	65.0
2021	£25.9m	47.0	159.7	0.2	206.9

The decrease in year ended 31 March 2023 tonnes of CO<sub>2</sub>e per £m turnover versus year ended 31 March 2022 is driven by returning to more normal levels of operations post COVID.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Energy and carbon footprint (continued)

##### *Energy efficiency actions*

The past year has seen operations starting to build back again post COVID-19. Alongside business operations, there has been a strong focus on developing a net zero strategy and reducing GHG emissions. Throughout all these periods of change, the company has been committed to keep the emissions from all its activities to a minimum and a summary of the energy efficiency measures for the year are detailed below.

Carbon Reduction Actions	
Net Zero	The Group recognises the urgent need for all businesses to accelerate their response to the climate change emergency. Details have been finalised on the Company's ESG Plan including details on the pathway to Net Zero by 2040 in line with the Net Zero Carbon Events Pledge.
Electric Vehicle Charging Points	The Company's operations at the NEC Campus now utilise recently purchased EVs. In August 2023, Europe's largest EV charging facility was opened along side our new Starbucks Drive Through at the NEC site.
Energy Efficient Pump Replacement	Installed new pumps at UAB for main chilled water and installed storm & wastewater pumping stations at ICC.
Smart Meter Technology	Installation of meters to monitor UAB tenants which will ensure better understanding of UAB consumption under the Company's operational control.
LED Lighting	Ongoing work replacing lighting systems with LED.
NEC Campus Compressors	Improved site compressor programming to isolate when not needed.
Control of Exhibitions	24-hour power removed from last night of exhibition build and improved programming of show times.
Replacement Boilers	Replacement energy efficient boilers installed at NEC.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Statement by the Directors on performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of the company have acted in a way that they consider to be most likely to promote the success of the company for the benefit of its members and the wider Group headed by LHTCA Midco Limited, during the year ended 31 March 2023. A summary is set out as follows:

(i) The likely consequences of any decision in the long term

The Masterplan sets out our strategy for the NEC campus over the next 15 years. This important strategic document guides our internal decision-making and how we work with our many partners and stakeholders to balance sometimes competing priorities and find mutually acceptable ways forward.

(ii) The interests of employees

Our employees are fundamental to the delivery of our day-to-day operations and the delivery of our Masterplan.

The wellbeing and health and safety of our employees is our number one priority, along with training required to support employees to perform their duties. This is more important than ever as the business builds-back post COVID-19 to ensure that our workforce is able to fully meet business demand and sustain the high levels of quality we strive to deliver to our customers.

We have supported our employees through engaging in regular communications and providing wellbeing support through both our HR and dedicated Health and Safety team. Both the Board and the company's senior management receive regular reporting on health & safety matters.

(iii) The need to foster the company's business relationships with suppliers, customers and others

We know that a great customer experience is not only about our facilities but also how our staff and the staff of our partners operate every day to consistently deliver a great service. As the business recovers from COVID-19 we will continue to invest in our people through customer focused training together with reward and recognition for great customer service through our Stars program.

A primary focus is connecting with our visitors. To this end we will continue to leverage the investment in our facilities, including the catering offers and wayfinding and digital signage. We work closely with our business partners across the region, including Resorts World, Birmingham Airport, Birmingham International Railway Station, major corporates, the Chambers of Commerce, government agencies, HS2, National Highways Agency and Solihull and Birmingham local authorities to understand their plans and to make sure that both visitor demand and visitor experiences can be managed for the mutual benefit of all.

We provide a diverse and balanced choice of facilities and services across our venues with something for all customer groups.

Our procurement strategy seeks to segment our supply chain by criticality and level of expenditure so that procurement activities can be focused on delivering best practice supply chain solutions which represent value for money, are innovative and have an emphasis on sustainability and health and safety and deliver outcomes which meet our requirements. Through the delivery of effective procurement, there is also a commitment to creating partnerships with our suppliers.

We continue to maintain strong relationships with our debt providers which involves the provision of regular business updates. These strong relationships have been critical in securing the refinancing of the Group's debt facilities which completed in June 2023. Further information is contained in the Post Balance Sheet Events note 26.

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**Statement by the Directors on performance of their statutory duties in accordance with s172(1)  
Companies Act 2006 (continued)**

**(iv) The impact of the company's operations on the community and the environment**

We take our community responsibilities seriously and work closely with key stakeholders, government agencies and local authorities on a wide range of projects and initiatives including Masterplan, High Speed Two program (HS2) and broader related infrastructure matters. We also take our environmental responsibilities very seriously across all areas such as carbon reduction, water and waste. Managing waste is a key priority and we have implemented an on-site recycling centre that reduces the level and cost of waste going to landfill sites. We are striving continually to become much more carbon efficient and we continue to invest in our infrastructure and systems to drive down our carbon footprint.

**(v) The desirability of the company maintaining a reputation for high standards of business conduct**

The company is a key contributor of economic generation in the West Midlands Region and it has a high profile and generates significant public interest. This makes it particularly important that the standards of business conduct are maintained at a high standard. This is achieved through a suite of company policies which are regularly reviewed.

**(vi) The need to act fairly between members of the company**

The relationship between the company and its members is primarily guided by an Investment Agreement and the limited number of members also enables each group to be represented on the Board of Directors.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Principal risks and uncertainties

The key risks facing the company can be categorised into several key themes:

##### Cost of living crisis

The company is exposed to significant cost increases relating to the increases in general market inflation, particularly in the areas of energy, food and beverage and wages and shortfalls in the availability of skilled employees. The impact has been further compounded through increases in interest rates implemented by the Bank of England in an attempt to bring rising inflation levels under control.

The company has some influence through negotiations with employees and pay rates offered. The company also maintains proactive relationships with key suppliers and has sort to mitigate some of the adverse energy cost inflation through the use of hedging.

The company is further exposed to the impact the crisis will have on the level of visitor expenditure on services including catering and we continue to monitor our service offerings and pricing policy.

##### Business and competitive risks

The company operates in a competitive market where customer experience and development of the venues and services are critical in maintaining competitive advantage. The directors consider that the company's expertise across venues, services, content and data-led market insight, allied with capital investment, will support management of these risks. In addition, the company works closely with customers and supply partners at a strategic level to maintain and enhance its competitive position.

##### Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before contracting and those policies also govern how credit risk is managed on a continuing basis. During the year we have worked closely with key customers to support them through the pandemic and secure the long-term viability of their exhibitions and events. The directors do not regard the concentration or profile of credit risk as being inappropriate for the business.

##### Liquidity risk

The directors believe that the company has sufficient funds available to support its activities over the period of at least 12-months from the date that these Financial Statements were signed (further information is contained in the going concern section of the Directors' Report on page 14). The company has a policy of active management of working capital and rigorous short and long-term cash management processes.

##### Interest rate risk

The company's exposure to interest rate risk is mitigated through fixed rate intercompany borrowings with members of the Group.

##### Other risks

The company is exposed to a number of operational risks which are considered to be part of the normal course of business including cyber crime. The company operates a risk management process and it runs a typical program of general and specific insurance which is reviewed annually, in-line with the scope and level of business activity.

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**Future developments**

The key focus for the coming financial year will be the continued rebuild of the business post COVID-19 and to manage the impact of the cost of living crisis.

However, the directors are pleased with the how the company has responded to date to the challenges presented coming out of the pandemic, and further compounded by the adverse impact of the cost of living crisis, and believe that the decisions and measures taken, together with the recent completion of refinancing of the Group's debt facilities, provides the company with excellent prospects for both the recovery of the company and for it to achieve sustainable earnings progression.

Further key development areas will focus on new business, Masterplan, new venues, data and customer experience, the details of which are provided on pages 3 and 4.

This report was approved by the board on 20 November 2023 and was signed on its behalf by.



Paul Thandi  
Director  
20 November 2023

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their report and the Financial Statements for the year ended 31 March 2023.

#### **Future developments and financial risk management**

The Strategic Report on pages 1 to 12 includes details of the company's financial performance, future developments, statement of engagement with suppliers, customers and others in a business relationship which is covered by s.172 stakeholder engagement, financial risk management and greenhouse gas emissions, energy consumption and energy efficiency action.

#### **Dividends**

No dividend was paid in the year and none is proposed post year end in respect of the year ended 31 March 2023 (2022: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the Financial Statements were:

Paul Thandi  
Richard Ashton  
Paul Errington  
Kevin Watson

#### **Directors indemnity**

The company maintains cover under a qualifying third-party indemnity for all directors and officers against liabilities which may be incurred by them whilst acting as directors and officers. This was in effect throughout the year and it remains so at the date these Financial Statements were signed. The Group maintained directors and officers liability insurance in respect of itself and the company directors throughout the period.

#### **Political contributions**

There were no political donations during the year.



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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Going concern

The company is the core trading entity within the Group headed by LHTCA Midco Limited ("the Group"). The funding for the company and Group is managed centrally and the directors believe that it is therefore appropriate to review the prospects for the company based upon the financial position of the Group as a whole.

On 31 March 2023, the group of companies to which the company belongs had external Senior Loan Facilities that totalled £490.0m which were due to mature in January 2024 and were secured against the various assets of the Group. In addition there was an undrawn Revolving Credit Facility of £70.0m.

In addition to the above external Senior Loan Facilities, the Group had strong liquidity, with a cash balance of £43.7m (2022: £99.7m) as at the balance sheet date. The reduction in cash during the year was driven by the Group repaying £60m of Revolving Credit Facilities including £30m drawn using the governments Coronavirus Large Business Interruption Loan Scheme (CLBILS) that matured in June 2023, which it drew down during the COVID-19 pandemic as a precautionary measure.

The Group operates in the exhibition, events and hospitality sectors, which was one of the most adversely impacted by COVID-19. During the pandemic the Group's various trading sites were closed for business from March 2020 and they remained closed until September 2021 when the final lock-down restrictions were lifted. As a direct result of COVID-19, the Group's cash reserves have been eroded mainly due to servicing its borrowing costs, whilst its customers and the industry sectors in which they operate have also been adversely impacted, resulting in a reduced level of EBITDAE which is not expected to recover to pre-COVID-19 levels until 2025. The challenges this creates for the Group in its recovery post COVID-19, have been exacerbated by the current cost of living crisis and the increases in interest rates, which are significantly increasing the Group's debt servicing costs.

The Group maintains a strong relationship with both its shareholders and its lenders. With their continued support, on 22 June 2023 the Group completed a refinancing of its capital and external Senior Loan Facilities which included:

- Securing a £100.0m equity injection from its existing shareholders;
- Repaying £70.0m of the current £490.0m of external Senior Loan Facilities;
- Amending and extending, effective from 30 June 2023, the remaining external Senior Loan Facilities of £420.0m. This was then split in to two tranches, a £350.0m Tranche A with interest terms the same as the existing facility with a margin of 435 basis points and a £70.0m Tranche B converted to a PIK arrangement with an increased margin of 800 basis points with interest payments deferred for a period of 3 years; and
- Reducing the Revolving Credit Facilities from £70.0m to £30.0m.

This has resulted in an immediate working capital cash injection of £30.0m and will protect the Groups cash position by further reducing or deferring borrowing costs by c.£14.0m p.a.

The directors have prepared a detailed financial forecast for a period of at least 12 months from the date of signing these financial statements which indicates, together with the benefits from the refinancing exercise above, that the Group will retain a positive cash balance throughout the period. Following the lifting of COVID-19 restrictions and the subsequent recommencement of trading in September 2021, the Group has achieved positive trading results.

Using this financial forecast as the baseline, the directors have modelled downside scenarios including a shortfall in EBITDAE delivery and further increases in interest rates which are more than covered by the cash resources available, with further protection available through reducing the level of capital investment in the forecast.

Having assessed the financial position of the company and considered the wider Group using the evidence available to them, the directors have confidence that the company has adequate resources to continue to operate for a period of at least 12 months from the date these Financial Statements were signed. They have therefore concluded that it is appropriate to prepare these Financial Statements on a going concern basis.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Future developments

Please refer to the Strategic Report page 12 for details of future developments.

#### Employees

It is the company's policy to consult regularly with representatives of its employees to exchange relevant information concerning the operation of the company. The company maintains proactive communication throughout the company through a number of ESG groups (including charity & social, diversity & inclusion, accessibility and education) which comprise of employee representatives from throughout the company.

The company is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, race, nationality, ethnic origin, disability, age or religion. These commitments extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal.

The company has a practice of achieving common awareness for all employees in relation to the financial and economic factors that affect the performance of the company.

#### Disabled employees

The company is committed to employment policies, which follow best practice based on equal opportunities for all employees. The company gives full and fair consideration to applications for employment of disabled persons, having regard to their aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled, the company continues employment, either in the same or alternate position, with appropriate re-training being given if necessary.

#### Disclosure of information to auditor

Each of the directors in office at the date the Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor are unaware, and
- the director has taken all steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**Reappointment of auditor**

The auditor, Deloitte LLP, have indicated their willingness to continue in office.

This report was approved by the board on 20 November 2023 and signed on its behalf.



Paul Errington  
Company Secretary  
20 November 2023

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL EXHIBITION CENTRE LIMITED

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## Report on the audit of the financial statements

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### Opinion

In our opinion the financial statements of The National Exhibition Centre Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL EXHIBITION CENTRE LIMITED

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#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL EXHIBITION CENTRE LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the company's environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
  - performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
  - enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
  - reading minutes of meetings of those charged with governance.
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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL EXHIBITION CENTRE LIMITED**

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**Report on other legal and regulatory requirements**

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**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

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Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

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This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Halls, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor

Birmingham, United Kingdom  
20 November 2023



THE NATIONAL EXHIBITION CENTRE LIMITED

INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	Restated <sup>1</sup> 2022 £000
Turnover		186,056	92,098
Cost of sales		(57,518)	(23,940)
<b>Gross profit</b>		<b>128,538</b>	<b>68,158</b>
Other income	3	-	1,311
Administrative expenses		(77,710)	(55,562)
Intangible assets - amortisation	12	(980)	(1,114)
Tangible fixed assets - depreciation	13	(11,014)	(10,784)
Right-of-use assets - depreciation	14	(3,373)	(2,257)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>35,461</b>	<b>(248)</b>
Interest receivable and similar income	8	1,900	1,912
Interest payable and similar expenses	9	(20,586)	(22,727)
Other finance costs	10	(17)	(13)
<b>Profit/(loss) before tax</b>		<b>16,758</b>	<b>(21,076)</b>
Tax on (profit)/loss	11	(1,083)	6,114
<b>Profit/(loss) for the financial year</b>		<b>15,675</b>	<b>(14,962)</b>

The notes on pages 26 to 49 form part of these Financial Statements.

All results are derived from continuing operations.

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

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THE NATIONAL EXHIBITION CENTRE LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023

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		2023 £000	Restated <sup>1</sup> 2022 £000
Profit/(loss) for the financial year		15,675	(14,962)
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain on pension scheme	24	155	33
		155	33
<b>Total comprehensive income for the year</b>		<b>15,830</b>	<b>(14,929)</b>

The notes on pages 26 to 49 form part of these Financial Statements.

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

**THE NATIONAL EXHIBITION CENTRE LIMITED**  
**REGISTERED NUMBER:979395**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Note	2023 £000	Restated <sup>1</sup> 2022 £000
<b>Fixed assets</b>			
Intangible assets	12	2,800	1,815
Tangible assets	13	41,714	42,653
Right-of-use assets	14	207,602	211,582
Investments	15	-	-
		<u>252,116</u>	<u>256,050</u>
<b>Current assets</b>			
Inventories	16	1,455	1,279
Debtors: amounts falling due after more than one year	17	37,031	36,332
Debtors: amounts falling due within one year	17	31,363	32,718
Cash at bank and in hand	18	43,243	99,210
		<u>113,092</u>	<u>169,539</u>
Creditors: amounts falling due within one year	19	(317,947)	(392,795)
<b>Net current liabilities</b>		<u>(204,855)</u>	<u>(223,256)</u>
<b>Total assets less current liabilities</b>		<u>47,261</u>	<u>32,794</u>
Creditors: amounts falling due after more than one year	20	(8)	(1,233)
<b>Net assets excluding pension liability</b>		<u>47,253</u>	<u>31,561</u>
Pension asset		(468)	(606)
<b>Net assets</b>		<u><u>46,785</u></u>	<u><u>30,955</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	10	10
Other reserves		44	(111)
Profit and loss account		46,731	31,056
		<u><u>46,785</u></u>	<u><u>30,955</u></u>

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets. The Financial Statements were approved and authorised for issue by the board on 20 November 2023 and were signed on its behalf by:

**Paul Thandi**  
 Director  
 20 November 2023

The notes on pages 26 to 49 form part of these Financial Statements.

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 April 2022 Restated <sup>1</sup>	10	(111)	31,056	30,955
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	15,675	15,675
Actuarial gain on pension scheme	-	155	-	155
<b>Total comprehensive income for the year</b>	-	155	15,675	15,830
<b>At 31 March 2023</b>	<b>10</b>	<b>44</b>	<b>46,731</b>	<b>46,785</b>

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 April 2021 Restated <sup>1</sup>	10	(144)	46,018	45,884
<b>Comprehensive expense for the year</b>				
Loss for the year	-	-	(14,962)	(14,962)
Actuarial gain on pension scheme	-	33	-	33
<b>Total comprehensive expense for the year</b>	-	33	(14,962)	(14,929)
<b>At 31 March 2022 Restated<sup>1</sup></b>	<b>10</b>	<b>(111)</b>	<b>31,056</b>	<b>30,955</b>

The notes on pages 26 to 49 form part of these Financial Statements.

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

Other reserves relate to actuarial gains in respect of the retirement benefit obligations (Note 24).

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 1. General information

The company is a private company limited by shares, which is incorporated and registered in England and Wales under the Companies Act. The address of its registered office is National Exhibition Centre, Birmingham, B40 1NT.

The nature of the company's operations and its principal activities are outlined in the Strategic Report.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The Financial Statements have been prepared under the historical cost convention apart from investments in group undertakings which are stated at fair value and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 2.22.

The company is a wholly owned subsidiary of Nevada Bidco Limited and is included within the consolidated Financial Statements of the UK group parent undertaking, LHTCA Midco Limited, which may be obtained by written request to the Company Secretary at National Exhibition Centre, Birmingham, B40 1NT. Consequently, the company has taken advantage of the exemption from preparing consolidated Financial Statements under the terms of section 400 of the Companies Act 2006.

The significant accounting policies that have been consistently applied on a going concern basis in the preparation of these Financial Statements are summarised below.

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The company is also exempt from the requirement to present information on standards implemented but not yet effective.

##### 2.3 Associates and joint ventures

Associates and joint ventures are held at cost less impairment.

##### 2.4 Going concern

The company is the core trading entity within the Group headed by LHTCA Midco Limited ("the Group"). The funding for the company and Group is managed centrally and the directors believe that it is therefore appropriate to review the prospects for the company based upon the financial position of the Group as a whole.

On 31 March 2023, the group of companies to which the company belongs had external Senior Loan Facilities that totalled £490.0m which were due to mature in January 2024 and were secured against the various assets of the Group. In addition there was an undrawn Revolving Credit Facility of £70.0m.

In addition to the above external Senior Loan Facilities, the Group had strong liquidity, with a cash balance of £43.7m (2022: £99.7m) as at the balance sheet date. The reduction in cash during the year was driven by the Group repaying £60m of Revolving Credit Facilities including £30m drawn using the governments Coronavirus Large Business Interruption Loan Scheme (CLBILS) that matured in June 2023, which it drew down during the COVID-19 pandemic as a precautionary measure.

The Group operates in the exhibition, events and hospitality sectors, which was one of the most adversely impacted by COVID-19. During the pandemic the Group's various trading sites were closed for business from March 2020 and they remained closed until September 2021 when the final lockdown restrictions were lifted. As a direct result of COVID-19, the Group's cash reserves have been eroded mainly due to servicing its borrowing costs, whilst its customers and the industry sectors in which they operate have also been adversely impacted, resulting in a reduced level of EBITDAE which is not expected to recover to pre-COVID-19 levels until 2025. The challenges this creates for the Group in its recovery post COVID-19, have been exacerbated by the current cost of living crisis and the increases in interest rates, which are significantly increasing the Group's debt servicing costs.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.4 Going concern (continued)

The Group maintains a strong relationship with both its shareholders and its lenders. With their continued support, on 22 June 2023 the Group completed a refinancing of its capital and external Senior Loan Facilities which included:

- Securing a £100.0m equity injection from its existing shareholders;
- Repaying £70.0m of the current £490.0m of external Senior Loan Facilities;
- Amending and extending, effective from 30 June 2023, the remaining external Senior Loan Facilities of £420.0m. This was then split in to two tranches, a £350.0m Tranche A with interest terms the same as the existing facility with a margin of 435 basis points and a £70.0m Tranche B converted to a PIK arrangement with an increased margin of 800 basis points with interest payments deferred for a period of 3 years; and
- Reducing the Revolving Credit Facilities from £70.0m to £30.0m.

This has resulted in an immediate working capital cash injection of £30.0m and will protect the Group's cash position by further reducing or deferring borrowing costs by c.£14.0m p.a.

The directors have prepared a detailed financial forecast for a period of at least 12 months from the date of signing these financial statements which indicates, together with the benefits from the refinancing exercise above, that the Group will retain a positive cash balance throughout the period. Following the lifting of COVID-19 restrictions and the subsequent recommencement of trading in September 2021, the Group has achieved positive trading results.

Using this financial forecast as the baseline, the directors have modelled downside scenarios including a shortfall in EBITDAE delivery and further increases in interest rates which are more than covered by the cash resources available, with further protection available through reducing the level of capital investment in the forecast.

Having assessed the financial position of the company and considered the wider Group using the evidence available to them, the directors have confidence that the company has adequate resources to continue to operate for a period of at least 12 months from the date these Financial Statements were signed. They have therefore concluded that it is appropriate to prepare these Financial Statements on a going concern basis.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.5 Turnover

Turnover comprises the fair value of consideration received or receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

- a) Event related services comprising venue tenancy and ancillary supplies including non-retail catering generated from exhibitions, conferences and events are recognised at the point the service is delivered to the customer and the turnover can be reliably measured. It is measured at the fair value of the consideration received or receivable. Tenancy and ancillary services income invoiced in advance is treated as deferred income at the Statement of Financial Position date.
- b) Retail sales comprising supplies of retail catering, car parking provision and agency fees generated from the sale of tickets are due for payment immediately and recognised at point of sale to the customer.
- c) Property services income from the lease of land and industrial property is recognised when control has transferred to the counterparty. Turnover is measured at the price agreed under the contract. Premiums and discounts including rent free periods are spread over the term of the contract.
- d) Contracts are reviewed annually for impairment and losses and if any are identified they are recognised in the Income Statement.

##### 2.6 Government Grants

Government grants, including the Coronavirus Job Retention Scheme, and other government support received in the year, are recognised once there is reasonable assurance both that the entity will comply with any conditions and that the grant will be received. The company has adopted the accrual model for recognition.

##### 2.7 Intangible assets

Computer application and development costs of major business systems are capitalised and costs are amortised over the useful economic lives of the systems concerned. Ongoing support and maintenance costs, patch releases and minor annual upgrades are expensed in the year they are incurred.

Commercial contracts are capitalised and amortised over the terms of the contract in proportion to the goods or services sold. Commercial contracts are tested annually for impairment.

The estimated useful lives range as follows:

Licences and franchises	-	term of contract
Computer software	-	over periods up to 5 years



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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.8 Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including internal resource costs.

Leasehold properties are right-of-use assets comprising the 125-year Core NEC site lease for the NEC and Resorts World Arena, and 35-year Birmingham city centre leases for the ICC and Utilita Arena Birmingham. These leases have fully paid premiums and no liabilities remain. These assets are depreciated over the shorter of their useful lives and remaining term of the lease.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Land and buildings	- over periods up to 25 years
Long-term leasehold property	- over periods up to 125 years
Fit-out, plant and equipment	- over periods up to 15 years
Motor vehicles	- over periods up to 10 years
Short-term leasehold property	- over periods up to 35 years
Computer hardware	- over periods up to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

##### 2.9 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit 'CGU' to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the average cost of purchase basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If the inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Income Statement.

##### 2.11 Debtors

Short term debtors are measured at transaction price, less any expected credit loss. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any expected credit loss.

##### 2.12 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.13 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

###### Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

###### Fair value through Income Statement

All of the company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in the Income Statement to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the Income Statement includes any dividend or interest earned on the financial asset.

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.13 Financial instruments (continued)**

**Financial liabilities**

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through the Income Statement are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**2.14 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.15 Finance costs**

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.16 Leased assets: the company as lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the company uses an incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments less any lease incentives receivable; and
- The amount expected to be payable by the lessee under any residual value guarantee.

The lease liability is presented as a separate line in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has used this practical expedient.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.17 Pensions - defined benefit EFRB pension plan

The company operates a Employer-Financed Retirement Benefits Scheme (EFRBS) in respect of qualifying senior management. The liability recognised on the Statement of Financial Position is the present value of the unfunded obligation at the reporting date.

The EFRBS obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The interest cost is calculated by applying the discount rate to the unfunded obligation and the cost is recognised in the Income Statement as other finance costs.

##### Pensions - defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

##### 2.18 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

##### 2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties including the impact of discounting where relevant.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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## THE NATIONAL EXHIBITION CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.20 Current taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

##### 2.21 Deferred taxation

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and for carrying amounts in the Financial Statements. However, deferred tax liabilities are not accounted for on the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different entities where there is an intention to settle the balances on a net basis.

##### 2.22 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no material estimates or judgements in relation to these Financial Statements.

#### 3. Other income

	2023 £000	2022 £000
Government Coronavirus Job Retention Scheme grant	-	1,311
	-	1,311

Government grants represent amounts received in respect of the UK Government's Coronavirus Job Retention Scheme. There are no unfulfilled conditions of the grant. It has been accounted for in line with IAS 20 and recognised in the same period in which the related expense was incurred.

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THE NATIONAL EXHIBITION CENTRE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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4. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

		2023 £000	2022 £000
Intangible assets - amortisation	12	980	1,114
Tangible fixed assets - depreciation	13	11,014	10,784
Right-of-use assets - depreciation	14	3,373	2,257
Reversal of impairment of intangible assets	12	-	(50)
Reversal of impairment of tangible fixed assets	13	(1)	(316)
(Reversal of)/impairment of amounts owed to parent company	17	(1,613)	505
Defined contribution pension cost		2,655	1,853
Inventory recognised as an expense		13,060	5,393
		<u>29,468</u>	<u>21,540</u>

5. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the Financial Statements:

	2023 £000	2022 £000
Fees for the audit of the company	<u>148</u>	<u>127</u>
	<u>148</u>	<u>127</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the Group Financial Statements of the parent company.

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**6. Employees**

Staff costs were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>32,608</b>	19,617
Social security costs	<b>3,320</b>	1,829
Other pension costs	<b>2,655</b>	1,853
	<b>38,583</b>	23,299

Staff costs above includes £5.2m (2022:£1.8m) in respect of a pool of 1,328 casual workers and zero-hour employees as at 31 March 2023 (31 March 2022: 947) who are not included in the average monthly number of permanent employees set out below.

The average monthly number of permanent employees, including the directors, during the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Conventions & Exhibitions	<b>100</b>	66
Arenas & Ticketing	<b>93</b>	73
Catering	<b>254</b>	167
Group Support Functions	<b>206</b>	178
	<b>653</b>	484

**7. Directors' remuneration**

In the year ended 31 March 2023 directors' emoluments were paid by LHTCA Bidco Limited and they were recharged back to the company through the provision of management services. The directors do not believe that it is practical to apportion remuneration between their services as qualifying directors or employees of the company or of fellow subsidiary companies.

The highest paid director disclosure is included in the LHTCA Midco Limited Financial Statements.

**8. Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from subsidiary	<b>1,900</b>	1,884
Other interest receivable	<b>-</b>	28
	<b>1,900</b>	1,912



**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**9. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Loans from group undertakings	<b>20,519</b>	22,566
Finance leases and hire purchase contracts	<b>67</b>	161
	<b>20,586</b>	22,727

**10. Other finance costs**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Net interest on net defined benefit liability	<b>17</b>	13

**11. Tax on profit/(loss)**

	<b>2023</b>	<b>Restated<sup>1</sup></b>
	<b>£000</b>	<b>2022</b>
		<b>£000</b>
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	563
<b>Total current tax</b>	-	563
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>635</b>	(1,788)
Changes to tax rates	-	(3,485)
Adjustments in respect of prior periods	<b>448</b>	(1,404)
<b>Total deferred tax</b>	<b>1,083</b>	(6,677)
<b>Taxation on profit/(loss)</b>	<b>1,083</b>	(6,114)

The directors forecast that deferred tax assets will reverse against taxable profits in the next six years. There are no unrecognised deferred tax assets.

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

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THE NATIONAL EXHIBITION CENTRE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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11. Tax on profit/(loss) (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax of 19% (2022 - 19%). The differences are explained below:

	2023 £000	Restated <sup>1</sup> 2022 £000
Profit/(loss) before tax	16,758	(21,076)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	3,184	(4,004)
Effects of:		
(Credits)/expenses not (chargeable)/deductible for tax purposes, other than goodwill amortisation and impairment	(58)	253
Adjustments in respect of prior periods	448	(841)
Change to tax rate	-	(3,485)
Group relief for nil consideration	(2,491)	1,963
Total tax charge for the year	1,083	(6,114)

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

Factors that may affect future tax charges

In his budget on 3 March 2021 the Chancellor of the Exchequer announced an increase in the rate of UK corporation tax from 19% to 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax balances at 31 March 2022 which are expected to reverse after 1 April 2023 have been calculated at 25%.

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**12. Intangible assets**

	Computer software £000	Intangible assets under development £000	Total £000
<b>Cost</b>			
At 1 April 2022	8,432	218	8,650
Additions	271	1,688	1,959
Transfer between classes	-	6	6
At 31 March 2023	<u>8,703</u>	<u>1,912</u>	<u>10,615</u>
<b>Amortisation</b>			
At 1 April 2022	6,800	35	6,835
Charge for the year	980	-	980
At 31 March 2023	<u>7,780</u>	<u>35</u>	<u>7,815</u>
<b>Net book value</b>			
At 31 March 2023	<u>923</u>	<u>1,877</u>	<u>2,800</u>
At 31 March 2022	<u>1,632</u>	<u>183</u>	<u>1,815</u>

Due to the impact of COVID-19, in 2021 a number of projects were suspended for the foreseeable future or aborted to protect cash resources as a result of which, £85,000 of costs that had been incurred were expensed in the year ended 31 March 2021. During 2022 projects amounting to £50,000 were reinstated and the impairment charge reversed and credited to the Income Statement.

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**13. Tangible assets**

	Land and buildings £'000	Fit-out, plant and equipment £'000	Motor vehicles £'000	Computer hardware £'000	Construction in progress £'000	Total £'000
<b>Cost</b>						
At 1 April 2022	31,415	39,801	1,341	18,422	2,675	93,654
Additions	819	5,211	55	961	3,108	10,154
Disposals	0	0	0	0	(24)	(24)
Capital contribution	0	(50)	0	0	0	(50)
Transfer between classes	388	604	0	12	(1,010)	(6)
At 31 March 2023	32,622	45,566	1,396	19,395	4,749	103,728
<b>Depreciation</b>						
At 1 April 2022	15,782	19,762	810	13,198	1,449	51,001
Charge for the year	3,153	4,625	116	3,120	0	11,014
Reversal of impairment charge	0	0	0	0	(1)	(1)
At 31 March 2023	18,935	24,387	926	16,318	1,448	62,014
<b>Net book value</b>						
At 31 March 2023	13,687	21,179	470	3,077	3,301	41,714
At 31 March 2022	15,633	20,039	531	5,224	1,226	42,653

Construction of assets in progress relate to the replacement, major refurbishment and upgrade of long-term leasehold property, plant and equipment and computer hardware that are expected to be completed in the year ending 31 March 2024. Due to the impact of COVID-19, in 2021 a number of projects were suspended for the foreseeable future or aborted to protect cash resources as a result of which, £2.4m of costs incurred to date were expensed in the year ended 31 March 2021. During 2022 projects amounting to £0.3m were reinstated and the impairment charge reversed and credited to the Income Statement in 2022.

THE NATIONAL EXHIBITION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

14. Right-of-use assets

	Long-term leasehold property £'000	Short-term leasehold property £'000	Fit-out, plant and equipment £'000	Motor vehicles £'000	Computer hardware £'000	Total £'000
<b>Cost</b>						
At 1 April 2022	207,626	13,658	268	32	5,226	226,810
Additions	0	0	0	0	1	1
Disposals	(646)	(4)	(232) <sup>a</sup>	(15)	0	(897)
At 31 March 2023	206,980	13,654	36	17	5,227	225,914
<b>Depreciation</b>						
At 1 April 2022	11,489	3,320	236	8	175	15,228
Charge for the year	1,661	368	24	12	1,308	3,373
Disposals	(41)	0	(233)	(15)	0	(289)
At 31 March 2023	13,109	3,688	27	5	1,483	18,312
<b>Net book value</b>						
At 31 March 2023	193,871	9,966	9	12	3,744	207,602
At 31 March 2022	196,137	10,338	32	24	5,051	211,582

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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**15. Investments**

**Investments in subsidiary**

Investment in subsidiary companies relate to a 100% shareholding in NEC Property (Number One) Limited (see note 28).

**Investment in associates**

At the 31 March 2022 the investment in associates related to a 20% holding in World's Biggest Productions Limited (WBPL). The carrying value at 31 March 2022 was £Nil with the investment being fully impaired. The company sold 100% of this holding on 5 May 2022.

**16. Inventories**

	<b>2023 £000</b>	<b>2022 £000</b>
Raw materials and consumables	<b>606</b>	573
Work in progress (goods to be sold)	<b>849</b>	706
	<b><u>1,455</u></b>	<b><u>1,279</u></b>

Provisions of £259,000 (2022: £230,000) have been provided to write-down the carrying value of slow moving inventory.

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**17. Debtors**

		<b>2023 £000</b>	<b>2022 £000</b>
<b>Due after more than one year</b>			
Amounts owed by group undertakings		<b>21,504</b>	19,722
Deferred tax asset	22	<b>15,527</b>	16,610
		<b>37,031</b>	<b>36,332</b>

Amounts owed by group undertakings includes a loan to NEC Property (Number One) Limited provided on 1 May 2015, with a principal of £19,760,000. The interest accrues at a coupon of 8.5% per annum. Interest of £1,900,000 was accrued in the year of which £1,731,000 was paid (2022: £1,884,000 was accrued in the year of which £1,132,000 was paid). At 31 March 2023 there is a provision against the loan of £1,295,000 (2022: £2,908,000).

		<b>2023 £000</b>	<b>2022 £000</b>
<b>Due within one year</b>			
Trade debtors		<b>16,223</b>	17,824
Amounts owed by group undertakings		<b>9,898</b>	10,086
Other debtors		<b>1</b>	43
Prepayments and accrued income		<b>5,241</b>	4,765
		<b>31,363</b>	<b>32,718</b>

The amounts owed by group undertakings are unsecured, interest-free and there are no formal arrangements for the repayment of the amounts and consequently this amount is repayable on demand.

**18. Cash at bank and in hand**

		<b>2023 £000</b>	<b>2022 £000</b>
Bank current accounts		<b>43,202</b>	99,164
Cash balances		<b>41</b>	46
		<b>43,243</b>	<b>99,210</b>

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**19. Creditors: amounts falling due within one year**

		<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Trade creditors		15,798	11,364
Amounts owed to group undertakings		210,358	281,678
Other taxation and social security		3,352	2,017
Lease liabilities	21	1,163	2,229
Other creditors		421	367
Accruals		54,029	45,688
Deferred income		32,826	49,452
		<u>317,947</u>	<u>392,795</u>

Amounts owed to group undertakings represent the following:

1. Unsecured loan granted on 1 May 2015 of £236,645,803 due to Nevada Bidco Limited, the immediate parent company. Interest accrues at coupon of 8.5% per annum and unpaid interest is rolled up annually. Interest of £15,369,000 was accrued in the year and £91,840,000 was paid (2022: £18,658,000 was accrued in the year and £41,475,000 was paid).

2. Unsecured loan granted on 10 December 2020 of £71,350,000 due to LHTCA Bidco Limited, a parent company. Interest accrues at a coupon equal to the average of the rate of SONIA of the first and last day of the relevant interest coupon period plus a margin of 4.35% per annum and unpaid interest is rolled up annually. Interest of £5,150,000 was accrued in the year and £Nil was paid (2022: £3,908,000 was accrued in the year and £Nil was paid).

Remaining amounts owed to group undertakings are unsecured, interest-free and there are no formal arrangements for the repayment of the amounts and consequently this amount is repayable on demand.

**20. Creditors: amounts falling due after more than one year**

		<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Lease liabilities	21	8	1,233
		<u>8</u>	<u>1,233</u>



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**THE NATIONAL EXHIBITION CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**21. Lease liabilities**

Future minimum lease payments for:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Within one year	1,171	2,357
Between 1-5 years	9	1,180
Future finance charges on lease liabilities	(9)	(75)
	<u>1,171</u>	<u>3,462</u>

All leases can be terminated and have various terms covering renewal rights.

**22. Deferred taxation**

	<b>2023</b>
	<b>£000</b>
At 1 April (restated)	16,610
Charged to Income Statement	(1,083)
<b>At 31 March 2023</b>	<u><b>15,527</b></u>

The deferred tax asset is made up as follows:

	<b>2023</b>	Restated <sup>1</sup>
	<b>£000</b>	<b>2022</b>
		<b>£000</b>
Capital allowances	10,420	11,021
Tax losses carried forward	4,990	5,437
Pension credits	117	152
	<u>15,527</u>	<u>16,610</u>

<sup>1</sup> See note 23 for details regarding the restatement of the tax treatment of certain historical deferred tax assets.

The directors forecast that deferred tax assets will reverse against taxable profits in the next six years. There are no unrecognised deferred tax assets.

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Restatement of historical deferred tax treatment**

The company completed a review of the carrying value of deferred tax assets relating to property, plant and equipment and identified it was taking an overly-prudent position relating to the tax bases used from certain categories of asset which resulted in the understatement of the historical carrying value for these deferred tax assets. The impact of this change to the previous accounting periods results is set out below.

**Income Statement & Statement of Comprehensive Income (extract)**

	2022	2022	2022
	Reported	Increase	Restated
	£'000	£'000	£'000
Loss before taxation	(21,076)	-	(21,076)
Taxation	3,994	2,120	6,114
Loss for the year	(17,082)	2,120	(14,962)
Other comprehensive income for the year	33	-	33
Loss for the year	(17,049)	2,120	(14,929)

**Statement of Financial Position (extract)**

	2022	2022	2022	2021	2021	2021
	Reported	Increase	Restated	Reported	Increase	Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Debtors due after more than one year - Deferred tax asset	13,828	2,782	16,610	9,271	662	9,933
<b>Total net assets</b>	<b>28,173</b>	<b>2,782</b>	<b>30,955</b>	<b>45,222</b>	<b>662</b>	<b>45,884</b>
Retained earnings	28,274	2,782	31,056	45,356	662	46,018
<b>Total equity</b>	<b>28,173</b>	<b>2,782</b>	<b>30,955</b>	<b>45,222</b>	<b>662</b>	<b>45,884</b>

**THE NATIONAL EXHIBITION CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Pension liability**

The company recognises obligations in relation to an unfunded EFRB pension fund in respect of historic service contracts.

The company provides a contributory benefit group personal pension plan and contributes to an agreed maximum. The employee benefit expense is recognised as it accrues (see note 6).

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Present value of wholly unfunded plan liabilities	<b>(468)</b>	<b>(606)</b>
<b>Net pension scheme liability</b>	<b>(468)</b>	<b>(606)</b>

The amounts recognised in the Income Statement are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest on obligation	<b>(17)</b>	<b>(13)</b>
<b>Total</b>	<b>(17)</b>	<b>(13)</b>

Reconciliation of fair value of plan liabilities were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	<b>(606)</b>	<b>(626)</b>
Interest cost	<b>(17)</b>	<b>(13)</b>
Actuarial gain on liabilities due to change in financial assumptions	<b>155</b>	<b>33</b>
<b>Closing defined benefit obligation</b>	<b>(468)</b>	<b>(606)</b>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £155,000 (2022 - £33,000).

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Discount rate at 31 March	<b>4.8</b>	<b>2.75</b>
RPI inflation rate	<b>3.1</b>	<b>3.5</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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25. Called up share capital

	2023 £	2022 £
<b>Called up and fully paid</b>		
10,000 (2022 - 10,000) Ordinary shares of £1 each held by Nevada Bidco Limited	<u>10,000</u>	<u>10,000</u>

26. Post balance sheet events

Subsequent to the balance sheet date, as explained in the going concern disclosure note 2.4, several measures focused around refinancing the Group's existing Senior Facility Loan have been taken to support the Group and company through the post COVID-19 recovery period and the cost of living crisis. This included securing a £100.0m equity injection from the existing shareholders. This injection was made through a new Jersey incorporated entity, LHTCA New Holdco Limited, which used the £100.0m to acquire the 100% interest in LHTCA Topco Limited on 22 June 2023, and from this date became the new ultimate parent to the Group and company. £30.0m of this funding was then provided to the company for working capital through an inter-company loan.

On the 13 July 2023 the company announced changes to the Senior Leadership Team that comprised of:

- The director and current Group CEO Paul Thandi will be stepping aside from his current role and assuming the role of Group Chairman from the 4 September 2023; and
- The director and current Group CFO Richard Ashton would be leaving the Group around November 2023.

27. Ultimate parent undertaking

Nevada Bidco Limited is the immediate parent company.

As at the 31 March 2023, the directors regarded LHTCA Topco Limited, a company incorporated in Jersey, as the ultimate parent undertaking. At the date of signing, the directors regard LHTCA New Holdco Limited, a company incorporated in Jersey as the ultimate parent undertaking (see Note 26). The largest and smallest group in which the results of the company are consolidated is that headed by LHTCA Midco Limited. Copies of the company and group consolidated Financial Statements may be obtained by written request to the Company Secretary at the registered office; National Exhibition Centre, Birmingham, B40 1NT.

The company's controlling party is The Blackstone Group Incorporated, a Delaware corporation.

28. Subsidiary undertaking and associates

**NEC Property (Number One) Limited**

NEC Property (Number One) Limited is a wholly owned subsidiary of the company. NEC Property (Number One) Limited is a company incorporated and registered in England and Wales on 16 December 2014. The company is an investment property holding company, formed to hold long term property leasehold interests in land on which Resorts World Birmingham has been developed.

Registered address: National Exhibition Centre, Birmingham, B40 1NT.