ADCG (UK) Limited

Report and Financial Statements

Year Ended

31 December 2018

Contents and general information

Page:

Company secretary

T&H Secretarial Services Limited

Registered office

3 Bunhill Row, London, EC1Y 8YZ

Company number

06507815

Independent auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

DIRECTORS' REPORT
For the year ended 31 December 2018

The directors present their report and the audited consolidated financial statements of ADCG (UK) Limited ('the group') (company number 06507815) for the year ended 31 December 2018.

Results and dividends
The consolidated statement of comprehensive income is set out on page 13 and shows the profit for the year. The directors do not recommend the payment of a dividend (31 December 2017 - £nil).

The results for the group are as follows:

	2018	2017
	£'000	£'000
Revenue	90,526	95,453
Profit from operating activities	34,567	37,309
Profit before tax	18,027	19,751
Net cash flows generated from operating activities	42,096	40,389

Principal activities
The principal activities of the group were the operation of the ExCeL London exhibition and conference centre and the operation and management of a hotel on the ExCeL London campus together with the development of property assets on its 100 acre site. The directors have presented a review of the group's business during 2018 and expected future business developments in the Strategic Report immediately following the Directors' Report.

Future Developments
The Directors aim to grow the group through the development of both the Aloft hotel and ExCeL London venue.

Composition of the board
The following served as directors of ADCG (UK) Limited during the year and up to the date of signing of the report and financial statements.

Humaid Matar Al Dhaheri
H.E. Saif Saeed Ahmed Saeed Ghobash

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 was in force throughout the year and remains in force at the date of the approval of the report and financial statements.

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 First Abu Dhabi Bank, 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 27 and 28 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.

Events after the date of the financial statements and future developments
There have been no important events since the end of the financial year that have affected the group. The directors do not consider that there are any likely future developments outside the normal course of business that would affect the group.

Independent auditors
A resolution is to be proposed at the annual general meeting for the mandatory rotation of the auditors of the company. Fees in respect of the annual audit of the company and the group are borne by ADCG (UK) Limited's wholly owned subsidiary London International Exhibition Centre PLC.

Disclosure of information to auditors
In the case of each director in office at the date the Directors' Report is approved:

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

Going concern
Although the group and company have net liabilities and net current liabilities at the year end, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the group will continue as a going concern for the foreseeable future. In making this judgment the Directors have made enquiries, taken into account that a significant portion of the group's liabilities relates to a shareholder loan (see note 21 and 22), and the group holds substantial cash generating assets in the heart of London's docklands.

The financial statements on pages 14 to 46 were approved by the Board of Directors and signed on its behalf by

Humaid Matar Al Dhaheri, Director
18 June 2019

STRATEGIC REPORT
For the year ended 31 December 2018

The directors present their strategic report of the activities of ADCG (UK) Limited for the year ended 31 December 2018.

Business review and strategy
The group continues to deliver its vision of securing ExCeL London's position as 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 the group and its ultimate parent, the Abu Dhabi National Exhibitions Company PJSC ("ADNEC"), continue to be leveraged with great success. ADNEC share the vision of the group'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.

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 further hotels that will drive alternative revenue streams.

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 2018	**31 Dec 2017**
	£'000	**£'000**
Change in revenue (%)	(5.4%)	12.8%
Change in EBITDA (%)	(6.1%)	17.3%
Change in Net cash flows (£'000)	3,399	92

Changes in revenue and EBITDA in 2018 compared to 2017 can be attributed to the bi-annual nature of the exhibition portfolio. The group continues to perform strongly with regard to attracting and retaining key events at the ExCeL London venue.

STRATEGIC REPORT
For the year ended 31 December 2018

Environmental policy

The group 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 ISO 20121 and ISO 14001 requirements. 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 group 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, the group 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 schemes, internal audits and management reviews.

After being successfully re-certified for ISO 14001 and 20121 in the summer of 2018, we have continued in our efforts to improve our sustainability performance. In 2018 efforts focused on three key areas: reduced waste, increased energy efficiency and ensuring that organisers participate in our objectives. Between January and December 2018, we recycled 2,615 tonnes of waste and created 1,807 tonnes of refuse-derived fuels (RDF) from waste.

The group also continues to be 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. The group continues to report its progress annually.

Corporate social responsibility
The company is committed to supporting the local community. Two key projects which we continued in 2018 were our sponsorship of NASSA (the Newham All Star Sports Academy) and Community Food Enterprise (CFE).

The Newham All Star Sports Academy (NASSA) works with children to provide sports coaching, training and after-school activities to help keep them off the streets. The mentoring talks delivered by NASSA under their 'carry a basketball not a blade' initiative have educated thousands of young people about the dangers of knife crime and gang culture. With the funding that ExCeL provides, NASSA is able to provide primary and secondary school basketball taster sessions across the borough and subsequently reaches up to 2,000 young people every week. These sessions include mentoring talks from the NASSA coaches about the dangers of knife crime and gang culture.

CFE's mission is to work in partnership with the diverse communities of East London providing access to the right food for individual and community health and well-being. The core foundations of the project include:

- Nurseries and schools (Breakfast Clubs and Tuck Shops): CFE supports healthy eating in primary schools throughout East London by providing them with a weekly delivery service of fresh fruit for their tuck shops. They also supply grocery provisions for breakfast clubs in infant, primary and secondary schools as well as vegetables for lunches for toddlers in nurseries.
- Community Support Service (CSS): CFE supports Community Food Projects (CFPs) throughout East London by providing them with a range of services which includes buying, delivering and sharing resources (e.g. equipment). Without this valuable service, many CFPs would not be in a financial position to provide valuable service to their communities.
- Social Food Outlets (Mobile Food Store): To facilitate and promote healthy eating in areas classified as 'Food Deserts', CFE have developed a Mobile Food Store (MFS).
- Food Waste: CFE uses its infrastructure (vehicles, warehouse space and distribution network) to support the work of the Gleaning Network UK (www.feeding5k.org) by collecting, storing and redistributing produce harvested by them from farms throughout England.

In addition to the above programmes, the company provides complimentary event spaces to selected charities, runs venue tours for schools and colleges and, once a year, runs a week long 'ExCeL in the Arts' camp for around 100 children based in Newham, aged from 11-18.

Principal 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 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. ExCeL London's success is linked to the appeal of London and Britain as a whole which may be affected by the political uncertainty surrounding Brexit. However, thus far management have concluded that Brexit will not have a material impact on the business and is outweighed by the opportunity presented by the opening of Crossrail in 2019 which will provide access to central London in 15 minutes from the venue.

Principal Risks and uncertainties (continued)
The commitment to service quality is demonstrated by the many awards which ExCeL London has won during 2017 and 2018 including:

- IT & Telecoms event of the year (C&IT Awards 2017)
- Venue of the Year — AEO Excellence Awards 2017

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.

Approved by the board and signed on its behalf

Humaid Matar Al Dhaheri, Director
18 June 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Approved by the board and signed on its behalf

Humaid Matar Al Dhaheri, Director
18 June 2019

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

Report on the audit of the financial statements

Opinion

In our opinion, ADCG (UK) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

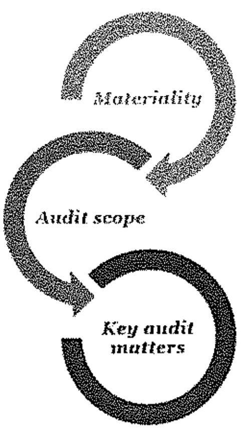
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall group materiality: £1,604,000 (2017: £1,728,000), based on 3.5% of earnings before interest, tax, depreciation and amortisation.
- Overall company materiality: £1,477,098 (2017: £1,340,662), based on 1% of net assets.

- Audit of revenue generating subsidiary entities – London International Exhibition Centre Plc and ADCG Hotels Limited.

- Asset impairment - Valuation of ExCel centre
- Fraud in Revenue Recognition

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

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Asset impairment - valuation of ExCel Centre *Relevant to Group only* The ExCel centre is the largest asset on the Group's balance sheet with a carrying value of £269.2m compared to the total carrying value of Property, Plant and Equipment of £300.8m, representing 89% of the balance. Due to the significance of this balance, we have considered it important to obtain evidence over the ability of the asset to generate positive cash flow for the Group.	The management performed a Discounted Cash Flow analysis over the Excel Centre with the assumption of 10% WACC and 2.5% growth in perpetuity. We have challenged management heavily on the assumptions used, noting that 10% is a prudent rate given that KPMG last recommended a WACC of 7.5% in 2014. Factoring an element of sensitivity into the management's model by projecting a bearish scenario of 0% growth still yielded a headroom in excess of £113.2m of the Excel Centre's carrying value. We held discussions with the management and challenged them on the discount rates used in deriving the Discounted Cash Flow calculations. We performed a review of local similar assets to assess the level of return other investors received on other local large event spaces. The return on the Excel Centre fell in the middle of the other local events spaces we assessed. Based on the procedures performed, we did not identify any impairments indicators.
Revenue Recognition *Relevant to group only (no company revenue)* Fraud in revenue recognition – Refer to Note 4 (Principal accounting policies). We have identified a risk of fraud in relation to the potential misstatement of revenue for the year. Due to the nature of ADCG (UK) Limited's core sales, the majority of transactions are individually low in value and are subject to little judgement. As a result, the risk of manipulation is: Cut-off for the London International Exhibition Centre Plc in that whole events may get recognised in the incorrect period and management have deliberately posted revenue for events when the service has not yet been delivered; and Existence of revenue in ADCG Hotels Limited in that management may seek to inflate results through posting of fictitious sales transactions by way of manual journals, by recognising revenue for sales made where the hotel services have yet to be delivered. Cut-off for ADCG Hotels Limited is that stays around year-end may get recognised in the incorrect period.	As part of our audit work we have understood and evaluated the control environment surrounding revenue recognition. **LIEC:** We have substantively tested a sample of revenue transactions to supporting signed contracts and cash receipt (Existence/Occurrence). No discrepancies were noted from our testing performed. We tested a number of transactions from around the year end to ensure the service provided was in the same period as the revenue recognised and obtained signed contacts with customers to support the period of revenue recognition (Cut-off). We selected a sample of items in deferred income and tested this income to signed contracts and vouched event dates to third party marketing websites (Completeness). **ADCG Hotel:** We have substantively tested a sample of revenue transactions to supporting booking and cash receipt (Existence/Occurrence). We tested a number of bookings from around the year end to ensure the service provided was in the same period as the revenue recognised and obtained signed registration cards with customers to support the period of revenue recognition (Cut-off). We performed detailed testing over deferred revenue to ensure revenue that was deferred related to stays that had not yet happened (Completeness).

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the group and the parent company financial statements, including, but not limited to, Companies Act 2006 and UK tax legislation. Our tests included, but were not limited to review of tax workings and verified that tax returns were made as required. These are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transaction reflected in the financial statements, the less likely we would become aware of it.

We found management override of controls to be a key audit matter as in all of our audits we addressed the risk of management override of controls, including testing journals and evaluating whether there was evidence of bias by directors that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£1,604,000 (2017: £1,728,000).	£1,477,098 (2017: £1,340,662).
How we determined it	3.5% of earnings before interest, tax, depreciation and amortisation.	1% of net assets.
Rationale for benchmark applied	Based on benchmarks in the annual report, earnings before interest, tax, depreciation and amortisation is the primary measure used by the business owners in addressing the performance of the group, and is a generally accepted auditing benchmark.	The parent company only holds indirect investments in London International Exhibitions Centre Plc and ADCG Hotels Limited, through its holding company, London International Exhibitions Centre Holdings Plc, therefore, the primary measure of the parent company's performance is the value of its net assets at year end.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £137,000 and £1,492,800. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £80,200 (Group audit) (2017: £86,400) and £73,854 (Company audit) (2017: £67,033) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 31 October 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date 18 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	6	90,526	95,453
Cost of Sales	7	(32,314)	(35,142)
Depreciation	14	(11,859)	(12,071)
GROSS PROFIT		**46,353**	**48,240**
Administrative expenses	8	(11,786)	(10,931)
PROFIT FROM OPERATING ACTIVITIES		**34,567**	**37,309**
Finance income	10	-	78
Finance cost	11	(16,540)	(17,636)
PROFIT BEFORE TAX		**18,027**	**19,751**
Taxation	12	(6,640)	(7,390)
PROFIT FOR THE YEAR		**11,387**	**12,361**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,387**	**12,361**

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	Note	31 Dec 2018 £'000	31 Dec 2017 £'000
Non-current assets			
Property, plant and equipment	14	300,842	310,672
Intangible assets	13	44,918	44,918
Deferred corporation tax asset	12	504	1,554
Amounts owed by Joint Venture	16	2,500	1,500
		348,764	358,644
Current assets			
Inventory		82	86
Trade and other receivables	17	21,362	19,868
Cash and cash equivalents	18	16,937	13,538
		38,381	33,492
TOTAL ASSETS		**387,145**	**392,136**
Total equity			
Share capital	19	-	-
Other reserves		(2,861)	(2,861)
Accumulated losses		118,010	129,397
		115,149	126,536
Non-current liabilities			
Bank borrowings	20	(32,767)	(51,563)
Amounts owed to parent company	21	(392,558)	(392,554)
Deferred income		(6,966)	(11,994)
Trade and other payables	23	(1,135)	(258)
		(433,426)	(456,369)
Current liabilities			
Bank borrowings	20	(18,852)	(18,852)
Deferred income		(30,172)	(21,971)
Trade and other payables	23	(19,844)	(21,480)
		(68,868)	(62,303)
TOTAL EQUITY AND LIABILITIES		**(387,145)**	**(392,136)**

The financial statements on pages 13 to 46 were approved by the Board of Directors and signed on its behalf

Humaid Matar Al Dhaheri, 18 June 2019

The notes on pages 20 to 46 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	Note	31 Dec 2018 £'000	31 Dec 2017 £'000
Non-current assets			
Investments	15	183,656	183,656
Loans to subsidiary companies	22	65,810	79,406
		249,466	263,062
Current assets			
Cash and cash equivalents	18	-	-
		-	-
TOTAL ASSETS		**249,466**	**263,062**
Total equity			
Share capital	19	-	-
Accumulated losses		147,710	134,066
		147,710	134,066
Non-current liabilities			
Amounts owed to parent company	21	(392,588)	(392,554)
		(392,588)	(392,554)
Current liabilities			
Amounts owed to group companies	24	(4,588)	(4,574)
		(4,588)	(4,574)
TOTAL EQUITY AND LIABILITIES		**(249,466)**	**(263,062)**

The company made a loss of £13,643,714 for the year (2017: £13,645,537). The financial statements on pages 13 to 46 were approved by the Board and signed on its behalf.

Humaid Matar Al Dhaheri, Director, 18 June 2019

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	31 Dec 2018 £'000	31 Dec 2017 £'000
OPERATING ACTIVITIES		
Profit before taxation	**18,027**	**19,751**
Adjustments for non-cash items:		
Finance income	-	(78)
Finance expense	16,540	17,636
Depreciation of property, plant and equipment	11,859	12,071
Working capital adjustments:		
Movements in trade and other receivables	(1,495)	(4,496)
Movements in trade, other payables and deferred income	3,949	(1,114)
Movements in inventory	4	(4)
	30,857	**24,015**
Tax paid	(6,788)	(3,377)
Net cash flows generated from operating activities	**42,096**	**40,389**
INVESTING ACTIVITIES		
Sale of short term investments	-	10,350
Purchase of property, plant and equipment	(2,029)	(3,243)
Interest received	-	14
Net cash flows (used in)/generated from investing activities	**(2,029)**	**7,121**
FINANCING ACTIVITIES		
Issuance of loan	(1,000)	(1,500)
Interest paid	(16,668)	(4,418)
Repayment of borrowings	(19,000)	(41,500)
Net cash flows used in financing activities	**(36,668)**	**(47,418)**
INCREASE IN CASH AND CASH EQUIVALENTS	**3,399**	**92**
Cash and cash equivalents at beginning of year	13,538	13,446
Cash and cash equivalents at end of year	16,937	13,538

The notes on pages 20 to 46 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	2018 £'000	2017 £'000
OPERATING ACTIVITIES		
Net loss before tax	**(13,644)**	**(13,646)**
Adjustments for non-cash items:		
Interest income	(1,404)	(1,825)
Interest expense	15,034	15,432
Working capital adjustments:		
Movements in trade and other receivables	-	-
Movements in trade and other payables	14	(70)
	13,644	**13,537**
Tax paid	-	-
Net cash flows used in operating activities	-	(109)
INVESTING ACTIVITIES		
Interest received	-	2,579
Net cash flows generated from investing activities	-	**2,579**
FINANCING ACTIVITIES		
Interest paid	-	(2,470)
Repayment of borrowings	(15,000)	(22,500)
Proceeds of borrowings	15,000	22,500
Net cash flows used in financing activities	-	**(2,470)**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

The notes on pages 20 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital £'000	Treasury reserve £'000	Revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
For the year ended 31 December 2018					
At 1 January 2018	-	(6,131)	8,992	(129,397)	(126,536)
Profit for the year and total comprehensive income	-	-	-	11,387	11,387
At 31 December 2018	-	(6,131)	8,992	(118,010)	(115,149)
For the year ended 31 December 2017					
At 1 January 2017	-	(6,131)	8,992	(141,758)	(138,897)
Profit for the year and total comprehensive income	-	-	-	12,361	12,361
At 31 December 2017	-	(6,131)	8,992	(129,397)	(126,536)

Treasury reserve
The treasury reserve represents amounts relating to the settlement of long-term share-based management incentive plans.

Revaluation reserve
The revaluation reserve shows the surpluses arising on revaluation of items of property, plant and equipment which are still owned by the group.

The notes on pages 20 to 46 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital £'000	Accumulated losses £'000	Total equity £'000
For the year ended 31 December 2018			
At 1 January 2018	-	(134,066)	(134,066)
Loss for the year and total comprehensive expense	-	(13,644)	(13,644)
At 31 December 2018	-	(147,710)	(147,710)
For the year ended 31 December 2017			
At 1 January 2017	-	(120,420)	(120,420)
Loss for the year and total comprehensive expense	-	(13,646)	(13,646)
At 31 December 2017	-	(134,066)	(134,066)

The notes on pages 20 to 46 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1 CORPORATE INFORMATION

The consolidated financial statements of ADCG (UK) Limited and its subsidiaries ("the group") for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the board of directors.

ADCG (UK) Limited ("the company") is a limited company registered in England and Wales. The registered office of the company is 3 Bunhill Row, London, EC1Y 8YZ. The entity is domiciled and incorporated in the United Kingdom.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of preparation
The financial statements of the group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements are presented in United Kingdom Pounds Sterling which is the functional currency of the group and company. All amounts have been rounded to the nearest thousand pounds (£'000) unless indicated otherwise.

Statement of compliance
The financial statements of the group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the applicable requirements of the Companies Act 2006 as applicable to companies using IFRS.

Basis of consolidation
The consolidated financial statements of ADCG (UK) Limited incorporate the results of the company and its subsidiaries as detailed in note 15. All companies within the group have prepared financial statements for the year ended 31 December 2018.

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 2018 was £13.6 million (31 December 2017 - £13.6 million).

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting year. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, with regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated financial statements.

Judgements
Areas of judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the consolidated financial statements are:

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Indicators of impairment of tangible assets
Management determines whether there are any indications of impairment to property, plant and equipment at each reporting date, and only determines the recoverable amount of such property, plant and equipment if such indicators exist.

Going concern
Although the group and company have net liabilities and net current liabilities at the year end, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the group will continue as a going concern for the foreseeable future. In making this judgment the Directors have made enquiries, taken into account that a significant portion of the group's liabilities relates to a shareholder loan (see note 21 and 22), and the group holds substantial cash generating assets in the heart of London's docklands.

Recognition of deferred tax assets
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgment regarding the future financial performance of the group.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty 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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful life and recoverable amount of property, plant and equipment
In determining the carrying amount of property, plant and equipment, management uses estimation of the expected useful life and recoverable amounts of particular assets.

Discount rate used for goodwill impairment testing
As explained in more detail in note 13, goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised, but is tested annually for impairment, or more frequently if there is an indication that the value of the goodwill may be impaired. 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 the discount rate and future cash flows. Any impairment of goodwill is charged to the income statement in the year of impairment.

4 PRINCIPAL ACCOUNTING POLICIES

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

Revenue
Revenue represents sales to third parties, net of value added tax. Revenue in respect of exhibition and conference events, rents and commissions is recognised over the time period that the event, rent or commission relates to.

4 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue in respect of hotel bookings is recognised on a daily basis for rooms occupied. 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.

Goodwill
Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised, but is tested annually for impairment, or more frequently if there is an indication that the value of the goodwill may be impaired.

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
The carrying value of accounts receivable is the original invoiced amount less a provision for any uncollectible amounts. Management considers that this carrying value is equivalent to the fair value of accounts receivable. 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.

Inventory
Inventory is valued at the lower of cost and net realisable value on a first in first out basis.

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.

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 group 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.

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,

4 PRINCIPAL ACCOUNTING POLICIES *(continued)*

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 the group incurs in connection with the borrowing of funds.

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 on a straight-line basis and is classified within gross profit in the Statement of Comprehensive Income as it is considered to be a directly attributable cost to the revenue generated by the group.

Buildings, plant and machinery	-	between 2% and 33% on cost
Motor vehicles	-	25% on cost
Fittings, fixtures & equipment	-	between 2% and 50% 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.

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.

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.

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. Where invoices have not been received from the supplier the carrying value of the liability is determined by reference to the value of the contract or agreement to purchase

4 **PRINCIPAL ACCOUNTING POLICIES** ***(continued)***

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

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.

Financial liabilities and derivative financial instruments
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 group 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 group's financial liabilities include trade and other payables, loan facilities provided by other group companies and interest-bearing bank loans.

The subsequent measurement of financial liabilities depends on their classification. The group'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. The calculation of fair value of derivative financial instruments takes into account considerations of the risks of non-performance by the group's counterparties. 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 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Investments
Investments are stated at cost less any provisions for impairment. Management determines whether there are any indications of impairment to investments at each reporting date. An impairment exists when the carrying value of an investment exceeds its recoverable amount. The recoverable amount is the higher 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 company's subsidiaries to make estimates of future cash flows. Any impairment of investments is charged to the statement of income in the period of impairment.

Joint Ventures
Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet."

5 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New and amended standards adopted by the company

The company has applied for the first time, the following financial accounting standards and interpretations in these financial statements however they do not materially impact the financial statements of the company.

IFRS 15	Revenue from contracts with customers
IFRS 9	Financial Instruments – Classification and measurement

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Management performed a review of the impact of IFRS 9. The adoption of IFRS 9 from 1 January 2018 resulted in no material changes to the financial statements.

The group has adopted IFRS 15 from 1 January 2018, which resulted in changes in accounting policies, but no adjustments to the amounts recognised in the financial statements were required. In accordance with the transition provisions in IFRS 15, the group has adopted the new rules retrospectively.

New standards and interpretations not yet adopted

The impact of IFRS 16 has been considered by management. There is unlikely to be a material impact on the statement of comprehensive income, but there will be a material impact on the balance sheet as assets and liabilities for leases are recognised.

6 SEGMENT INFORMATION

For management purposes the group is organised into business units based on its products and services and has three reportable segments, as follows:

- The exhibitions and conferences segment, which operates and manages the ExCeL London venue.
- The hotel segment, which operates and manages a hotel on the ExCeL London campus.
- The group financing segment, which is responsible for holding the group's debt to its ultimate parent company (see note 21) and for providing financing for its subsidiary companies (see note 22).

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The group's financing (including both finance costs and finance income) are managed, and therefore allocated to, the individual reportable segments. Transactions between segments are on an arm's length basis similar to transactions with third parties. All segment revenue represents transactions with third parties and is generated in the United Kingdom. All segment non-current assets are located within the United Kingdom.

Year ended 31 December 2018

	Exhibitions & conferences £'000	Hotel £'000	Group financing £'000	Eliminations £'000	Segments total £'000
Revenue	79,961	10,565	-	-	90,526
Operating expenses	(28,912)	(3,402)	-	-	(32,314)
Depreciation	(10,925)	(934)	-	-	(11,859)
Administrative expenses	(7,829)	(3,943)	(14)	-	(11,786)
Finance income	-	-	1,404	(1,404)	-
Finance costs	(2,420)	(491)	(15,033)	1,404	(16,540)
Profit on disposal of assets	-	-	-	-	-
Taxation	(6,490)	(150)	-	-	(6,640)
Segment profit/(loss) for the year	23,385	1,645	(13,643)	-	11,387
Segment assets	318,790	35,321	249,466	(216,432)	387,145
Segment liabilities	(168,613)	(27,656)	(397,176)	91,151	(502,294)
Segment capital expenditure	1,636	393	-	-	2,029

6 SEGMENT INFORMATION *(continued)*

Year ended 31 December 2017

	Exhibitions & conferences £'000	Hotel £'000	Group financing £'000	Eliminations £'000	Segments total £'000
Revenue	84,156	11,297	-	-	95,453
Operating expenses	(31,552)	(3,590)	-	-	(35,142)
Depreciation	(11,179)	(892)	-	-	(12,071)
Administrative expenses	(6,917)	(3,976)	(38)	-	(10,931)
Finance income	78	-	1,824	(1,824)	78
Finance costs	(3,491)	(538)	(15,431)	1,824	(17,636)
Profit on disposal of assets	-	-	-	-	-
Taxation	(5,779)	(132)	-	(1,479)	(7,390)
Segment profit/(loss) for the year	25,316	2,169	(13,645)	(1,479)	12,361
Segment assets	322,095	35,100	263,062	(228,121)	392,136
Segment liabilities	(195,303)	(29,080)	(397,128)	102,839	(518,672)
Segment capital expenditure	3,024	219	-	-	3,243

7 COST OF SALES

	2018 £'000	2017 £'000
Marketing and advertising	639	778
Security and cleaning	2,608	2,860
Staff costs (see note 9)	14,718	16,212
Venue maintenance and facilities management	1,450	1,606
Other operating costs	12,899	13,686
	32,314	35,142

8 ADMINISTRATIVE EXPENSES

	2018 £'000	2017 £'000
Estate management and property development	3,452	2,714
Auditors' remuneration for audit services – current auditors	72	72
Auditors' remuneration for other non-audit services – current auditors	18	18
Other professional fees	633	461
Other administrative expenses	7,611	7,666
	11,786	10,931

9 STAFF COSTS

	2018 £'000	2017 £'000
Staff costs (including directors' emoluments) consist of:		
Wages and salaries	11,114	12,591
Amounts accruing under long-term incentive plans	581	1,101
Social security costs	1,421	1,404
Other pension costs	675	656
Other costs	927	460
	14,718	16,212

	2018 Number	2017 Number
The monthly average number of employees during the year	272	278

10 FINANCE INCOME

	2018 £'000	2017 £'000
Bank interest income	-	78
	-	78

11 FINANCE COST

	2018 £'000	2017 £'000
Interest payable on bank borrowings	1,302	1,999
Amortisation of bank loan issue costs	205	205
Interest payable on parent company loan (note 21)	15,033	15,432
	16,540	17,636

12 TAXATION

	2018 £'000	2017 £'000
Total tax charge	6,640	7,390
Tax reconciliation		
Profit before tax	18,027	19,751
Charge on profit before tax at standard rate of corporation tax in the UK of 19% (31 December 2017 – 19.25%)	3,425	3,802
Effects of:		
Expenses not deductible for tax purposes	1,519	1,781
Depreciation in excess of capital allowances	1,705	1,840
Adjustments in respect of prior years (deferred tax)	(9)	67
Adjust deferred tax to current average rate	-	(100)
Total tax charge	6,640	7,390

12 TAXATION *(continued)*

The main rate of UK corporation tax decreased from 21% to 20% from 1 April 2016 and has further reduced to 19% from 1 April 2017 and 17% from 1 April 2020. As this change has been substantively enacted before the reporting date deferred tax is recognised at 17% as at 31 December 2018.

At the year end the group had tax losses of £nil (31 December 2017 £nil) that are available for offset against future taxable trading profits, subject to agreement with HMRC.

Recognised deferred tax assets and liabilities
The group has determined that sufficient certainty exists over the group's ability to utilise the tax losses in the subsidiary where the temporary differences exist as this subsidiary have been profitable for at least two years, and is forecast to utilise these losses within three years.

Year ended 31 December 2018	**1 Jan 2018 £'000**	**Movement in year £'000**	**31 Dec 2018 £'000**
Deferred tax liability			
Fixed asset temporary differences	(2,673)	(460)	(3,133)
Recognised deferred tax liability	(2,673)	(460)	(3,133)
Deferred tax asset			
Tax losses	3,431	-	3,431
Other temporary timing differences	796	(590)	206
Recognised deferred tax asset	4,227	(590)	3,637
Net deferred tax asset	1,554	(1,050)	504

Year ended 31 December 2017	**1 Jan 2017 £'000**	**Movement in year £'000**	**31 Dec 2017 £'000**
Deferred tax liability			
Fixed asset temporary differences	(1,963)	(710)	(2,673)
Recognised deferred tax liability	(1,963)	(710)	(2,673)
Deferred tax asset			
Tax losses	3,431	-	3,431
Other temporary timing differences	1,488	(692)	796
Recognised deferred tax asset	4,919	(692)	4,227
Net deferred tax asset	2,956	(1,402)	1,554

12 TAXATION *(continued)*

Unrecognised deferred tax assets and liabilities
Deferred tax assets have not been recognised in respect of these items because it is not certain that future taxable profit will be available against which the group can utilise them.

	1 Jan 2018 £'000	Movement in year £'000	31 Dec 2018 £'000
Other temporary timing differences	12	-	12
Unrecognised deferred tax asset	12	-	12

13 INTANGIBLE ASSETS - GROUP

	31 Dec 2018 £'000	31 Dec 2017 £'000
Goodwill at cost	44,918	44,918

The goodwill was acquired through business combinations and acquisitions and is all allocated to the exhibitions and conferences cash generating unit which is also an operating and reporting segment (see note 6). The group tests at each reporting date whether the goodwill and assets of the operating segment are impaired and consequently whether the recoverable amount of the cash generating unit is affected.

The recoverable amount of the exhibitions and conferences cash generating unit has been determined based on a value in use calculation using cash flow and other projections derived from financial budgets and long term plans approved by directors and key management covering the period to 31 December 2022 which is the current long-range planning horizon of the group. Management consider this forecast horizon to be appropriate due to the long-term operating cycle of the business. The projected cash flows reflect management's estimates of demand for the services provided by the cash generating unit. The discount rate applied to the cash flow projections is 10% (2017 – 10%) and the growth rate used to extrapolate the cash flows beyond the plan period is 2.5% (2017 – 2.5%). As a result of this analysis it was concluded that the value in use exceeds the carrying value and therefore no provision for impairment is required. Management have concluded that there are no reasonably possible changes to either the discount rate or the future growth rate that would require a provision for impairment. As at the balance sheet date, the estimated recoverable amount of the exhibitions and conferences cash generating unit exceeded the carrying amount in the financial statements by £198million (31 December 2017 - £191million).

The calculation of value in use is also sensitive to assumptions regarding market share and revenue growth. Management expects the group's share of the exhibitions and conferences market to increase relative to its competitors over the plan period.

Revenue growth assumptions are derived from values achieved by the group in contracting events prior to and during the plan period.

14 PROPERTY, PLANT AND EQUIPMENT - GROUP

Year ended 31 December 2018

	Buildings, plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2018	430,902	64	20,789	451,755
Additions	-	-	2,029	2,029
Disposals	-	(28)	-	(28)
At 31 December 2018	430,902	36	22,818	453,756
Accumulated Depreciation				
At 1 January 2018	(129,358)	(64)	(11,661)	(141,083)
Charge for the year	(7,461)	-	(4,398)	(11,859)
Disposals	-	28	-	28
At 31 December 2018	(136,819)	(36)	(16,059)	(152,914)
Net book value				
At 31 December 2018	294,083	-	6,759	300,842
At 31 December 2017	301,544	-	9,128	310,672

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

At 31 December 2018	1,970	-	-	1,970
At 31 December 2017	1,860	-	-	1,860

14 PROPERTY, PLANT AND EQUIPMENT – GROUP *(continued)*

Year ended 31 December 2017

	Buildings, plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2017	430,902	64	17,546	448,512
Additions	-	-	3,243	3,243
At 31 December 2017	430,902	64	20,789	451,755
Accumulated Depreciation				
At 1 January 2017	(119,523)	(64)	(9,426)	(129,013)
Charge for the year	(9,835)	-	(2,235)	(12,071)
At 31 December 2017	(129,358)	(64)	(11,661)	(141,083)
Net book value				
At 31 December 2017	301,544	-	9,128	310,672
At 31 December 2016	311,379	-	8,120	319,499

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

At 31 December 2017	1,860	-	-	1,860
At 31 December 2016	9,543	-	-	9,543

15 INVESTMENTS

Group

	31 Dec 2018 £'000	31 Dec 2017 £'000
Investments in subsidiary companies	-	-

The following Joint Venture companies are members of the group at 31 December 2018:

Company name	Address	% holding or indirect interest	Country of incorporation	Nature of business
Western Gateway 1 LLP	140 Aldergate Street London, UK, EC1A 4HY	50%	England & Wales	Joint venture
Western Gateway 2 LLP	140 Aldergate Street London, UK, EC1A 4HY	50%	England & Wales	Joint venture
Western Gateway 3 LLP	140 Aldergate Street London, UK, EC1A 4HY	50%	England & Wales	Joint venture

During 2017 the group entered into 3 joint venture arrangements with Mount Anvil (Western Gateway Holdco 2) Limited and Mount Anvil (Western Gateway Holdco 3) Limited.

Company

	31 Dec 2018 £'000	31 Dec 2017 £'000
Investments in subsidiary companies	183,656	183,656

The following subsidiary companies are members of the group at both 31 December 2017 and 31 December 2018:

Company name	Address	% holding or indirect interest	Country of incorporation	Nature of business
Directly held				
London International Exhibition Centre Holdings PLC	140 Aldergate Street London, UK, EC1A 4HY	100%	England & Wales	Exhibition

15 INVESTMENTS *(continued)*

Company name	Address	% holding or indirect interest	Country of incorporation	Nature of business
Indirectly held via intermediate holding companies				
London International Exhibition Centre PLC	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wale	Exhibition Centre
ADCG Hotels Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Hotel Operation
LIEC Phase 3 EE4A Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 EE4B Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 EE1 Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 EE2 Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 WE8 Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 WE4A Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Active
LIEC Phase 3 WE4B Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Active
LIEC Phase 3 WE9A Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 WE9B Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant
LIEC Phase 3 WE9C Limited	3 Bunhill Row London, UK, EC1Y 8YZ	100%	England & Wales	Dormant

16 AMOUNTS OWED BY JOINT VENTURE

Non-current

	31 Dec 2018 £'000	31 Dec 2017 £'000
Amount owed by group company	2,500	1,500
	2,500	1,500

'Amount owed by joint venture' represents a balances owed by Western Gateway 2 LLP and Western Gateway 3 LLP. The balances are unsecured and repayable on demand. No interest has been charged to date. The company continues to provide an undertaking to Western Gateway 2 LLP and Western Gateway 3 LLP that it will only demand repayment of all or part of the balance or charge interest subject to a minimum 12 month notice period. Therefore at 31 December 2018 this balance continues to be classified as non-current.

17 TRADE AND OTHER RECEIVABLES - GROUP

	31 Dec 2018 £'000	31 Dec 2017 £'000
Trade receivables	19,091	18,013
Provision for impairment of trade receivables	(309)	(245)
Unimpaired trade receivables	18,782	17,768
Prepayments, other debtors and accrued income	2,580	2,100
	21,362	19,868

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 2018, specific trade receivables with a value of £309,392 (31 December 2017 – £245,497) 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 2018			
At 1 January 2018	215	30	245
Utilised in the year	12	52	64
At 31 December 2018	227	82	309
Year ended 31 December 2017			
At 1 January 2017	227	30	257
Additions for the year	12	-	12
At 31 December 2017	215	30	245

17 TRADE AND OTHER RECEIVABLES - GROUP *(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 2018	18,782	6,791	6,553	2,106	3,332
31 December 2017	17,768	7,851	4,626	1,477	3,814

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.

18 CASH AND CASH EQUIVALENTS

	31 Dec 2018 £'000	31 Dec 2017 £'000
Group		
Cash and cash equivalents	16,937	13,538
	16,937	13,538
Company		
Cash and cash equivalents	-	-
	-	-

Cash surplus to the day–to-day trading requirements of the group is placed on short-term deposits with a maturity of less than three months. 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.

19 SHARE CAPITAL

At 31 December 2017 and 31 December 2018

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

20 BANK BORROWINGS - GROUP

	Due within one year		Due after one year	
	31 Dec 2018 £'000	**31 Dec 2017 £'000**	**31 Dec 2018 £'000**	**31 Dec 2017 £'000**
Construction loan facility dated 11 July 2008				
Construction loan facility	16,000	16,000	24,000	40,000
Unamortised facility fee	(148)	(148)	(124)	(270)
	15,852	15,852	23,876	39,730
Construction loan facility dated 4 May 2010				
Construction loan facility	3,000	3,000	9,000	12,000
Unamortised facility fee	-	-	(109)	(167)
	3,000	3,000	8,891	11,833
	18,852	18,852	32,767	51,563

Construction loan facility dated 11 July 2008
The construction loan facility provided by the First Abu Dhabi Bank 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 14).

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 First Abu Dhabi Bank was used to finance the construction of the group's hotel. The maximum size of the facility is £30 million. The facility is secured upon the property, plant and equipment of the Group (note 14).

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.

21 AMOUNTS OWED TO PARENT COMPANY

Amounts falling due after one year

	31 Dec 2018 £'000	31 Dec 2017 £'000
Loan notes issued to shareholder	319,000	319,000
Interest accrued on loan notes	73,558	73,554
	392,558	392,554

ADCG (UK) Limited has issued loan notes to its immediate parent company, ADCG Holdings (Jersey) Limited, 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 and interest of £15,033,000 was charged in the year (31 December 2017 - £15,431,561). The loan notes are repayable in full by 31 December 2028 and are unsecured. During the year the company elected to pay £15,000,000 (31 December 2017 - £22,500,000) of accrued interest.

22 LOANS TO SUBSIDIARY COMPANIES - COMPANY

Non-current assets

	31 Dec 2018 £'000	31 Dec 2017 £'000
Loan notes issued to subsidiary	65,810	79,406
	65,810	79,406

ADCG (UK) Limited provided an initial 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. During the year London International Exhibition Centre PLC elected to redeem £15,000,000 of the loan principal (31 December 2017 – London International Exhibition Centre PLC elected to redeem £22,500,000 of accrued interest). Notwithstanding this payment, the company continues to provide an undertaking to London International Exhibition Centre PLC that it will only demand repayment of all or part of the balance or charge interest subject to a minimum 12 month notice period. Therefore at 31 December 2018 this balance continues to be classified as non-current.

23 TRADE AND OTHER PAYABLES - GROUP

	31 Dec 2018 £'000	31 Dec 2017 £'000
Amounts payable within one year		
Interest payable on construction loan facilities	260	626
Trade payables	1,585	2,606
Other taxes and social security creditors	384	412
Corporation tax payable	2,712	3,846
Accruals and other creditors	7,166	7,598
Amounts owed to group companies	4,512	4,512
Amounts accrued under long-term employee incentive plans	922	646
VAT payable	2,303	1,234
	19,844	21,480
Amounts payable after one year		
Amounts accrued under long-term employee incentive plans	1,135	258
	1,135	258

24 AMOUNTS OWED TO GROUP COMPANIES - COMPANY

Amounts payable within 1 year

	31 Dec 2018 £'000	31 Dec 2017 £'000
Amounts owed to group companies	4,588	4,574
	4,588	4,574

25 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.

26 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, the interest accruing during the year and the balances outstanding at the reporting date are disclosed in note 21. In addition to the above balances, ADCG (UK) Limited continues to owe ADCG Holdings (Jersey) Limited £4,480,833 (31 December 2018 - £4,480,833) relating to costs incurred during the issue of the loan notes and the investment in ExCeL London.

The group's ultimate parent company, Abu Dhabi National Exhibitions Company PJSC, charged London International Exhibition Centre PLC administrative and management expenses during the year of £194,160 (31 December 2017 - £238,238). London International Exhibition Centre PLC charged Abu Dhabi National Exhibitions Company PJSC with £29,102 of administrative and management costs during the year (31 December 2017 - £42,255). At the reporting date the net amount outstanding was a balance owed to London international Exhibition Centre of £28,599 (31 December 2017– owed to London International Exhibition Centre PLC, £35,559). Outstanding balances relating to administrative and management expenses are included within the company's trade receivables balance and payables balances as relevant and are unsecured.

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"). Further details relating to the shareholder loan, the interest accruing during the year and the balances outstanding at the reporting date are disclosed in note 21 of these financial statements.

London International Exhibition Centre PLC charged ADCG (UK) Limited with £13,790 (31 December 2017 - £38,492) of administrative and management expenses during the year. At the reporting date the balance outstanding was a balance owed to London International Exhibition Centre PLC of £12,399 (31 December 2017 – owed to London International Exhibition Centre PLC, £61,651). Outstanding balances are unsecured.

Transactions between subsidiary companies
During the year London International Exhibition Centre PLC paid £nil (31 December 2017 – £4,075) of professional fees and other costs related to the management of a hotel owned by a fellow group company, ADCG Hotels Limited. The balance outstanding owing to London International Exhibition Centre PLC at the reporting date was £12,339,642 (31 December 2017 – owed to London International Exhibition Centre PLC, £11,501,642). The outstanding balance is unsecured.

Transactions between subsidiary companies and joint ventures
During the year LIEC phase 3 WE4A Limited loaned £500,000 (31 December 2017 – £750,000) to Western Gateway LLP 3. The balance outstanding owing to LIEC phase 3 WE4A Limited was £1,250,000 at the reporting date (31 December 2017 – £750,000).

During the year LIEC phase 3 WE4B Limited loaned £500,000 (31 December 2017 – £750,000) to Western Gateway LLP 2. The balance outstanding owing to LIEC phase 3 WE4B Limited was £1,250,000 at the reporting date (31 December 2017 – £750,000).

26 RELATED PARTY TRANSACTIONS *(continued)*

Audit fees for the group
Fees in respect of the annual audit of the company and the group are borne by ADCG (UK) Limited's wholly owned subsidiary London International Exhibition Centre PLC.

Compensation of directors and other key management of ADCG (UK) Limited
The directors of the company are also directors of the group's subsidiary companies. No directors of ADCG (UK) Limited received emoluments during the year from ADCG (UK) Limited in respect of their service as a director of the company or its subsidiary companies (2017 – no directors, £nil). The directors and other key management of the subsidiary companies received emoluments as set out below.

Compensation of directors and other key management

	Directors		**Other key management**	
	31 Dec 2018 £'000	**31 Dec 2017 £'000**	**31 Dec 2018 £'000**	**31 Dec 2017 £'000**
Salaries and other emoluments	256	1,437	1,256	956
Long-term incentive plans	-	-	165	203
Pension contributions	-	104	135	87
	256	1,541	1,556	1,245

During the year the highest paid director received emoluments of £154,500 (31 December 2017 – £792,693), long-term incentive plans of £nil (31 December 2017 – £nil) and pension contributions of £nil (31 December 2017 - £60,405). The company made contributions to the defined contribution pension schemes of two directors during the year (31 December 2017 - two directors).

Amounts accrued for long-term incentive plans in respect of directors and other key management of subsidiary companies
The table presented above discloses amounts actually paid to directors and other key management of subsidiary companies during the year exclusive of employer's social security contributions. The amounts accrued by subsidiary companies during the year for directors and other key management under long-term incentive plans inclusive of provision for employer's social security costs at the rate prevailing at the reporting date are presented below. The amounts accrued at the year end are included within amounts disclosed in note 23.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

26 RELATED PARTY TRANSACTIONS (*continued*)

	31 Dec 2018 £'000	31 Dec 2017 £'000
Accrued at the beginning of the year	2,187	1,886
Amounts accrued in the year inclusive of provision for employer's social security contributions	661	772
Paid to directors and other key management	(556)	(414)
Employer's social security contributions paid	(77)	(57)
Amounts accrued at the year end	2,215	2,187

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

27 FINANCIAL RISK MANAGEMENT - GROUP

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

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 the following credit risks.

	31 Dec 2018 £'000	31 Dec 2017 £'000
Cash and cash equivalents	16,937	13,538
Receivables	18,782	17,768
	35,719	31,306

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 17.

Foreign Exchange Risk
From time to time, the group may contract with customers to receive payment for events in currencies other than pounds sterling. Where the foreign exchange risk is considered to be significant the group manages this risk through entering into forward contracts to exchange the foreign currency for pounds

27 FINANCIAL RISK MANAGEMENT - GROUP *(continued)*

sterling after it is received from the customer. The aggregate amount of pounds sterling receivable by the group under open forward currency exchange contracts is £nil (31 December 2018 - £nil). 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 statement of comprehensive income for the year. The directors are of the opinion that the fair value of forward currency exchange contracts should be measured using 'Level 2 – significant observable inputs' according to the terms of IFRS 13 'Fair Value Measurement'. Gains and losses on forward currency exchange contracts are disclosed in notes 10 and 11.

Liquidity risk

The tables below summarise the maturities of the group's financial liabilities at the reporting date based on undiscounted payments and the market interest rates prevailing at the reporting date.

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 2018					
Interest bearing loans and borrowings					
Construction loan facilities	-	19,000	33,000	-	52,000
Shareholder loan notes	-	-	-	319,000	319,000
	-	19,000	33,000	319,000	371,000
Trade and other payables	4,272	-	-	-	4,272
	4,272	19,000	33,000	319,000	375,272

	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 2017					
Interest bearing loans and borrowings					
Construction loan facilities	-	19,000	52,000	-	71,000
Shareholder loan notes	-	-	-	319,000	319,000
	-	19,000	52,000	319,000	390,000
Trade and other payables	4,252	-	-	-	4,252
	4,252	19,000	52,000	319,000	394,252

28 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.

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 2018 £'000	**31 Dec 2017 £'000**
Cash and cash equivalents	-	-
Loan to subsidiary	65,810	79,406
	65,810	79,406

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.

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 London International Exhibition Centre Holdings PLC to repay the loan to the shareholder as it falls due.

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

28 FINANCIAL RISK MANAGEMENT – COMPANY (continued)

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 2018					
Interest bearing loans and borrowings					
Shareholder loan notes	-	-	-	319,000	319,000
	-	-	-	319,000	319,000
At 31 December 2017					
Interest bearing loans and borrowings					
Shareholder loan notes	-	-	-	319,000	319,000
	-	-	-	319,000	319,000

29 COMMITMENTS UNDER OPERATING LEASES

Future total undiscounted minimum rentals payable under non-cancellable operating leases are as follows:

	31 Dec 2018 £'000	31 Dec 2017 £'000
Within one year	317	375
After one year, but not more than five years	996	1,086
More than five years	927	927
	2,240	2,388