

Registered number: 03301940

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022



THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

COMPANY INFORMATION

DIRECTORS

A Jarrett
M Sajid

COMPANY SECRETARY

G A Dean

REGISTERED NUMBER

03301940

REGISTERED OFFICE

Legal Services
10 Woodcock Street
Birmingham
B7 4BL

INDEPENDENT AUDITOR

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
17th Floor
103 Colmore Row
Birmingham
B3 3AG

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

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THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their Strategic report on the Company for the year ended 31 March 2022.

INTRODUCTION AND PRINCIPAL ACTIVITY

The sole function of the Company is the servicing of the finance originally raised to fund the construction of halls 17 to 20 at the National Exhibition Centre, Birmingham.

BUSINESS REVIEW

During the year the Company operated in line with expectations and Birmingham City Council ("BCC") made an effective contribution to the Company of £58,000 (2021: £55,000), which has been recognised as a capital contribution. This was required to enable the Company to continue to meet its administrative expenses. The Company was in a net asset position of £5,081,000 at 31 March 2022 (2021: £6,001,000) following a loss in the year of £978,000 (2021: £975,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties continue to be focused on the financial risks of the Company.

The Company's financial instruments comprise borrowings, cash equivalents and items such as debtors and creditors that arise directly from its activities.

It is the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and those policies are summarised below. These policies are unchanged from the prior period.

Liquidity risk

Company policy is to ensure continuity of available funding by making BCC aware of the Company's likely cashflow requirements and their timing as BCC meets the costs related to the 2027 Loan Stock and reimburses the Company's administrative expenses to enable the Company to meet its future liabilities as they fall due.

Credit risk

The Company is dependent on receipts of funds from BCC to meet its liabilities as they fall due. Notwithstanding the impact of Covid-19 and other macro-economic factors on BCC, the directors consider the credit risk to be low owing to the fact that BCC is a Local Authority with a strong income and asset base and has prepared its most recent Statement of Accounts on the going concern basis irrespective of the statutory requirement within the Code of Practice on Local Authority Accounting 2021/22 to prepare its accounts on that basis.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS

The directors consider the ongoing activities of the Company to be straightforward and that there are no Key Performance Indicators for the Company. The directors review the level of administrative expenses incurred in each financial year and budgeted for forthcoming financial years to ensure that sufficient funding is requested from BCC to enable the continued day-to-day operations of the Company for the foreseeable future.

STATEMENT BY THE DIRECTORS ON THE PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

Whilst the activities of the Company are limited, and the Company operates without employees, the Board of Directors of the National Exhibition Centre (Developments) Plc have acted in a way they consider to be most likely to promote the success of the Company for the benefit of its Members as a whole in the decisions taken during the year ended 31 March 2022.

The likely consequences of any decision on the long term

The Directors review the level of expenditure incurred in each financial year and budgeted for forthcoming financial years to ensure that sufficient funding is requested from BCC to enable the continued day-to-day operations of the Company for the foreseeable future.

The need to act fairly between Members of the Company

The relationship between the Company and BCC is primarily guided by the guarantee given to the Company in relation to the 2027 loan stock, and BCC's agreement to make payments to the Company, to enable it to meet all other liabilities as they fall due for at least 12 months following the date of approval of these financial statements.

This report was approved by the board on 9 September 2022 and signed on its behalf.

A JARRETT
Director

Alison Jarrett

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £978,000 (2021: £975,000).

The directors do not propose to pay a dividend (2021: £Nil).

FUTURE DEVELOPMENTS

The directors do not anticipate any changes to the Company's current activities for the foreseeable future.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

RISK MANAGEMENT

Information on the Company's exposure to liquidity and credit risk as well as its financial risk management objectives and policies, is set out within the Strategic Report on page 1.

DIRECTORS

The directors who served during the year and up to the date of approval of these financial statements were:

A Jarrett

A Layton (resigned 20 October 2021)

M Sajid (appointed 20 October 2021)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Birmingham City Council maintains Directors and Officers insurance which both the Company and directors have the benefit of.

CORPORATE GOVERNANCE

The Company has a listed security in issue and is required to comply with the applicable sections DTR7.1 and DTR7.2 of the Financial Conduct Authority ("FCA") handbook. As the Company does not have a Premium Listing, the Directors are not required to apply the UK Corporate Governance Code. Information about the corporate governance practices applied by the Directors, which are considered to be reasonable and proportionate in the context of the Company, is as follows:

The Board

The Board comprises two Board members and is responsible for managing the affairs of the Company. It meets a minimum of once a year to discuss the requirements of the Company. The Board approves the Company's annual budget, the resources for which are included within BCC's plans. Given the nature of the Company and that it has no employees, it is not considered necessary to apply a formal diversity policy in accordance with DTR 7.2.8.

Capital structures

1,000 ordinary shares of £1 each have been issued which are fully paid. The shares carry the rights to appoint and remove the Directors. BCC holds all the ordinary shares. 100,000 preference shares of £1 each have been issued which are fully paid and all held by BCC.

Financial reporting

The Board meets to review and approve the Annual Report of the Company and to consider its expenditure against approved budgets. The Board also monitors the statutory audit of the annual report including the independence of the external statutory auditor.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Internal control and risk management

In addition to the above, the Board of Directors is supported in its monitoring of internal control and risk management by BCC's Audit Committee. The purpose of BCC's Audit Committee is to support the Council's Corporate Governance responsibilities and to provide independent assurance to BCC in relation to internal control, risk management and governance. It also monitors and regularly reviews BCC's internal audit function. The Board considers that the existing internal controls are sufficient for the Company although this is considered annually.

The Strategic Report on pages 1 and 2 includes detail of stakeholder and employee engagement.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 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 judgments 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 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.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors confirm that:

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

AUDITOR

A resolution to re-appoint Grant Thornton UK LLP as auditor to the company will be proposed at the annual general meeting.

This report was approved by the board on 9 September 2022 and signed on its behalf.

A JARRETT
Director

Alison Jarrett

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

Independent auditor's report to the members of The National Exhibition Centre (Developments) Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of The National Exhibition Centre (Developments) Plc (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 FRC's Ethical Standard as applied to listed public interest entities, 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.


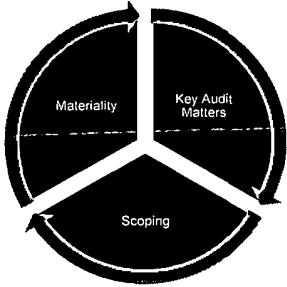
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

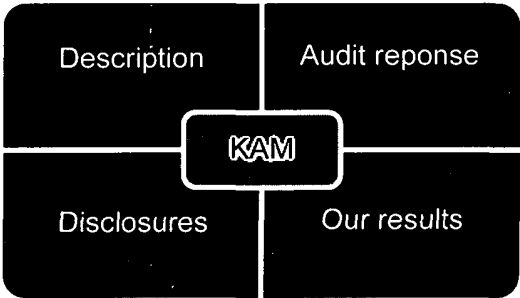
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Our approach to the audit

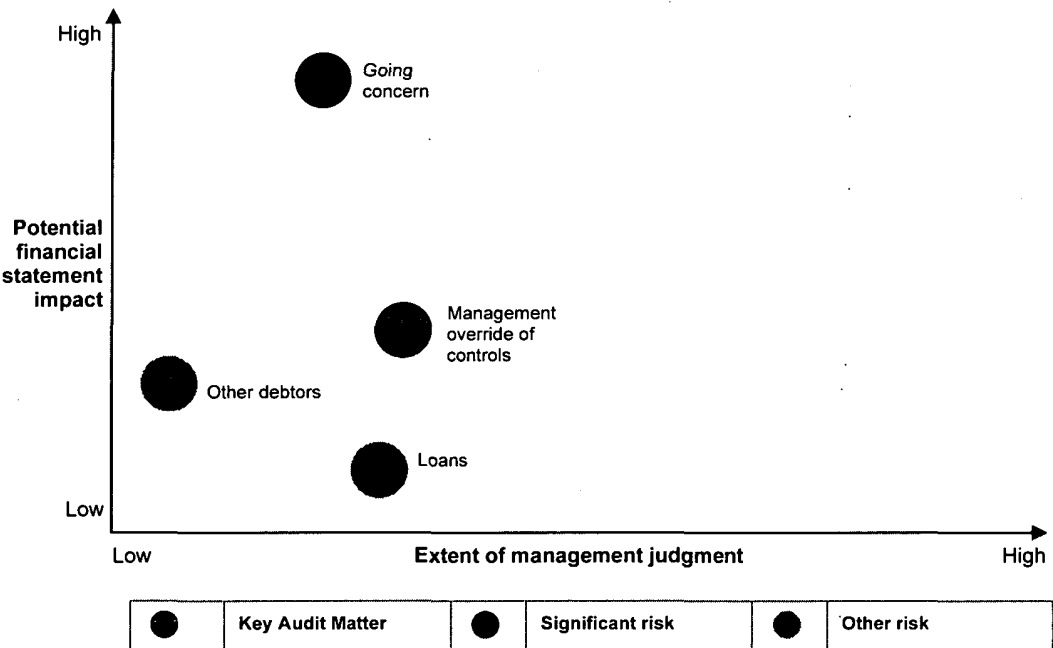
 	Overview of our audit approach
	Overall materiality: £782,000, which represents 1% of the Company's total assets.
	One Key Audit Matter was identified, being the going concern basis of accounting. This was also identified as a Key Audit Matter in our auditor's report for the year ended 31 March 2021. Our auditor's report for the year ended 31 March 2021 included no Key Audit Matters that have not been reported as Key Audit Matters in our current year's report.
	We performed full-scope audit procedures on the financial statements of the Company.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the Key Audit Matters, significant risks and other risks relevant to the audit.



THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

Key Audit Matter

How our scope addressed the matter

Going concern

We identified going concern as one of the most significant assessed risks of material misstatement due to fraud and error.

The Company is wholly reliant on its parent, Birmingham City Council ('BCC'), for funds in order to meet its liabilities as they fall due.

Substantially all of these funds are provided by BCC under an agreement to settle the interest arising and capital due on the loan stock issued by the Company.

This agreement has a carrying value within the Company's balance sheet of £78,081,000 at 31 March 2022 (2021: £79,000,000).

There is a risk, if BCC is unable or unwilling to provide these funds to the Company, that the Company would not be a going concern.

In responding to the Key Audit Matter, we performed the following audit procedures:

- obtained, read and assessed the guarantee provided by BCC to settle the interest arising and capital due on the loan stock issued by the Company;
- corroborated the existence of the above guarantee by reading the disclosures given in relation to it within BCC's most recent publicly available Statement of Accounts, which also confirmed that the related liability is recognised in BCC's Balance Sheet;
- obtained and read the letter of financial support provided by BCC to the directors of the Company and confirmed that its scope is sufficient to ensure the Company will be able to meet all of its liabilities, including those not covered by the above guarantee, as they fall due, and substantiated it by reference to BCC's Statement of Accounts; and
- checked the sufficiency and appropriateness of related disclosures within the financial statements of the Company.

Relevant disclosures in the Annual Report 2022

Financial statements: Note 2.1, Basis of preparation of financial statements; and Note 10, Debtors.

Our results

We have nothing to report in addition to the 'Conclusions relating to going concern' section of our report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£782,000, which represents 1% of the Company's total assets.
Significant judgements made by auditor in determining the materiality	<p>In determining materiality, we considered this benchmark to be the most appropriate because the Company is non-trading with its primary function being the servicing of its debt, and its ability to service this debt is driven by the asset base it holds.</p> <p>A measurement percentage of 1% was determined because although the Company has listed debt, it is a non-trading wholly owned subsidiary and therefore has fewer stakeholders than a stand-alone business, allowing a higher measurement percentage to be selected than would otherwise be possible.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2021 reflecting the Company's reduced asset base from the previous year.</p>
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

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Materiality measure Company

Performance materiality threshold £548,000, which is 70% of financial statement materiality.

Significant judgements made by auditor in determining the performance materiality The performance materiality threshold has been set at 70% of financial statement materiality to reflect that, whilst the control environment is considered to be reasonable in the context of the nature of the Company, there were *unadjusted misstatements identified in the prior year audit which were considered likely to recur in the current year audit.*

Specific materiality We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

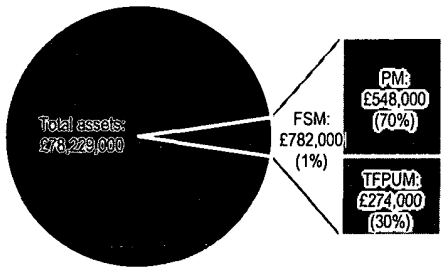
Specific materiality We determined a lower level of specific materiality for related party transactions other than those with the Company's parent undertaking.

Communication of misstatements to the Board of directors We determine a threshold for reporting unadjusted differences to the Board of directors.

Threshold for communication £35,100 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



FSM: Financial statements materiality
PM: Performance materiality
TFPUM: Tolerance for potential uncorrected misstatements

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Company's business and in particular matters related to:

Understanding the Company its environment, including the controls

We obtained an understanding of Company, including the controls, and assessed the risks of material misstatement.

Work to be performed on financial information of the Company (including how it addressed the Key Audit Matters)

We performed a full scope audit of the financial statements of the Company. We identified going concern as a Key Audit Matter and the work that we performed to address this is as described in the Key Audit Matter table above.

Performance of our audit

We performed our audit remotely.

Changes in approach from previous year

There were no significant changes in our audit approach from that of the prior year.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

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.

Matters on which we are required to report under the Companies Act 2006

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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

Responsibilities of directors for the financial statements

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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company. We determined that the following laws and regulations were most significant: Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and relevant taxation legislation.
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management and we corroborated our inquiries through our review of Board minutes;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included:
 - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
 - challenging assumptions and judgments made by management in its significant accounting estimates; and
 - identifying and testing journal entries.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
 - understanding of the legal and regulatory requirements specific to the Company.
- The engagement team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud through management override of controls in the preparation of the financial statements although this not identified as a Key Audit Matter.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

Other matters which we are required to address

We were appointed by the Board of directors on 28 February 2022 to audit the financial statements for the year ending 31 March 2022.

Our total uninterrupted period of engagement is seven years, covering the periods ending 31 March 2016 to 31 March 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Board of directors.

Use of our report

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.

Grant Thornton UK LLP

Matthew Buckingham BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 9 September 2022

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

		2022	2021
	Note	£000	£000
Administrative expenses		(58)	(55)
Operating loss		(58)	(55)
Interest receivable and similar income	7	4,601	4,601
Interest payable and expenses	8	(5,521)	(5,521)
Loss before tax		(978)	(975)
Tax on loss	9	-	-
Loss for the year		(978)	(975)
Total comprehensive income for the year		(978)	(975)

The result for the year is derived wholly from continuing operations.
The notes on pages 16 to 24 form part of these financial statements.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC
REGISTERED NUMBER: 03301940

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Current assets			
Debtors: amounts falling due after more than one year	10	77,161	78,080
Debtors: amounts falling due within one year	10	967	967
Cash and cash equivalents	11	101	101
		<u>78,229</u>	<u>79,148</u>
Creditors: amounts falling due within one year	12	(48)	(47)
Net current assets		<u>78,181</u>	<u>79,101</u>
Total assets less current liabilities		<u>78,181</u>	<u>79,101</u>
Creditors: amounts falling due after more than one year	13	(73,100)	(73,100)
Net assets		<u><u>5,081</u></u>	<u><u>6,001</u></u>
Capital and reserves			
Called up share capital	17	1	1
Capital contribution reserve	18	14,125	14,067
Profit and loss account	18	(9,045)	(8,067)
Total equity		<u><u>5,081</u></u>	<u><u>6,001</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Alison Jarrett

A Jarrett
 Director

Date: 9 September 2022

The notes on pages 16 to 24 form part of these financial statements.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2022**

	Share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2021	1	14,067	(8,067)	6,001
Comprehensive income for the year				
Loss for the year	-	-	(978)	(978)
Total comprehensive income for the year	-	-	(978)	(978)
Contributions by owners				
Capital contributions	-	58	-	58
Total transactions with owners	-	58	-	58
At 31 March 2022	1	14,125	(9,045)	5,081

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2021**

	Share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2020	1	14,012	(7,092)	6,921
Comprehensive income for the year				
Loss for the year	-	-	(975)	(975)
Total comprehensive income for the year	-	-	(975)	(975)
Contributions by owners				
Capital contributions	-	55	-	55
Total transactions with owners	-	55	-	55
At 31 March 2021	1	14,067	(8,067)	6,001

The notes on pages 16 to 24 form part of these financial statements.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £000	2021 £000
Cash flows from operating activities		
Loss for the financial year	(978)	(975)
Adjustments for:		
Interest payable	5,521	5,521
Interest receivable	(4,601)	(4,601)
Reduction in net current assets	1	2
Net cash used in operating activities	(57)	(53)
Cash flows from financing activities		
Interest paid	(5,521)	(5,521)
Amounts received under loan guarantee	5,521	5,521
Capital contributions received	57	53
Net cash generated by financing activities	57	53
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	101	101
Cash and cash equivalents at the end of year	101	101
Cash and cash equivalents at the end of year comprise:		
Cash equivalents	101	101

The notes on pages 16 to 24 form part of these financial statements.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

The National Exhibition Centre (Developments) Plc (the "Company") services the debt raised to fund the construction of Halls 17 to 20 at the National Exhibition Centre, Birmingham.

The Company is a public company limited by shares, incorporated in England and Wales, with loan stock that is traded on the London Stock Exchange. The address of its registered office is 10 Woodcock Street, Birmingham, B7 4BL.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in GBP and rounded to the nearest £'000.

The Company has no source of funds other than Birmingham City Council ("BCC"). BCC has given a guarantee to the Company in relation to the 2027 Loan Stock and has agreed to make payments to the Company to enable it to meet all of its other liabilities as they fall due in the Company's going concern assessment period which is to 31 March 2024. Notwithstanding the impact of Covid-19 on BCC, BCC has prepared its most recent Statement of Accounts on the going concern basis (with no disclosure of material uncertainty in relation to going concern) irrespective of the statutory requirement within the Code of Practice on Local Authority Accounting 2021/22 to prepare its accounts on that basis. The going concern basis is therefore adopted in preparing the financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Cash and cash equivalents

Cash equivalents are amounts held with Birmingham City Council repayable on demand without penalty on notice of not more than 24 hours.

2.3 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like accounts receivable and payable and loans from related parties.

As permitted by FRS 102 11.2, the Company has applied the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement to all of its financial instruments. As IAS 39 has been superseded by IFRS 9 Financial Instruments, the Company has applied the version of IAS 39 that applied immediately prior to IFRS 9 superseding IAS 39.

The Company has financial assets in the loans and receivables category which subsequent to initial measurement at fair value, net of transaction costs, are measured at amortised cost using the effective interest rate method less any impairment.

The Company's financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

The Company's financial liabilities are not classified as fair value through profit or loss and are therefore measured initially at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest rate method.

Short term creditors are measured at fair value and subsequently at amortised cost.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.5 Interest income

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

2.6 Taxation

Tax is recognised in profit or loss, except that a change 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax is recognised in respect of all timing differences at the reporting date, except that deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors have made the following judgments and estimates in preparing the financial statements:

Judgments

The potential deferred tax asset referred to in note 9 has not been recognised on the basis of uncertainty in relation to its future recovery.

Estimates

No material estimation uncertainties exist at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****4. OPERATING SEGMENTS**

There is not considered to be more than one reportable segment.

5. AUDITOR'S REMUNERATION

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts excluding VAT	36	35

6. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2021: £Nil).

The directors are considered to be the key management personnel of the company.

7. INTEREST RECEIVABLE

	2022 £000	2021 £000
Interest receivable on loan guarantee	4,601	4,601

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £000	2021 £000
Interest payable on 7.5625% Guaranteed Unsecured Loan Stock 2027	5,521	5,521

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****9. TAXATION**

The corporation and deferred tax charges are £nil (2021: £nil).

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Loss on ordinary activities before tax	(978)	(975)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(186)	(185)
Effects of:		
Unrelieved tax losses carried forward	186	185
Total tax charge for the year	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The March 2021 Budget Statement announced changes to the UK Corporation tax regime which will increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

DEFERRED TAX ASSET

Deferred tax in relation to corporation tax losses of £10,905,000 (2021: £9,927,000) has not been recognised on the basis of uncertainty in relation to its future recoverability. At the balance sheet date the total unrecognised deferred tax amounts to £2,726,000 (2021: £2,482,000).

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. DEBTORS

	2022 £000	2021 £000
Due after more than one year		
Other debtors	<u>77,161</u>	<u>78,080</u>
Due within one year		
Amounts owed by group undertakings	46	46
Other debtors	920	920
Prepayments and accrued income	1	1
	<u>967</u>	<u>967</u>

Other debtors comprise the value of an unsecured guarantee provided by Birmingham City Council to settle the interest arising and capital due on the loan stock issued by the Company (see notes 13 and 14) as part of the arrangement to transfer the fixed asset interests of the Company to The National Exhibition Centre Limited on 1 May 2015.

In accordance with the Company's accounting policy for loans and receivables financial assets, the guarantee was initially recognised at fair value, as determined by the market value of the loan stock on the date of the transaction, and is being amortised at its effective interest rate over the remaining period until the loan stock matures.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****11. CASH AND CASH EQUIVALENTS**

	2022 £000	2021 £000
Cash equivalents	101	101

12. CREDITORS: Amounts falling due within one year

	2022 £000	2021 £000
Accruals	48	47
	48	47

13. CREDITORS: Amounts falling due after more than one year

	2022 £000	2021 £000
Other loans	73,000	73,000
Share capital treated as debt	100	100
	73,100	73,100

Disclosure of the terms and conditions attached to the non-equity shares is made in note 17.

Disclosure of the terms and conditions attached to other loans is made in note 14.

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****14. LOANS**

An analysis of loans is given below:

	2022 £000	2021 £000
Greater than 5 years		
7.5625% Guaranteed Unsecured Loan Stock 2027	73,000	73,000
	<u>73,000</u>	<u>73,000</u>

On 21 May 1997, the Company issued £73m 7.5625% Guaranteed Unsecured Loan Stock 2027 ('the Loan Stock') at a discount price of £99.689 per £100 Loan Stock. The Loan Stock is constituted and secured by a Trust Deed dated 21 May 1997. The Loan Stock is listed on the London Stock Exchange and is guaranteed by Birmingham City Council ("BCC").

15. NET DEBT

An analysis of net debt is given below:

	1 April 2021	Cashflows	Non-cash changes	At 31 March 2022
	£000	£000	£000	£000
Cash and cash equivalents	101	-	-	101
Long term borrowings				
7.5625% Guaranteed Unsecured Loan Stock 2027	(73,000)	5,521	(5,521)	(73,000)
Share capital treated as debt	(100)	-	-	(100)
	<u>(72,999)</u>	<u>5,521</u>	<u>(5,521)</u>	<u>(72,999)</u>

Non-cash changes represent effective interest rate adjustments.

16. FINANCIAL INSTRUMENTS

	2022 £000	2021 £000
Financial assets		
Cash equivalents	101	101
Financial assets that are debt instruments measured at amortised cost	78,127	79,046
	<u>78,127</u>	<u>79,046</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(73,148)	(73,147)
	<u>(73,148)</u>	<u>(73,147)</u>

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****16. FINANCIAL INSTRUMENTS (continued)**

Financial assets measured at amortised cost comprise of cash equivalents, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of other loans, accruals and share capital treated as debt.

Financial risk management

The potential risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and those policies are summarised below.

Market rate risk

The Company finances its operations through debenture stock at fixed rates of interest. All of the Company's borrowings are in Sterling and therefore there is no foreign currency risk. Accordingly, the Company's exposure to market risk is not considered to be significant.

Liquidity risk

Company policy is to ensure continuity of available funding by making BCC aware of the Company's likely cashflow requirements and their timing as BCC meets the costs related to the 2027 Loan Stock and reimburses the Company's administrative expenses to enable the Company to meet its future liabilities as they fall due.

Credit risk

The Company is dependent on receipts of funds from BCC to meet its liabilities as they fall due. The directors consider the credit risk to be low owing to the fact BCC is a Local Authority with a strong income and asset base and has prepared its most recent Statement of Accounts on the going concern basis irrespective of the statutory requirement within the Code of Practice on Local Authority Accounting 2021/22 to prepare its accounts on that basis.

17. SHARE CAPITAL

	2022 £	2021 £
Shares classified as equity		
Allotted, called up and fully paid		
450 Ordinary 'A' shares of £1 each	450	450
125 Ordinary 'B' shares of £1 each	125	125
425 Ordinary 'C' shares of £1 each	425	425
	<u>1,000</u>	<u>1,000</u>
	2022 £	2021 £
Shares classified as debt		
Allotted, called up and fully paid		
100,000 Preference shares of £1 each	<u>100,000</u>	<u>100,000</u>

THE NATIONAL EXHIBITION CENTRE (DEVELOPMENTS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. SHARE CAPITAL (continued)

The 'A', 'B' and 'C' Shares are separate classes of shares and carry the rights to appoint and remove directors. The 'B' Shares do not carry the right to participate in the profits of the Company or the assets of the Company available for distribution amongst members but in all other respects the 'B' Shares rank pari passu in all respects as Ordinary Shares. BCC holds all the Ordinary Shares. All shares were issued for cash at par.

The Preference Shares do not carry any rights to receive a dividend or to participate in the profits of the Company. On liquidation or return of capital, the assets of the Company available for distribution amongst the members shall be applied in priority to any payment to the holders of any other class of shares in repayment of the amount paid up or credited as paid on the Preference Shares. Holders of the Preference Shares do not have the right to attend or vote at any general meeting of the Company.

The Company has the right at any time to redeem the Preference Shares with not less than one month's notice in writing. The amount redeemed at any time is the amount paid up or credited as paid on the Preference Shares.

18. RESERVES

Capital Contribution reserve

The Capital Contribution reserve represents amounts provided by the parent entity to the Company with no rights or obligations, including repayment, attached. To the extent that these amounts were satisfied by qualifying consideration, this reserve is considered to be distributable.

Profit and loss account

The Profit and loss account represents the cumulative recognised gains and losses of the Company, less any distributions made to shareholders.

19. RELATED PARTY TRANSACTIONS

BCC is the ultimate parent of the Company.

Loan related transactions between the Company and its shareholder are detailed within notes 10 and 14 of the financial statements.

During the year, the Company received an effective contribution from BCC of £58,000, which has been recognised as a capital contribution.

20. NON-CASH TRANSACTIONS

During the year, the following significant non-cash transaction occurred:

- Interest receivable arising from the accounting for the effective interest rate of the Company's principal financial asset of £4,601,000.

21. CONTROLLING PARTY

The directors regard BCC, a local authority in England and Wales, the immediate and ultimate parent of the Company, as its controlling party. A copy of the latest available financial statements can be obtained from www.birmingham.gov.uk.