ADCG (UK) Limited

Report and Financial Statements

Year Ended

31 December 2012

Contents and general information

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Company secretary

T&H Secretarial Services Limited

Registered office

3 Bunhill Row, London, EC1Y 8YZ

Company number

06507815

Auditor

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

DIRECTORS' REPORT
For the year ended 31 December 2012

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2012.

Results and dividends
The consolidated income statement is set out on page 9 and shows the loss for the year. The directors are unable to recommend the payment of a dividend (31 December 2011 - £nil).

The results for the group are as follows:

	31 Dec 2012 £'000	31 Dec 2011 £'000
Revenue	76,688	53,206
Profit from operating activities	21,760	10,612
Loss before tax	(3,267)	(16,844)
Cash flow from operating activities	40,205	20,036

The strong performance of the business reflects continued positive reaction to ExCeL's newly extended facilities, successful delivery of the 2012 Olympic and Paralympic Games, and a general economic upturn.

Principal activities
The principal activities of the group were the operation of the ExCeL London exhibition and conference centre together with the development of property assets on its 100 acre site and the completion of the construction of a hotel on the ExCeL London campus and opening and operating the hotel.

Business review and strategy
ExCeL London continues to deliver its vision of being London's premier events destination and has established a strong foot hold on the international events circuit; both for exhibitions and for the international confex, convention and events sectors.

The assets and synergies of ExCeL London and its ultimate parent, the Abu Dhabi National Exhibitions Company PJSC ("ADNEC"), continue to be leveraged with great success. ADNEC share the vision of ExCeL London's Management to further expand and develop the assets of the business. ExCeL London now has just under 100,000 square metres of flat floor exhibition space. Its integral ICC also includes a further conference unit capable of hosting events up to 2,000 delegates, together with a specific flexible hall space that can accommodate up to 5,000 delegates in an easily and quickly deployed tiered-seat auditorium.

The group continues to target what it considers to be the most attractive and profitable markets for its services where it enjoys a competitive advantage in terms of product offering, location, facilities, and service delivery.

The market for the provision of space to the events industry remains highly competitive yet the business continues to achieve success through the strategic targeting of clearly identified events, successful launches, continued investment to improve the facilities and visitor experience and award winning excellence in its service delivery.

The group operates a credible and highly attractive venue across the event industry spectrum and successfully hosts many large international exhibitions, conferences, conventions and major corporate events. ExCeL London was fully utilised throughout the London 2012 Olympic Games, hosting 7 of the 26 Olympic events and 6 of the 20 Paralympic events.

The group continues to develop master plans for both the site and the local area, working in partnership with its key stakeholders to underpin its vision as a world class events destination. In addition to the

ExCeL London venue the group also envisions the establishment of a leisure and entertainment district together with additional hotels that will drive alternative revenue streams.

Environmental policy

ExCeL London is committed to tackling the challenges of sustainable development and operating as a responsible corporate business. The group implements practices that promote economic security, social and environmental responsibility and will continuously seek to improve performance in these areas. We are committed to working with our suppliers and customers to improve sustainable performance throughout all of our activities and are committed to maintain and operate our sustainability management systems in compliance with both ISO20121 and ISO14001 requirements. This policy is supported by the Executive Team. Our set objectives in the areas of sustainability are monitored and measured regularly against our maturity matrix to enable us to continue to improve against our set targets. All ExCeL London staff are responsible for implementing this policy to ensure that all requirements are being met and for the co-ordination and evaluation of ongoing performance against our sustainability principles, inclusivity, transparency, integrity and stewardship. To deliver this, ExCeL London aims to:

- Ensure the full implementation of this policy throughout all departments, business operations and services, and wherever possible throughout the supply chain.
- Ensure the policy and related sustainability issues are regularly discussed with all employees and training programmes are routinely carried out to ensure all staff are aware of this policy and our 100% commitment to continue measuring and improving our performance.
- Be an industry leader in sustainable development in areas relevant to its business in the events industry; and where appropriate, exceed the basic legislation levels required.
- Work with its clients to pursue, promote and develop sustainable events throughout the entire lifecycle.
- Continue our partnership approach with clients and stakeholders to identify and achieve set goals.
- Continue to work with our suppliers and contractors to develop a green procurement policy that is used across the business.
- Reduce the use of office consumables and waste whilst increasing recycling and the use of more sustainable materials wherever possible.
- Reduce the use of energy throughout our venue, management office and other business operations.

We translated our commitments into a sustainability policy with clear objectives and targets to ensure that sufficient resources have been allocated to enable us achieve our commitments and continually improve our sustainability performance. Our performance will be continually measured against our principles of sustainable development by establishing key performance indicators, emission-reducing scheme's, internal audits and management reviews.

ExCeL London was awarded a 'D' rating on its EPBD Display Energy Certificate in 2012 underlining its energy efficiency credentials. Although we saw a slight decrease in energy efficiency compared to 2011 this was due to high utilisation during the 2012 Olympic and Paralympic Games. It still means that we are operating 11% more energy efficiently than other buildings of similar type and usage. ExCeL London achieved a Carbon Saver Award in 2012 reflecting our continued achievements in energy efficiency which are reflected in gas and electricity usage that were 18% lower than our targets. ExCeL London has extended its rollout of energy efficient LED lighting throughout the venue. This will drive significant electricity savings in the coming years. Last year ExCeL recycled 86% of all its waste both on and offsite.

ExCeL London was the first privately owned venue to be third-party accredited for ISO 14001, including BS8901. During 2012 we were successfully upgraded from BS8901 to the new ISO 20121 standard. ExCeL London is also signed up to the United Nations Global Compact, the largest corporate citizenship and sustainability initiative in the world with over 4,700 corporate participants and stakeholders from over 130 countries. The UN Global Compact is a strategic policy initiative that is committed to aligning operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. We continue to report our progress annually.

Corporate social responsibility
ExCeL London is determined to continue its ethical and caring interaction with the local community and other key stakeholders as part of its growing CSR programme. Two major projects which have helped ExCeL London forge strong links in the community included our sponsorship of NASSA (the Newham All Star Sports Academy), and Community Food Enterprise (CFE) to deliver Enterprise Schemes in schools as well as teaching about the importance of health and nutrition via mobile juice units. CFE's mission is to work in partnership with the diverse communities of East London , and nationally with those with similar needs, to safeguard and sustain their rights to the right food as a fundamental condition for individual and community health and well-being. The core foundation of the project includes:

- Food Access: Facilitation of access to fresh fruits and vegetables.
- Healthy Eating: Increasing awareness about affordable healthy eating.
- Food Enterprise: Creation of food enterprise opportunities for young and/or unemployed people.
- Local Employment: Creation of local employment and volunteering opportunities.

The Newham All Stars Sports Academy (NASSA) has been at the forefront of sports development in the London Borough of Newham. A key objective of the organisation is to engage young people in sport through grassroots projects, delivered in partnership with local schools and colleges, and to provide opportunities to progress into competitive club sport. ExCeL partners with NASSA to take advantage of the opportunity to work with local schools to deliver an extra-curricular basketball programme over a period of 24 weeks that would engage young people and provide a clear pathway into playing basketball on a regular basis. All schools involved within the project received one hour per week of coached basketball for the life of the project. The timing of the session (breakfast, lunchtime or after school) was agreed through consultation with the school. The project was available to all children in years 4, 5 and 6 (8+). There was no cost associated to attending these sessions therefore removing any financial barriers that may have affected participation. During the sessions the children were taught ball skills, tactics, techniques and team work and were able to play basketball in a fun learning environment that encouraged their personal development and self-confidence.

The company regularly donates spaces to charities, runs venue tours, sponsors local school initiatives and careers presentations, as well as supports major events organised by the Borough of Newham – this equated to more than £1,000,000 in-kind donations to the community in 2012.

Risks and uncertainties
The management of the business and the execution of the group's vision and strategy are subject to a number of risks, the most prominent of which are noted below. Risks facing the business are reviewed by the Board and appropriate processes are in place to identify, monitor and mitigate these risks.

Competition
The events market is highly competitive. Competition for international events is influenced by the support that many competing venues, particularly in mainland Europe, receive from public funds. A serious risk that the group faces is that one or more of ExCeL London's key, large events is lost to a competitor or ceases to take place. The group mitigates this risk by actively seeking to enter into long term contracts with its key customers and by continually improving the quality of its service delivery.

The commitment to service quality is demonstrated by the many awards which ExCeL London has won during 2012 including:

- Exhibition News Awards – Best Venue Marketer
- Business Superbrand 2012
- Venue of the Year 2012 – aeo Awards
- Excellence Awards 2012 – aeo Awards
- Event Awards – Exhibition Venue of the Year 2012
- World Travel Awards - Europe's Leading Meetings & Conference Centre 2012
- Event Awards – Number 1 in top 20 venues

External Threats
The threat posed by terrorism is accepted as being particularly acute in London. Discontinuity of services caused by a terrorist attack or a recession in business tourism in London after an attack could seriously impact the group.

Staffing
The challenge posed in retaining a high-quality team of senior managers where there is strong demand for their skills is considered to be significant. The group has implemented incentive plans and a programme of training and development to identify, retain and motivate key staff.

Key performance indicators
The board monitors progress on the overall group strategy by reference to the following key performance indicators. Performance during the year is set out below:

	31 Dec 2012 £'000	31 Dec 2011 £'000
Revenue Growth (%)	44%	76%
Underlying EBITDA Growth (%)	53%	280%
Cash flow (£'000)	29,096	4,070

Both revenue growth and underlying EBITDA growth reflect the extremely positive market reaction to ExCeL's newly extended facilities, along with an improved economic environment.

Composition of the board
The following served as directors of ADCG (UK) Limited during the year.

H.E. Ali Saeed Bin Harmal Al Dhaheri
H.E. Mubarak Hamad Al Muhairi

Indemnity provision for directors
ADCG (UK) Limited has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Statement of disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial instruments
The company's and group's financial instruments consist of cash, loan notes issued to the group's immediate parent company, ADCG Holdings (Jersey) Limited, construction loan facilities provided by the National Bank of Abu Dhabi, forward currency exchange contracts, interest rate swap contracts, and trade payables and receivables. Information on the company's and the group's use of financial instruments and the management of the risks arising from those instruments is contained within notes 24 and 25 of these financial statements.

Employees
The group wholeheartedly supports the principle of equal opportunities in employment and opposes all discrimination on the grounds of age, colour, race, nationality, ethnic origin, creed, sex, sexual orientation, marital status or disability.

Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion. Any employee who becomes disabled whilst employed by the group is encouraged to remain in the group's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available, and any necessary training is arranged.

Employee involvement
The group has well-established communication and consultation procedures with all employee groups. These continually evolve to meet the changing needs of the business and are considered valuable by both management and staff.

Creditor payment policy
The group's creditor policy is to fix terms of payment when agreeing the conditions of each business transaction, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment. As at 31 December 2012 trade creditors represented 68 days of supplies (31 December 2011 – 46 days).

Charitable donations
In addition to the social contributions outlined above, during the year the group made charitable donations of £10,446 (31 December 2011 - £11,935).

Auditors
In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the annual general meeting for reappointment of Ernst & Young LLP as auditor of the group.

On behalf of the board

H.E. Ali Saeed Bin Harmal Al Dhaheri
Director
10 June 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

The directors are required to prepare financial statements for each financial period which present fairly the financial position of the company and the financial performance and cash flows of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (IFRSs) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state that the company has complied with IFRSs, 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 proper accounting records which 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADCG (UK) LIMITED

We have audited the financial statements of ADCG (UK) Limited for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of changes in equity and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statement as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Ernst & Young LLP

Gordon Cullen, Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, 11 June 2013

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	31 Dec 2012 £'000	31 Dec 2011 £'000
Revenue	5	76,688	53,206
Direct operating expenses	6	(29,734)	(23,027)
Depreciation	10	(13,920)	(12,666)
GROSS PROFIT		33,034	17,513
Administrative expenses	7	(9,512)	(6,892)
Loss on disposal of fixed assets		(1,762)	(9)
PROFIT FROM OPERATING ACTIVITIES		21,760	10,612
Finance income		369	72
Finance cost		(25,396)	(27,528)
LOSS BEFORE TAX		(3,267)	(16,844)
Taxation	9	511	(1,312)
LOSS FOR THE YEAR		(2,756)	(18,156)

A statement of other comprehensive income has not been presented as all gains and losses have been recognised within the income statement.

The notes on pages 15 to 38 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Note	31 Dec 2012 £'000	31 Dec 2011 £'000
Non-current assets			
Property, plant and equipment	10	353,195	365,259
Intangible assets	11	44,918	44,918
		398,113	410,177
Current assets			
Stock and inventory		165	-
Accounts receivable and prepayments	13	19,680	11,104
Other financial assets	19	43	15
Cash and cash equivalents	14	46,733	17,637
		66,621	28,756
TOTAL ASSETS		**464,734**	**438,933**
Equity			
Share capital	15	-	-
Other reserves		(2,861)	(2,861)
Accumulated losses		168,424	165,668
		165,563	162,807
Non-current liabilities			
Bank borrowings	16	(145,532)	(148,162)
Parent company loan	17	(409,186)	(390,181)
Deferred income		(4,343)	(5,648)
Other financial liabilities	19	(6,141)	(6,296)
		(565,202)	(550,287)
Current liabilities			
Bank borrowings	16	(18,815)	(15,872)
Deferred income		(20,409)	(13,590)
Accounts payable and accruals	20	(25,871)	(21,990)
		(65,095)	(51,452)
TOTAL EQUITY AND LIABILITIES		**(464,734)**	**(438,918)**

The financial statements on pages 9 to 38 were approved by the Board on 7 May 2013.

H.E. Ali Saeed Bin Harmal Al Dhaheri, Director
10 June 2013

The notes on pages 15 to 38 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Note	31 Dec 2012 £'000	31 Dec 2011 £'000
Non-current assets			
Investment	12	183,656	183,656
Loans to subsidiary companies	18	163,850	159,277
		347,506	342,933
Current assets			
Cash and cash equivalents	14	593	592
		593	592
TOTAL ASSETS		**348,099**	**343,525**
Equity			
Share capital	15	-	-
Accumulated losses		66,858	52,549
		66,858	52,549
Non-current liabilities			
Parent company loan	17	(409,186)	(390,181)
		(409,186)	(390,181)
Current liabilities			
Accounts payable and accruals	21	-	(1,321)
Amounts due to group companies	21	(5,771)	(4,572)
		(5,771)	(5,893)
TOTAL EQUITY AND LIABILITIES		**(348,099)**	**(343,525)**

The financial statements on pages 9 to 38 were approved by the Board on 7 May 2013.

H.E. Ali Saeed Bin Harmal Al Dhaheri, **Director**
10 June 2013

The notes on pages 15 to 38 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

	31 Dec 2012 £'000	31 Dec 2011 £'000
OPERATING ACTIVITIES		
Loss for the year	**(2,756)**	**(16,844)**
Adjustments for non-cash items:		
Interest income	(179)	(72)
Interest expense	25,184	20,799
Loss on disposal of property, plant and equipment	1,762	9
Depreciation of property, plant and equipment	13,920	12,666
Working capital adjustments:		
Movements in accounts receivable, inventory and prepayments	(8,230)	(3,037)
Movements in accounts payable and accruals	11,729	6,515
	44,186	**36,880**
Tax paid	(1,225)	-
Net cash flows from operating activities	**40,205**	**20,036**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,633)	(31,231)
Proceeds from disposal of property, plant and equipment	-	14
Net cash flows used in investing activities	**(3,633)**	**(31,217)**
FINANCING ACTIVITIES		
Interest received	180	72
Interest paid	(7,740)	(4,149)
Proceeds from borrowings	16,084	19,328
Repayment of borrowings	(16,000)	-
Net cash flows from financing activities	**(7,476)**	**15,251**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**29,096**	**4,070**
Cash and cash equivalents at beginning of year	17,637	13,567
Cash and cash equivalents at end of year	46,733	17,637

The notes on pages 15 to 38 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Share capital £'000	Treasury reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
For the year ended 31 December 2012					
At 31 December 2011	-	(6,131)	8,992	(165,668)	(162,807)
Loss for the year	-	-	-	(2,756)	(2,756)
At 31 December 2012	-	(6,131)	8,992	(168,424)	(165,563)
For the year ended 31 December 2011					
At 31 December 2010	-	(6,131)	8,992	(147,512)	(144,651)
Loss for the year	-	-	-	(18,156)	(18,156)
At 31 December 2011	-	(6,131)	8,992	(165,668)	(162,807)

The notes on pages 15 to 38 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Share capital £'000	Profit and loss account £'000	Total £'000
For the year ended 31 December 2012			
At 31 December 2011	-	(52,549)	(52,549)
Loss for the year	-	(14,309)	(14,309)
At 31 December 2012	-	(66,858)	(66,858)
For the year ended 31 December 2011			
At 31 December 2010	-	(38,186)	(38,186)
Loss for the year	-	(14,363)	(14,363)
At 31 December 2011	-	(52,549)	(52,549)

The notes on pages 15 to 38 form part of these financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of ADCG (UK) Limited ("the company") for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the board of directors on 7 May 2013.

The company is a limited company registered in England and Wales. The registered office of the company is 3 Bunhill Row, London, EC1Y 8YZ.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of preparation and statement of compliance
The financial statements of the company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the applicable requirements of the Companies Act 2006. The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The financial statements are presented in United Kingdom Pounds Sterling which is the functional currency of the company. All amounts have been rounded to the nearest thousand pounds (£'000) unless indicated otherwise.

Basis of consolidation
The consolidated financial statements of ADCG (UK) Limited incorporate the results of the company and its subsidiaries as detailed in note 12. All companies within the group have prepared financial statements for the year ended 31 December 2012.

Parent company income statement
The company has taken advantage of the exemption provided by s408 of the Companies Act 2006 not to publish a company income statement. The amount of loss recognised in the parent company for the year ended 31 December 2012 was £14.3 million (31 December 2011 - £14.36 million).

3 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in these financial statements:

Going concern
The group and company made a loss during the year ended 31 December 2012 and has net current liabilities at the year end. The financial statements have been prepared on the going concern basis. The group's operations are currently funded by loan notes issued to the shareholder. Further details of the terms of these loan notes are given in note 17 of these financial statements. Furthermore the group owns substantial cash generating assets located in the heart of London's docklands. After making enquiries, the directors believe that the group has adequate financial resources to continue in operational existence for the foreseeable future.

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Significant accounting judgements, estimates and assumptions
The preparation of the group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. In particular these relate to accounting policies concerning impairment of non-financial assets including property, plant and equipment, impairment of accounts receivable, taxation and deferred tax assets. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilites affected in the future.

The key judgements, estimates and assumptions used by the group's management in preparation of the financial statements are discussed below in conjunction with the relevant accounting policy.

Revenue
Revenue represents sales to third parties, net of value added tax. Revenue in respect of events, rents and commissions is recognised over the time period that the event, rent or commission relates to. Revenue in respect of hotel bookings is recognised at the commencement of the booking. Other revenues are recognised by reference to the stage of completion of the services being provided.

Deferred income
Deferred income represents amounts invoiced by the group in respect of events and hotel bookings made before the reporting date, but which are to be held after the reporting date.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Management determines whether there are any indications of impairment to property, plant and equipment at each reporting date. Property, plant and equipment is tested for impairment when there are indicators that the carrying value of assets may not be recoverable. An impairment exists when the carrying value of property, plant or equipment is greater than its recoverable amount which is defined as the greater of fair value less costs to sell and the value in use. The calculation of fair value less costs to sell is based on available data from binding sales of similar assets in arm's length transactions. The value in use calculation is based on a cash flow model. Calculating the value in use requires the group to make estimates of future cash flows. Any impairment of property, plant and equipment is charged to the income statement in the year of impairment.

Depreciation is provided on all property, plant and equipment to write off the cost, less estimated residual values, over their expected useful lives.

Motor vehicles	-	25% on cost
Fixtures and fittings	-	20% on cost
Computer equipment and software	-	between 20% and 50% on cost
Office equipment	-	25% on cost
Plant and machinery	-	between 2% and 4% on cost
Buildings	-	2% on cost

Management may use judgement to determine the expected useful life of particular assets where it is deemed that their expected useful life is significantly different to the expected useful life of the general category of assets to which they are allocated.

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Assets under construction are capitalised as construction progresses. The value capitalised represents the stage of completion of the asset. No depreciation is provided on assets until they are completed and available for use. Interest payable that is directly attributable to the construction of property, plant and equipment is capitalised as part of the cost of these assets during the period of construction. Capitalisation of finance costs ceases upon completion of construction.

Intangible assets
Goodwill arising upon consolidation is stated at the value of the excess of consideration paid for an investment over the net book value of the assets acquired less accumulated impairment losses.

Management determines whether there are any indications of impairment to goodwill at each reporting date. Goodwill is tested for impairment when there are indicators that the carrying value of assets may not be recoverable. An impairment exists when the carrying value of goodwill is greater than its recoverable amount which is defined as the greater of fair value less costs of sale and the value in use. The value in use calculation is based on a cash flow model. Calculating the value in use requires the group to make estimates of future cash flows. Any impairment of goodwill is charged to the income statement in the year of impairment.

Accounts receivable
Accounts receivable are stated at the original invoiced amount less a provision for any uncollectible amounts. An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less.

Current taxation
The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items. The computation is based on the tax rates and tax laws that are fully or substantially enacted at the date of the statement of financial position.

The group is subject to routine tax audits and also to a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Deferred taxation
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply at the time when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income tax assets and liabilities relate to the same taxation authority.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Interest payable and receivable
Interest payable and receivable is recognised as it accrues.

Leased assets
For operating leases annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Pension costs
Contributions to the group's defined contribution pension scheme are charged to the income statement in the year in which they become payable. The company also makes contributions to the personal defined contribution schemes of key management and made contributions to the personal defined contribution schemes of directors in the prior year.

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Bank borrowings
Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Financial liabilities and derivative financial instuments
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, include directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loan facilities provided by other group companies, interest-bearing bank loans and derivative financial instruments comprising forward currency exchange contracts and interest rate swap contracts.

The subsequent measurement of financial liabilities depends on their classification. The company's derivative financial instruments are classified at fair value through profit or loss and any movement in their fair value is immediately recognised in the income statement. Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in the income statement.

4 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

The IASB has issued the following standards with an effective date after the date of these financial statements which the directors expect to be relevant to the company:

International Accounting Standards (IAS/IFRS)		*Effective for periods that begin on or after*
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of interest in other entitites	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRS 9	Financial Instruments – Classification and measurement	1 January 2015
IAS 1	Amendment to IAS 1 – Other comprehensive income	1 July 2012
IAS 19	Employee benefits (amendment)	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The company expects to apply these standards from the date that they become effective. The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

5 REVENUE

Revenue represents amounts derived from the principal activities of the group and is all generated from within the United Kingdom.

	31 Dec 2012 £'000	31 Dec 2011 £'000
Exhibition and events income	61,032	46,128
Rents and commissions	2,926	3,419
Other revenues	12,730	3,659
	76,688	53,206

6 DIRECT OPERATING EXPENSES

	31 Dec 2012 £'000	31 Dec 2011 £'000
Marketing and advertising	570	717
Security and cleaning	2,220	2,632
Staff costs (see note 8)	14,109	10,613
Venue maintenance and facilities management	1,588	1,081
Other operating costs	11,247	7,984
	29,734	23,027

7 ADMINISTRATIVE EXPENSES

		31 Dec 2012 £'000	31 Dec 2011 £'000
Estate management and property development		3,582	3,846
Auditors' remuneration	audit services	78	97
	taxation services	70	72
Other professional fees		158	256
Other administrative expenses		5,624	2,621
		9,512	6,892

9 TAXATION

	31 Dec 2012 £'000	31 Dec 2011 £'000
Current year tax credit/(charge)	511	(1,312)
Tax reconciliation		
Loss on ordinary activities before taxation	(3,267)	(16,844)
Loss on ordinary activities at standard rate of corporation tax in the UK of 24.5% (31 December 2011 – 26.5%)	(800)	(4,464)
Effects of:		
Expenses not deductible for tax purposes	6,941	4,686
Current year movement in unprovided deferred tax	(642)	2,679
Utilisation of tax losses brought-forward	(5,499)	(1,589)
Land remediation relief	(511)	-
Current year tax (credit)/charge	(511)	1,312

The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013. The tax rate prior to 1 April 2012 was 26%. As this change was substantively enacted on 3 July 2012, and therefore before the balance sheet date, deferred tax is recognised at 23% as at 31 December 2012. On 5 December 2012, the Chancellor announced that the main rate of corporation tax will in fact reduce from 24% to 23% from 1 April 2013 with further reductions to the main rate of 2% to 21% by 1 April 2014.

The effect on the group of further proposed reductions in the UK main rate of corporation tax will be reflected in the group's financial statements in future years, as appropriate, once the changes have been substantively enacted.

At the year end the group had tax losses of £83.4 million (31 December 2010 - £89.4 million) that are available for offset against future taxable trading profits of the group, subject to agreement with HMRC.

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of these losses due to the absence of suitable evidence that the group can reasonably expect to generate sufficient taxable profits in the near future.

	31 Dec 2011 £'000	Movement in year £'000	31 Dec 2012 £'000
Accelerated capital allowances	3,582	(1,397)	2,185
Tax losses	27,808	(786)	27,022
Other temporary differences	(5,204)	700	(4,504)
Unrecognised deferred tax assets	26,186	(1,483)	24,703

10 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Buildings £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 31 December 2011	437,325	58	8,164	445,547
Additions	2,965	-	652	3,617
Disposals	(4,761)	-	(739)	(5,500)
At 31 December 2012	435,529	58	8,077	443,664
Depreciation				
At 31 December 2011	(75,966)	(35)	(4,286)	(80,287)
Provided for the year	(12,461)	(15)	(1,444)	(13,920)
Disposals	3,028	-	710	3,738
At 31 December 2012	(85,399)	(50)	(5,020)	(90,469)
Net book value				
At 31 December 2012	350,130	8	3,057	353,195
At 31 December 2011	361,359	23	3,877	365,259

Assets in the course of construction included above in Cost and Net Book Value

At 31 December 2012	773	-	-	773
At 31 December 2011	165	-	-	165

11 INTANGIBLE ASSETS - GROUP

	31 Dec 2012 £'000	31 Dec 2011 £'000
Goodwill	44,918	44,918

12 INVESTMENTS AND PRINCIPAL SUBSIDIARIES - COMPANY

	31 Dec 2012 £'000	31 Dec 2011 £'000
Investments in subsidiary companies	183,656	183,656

The group has the following principal subsidiary companies:

Company name	% holding or indirect interest	Country of incorporation	Nature of business
Directly held			
London International Exhibition Centre Holdings PLC	100%	England & Wales	Holding company
Indirectly held via intermediate holding company			
London International Exhibition Centre PLC	100%	England & Wales	Exhibition centre
ADCG Hotels Limited	100%	England & Wales	Hotel operation

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS - GROUP

	31 Dec 2012 £'000	31 Dec 2011 £'000
Trade receivables	17,051	10,524
Provision for impairment of trade receivables	(250)	(499)
Unimpaired trade receivables	16,801	10,025
Prepayments, other debtors and accrued income	2,368	1,079
Corporation tax receivable	511	-
	19,680	11,104

Trade receivables are non-interest bearing and are generally on 30 day terms. 'Amounts owed by group companies' are unsecured with no fixed repayment date. No interest has been charged to date.

Impairment of trade receivables
At 31 December 2012, trade receivables with a value of £499,476 (31 December 2011 – £392,947) were impaired and provided for. The movement in the provision for impaired receivables is shown below:

	Individually impaired £'000	Collectively impaired £'000	Total £'000
Year ended 31 December 2012			
At 31 December 2011	499	-	499
Charge for the year	73	41	114
Utilised in the year	(93)	-	(93)
Unused amounts reversed	(270)	-	(270)
At 31 December 2012	209	41	250
Year ended 31 December 2011			
At 31 December 2010	393	-	393
Charge for the year	240	-	240
Utilised in the year	(29)	-	(29)
Unused amounts reversed	(105)	-	(105)
At 31 December 2011	499	-	499

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS *(continued)*

The ageing of unimpaired trade receivables at the financial statements reporting date was as follows:

£'000	Total balance	Not yet past due	Less than 30 days past due	More than 30 days past due	More than 60 days past due
31 December 2012	16,801	5,185	6,676	3,712	1,228
31 December 2011	10,025	3,244	3,132	1,664	1,985

Unimpaired receivables are expected on the basis of past experience to be fully collectable. The company therefore considers carrying value of trade receivables to be equivalent to fair value. The company does not obtain security or collateral over receivables and therefore they are unsecured.

14 CASH AND CASH EQUIVALENTS

	31 Dec 2012 £'000	31 Dec 2011 £'000
Group		
Bank balances	23,091	11,119
Short-term deposits and investments	23,642	6,520
	46,733	17,637
Company		
Bank balances	593	592
	593	592

Cash surplus to the day-to-day trading requirements of the group is placed on short-term deposits (for terms of less than 1 month). Rates achieved in the current year were between 0.4% and 0.7% (31 December 2011 – 0.5% and 0.7%) per annum. The liquidity and interest rate risks are managed by selecting investments with a maturity date consistent with the group's day-to-day need for cash in its trading activities whilst ensuring that they return a competitive rate of interest.

15 ISSUED SHARE CAPITAL

At 31 December 2012 and 31 December 2011

	Number	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	1

16 BANK BORROWINGS - GROUP

	Due within one year		Due after one year	
	31 Dec 2012 £'000	**31 Dec 2011 £'000**	**31 Dec 2012 £'000**	**31 Dec 2011 £'000**
Construction loan facility dated 11 July 2008				
Construction loan facility	16,000	16,000	120,000	135,000
Unamortised facility fee	(128)	(128)	(1,074)	(1,247)
	15,872	15,872	118,926	134,753
Construction loan facility dated 4 May 2010				
Construction loan facility	3,000	-	27,000	13,916
Unamortised facility fee	(57)	-	(394)	(507)
	2,943	-	26,606	13,409
	18,815	15,872	145,532	148,162

Construction loan facility dated 11 July 2008
The construction loan facility provided by the National Bank of Abu Dhabi was used to finance the construction of the extension to the ExCeL Exhibition Centre. The maximum size of the facility is £152 million. The facility is secured upon the property, plant and equipment of the Group (note 10).

Interest accrues at a rate of 1.5% above LIBOR on the amount of the facility that has been used. Interest is payable semi-annually and the facility is repayable in instalments between 2012 and 2020.

Construction loan facility dated 4 May 2010
The construction loan facility provided by the National Bank of Abu Dhabi was used to finance the construction of the group's hotel which was completed during the year. The maximum size of the facility is £30 million. The facility is secured upon the property, plant and equipment of the Group (note 10).

Interest accrues at a rate of 2.25% above LIBOR on the amount of the facility that has been used. Interest is payable semi-annually and the facility is repayable in instalments between 2013 and 2020.

17 AMOUNTS OWED TO PARENT COMPANY

Amounts falling due after one year

	31 Dec 2012 £'000	31 Dec 2011 £'000
Loan notes issued to shareholder	319,000	319,000
Interest accrued on loan notes	90,186	71,181
	409,186	390,181

ADCG (UK) Limited has issued loan notes to its immediate parent company in order to finance the acquisition of its subsidiary London International Exhibition Centre Holdings PLC. The loan notes are listed on the Channel Islands Stock Exchange. Interest accrues on the loan notes at a rate of 3.0% above LIBOR with fixed repayment dates and are repayable in full by 31 December 2028. The loan notes are unsecured.

18 LOANS TO SUBSIDIARY COMPANIES - COMPANY

Amounts falling due after one year

	31 Dec 2012 £'000	31 Dec 2011 £'000
Loan notes issued to subsidiary	140,000	140,000
Interest accrued on loan notes	23,850	19,277
	163,850	159,277

ADCG (UK) Limited has provided a loan of £140 million to its subsidiary company London International Exhibition Centre PLC. The loan accrues interest at a rate of 1.0% above LIBOR and is secured on the assets of London International Exhibition Centre PLC. ADCG (UK) Limited has provided an undertaking to London International Exhibition Centre PLC that it will only demand repayment of all or part of the loan and accrued interest subject to a minimum 12 month notice period. No such notice has been given at the reporting date.

19 OTHER FINANCIAL ASSETS AND LIABILITIES

	31 Dec 2012 £'000	31 Dec 2011 £'000
Current assets		
Fair value of forward exchange currency contracts	43	15
Non-current liabilities		
Fair value of interest rate swap contracts	(6,141)	(6,296)
Fair value of derivative contracts (see Note 24)	(6,098)	(6,281)

20 ACCOUNTS PAYABLE AND ACCRUALS - GROUP

	31 Dec 2012 £'000	31 Dec 2011 £'000
Interest payable on construction loan facilities	654	1,847
Interest rate swap agreement (see note 24)	412	780
Trade payables	4,698	2,459
Corporation tax payable	-	1,312
Other taxes and social security creditors	282	261
Accruals and other creditors	13,915	10,723
Amounts owed to group companies	4,498	4,364
VAT payable	1,412	244
	25,871	21,990

Trade payables are non-interest bearing and are normally settled between 30 and 45 days after the date of invoice.The terms and conditions relating to related party balances are disclosed in note 23.

21 ACCOUNTS PAYABLE AND ACCRUALS - COMPANY

Amounts payable within 1 year

	31 Dec 2012 £'000	31 Dec 2011 £'000
Trade payables	-	9
Corporation tax payable	-	1,312
Amounts owed to group companies	5,771	4,572
	5,771	5,893

Trade payables are non-interest bearing and are normally settled between 30 and 45 days after the date of invoice.

22 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The ultimate parent company and controlling party is Abu Dhabi National Exhibitions Company PJSC, a company incorporated in the United Arab Emirates. The group's immediate parent company is ADCG Holdings (Jersey) Limited, a company incorporated in Jersey, Channel Islands.

The smallest and largest group into which the company's financial statements are consolidated is the financial statements of the ultimate parent company, Abu Dhabi National Exhibitions Company PJSC.

23 RELATED PARTY TRANSACTIONS

Related parties of the group are comprised of other group companies that are controlled by the ultimate parent company and the directors and key management of the company and its subsidiary companies. Pricing policies and terms of transactions with related parties are approved by the group's management.

Transactions between the group and its parent companies
ADCG (UK) Limited has issued £319 million of loan notes to its immediate parent company, ADCG Holdings (Jersey) Limited. Further details of these loan notes and the interest accruing are disclosed in note 17.

The group's ultimate parent company, Abu Dhabi National Exhibitions Company PJSC, charged London International Exhibition Centre PLC with £82,355 of administrative and management expenses during the year (31 December 2011 - £289,417). London International Exhibition Centre PLC charged Abu Dhabi National Exhibitions Company PJSC with £507,608 of administrative and management costs during the year (31 December 2011 - £126,806).

Transactions between ADCG (UK) Limited and its subsidiary companies
ADCG (UK) Limited has provided London International Exhibition Centre PLC with a loan of £140 million (the "shareholder loan"). Interest of £4,572,360 (31 December 2011 - £3,899,964) was provided during the year in respect of this loan. Further details relating to the shareholder loan are disclosed in note 18 of these financial statements.

23 RELATED PARTY TRANSACTIONS *(continued)*

Transactions between subsidiary companies
During the year the London International Exhibition Centre PLC paid £489,678 (31 December 2011 - £18,473,859) of costs relating to the design and construction of a hotel being constructed by a fellow group company, ADCG Hotels Limited.

Compensation of directors and other key management of ADCG (UK) Limited
No directors received emoluments during the year from ADCG (UK) Limited in respect of their service as a director of the company. Directors receive emoluments from other group companies and it is not practical to determine the proportion of these emoluments which relates to their services as directors of this company.

Compensation of directors and other key management of subsidiary companies

	Directors of subsidiary companies		**Other key management of subsidiary companies**	
	31 Dec 2012 £'000	**31 Dec 2011 £'000**	**31 Dec 2012 £'000**	**31 Dec 2011 £'000**
Salaries and other emoluments	1,021	817	1,169	850
Long-term incentive plans	-	300	83	109
Pension contributions	-	-	110	131
	1,021	1,117	1,362	1,090

During the year the highest paid director received emoluments of £835,215 (31 December 2011 – emoluments of £611,220) and pension contributions of £nil (31 December 2011 - £nil). The company did not make contributions to the defined contribution pension schemes of any directors during the year (31 December 2011 - no contributions).

There were no other related party transactions requiring disclosure in the current year.

24 FINANCIAL RISK MANAGEMENT - GROUP

The group, during the normal course of its operations, is exposed to credit risk arising from its transactions with customers, interest rate risk arising from its floating rate borrowings, liquidity risk arising from its obligations to pay suppliers and other creditors and from its transactions with customers, and foreign exchange risk arising from customers who have contracted to pay the group in currencies other than pounds sterling.

Foreign Exchange Risk
The company has contracted with certain customers to receive payment for events in currencies other than pounds sterling. Where the foreign exchange risk is considered to be significant the company manages this risk through entering into forward contracts to exchange the foreign currency for pounds sterling after it is received from the customer. The aggregate amount of pounds sterling receivable by the company under open forward currency exchange contracts is £887,391 (31 December 2011 - £1,140,698). The fair value of these derivative contracts is determined using open market forward exchange rates matching the maturities of the contracts and any gain or loss is recognised in the income statement for the year.

	31 Dec 2012 £'000	31 Dec 2011 £'000
Unrealised profits on open forward currency exchange contracts	28	15
Realised profits on contracts expiring in the year	60	-
Net profits on forward currency exchange contracts	88	15
Fair value of open contracts at the beginning of the year	15	-
Fair value of open contracts at the end of the year	43	15
Movement in fair value of open contracts	28	15

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group is exposed to credit risk on its bank balances and receivables as follows.

	31 Dec 2012 £'000	31 Dec 2011 £'000
Bank balances and short-term deposits	46,733	17,637
Receivables	16,801	10,039
	63,534	27,676

24 FINANCIAL RISK MANAGEMENT – GROUP *(continued)*

The group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by establishing procedures to minimise the risk of default by trade debtors. These procedures include undertaking credit verification before engaging in trade with customers, the setting of appropriate credit limits and proactive monitoring of outstanding receivables on an aged basis. The group actively reviews its receivable balances for evidence of impairment throughout the year. Details of impaired trade receivable balances are given in note 13.

Interest rate risk

The group is exposed to interest rate risk arising from its floating-rate borrowings which comprise the construction loan facilities (note 16) and the shareholder loan notes (note 17).

In November 2010 the group entered into an interest rate swap agreement with a notional value of £100,000,000 whereby it pays a fixed rate of 2.87% and receives a variable rate based on LIBOR. The interest rate swap agreement expires in November 2015. The interest rate swap agreement is valued at fair value using a discounted cash flow model which incorporates published interest rates. Any changes to the fair value of the interest rate swap are recognised in the income statement for the year.

	31 Dec 2012 £'000	**31 Dec 2011 £'000**
Net decrease in fair value of interest rate swaps	(155)	(4,842)
Fair value at the beginning of year	(6,296)	(1,454)
Fair value at the end of year	(6,141)	(6,296)

At 31 December 2011 net interest payable of £411,613, (31 December 2011 - £780,027) was accrued in respect of the interest rate swap agreement.

The following table illustrates the sensitivity of the group's loss before tax to a reasonably possible change in interest rates. There is no impact on the group's equity.

	Increase in basis points	**Increase in loss £'000**
Year ended 31 December 2012	+100	4,656
Year ended 31 December 2011	+100	4,295

24 FINANCIAL RISK MANAGEMENT - GROUP *(continued)*

Liquidity risk
The tables below summarise the maturities of the group's financial liabilities based on undiscounted payments and current market interest rates.

Non derivative financial liabilities

	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
At 31 December 2012					
Interest bearing loans and borrowings					
Construction loan facilities	-	19,000	83,000	64,000	166,000
Accrued interest	579	75	-	-	654
Shareholder loan notes	-	-	319,000	-	319,000
Accrued interest	-	-	90,186	-	90,186
	579	19,075	492,186	64,000	575,840
Trade and other payables	6,392	-	-	-	6,392
Interest rate swap interest	411	-	-	-	411
	7,382	19,075	492,186	64,000	582,643
At 31 December 2011					
Interest bearing loans and borrowings					
Construction loan facilities		16,000	93,916	56,000	165,916
Accrued interest	1,847	-	-	-	1,847
Shareholder loan notes	-	-	319,000	-	319,000
Accrued interest	-	-	71,181	-	71,181
	1,847	16,000	484,097	56,000	557,944
Trade and other payables	4,276	-	-	-	4,276
Interest rate swap interest	780	-	-	-	780
	6,903	16,000	484,097	56,000	563,000

24 FINANCIAL RISK MANAGEMENT - GROUP *(continued)*

Derivative financial liabilities

	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
At 31 December 2012					
Net settled liabilities					
Interest rate swaps	-	-	6,141	-	6,141
Forward currency exchange contracts	-	(43)	-	-	(43)
	-	(43)	6,141	-	6,098
At 31 December 2011					
Net settled liabilities					
Interest rate swaps	-	-	6,296	-	6,296
Forward currency exchange contracts	-	(4)	(11)	-	(15)
	-	(4)	6,285	-	6,281

25 FINANCIAL RISK MANAGEMENT – COMPANY

The company, during the normal course of its operations, is exposed to credit risk arising from its transactions with customers, interest rate risk arising from its floating rate borrowings and liquidity risk arising from its obligations to pay suppliers and other creditors.

The capital investments of the company in the UK are financed by borrowings obtained from the Government of Abu Dhabi and, since the company is not expected to enter into any further investment transactions in the foreseeable future, capital is monitored by management reviewing the accumulated losses on a periodic basis and ensuring that the shareholder provides financial support as necessary.

Interest rate risk
The company's exposure to the risk of changes in market interest rates relates primarily to the company's loan from shareholder and loan to subsidiary which carry floating interest rates. The company's interest earning bank balances are not significant.

The following table illustrates the sensitivity of the company's loss before tax to a reasonably possible change in interest rates. There is no impact on the company's equity.

	Increase in basis points	**Increase in loss £'000**
Year ended 31 December 2012	+100	2,381
Year ended 31 December 2011	+100	2,179

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is exposed to credit risk on its bank balances and receivables as follows.

	31 Dec 2012 £'000	**31 Dec 2011 £'000**
Bank	593	592
Loan to subsidiary	163,850	159,277
	164,443	159,869

The company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and other group companies of Abu Dhabi National Exhibitions Company PJSC.

25 FINANCIAL RISK MANAGEMENT – COMPANY *(continued)*

Liquidity risk
The company's liquidity risk is limited to the difference in maturity dates between the loan to subsidiary and the loan from the shareholder. This risk is managed by the ultimate parent company ensuring that sufficient cash inflows will be received from the investment in LIECH to repay the loan to the shareholder as it falls due.

The tables below summarise the maturities of the company's financial liabilities based on undiscounted payments and current market interest rates.

Non derivative financial liabilities

	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
At 31 December 2012					
Interest bearing loans and borrowings					
Shareholder loan notes	-	-	319,000	-	319,000
Accrued interest	-	-	90,186	-	90,186
	-	-	409,186	-	409,186
Trade and other payables	-	-	-	-	-
	-	-	409,186	-	409,186
At 31 December 2011					
Interest bearing loans and borrowings					
Shareholder loan notes	-	-	319,000	-	319,000
Accrued interest	-	-	71,181	-	71,181
	-	-	390,181	-	390,181
Trade and other payables	1,321	-	-	-	1,321
	1,321	-	390,181	-	391,502

26 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as set out below:

	31 Dec 2012 Land and buildings £'000	31 Dec 2012 Other £'000	31 Dec 2011 Land and buildings £'000	31 Dec 2011 Other £'000
Operating leases which expire:				
Within one year	-	16	-	24
In one to two years	-	36	-	203
In two to five years	-	141	-	-
Over five years	203	-	203	-
	203	193	203	227

27 CAPITAL COMMITMENTS

The authorised capital expenditure contracted for at the reporting date but not provided for amount to £nil (31 December 2011 - £nil).