ADCG (UK) Limited

Report and Financial Statements

Year Ended

31 December 2021

Contents and general information

Page:

Registered office

Excel London Management Office Warehouse K, One Western Gateway, London, England, E16 1XL

Company number

06507815

Independent auditors

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

STRATEGIC REPORT
For the year ended 31 December 2021

The directors present their strategic report of the activities of ADCG (UK) Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2021.

BUSINESS REVIEW AND STRATEGY

The Group started the 2021 financial year with its core business unable to operate due to COVID-19 Government restrictions. Consequently, the ExCeL London venue did not open for an exhibition or conference between 1 March 2020 and 31 August 2021 with the exception of hosting the Formula E race in July 2021, effectively ‘behind closed doors’. Otherwise, the only events that were able to run during this period were public exams and film/studio production events.

When the pandemic began in the UK, the Group reacted quickly by collaborating with its customers to reschedule events and, where possible, by reducing all costs to minimise monthly trading losses and to negotiate longer-term contracts. In addition, wherever possible, the Group supported and collaborated with its sub-contractors, suppliers and business partners to help these important stakeholders navigate the economic crisis that subsequently unfolded. The Group also supported the UK government during the pandemic by collaborating with the NHS to establish and maintain a mass vaccination centre in the ExCeL London venue in the first half of 2021.

The Group took several key actions to protect its business and in particular to save employee jobs and to retain long-term customer relationships. These actions included: the extension of existing bank loan facilities; the utilisation of Government support schemes where available and the negotiation of new agreements with customers for cancelled events. This strategy, first adopted in 2020, continued throughout the first eight months of 2021 before the core business was able to restart from 1 September 2021.

Despite the impact of the pandemic, the Group continues to work to secure ExCeL London’s position as one of Europe’s premier events destinations and has established a strong foothold on the international events circuit; both for exhibitions and for the international confex, convention and event sectors. The Group worked closely with its operating partners and other key stakeholders to develop the “All Secure Standard”, a set of safety principles to enable organisers to run events to the highest standards of hygiene, safety and cleanliness and to help re-build the confidence of future participants and exhibitors of UK events.

In July 2021, the Group added a new hotel to its portfolio: the DoubleTree By Hilton London ExCel. This acquisition comes in line with the Group’s long-standing commitment to leverage its world-class facilities to create exceptional guest experiences and supports ExCeL London in providing a seamless experience to our visitors and exhibitors. The Group is confident that the addition of this new hotel will further solidify ExCeL London ’s wider competitive offering.

Abu Dhabi National Exhibition Centre (“ADNEC”), the intermediate holding company, shares the vision of the Company’s management to further expand and develop the assets of the business. ExCeL London has circa. 100,000 square metres of flat floor exhibition space including its integral international convention centre. During 2021, the Group’s planning application to extend the ExCeL London venue by an additional 24,000 square metres of contiguous event space gained approval from the London Borough of Newham’s planning committee.

The events industry demand for space for future years remains and organisers and exhibitors have a strong desire to get back to business and run events. The Group continues to achieve success through the strategic targeting of clearly identified events, successful launches, continued investment to improve facilities and visitor experience and award-winning excellence in its service delivery.

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 planned opening of the Transport for London Elizabeth Line in the first half of 2022 will further enhance this competitive advantage.

STRATEGIC REPORT
For the year ended 31 December 2021

The Group continues to invest in technology and infrastructure as part of its "Digital Excellence" program to enhance the ExCeL London venue and guest experience. ExCeL London attracts organisers and exhibitors from 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 ExCeL estate and the broader local area, working in partnership with its key stakeholders including the GLA and the London Borough of Newham 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.

The Group continues to explore how it can diversify its business to include exciting new projects and new revenue streams that will enhance the profile of ExCeL London while supplementing its core revenue streams. The Group's vision is to create ExCeL London as a destination of choice, attracting new audiences, by working with globally recognised brands to deliver world class entertainment and attractions.

FINANCIAL PERFORMANCE

The financial results of the Group are set out in the Consolidated Statement of Comprehensive Income on page 23.

In the year ended 31 December 2021, the Group generated an Operating Profit of £10.8 million (2020: Loss of £0.3 million) on Revenues of £60.5 million (2020: £40.5 million). The Loss before taxation was £4.3 million (2020: Loss of £18 million). The increase in Revenues, Operating Profit and Profit before taxation was mainly due to the strong recovery from Covid-19 and the running of events from September 2021 until the year-end. The Group acquired DoubleTree By Hilton London ExCel in July 2021 which also positively impacted the key performance indicators of the Group. Please refer to note 16 for the related impact on the financial statements.

The Group had Total Assets of £473.4 million at 31 December 2021 (2020: £400.5 million). The liquidity of the Group remained strong throughout the year with a cash balance at 31 December 2021 of £39.3 million (2020: £35.9 million).

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:

	2021	**2020**
Change in revenues (%)	49.4%	(62.0%)
Change in EBITDA (%)	74.1%	(75.5%)
EBITDA margin[1] (%)	39.7%	34.1%
Change in Net cash flows (£'000)	3,416	(1,945)

The strong trading recovery from Covid-19 from 1 September 2021, caused the increase in revenue and EBITDA in 2021 compared to 2020.

WORKING RESPONSIBLY

Looking After People

The Group's people are at the heart of everything the Group does, and promotion of employees' health and wellbeing is extremely important across the Group, never more so than during the pandemic. The Group actively encourage colleagues to get active, taking time away from their desks and having meaningful breaks to protect their physical and mental health. Support services extend to providing referrals for long-term health cases and for those employees needing health advice and assistance.

[1] EBITDA Margin: EBITDA divided by revenue

The Group is UK-based and employs a team of approximately 170 people across fifteen teams. Recruitment is managed by the HR department or outsourced to agencies that assist with indirect hire – chiefly in the cleaning, traffic and security departments. Each member of staff is subject to employment checks and the Group operates PAYE as part of the payroll.

Wellbeing and Support During Covid-19
Throughout the pandemic we have been acutely aware of the challenges posed for many colleagues from both a work and personal perspective. The Group's people adapted quickly to different ways of working, whether remotely from home or on- site. Senior leadership placed a significant focus on keeping employees connected throughout this period through regular communications, all-staff briefings and video messages.

Committed To Developing People
Despite the increased pressures on day-to- day operations, we have continued to grow and flourish as a team. Investment in training and personal development, and flexibility in how we deliver learning opportunities, has continued to deliver results. A wide range of course offerings were provided, which covered subjects and qualifications including health, safety and compliance, leadership skills, coaching, technology, procurement and specialist commercial skills. With the business continuing to grow, it is essential that focus is maintained on personal development, with increasing levels of investment. The embedding of performance reviews for all staff across the business is also providing us with an opportunity to build the Group's talent pipeline and develop future leaders.

Diversity and Inclusion
The Group is committed to an environment that values and respects differences. It is important that everyone feels welcome and accepted and has the same opportunities. To achieve diversity is to create an opportunity for a wide range of views and opinions from people with different backgrounds, cultures and beliefs and to encourage contribution and challenge from differing perspectives. This ultimately creates a more innovative thinking business.

We are committed to providing all employees with the opportunity to develop and advance, which includes giving full and fair consideration to all employment applications. In the event of employees becoming disabled, we make every effort to ensure that the training, career development and promotion opportunities available are as far as possible identical to those of non-disabled employees. The Group would never knowingly accept any act of discrimination; but the reality of people's experience of working for an organisation means that we must always be aware and actively pursue ways to empower and celebrate diverse backgrounds and beliefs. Diversity remains a key aspect of the Group's approach to resourcing the needs of the business, developing colleagues and recruiting new talent. The Group aims to create an inclusive environment that values all people.

Gender diversity across the Group is reflected in the representation of women in management and senior roles. We recognise the importance of improving opportunities within the business, but also recognise possible challenges. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual identification and orientation, religion or age. The Group has an approximate 60/40 split of male to female employees and hires broadly across multiple generations. The Group is proud to employ nearly 40% of its workforce from East London, supporting approximately 37,600 indirect jobs in London.

Keeping People Safe
The Group is committed to providing a workplace where its people's health and safety is of paramount importance. The Group has a long history of effectively managing the risks associated with securing the ExCeL London venue for daily public access for up to 70,000 visitors. We ensure we constantly consider and improve our performance to achieve health and safety excellence. In addition to reporting incidents and accidents near miss/concern reporting is also encouraged. These are opportunities to identify events that, under different circumstances, could lead to an incident or accident and are leading indicators, that if actioned and resolved can prevent them occurring. As a result, health and safety for the Group's employees, sub-contractors, suppliers and visitors forms a crucial part of its approach. In 2021, the Group achieved an incident-per-100,000 visitor ratio of 5.4 (target 8 or less).

The Group holds annual emergency procedure briefings which are compulsory for all staff to attend. These briefings are designed to enable staff to act efficiently and confidently in the unlikely event of an emergency at ExCeL London. The Group strives to ensure that its people act with honesty, integrity, and professionalism. Employees are encouraged to raise genuine issues of malpractice or impropriety at work. To this end, the Group has a comprehensive whistleblowing policy in place, as well as a whistleblowing hotline.

Values Based Culture
The Group's supportive, collaborative culture is integral to the Group's success, and the Group takes pride in its commitment to nurture and develop its employees. The Group attracts exceptional people who are genuinely passionate about what they do. The Group's values, which we continue to assess in order to ensure they are relevant and impactful, are the fuel that drives the culture and success of the growing business. They are the bedrock of the organisation as they were created, owned and championed by the team. The Group's contribution awards recognise those whose behaviour reflects these values, as voted for by their colleagues. The Group has seen a significant change in the way employees view their experience of work, and it is now even more important that the employee experience meets or exceeds their expectations, to ensure retention of the best people.

Key members of the Group's Management and Internal Audit Team have responsibilities devolved to them to monitor policies, assess risk, conduct investigations and undertake due diligence. The culture is transparent and openly addresses any breaches or lack of compliance in an appropriate manner.

A Great Place To Work
As an employer operating in a changing landscape, the Group needs to ensure it has a full understanding of what it means to be a great place to work and be willing to flex to the needs of employees. Feedback from colleagues is so important and the Group realises that different platforms and methods of communication are the most effective way to reach its diverse audience. Multiple ways have been used to engage with staff this year including video messages from the CEO, Leadership Team briefings and town halls, 'ask me anything' informal catch ups with the CEO, staff newsletters, and multiple wellbeing and social activities that bring staff together remotely. There is opportunity to improve this further and the Group will focus on building its internal communications capability through 2022.

CUSTOMERS
As a successful, growing business, the Group needs to constantly understand the emerging and changing trends of the key organisers and influencers in the global events industry. In particular, it needs to understand the expectations of the visitors who ultimately attend the exhibitions, conferences and events that are hosted at the ExCeL London venue. This means the Group works hard at developing strong relationships with its direct customers who are usually the event organisers.

The Group seeks regular feedback from its organisers in several ways including post-event 'wash-ups' and regular planning meetings throughout the year. The Group also uses independent third-party companies to measure guest and exhibitor experience.

The Board is influenced by customer knowledge and intelligence through regular, direct contact by Board members as well as on-going feedback via the Sales and Event management teams in particular.

ESG AND SUPPLY CHAIN STRATEGY
As one of the world's leading events venues, the Group takes pride in the stability and transparency of its supply chains. The Group utilises the services of hundreds of suppliers from the UK, Europe and beyond and works in partnership with suppliers to bring organisers, exhibitors and visitors the services they need to mitigate risk and to drive business growth. To support an ongoing commitment to sustainability and improving ESG performance, the Group expects all its suppliers to adhere to the Group's Suppliers Code of Conduct. The Group consistently strives to work more closely with suppliers on shared challenges and initiatives, while providing its customers with a greater degree of reassurance, traceability and transparency as well as ensuring sustainable practices.

During COVID-19 the Group has taken various measures, including looking at payments and receipts processes with a view to ensuring that those further down the supply chain are not forced into financial difficulties because of the unprecedented strains experienced due to the pandemic. As markets continue to fluctuate, it has never been more important to keep all lines of communication open and the use of technology has facilitated this when supplier visits have not been possible.

MODERN SLAVERY AND ANTI CORRUPTION
The Group has a responsibility to respect human rights and act in accordance with internationally applicable standards, such as the UN Declaration of Human Rights. Its business processes ensure that all staff, customers and visitors are not deprived of their human rights in any way. The Group holds itself, its service partners, and its supply chain accountable and is confident that as a responsible corporate business it is fully compliant with the provisions of the Modern Slavery Act. The Group actively collaborates with reputable service partners and suppliers who embrace robust, fair, and ethical trading principles with the aim of minimising risk of any activities that may be linked to slavery and human trafficking. The Group is committed to ensuring that its workers are not exploited and the work environment is safe, abiding by all employment, health and safety, and human rights laws.

The Group is committed to preventing corruption of any kind. It achieves this by establishing rigorous corporate governance practices as set out in its internal Code of Conduct. The Group must be able to guarantee regular review of controls, processes and systems by Internal Auditors to assess against the highest possible standards of financial management, assessment of risk, and control at every level within the business.

The Group's Audit Committee monitors compliance and full details of their responsibilities can be found in the Group's Audit Committee Charter. The Remuneration Committee makes decisions on executive pay and bonuses. External benchmarking of employee salaries removes potential bias and favouritism in annual salary reviews.

The Group's policy is to conduct all of its business in an honest and ethical manner with a zero-tolerance to bribery and corruption. The anticorruption and bribery policy is contained in the employee handbook and applies to individuals working at all grades and levels. All employees are asked to declare and keep a written record of all hospitality or gifts accepted or offered. In their normal course of business employees are also asked to ensure all expense claims relating to hospitality, gifts, or expenses incurred by third parties are submitted in accordance with the expenses policy.

The zero-tolerance approach to bribery and corruption is communicated to all suppliers, contractors, and business partners at the outset of any business relationship – and as appropriate thereafter.

COMMUNITIES
The Group firmly believes that businesses have a responsibility to the communities in which they operate; to support them both financially and with resources. The Group understands that it has an impact on people, their communities and the environment, which is why it operates in an ethical and socially responsible way. The Group is committed to operating as a responsible corporate entity and having a positive impact on the local community and key stakeholders. This means building long-term relationships with local partners in order to deliver long-lasting benefits for the local communities.

Local Employment
The Group has a responsibility to support the local future working generation and actively provides support, where possible, to various local schools and colleges in and around the London Borough of Newham. Such support takes many forms, including making the ExCeL London venue facilities available free of charge for community groups; encouraging and hosting work experience placements from local schools, financial donations to local educational providers; and supporting customers, such as Formula E, to regularly present their business to local schools in the community. Local businesses are encouraged to be part of the Group's supply chain, and the Group actively seeks to work with local service providers in order to support the local economy and build local skills and expertise.

Community And Charity Initiatives
Enabling staff to do something for the community in which they live, and work aids their sense of greater purpose and community spirit. The pandemic has made it ever more critical to ensure support is provided to local communities in recovery and, where possible, donate to those charities which have been unable to generate the income to run the services needed. During the year the Group continued to support two local charities: in particular NASSA (Newham All Star Sports Academy) and CFE (Community Food Enterprise). The purposes of these two exceptional charities is summarised below:

- CFE's mission is to work in partnership with the diverse communities of East London to provide access to healthy and nutritious food in particular for local nurseries and schools. The Group supports CFE in several way including organising food collections, encouraging staff to collect tinned foods during times of food shortage and donating surplus food wherever possible from events to make minimal food wastage.

- 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.

The funding that the Group provides has enabled NASSA to reach hundreds of young people in the local borough, offering basketball taster sessions in a fun, safe environment.

In addition to its commitment to its longstanding charity partners, the Group continues to support a variety of organisations within the local area, expanding its activities in 2021 to a number of new causes including Ascension Eagles (a local cheerleading Group for disadvantaged children and adults) and Namuwongo (EFN), a network of event industry companies who support life changing work with vulnerable children in Uganda.

ESG AND ENVIRONMENTAL POLICY
The Group recognises the responsibilities it has to the environment and is committed to tackling the challenges of sustainable development and operating as a responsible corporate business.

STRATEGIC REPORT
For the year ended 31 December 2021

As one of the world's leading events venues, the Group works with its suppliers and customers to improve sustainability performance across all of its business activities. Over the last few years, the Group has taken significant steps to deliver and execute a sustainable business strategy for direct operations, working alongside its clients to pursue, promote, and develop sustainable events. The Group maintains and operates a sustainability management system in compliance with both ISO20121 and ISO14001 which set environmental standards and sustainability management standards in the event industry.

The Group implements and communicates policies that promote economic security, social and environmental responsibility to its colleagues and partners to ensure all requirements are being met for the co-ordination and evaluation of ongoing performance against sustainability principles, inclusivity, transparency, integrity and stewardship.

The Group's performance is monitored and measured regularly against key performance indicators, and using emission-reducing schemes, internal audits and management reviews. The Group is committed to allocating sufficient resources for continuous improvement of its sustainability performance. Objectives and targets for 2021 were focused on three key areas: reducing waste, increasing energy efficiency, and encouraging clients and suppliers to participate in the Group's sustainability objectives.

Reducing waste
Between January and December 2021, the Group recycled 725 tonnes of waste (61.37%) and created 457 tonnes of refuse-derived fuels (38.63%) from waste, totalling 1,182 tonnes for the year.

The Group continues to recycle waste using on-site materials recycling facility and the wormery. The ExCeL London wormery is housing over 300,000 worms.

Increasing energy efficiency - Streamlined energy and carbon reporting
The Group's streamlined energy and carbon reporting figures include energy consumption and carbon emissions which covers over 90% of those within the Group's operational control. Energy consumption is reported as kWh and no normalisation technique is applied. Carbon emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e). The Group reports its full greenhouse gas (GHG) emissions annually in accordance with the GHG Protocol. GHG emissions are broken down into three scopes: scope 1,2 and 3. Scope 1 emissions are direct emissions from activities controlled by us that release emissions into the atmosphere, while scope 2 emissions are indirect emissions associated with the Group's consumption of purchased energy. Scope 3 includes all other indirect emissions that occur in a Group's value chain.

Scope 1 comprises emissions from natural gas and refrigerant gases. Scope 2 emissions are from electricity, heating and cooling purchased for the ExCeL London. All material sources of scope 1 and 2 emissions are reported.

The emissions are reported using the UK Government's 'Greenhouse gas reporting: conversion factors 2021'.

Global carbon footprint assessment	**UK emissions (tCO_2e)**	
	2021	**2020**
Scope 1 – Direct emissions	-	-
Scope 2 – Indirect emissions	44,832	46,762
Total scope 1 and 2 emissions	**44,832**	**46,762**
Co_2 ratio (tonnes of per visitors)	0.08	0.11
Energy consumption (kWh)	240,816,863	200,571,766

Compared to 2020, the footprint per visitor was considerably lower, this was due to the return of events running in full in Q4 2021 and therefore more visitors coming to ExCeL London in 2021.

Encouraging clients and suppliers to participate in the Group's sustainability objectives
The Group's zero-waste policy is communicated regularly and concisely to all clients, suppliers and visitors. The Group's clients are reminded of their responsibility in both planning meetings and event licences. Sustainability is also discussed in the planning process and charges are applied for excessive waste as an incentive for keeping events as sustainable as possible.

Sustainable food choices
The Group recognises that the food offering to its visitors has a big impact on the environment. In 2021, the Group worked with its catering partner to:

- Remove red meat from hospitality menus to make at least 25% of menus plant-based, vegan or vegetarian.
- Offer a minimum of 80% British seasonal fruit and vegetables with no produce transported by aircraft.
- Collect used vegetable oil from kitchens and convert to biofuel; and
- Keep used coffee grounds and add them to compost pile, to create fertiliser for the Group's green spaces.

STAKEHOLDER ENGAGEMENT AND SECTION 172
Understanding the needs of stakeholders is key to the success of the Group. By understanding the perspectives of all its stakeholders, the Board is able to ensure that it can best promote the success of the Group fully aware of its impacts on them, on the environment and ultimately, therefore, act in the best interests of its members as a whole. In the event that a decision has to be made that not all stakeholder groups find favourable, steps would be taken to mitigate any negative impacts as far as possible.

At an operational level, engagement with stakeholders is reported to the Board via the Executive Directors and through reports from the Leadership Team. Reports submitted to the Board highlight the impact of the subject matter, both positive and negative, and prospective impacts on key stakeholders. This provides the Board with insight into the effect of its business on stakeholders. During the year the Board's engagement with various stakeholder groups was enhanced, particularly with respect to clients and suppliers. Board meetings included time dedicated to discussion on different stakeholder groups.

Section 172 of the Companies Act 2006 requires Directors to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

- The likely consequences of any decision in the long-term.
- The interests of the Group's employees.
- The need to foster the Group's business relationships with suppliers, clients and other stakeholders.
- The impact of the Group's operations on the community and the environment.
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company

COVID-19 BOARD REPORTING
The Board provided information to its shareholders on the performance of the business and the effect of the pandemic in Board trading updates on 10 March 2021, 16 June 2021, 22 September 2021 and 8 December 2021.

BOARD DECISION-MAKING IN PRACTICE

During the year the Board made a number of principal decisions, which were regarded as those that are material to the Group and to any key stakeholder. In making decisions the Board considers the views of its key stakeholders, as well as the need to maintain its reputation for high standards of business conduct and the need to act fairly between the members of the Company. Examples of such decisions, demonstrating how the Board considered key stakeholders, are set out below:

- The acquisition of the DoubleTree by Hilton at ExCeL London.
- The collaboration with the NHS to establish and maintain a mass vaccination centre in the ExCeL London venue for the six months between 1 January 2021 and 30 June 2021; and
- The investment in the planning application for the Phase 3 extension to the ExCeL London venue which was granted planning committee approval by the London Borough of Newham in October 2021.

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.

Global Pandemic

The global Covid-19 crisis is not expected to relent until a successful vaccination programme is delivered globally. In the meantime, the most recent variant, Omicron, continues to disrupt the Group's business. Accordingly, the Group is planning for disruption to its business activities in the first half of 2022 and for some disruption for the remainder of 2022. In the short term, some face-to-face events and conferences have been moved from Q1 2022 and re-scheduled to Q2. This has protected the Group's revenues and EBITDA.

In the medium to long term, the impact of Covid-19 on global economies is yet to be fully assessed but it may be significant and prolonged. Economic instability may result in organisers and exhibitors downsizing events or hosting events virtually which in turn would affect the Group's business and growth. In spite of the decrease in profitability and operating cash flow, the Group has implemented a cost savings programme, utilised the support from the Government where possible and rearranged the term loan repayment schedule of its existing debts.

Economic instability

An economic downturn or period of uncertainty could reduce demand for event space and hence reduce the profitability of the Group's business. The Group works with exhibitors and organisers across a wide range of sectors and countries which minimise exposure to any single market. The nature of the Group's business cycle is such that with revenues largely generated in advance of incurring costs, the Group is well placed to react to periods of economic instability to protect the profitability of its core business. In addition, the planned opening of Crossrail in the first half of 2022 will provide access from the ExCeL London venue to central London in 15 minutes which further promotes the advantageous location of the venue.

Competition

The events market remains highly competitive. Competition for international events is influenced by the support that many competing venues, particularly in mainland Europe, receive from public funds. The risk the Group faces is that it loses one or more key events to a competitor. This risk is mitigated by actively seeking to enter into long term contracts with key customers and by continually improving service quality and guest experience. The Group's focus on continuous service improvement resulted in ExCeL London being awarded 'England's Best Convention Centre' at the 2021 World MICE Awards. Such industry recognition gives confidence to the market and customers to continue to cooperate and explore new partnerships with the Group.

STRATEGIC REPORT
For the year ended 31 December 2021

Systems failures
Targeted cyber-attacks are an increasing risk for all businesses. Such an event could reduce the Group's ability to make sales, damage its reputation and harm key relationships. A complete loss of connectivity could potentially halt business operations. Any data loss could expose the Group to fines, while a systems breach could make the Group vulnerable to a ransomware attack. A programme of defensive measures has been implemented to reduce the risk of such cyber-attacks.

External threats
Extreme weather conditions, gas/oil explosions, terrorist incidents or any external factor that could have a material adverse effect on the venue may result in a cessation of business operations which could impact on the businesses trading position. The threat posed by terrorism is particularly acute for a high-profile London venue, such as ExCeL London. The Group has in place business interruption insurance to mitigate this risk and regularly trains all employees on how to act in a crisis caused by such external threats.

The Strategic Report was approved by the board and signed on its behalf

Kevin Murphy OBE, Director
9 March 2022

DIRECTORS' REPORT
For the year ended 31 December 2021

The directors present their report and the audited consolidated financial statements of ADCG (UK) Limited (the "Company") and its subsidiaries (the "Group") (Company number 06507815) for the year ended 31 December 2021. Information required under s414c(ii) Companies Act 2006 and S172(1) of the Companies Act 2006 which is not documented within the Directors' Report is shown within the Strategic Report, this includes "Business review and strategy", "Key performance indicators", "Working Responsibility", "Customers", "ESG and supply chain strategy", "Modern slavery and anti-corruption", "Communities", "ESG and Environmental policy", "Stakeholder engagement and section 172", "Covid-19 board reporting", "Board decision-making in practice" and "Principal risks and uncertainties".

Profit and dividends

The consolidated statement of comprehensive income is set out on page 23 and shows the loss for the year. The directors do not recommend the payment of a dividend (2020 - £nil).

The results for the Group are as follows:

	2021	**2020**
	£'000	**£'000**
Revenue	60,488	40,483
Profit/(Loss) from operating activities	10,804	(250)
Loss before tax	(4,297)	(18,004)
Net cash flows generated from operating activities	18,965	10,682

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 two hotels on the ExCeL London campus together with the development of property assets on its 100-acre site. The review of the Group's business during 2021 and expected future business developments is set out in the Strategic Report on pages 1 to 10.

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
Kevin Murphy OBE

Directors' liabilities

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 the 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, loans to subsidiary companies and trade receivables and payables. 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 note 29 of these financial statements.

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. The Group also provides training, mentoring and coaching programmes for employees and provides employee feedback to encourage personal development.

Business relationships
In accordance with Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement to disclose how the directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others. This disclosure is included within the strategic report under "Working Responsibility", "ESG and supply chain strategy", "Customers", "ESG and Environmental policy" and "Communities".

Events after the date of the financial statements and future developments
There are no events after the reporting period that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition, revenue or expenses, results of operations, liquidity or capital expenditure and resources.

Independent auditors
A resolution is to be proposed at the annual general meeting for the reappointment of Ernst & Young LLP as independent 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
The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. As part of the assessment of the appropriateness of adopting the going concern basis when preparing the financial statements, the directors have considered the current strength of the Group's liquidity, recent trading performance indicators and the potential impact of forecast scenarios on the Group's financial position over the period of its assessment, which is for the period through to 30 June 2023.

At 31 December 2021, the Group had available cash resources of £39m (2020: £36m) despite the bank loan repayments of £17m during the year and the £36m acquisition of DoubleTree by Hilton at ExCeL London in July 2021. The strong cash position is mainly attributable to the £50m new facility entered into in December 2021 for the DoubleTree acquisition. The new financing has also refinanced an existing £6m term loan and the £50m loan is due for repayment in December 2026.

As markets have reopened in July 2021, the Group has been able to resume running events from September 2021 and activity has returned strongly after the ease of restrictions. A number of positive trends are noted and early indications of further market improvements, including strong domestic participation, higher customer spend, increased visitor density, and strong forward bookings for future year's events.

The Group has modelled a base case and worst case scenario based on different assumptions regarding the duration and extent to which COVID-19 might impact the business in relation to revenue, profit and cash flow. In the base case, it assumes a return to a full events calendar in 2022 based on the best estimates from the directors. The Group successfully ran events in the second half of 2021 with Covid safety measures. Although there are uncertainties on potential disruption due to new Covid variants, the directors estimate that the likelihood of national lockdown is minimal with the circumstances of Omicron existing in the United Kingdom. In summary, the Group has material headroom in the base case scenarios with the compliance of existing covenants.

In addition, the directors have also modelled a severe but plausible downside scenario based on no events resuming until June 2023. In this scenario, the Group is still forecasting adequate liquidity and no loan covenant breaches throughout this period with the existing cash resources, shareholder loan (see note 22), and on the basis that the Group holds substantial cash generating assets in the heart of London's Docklands.

Based on these assessments, the directors believe that the Group is in a good position to manage its financial obligations and other business risks effectively. The directors have been able to form a reasonable expectation that the Group has adequate resources to continue in operation for at least 15 months through to 30 June 2023 from the signing date of these financial statements. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements on pages 23 to 78 were approved by the Board of Directors and signed on its behalf by

Kevin Murphy OBE, Director
9 March 2022

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 elected to prepare the Group and parent company financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Group and Company and of the profit or loss of the Group and the Company for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/ or the Group will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with the applicable set of financial standards, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole; and
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors and signed on its behalf

Kevin Murphy OBE, Director
9 March 2022

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

Opinion

In our opinion:

- the ADCG (UK) Limited group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;

- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ADCG (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2021	Statement of financial position as at 31 December 2021
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of cash flows for the year then ended	Related notes 1 to 30 to the financial statements including a summary of significant accounting policies
Related notes 1 to 30 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the basis for management's adoption of the going concern basis of accounting. To challenge the completeness of this assessment, we have independently identified factors that may indicate events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Events or conditions were identified and we designed our audit procedures to evaluate the effect of these risks on the entity's ability to continue as a going concern.
- testing the mathematical accuracy of the base case and worst-case cash flow forecasts prepared by management;
- assessing the reasonableness of the base case cashflow forecast by analysing management's historical forecasting accuracy. We evaluated the key assumptions underpinning the group's forecasts and evaluated the impact of alternatives, including different scenarios arising in relation to COVID-19;
- evaluating management's assumptions by corroborating to third party data, assessing changes from the prior period and considering whether assumptions were consistent with each other and other areas of the business activities and considered whether there was any indication of management bias;
- validating the inputs underlying these cash flow forecasts for the group to supporting documents where appropriate such as agreeing future events from the booking log to signed contracts and evaluating the cash inflows and outflows associated with the joint venture;
- reverse stress testing the cash flow projections to assess the impact of further adverse changes in key assumptions underlying the forecast, including the impact on bank loan covenants, and evaluating their likelihood together with available mitigants;
- performing a detailed audit of all the borrowing facilities to assess their continued availability to the group through the going concern period and to ensure completeness of covenants identified by management. We reviewed the accuracy of management's covenant forecast model, verifying inputs to the forecasts and facility agreement terms; and
- assessing the completeness and appropriateness of the going concern disclosures in the financial statements.

Our key observations

During the course of our 31 December 2021 audit, in line with Government restrictions easing, the group has returned to running events. The group is expecting a return to a full events calendar in 2022. Throughout 2021, the group has continued to manage its cost base, this is both whilst its event facilities were closed in the first half of 2021 and during the second half of 2021 when the group started to run events again.

The base case cash flow forecast prepared by management has assumed that event revenue which has been contracted will continue to be earned while restrictions ease and normality is resumed. Our work concluded that, based on our evaluation of the base case cash flow forecast and certain plausible downside sensitivity scenarios, the group still maintained adequate liquidity and no forecast breaches of loan covenants were identified during the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 30 June 2023. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

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

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further one component. • The components where we performed full or specific audit procedures accounted for 100% of adjusted Profit before tax ('PBT') measure used to calculate materiality, 100% of Revenue and 100% of Total assets.
Key audit matters	• Asset impairment – valuation of property, plant and equipment ('PP&E') and goodwill (relevant to group only) • Revenue recognition (relevant to the group and parent company revenue)
Materiality	• Overall group materiality of £1.0m which represents 5% of normalised earnings before tax.

An overview of the scope of the parent company and group audits

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected all of the eight reporting components of the group, comprising ADCG UK Limited, London International Exhibition Centre Holdings Plc, London International Exhibition Centre Plc, ADCG Hotels Limited, Excel London Hotel Group Limited, Excel Shiva Limited, LIEC Phase 3 WE4A Limited and LIEC Phase 3 WE4B Limited as these represent the principal business units within the group.

Of the eight components selected, we performed an audit of the complete financial information of seven components ("full scope components") which were selected based on their size or risk characteristics. For the remaining one component ("specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The components where we performed full or specific audit procedures accounted for 100% of the adjusted PBT measure used to calculate materiality, 100% of Revenue and 100% of Total assets.

All audit work performed for the purposes of the audit was undertaken by the group audit team. There were no changes in scope from the prior year apart from the addition of entities acquired or incorporated in the reporting financial period by the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

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

Risk	Our response to the risk, key observations
Asset impairment - valuation of PP&E and goodwill (PP&E: £275.9m and goodwill: £79m) *Accounting policies (page 31); Note 14 and Note 15 of the Consolidated Financial Statements* Due to the significance of the PP&E and goodwill balances along with the judgement and estimates that are relevant for the impairment assessment, there is a risk that either no impairment is recognised when there is an impairment of one or both of these asset balances, or the amount of impairment recognised is materially misstated.	Management have prepared a Value-In-Use (VIU) calculation to address the following: • IAS 36 requires that an entity tests for impairment of goodwill acquired in a business combination annually and hence management has assessed whether there is a need for impairment of the goodwill on consolidation attributable to the LIEC and on the acquisition of the Doubletree Hotel in the current year; • To assess whether the carrying value of PP&E held by the group is impaired as at 31 December 2021. Management concluded that no impairment was identified as at 31 December 2021. The following procedures were performed as part of our audit: • Obtained and reviewed management's accounting memos and walked through the preparation process to corroborate assumptions to work performed in other areas. • Tested the VIU model for mathematically accuracy and assessed whether the management's impairment methodology is compliant with IAS 36. • Assessed management's key assumptions in the VIU calculation as follows: assessing sensitivity by adjusting the aforementioned inputs to account for estimation uncertainty based on the results of assessing management's ability to forecast, comparing tax rate assumptions to legislative percentages, comparing assumed capital expenditure to FY21 actual, updating the WACC and terminal growth rate to reflect the results of our internal Valuations teams findings (i.e. increased WACC and decreased the terminal growth rate) and also the audit team's severe downside scenario (i.e. 0% growth and the upper end of the range for WACC of 10%). • Assessed management's ability to accurately forecast: For the last 5 years (2017 to 2021), we have compared the actual results of key inputs into the VIU calculation to the forecasted amounts. Based on the historical results, we have assessed management's ability to accurately forecast and have input these results into the EY adjusted VIU to assess the sensitivity. The results of our sensitivity assessment, using a growth rate of 0%, concluded no impairment on PP&E and goodwill, given the headroom of £216m and £137m respectively. We therefore concur with management's conclusion that no impairment is required as at 31 December 2021.

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

Risk	**Our response to the risk, key observations**
Revenue recognition, (2021: £60.5m; 2020: £40.5m) *Accounting policies (page 31); and Note 7 of the Consolidated Financial Statements.* A fraud risk has been identified in relation to revenue given the risk of management override is deemed to exist in the following areas: - Cut-off in the London International Exhibition Centre Plc ('LIEC') reporting component, in that events could be contracted during the year, but not fully delivered in the same year. As such, revenues from these events could be recognised in the incorrect period. - Existence of revenue within the ADCG Hotels Limited component. Management could seek to manipulate the results through posting of fictitious sales by using manual journals. Cut-off is also an area of risk, as sales could be posted into the wrong period around year end to artificially inflate the sales for the year.	LIEC: We have performed data analytics to assess the correlation between revenue, receivables, and cash. This includes substantive testing of items to ensure the integrity of the data used. We have performed cut-off testing by sampling invoices above our testing threshold which were raised during the two-week period both pre and post year end. As part of our testing, we confirmed that the revenue has been recognised in the correct period. We tested deferred income by obtaining the contracts for events to determine the period in which the revenue relates to and also evidence of the cash receipt or invoice being raised for the event prior to the year end. ADCG Hotels: We performed substantive analytical review to understand and evaluate the trend of the revenue generated in comparison with the industry competitor Smith Travel Reliance Industry Report which was used to set our expectations and with reference to the events taking place within the ExCeL Centre. Any key variances noted between the results and our expectations were then investigated, corroborated through inquiries of management and obtaining relevant supporting documentation. We have audited all manual adjustments to revenue which have been posted by management. We have obtained relevant support and have assessed the reasonableness of the journals posted ensuring there was no occurrence of management override through postings of manual journals. A number of hotel bookings around the year end were also tested to ensure that the services were provided in the same period as the revenue was recognised. We carried out substantive tests of detail over deferred income to ensure that revenue had been appropriately deferred in respect of reservations for events that had not been delivered by the group as at 31 December 2021. We are satisfied that the amounts and disclosures related to revenue for both LIEC and ADCG Hotels are materially correct.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £1.0 million (2020: £0.9 million), which is 5% (2020: 5%) of normalised earnings before tax. Normalised earnings were used as an appropriate basis on which to determine materiality as the group is historically profitable and has been loss making in the current and prior year due to the unusual circumstances in respect of the COVID-19 pandemic. To derive an appropriate normalised earnings basis, the average of FY2018 and FY2017 historical results were taken into consideration, along with the FY2021 actual results and FY2022 forecast. We believe the normalised earnings provide us with the most appropriate basis for users of the financial statements in assessing the performance of the group and the environment in which the ADCG (UK) Limited group operates.

We determined materiality for the Parent Company to be £2.5 million (2020: £2.4 million), which is 1% (2020: 1%) of total assets

During the course of our audit, we reassessed initial materiality and no changes were made from our initial assessment.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2020: 50%) of our planning materiality, namely £0.8m (2020: £0.5m). We have set performance materiality at this percentage due to the adequate internal controls in place, and low instances of misstatements identified over the last two years.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £51k (2020: £45k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1-10, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (International Accounting Standards, and the Companies Act 2006), the relevant tax compliance regulations in the jurisdictions in which ADCG (UK) Limited operates, Health and Safety Regulations, Modern Slavery Act, Bribery Act and the General Data Protection Regulation (GDPR).

- We understood how ADCG (UK) Limited is complying with those frameworks through enquiry with management, and by identifying the group's policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by reviewing the group's risk register, enquiry with management during planning and execution phases of the group audit. We relied on those procedures performed during the group audit and followed up with enquiries of management on any new developments during the statutory audit of ADCG (UK) Limited.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:

    o Inquiry of members of senior management, and when appropriate those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;

    o Reading minutes of meeting of those charged with governance;

    Obtaining and reading correspondence from legal and regulatory bodies including HMRC; and

    o Journal entry testing, with a focus on manual consolidation journals and journal indicating large or unusual transactions based on our understanding the business.

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

Use of our report

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

Ernst & Young LLP

Andrew Smyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF
9 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	7	60,488	40,483
Cost of sales	8	(26,572)	(20,249)
Depreciation	15/21	(13,194)	(14,038)
GROSS PROFIT		**20,722**	**6,196**
Administrative expenses	9	(9,918)	(6,446)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**10,804**	**(250)**
Finance income	11	-	72
Finance cost	12	(14,297)	(17,613)
Loss on disposal of assets		(428)	(1)
Share of loss of joint ventures		(376)	(212)
LOSS BEFORE TAX		**(4,297)**	**(18,004)**
Taxation	13	(3,338)	320
LOSS FOR THE YEAR		**(7,635)**	**(17,684)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(7,635)**	**(17,684)**

The notes on pages 31 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	15	275,890	281,279
Right-of-use assets	21	39,512	1,768
Intangible assets	14	79,045	44,918
Investment in joint ventures	16	16,382	10,913
		410,829	338,878
Current assets			
Inventories		79	82
Trade and other receivables	17	23,268	25,686
Cash and cash equivalents	18	39,273	35,857
		62,620	61,625
TOTAL ASSETS		**473,449**	**400,503**
Total equity			
Share capital	19	-	-
Treasury reserve		6,131	6,131
Revaluation reserve		(8,992)	(8,992)
Accumulated losses		116,796	109,161
		113,935	106,300

The notes on pages 31 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current liabilities			
Bank borrowings	20	(49,560)	(11,000)
Lease liabilities	21	(27,147)	(1,444)
Amounts owed to parent company	22	(433,845)	(420,843)
Deferred tax liabilities	13	(11,864)	(1,135)
Deferred income	25	(5,215)	(6,030)
Trade and other payables	24	(254)	(810)
		(527,885)	(441,262)
Current liabilities			
Bank borrowings	20	(15,825)	(21,931)
Lease liabilities	21	(337)	(412)
Deferred income	25	(23,402)	(31,242)
Trade and other payables	24	(19,935)	(11,956)
		(59,499)	(65,541)
TOTAL EQUITY AND LIABILITIES		**(473,449)**	**(400,503)**

The financial statements on pages 23 to 78 were approved by the Board of Directors and signed on its behalf

Kevin Murphy OBE, 9 March 2022

The notes on pages 31 to 78 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investments	16	183,656	183,656
Loans to subsidiary companies	23	-	-
		183,656	183,656
Current assets			
Loans to subsidiary companies	23	64,247	63,563
		64,247	63,563
TOTAL ASSETS		**247,903**	**247,219**
Total equity			
Share capital	19	-	-
Accumulated losses		190,912	178,586
		190,912	178,586
Non-current liabilities			
Amounts owed to parent company	22	(433,845)	(420,843)
		(433,845)	(420,843)
Current liabilities			
Amounts owed to group companies	26	(4,970)	(4,959)
Corporation tax payable		-	(3)
		(4,970)	(4,962)
TOTAL EQUITY AND LIABILITIES		**(247,903)**	**(247,219)**

The Company made a loss of £12,326,000 for the year (2020: Loss of £15,252,000). The financial statements on pages 23 to 78 were approved by the Board and signed on its behalf.

Kevin Murphy OBE, Director, 9 March 2022

The notes on pages 31 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Loss before taxation		**(4,297)**	**(18,004)**
Adjustments for:			
Finance income		-	(72)
Finance expense		14,297	17,613
Share of loss of joint ventures		376	212
Movement in provision for impairment of trade receivables		260	1,729
Loss on disposal of assets		428	1
Gain on lease modifications		(66)	-
Depreciation		13,194	14,038
Working capital adjustments:			
Movements in trade and other receivables		124	4,324
Movements in trade and other payables and deferred income		(5,218)	(6,584)
Movements in inventory		17	8
		19,115	**13,265**
Tax paid		(150)	(2,583)
Net cash flows generated from operating activities		**18,965**	**10,682**
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired		(12,091)	-
Purchase of property, plant and equipment	15	(7,639)	(3,106)
Investment in joint ventures	16	(5,846)	(1,250)
Advance from/(Loan to) joint ventures	17	2,532	(2,500)
Proceeds from disposal of property, plant and equipment		100	-
Profit distribution from joint ventures		-	600
Interest received		-	41
Net cash flows used in investing activities		**(22,943)**	**(6,215)**
FINANCING ACTIVITIES			
Drawdown of borrowings	20(iii)	50,000	-
Repayment of amounts owed to parent company		-	(5,000)
Loan arrangement fee paid		(583)	(83)
Interest paid		(1,256)	(934)
Payment of principal portion of lease liabilities		(340)	(395)
Repayment of borrowings	20	(17,000)	-
Repayment of external borrowing upon acquisition		(23,427)	-
Net cash flows generated from financing activities		**7,394**	**(6,412)**
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,416**	**(1,945)**
Cash and cash equivalents at beginning of year		35,857	37,802
Cash and cash equivalents at end of year		39,273	35,857

The notes on pages 31 to 78 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021 £'000	2020 £'000
OPERATING ACTIVITIES		
Loss before tax	**(12,326)**	**(15,252)**
Adjustments for non-cash items:		
Interest income	(683)	(1,326)
Interest expense	13,002	16,571
Working capital adjustments:		
Movements in trade and other receivables	-	-
Movements in trade and other payables	7	7
	-	**-**
Tax paid	-	-
Net cash flows used in operating activities	-	-
FINANCING ACTIVITIES		
Repayment of borrowings	-	(5,000)
Proceeds of borrowings	-	5,000
Net cash flows used in financing activities	-	-
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 31 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital £'000	Treasury reserve £'000	Revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
For the year ended 31 December 2021					
At 1 January 2021	-	(6,131)	8,992	(109,161)	(106,300)
Loss for the year and total comprehensive expense	-	-	-	(7,635)	(7,635)
At 31 December 2021	-	(6,131)	8,992	(116,796)	(113,935)
For the year ended 31 December 2020					
At 1 January 2020	-	(6,131)	8,992	(91,477)	(88,616)
Loss for the year and total comprehensive expense	-	-	-	(17,684)	(17,684)
At 31 December 2020	-	(6,131)	8,992	(109,161)	(106,300)

Treasury reserve
The treasury reserve represents amounts relating to the repurchase of the shares in a wholly-owned subsidiary of the Company, London International Exhibition Centre Holdings Plc ("LIECH") when the Company acquired LIECH in 2008.

Revaluation reserve
The revaluation reserve represents the surpluses arising on the revaluation of items of property, plant and equipment owned by a wholly owned subsidiary, London International Exhibition Centre Plc ("LIEC") in 2008. LIEC first adopted International Financial Reporting Standards in 2008 and the revalued amount of assets has been treated as the cost of those assets which are still owned by the Group.

The notes on pages 31 to 78 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital £'000	Accumulated losses £'000	Total equity £'000
For the year ended 31 December 2021			
At 1 January 2021	-	(178,586)	(178,586)
Loss for the year and total comprehensive expense	-	(12,326)	(12,326)
At 31 December 2021	-	(190,912)	(190,912)
For the year ended 31 December 2020			
At 1 January 2020	-	(163,334)	(163,334)
Loss for the year and total comprehensive expense	-	(15,252)	(15,252)
At 31 December 2020	-	(178,586)	(178,586)

The notes on pages 31 to 78 form part of these financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of ADCG (UK) Limited and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the board of directors.

ADCG (UK) Limited (the "Company") is a private company limited by shares and registered in England and Wales. The registered office of the Company is located at Excel London Management Office Warehouse K, One Western Gateway, London, England, E16 1XL. The entity is domiciled and incorporated in the United Kingdom ("UK").

The Group is principally engaged in the operation of the ExCeL London exhibition and conference centre and the operation and management of the hotels on the ExCeL London campus together with the development of property assets on its 100-acre site. Information on the Group's structure is provided in note 16. Information on other related party relationships of the Group is provided in note 28.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of preparation and statement of compliance
The consolidated financial statements of the Group and the financial statements of the Company have been prepared in accordance with UK adopted International Accounting Standards and so far as the parent financial statements are concerned as applied in accordance with section 408 of the Companies Act 2006. The consolidated financial statements are also in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in United Kingdom Pounds Sterling which is the functional currency of the Company. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Going Concern
The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. As part of the assessment of the appropriateness of adopting the going concern basis when preparing the financial statements, the directors have considered the current strength of the Group's liquidity, recent trading performance indicators and the potential impact of forecast scenarios on the Group's financial position over the period of its assessment, which is for the period through to 30 June 2023.

At 31 December 2021, the Group had available cash resources of £39m (2020: £36m) despite the bank loan repayments of £17m during the year and the £36m acquisition of DoubleTree by Hilton at ExCeL London in July 2021. The strong cash position is mainly attributable to the £50m new facility entered into in December 2021 for the DoubleTree acquisition. The new financing has also refinanced an existing £6m term loan and the £50m loan is due for repayment in December 2026.

As markets have reopened in July 2021, the Group has been able to resume running events from September 2021 and activity returned strongly after the ease of restrictions. A number of positive trends are noted and early indications of further market improvements, including strong domestic participation, higher customer spend, increased visitor density, and strong forward bookings for future year's events.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (*continued*)

The Group has modelled a base case scenario, based on different assumptions, regarding the duration and extent to which COVID-19 might impact the business in relation to revenue, profit and cash flow. In the base case, it assumes a return to a full events calendar in 2022 based on the best estimates from the directors. The Group successfully ran events in the second half of 2021 with Covid safety measures. Although there are uncertainties on potential disruption due to new Covid variants, the directors estimate that the likeness of national lockdown is minimal with the circumstances of Omicron existing in the United Kingdom. In summary, the Group has material headroom in the base case scenarios with the compliance of existing covenants.

In addition, the directors have also modelled a severe but plausible downside scenario based on no events resuming until June 2023. In this scenario, the Group is still forecasting adequate liquidity and no loan covenant breaches throughout this period with the existing cash resources, shareholder loan (see note 22), and on the basis that the Group holds substantial cash generating assets in the heart of London's Docklands.

Based on these assessments, the directors believe that the Group is in a good position to manage its financial obligations and other business risks effectively. The directors have been able to form a reasonable expectation that the Group has adequate resources to continue in operation for at least 15 months through to 30 June 2023 from the signing date of these financial statements. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

3 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (*continued*)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 2021 was £12,326,000 (2020 - £15,252,000).

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value with the changes at each reporting date with changes in fair value recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investment in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers
The Group is in the business of operating the ExCeL London exhibition and conference centre and operating and managing the hotels on the ExCeL London campus and developing the property assets on its 100-acre site.

(i) Exhibition and conference events
The Group provides a range of services from the hiring out of event space to impactful signage and branding opportunities, to internet, utilities and stand catering. The performance obligations are the provision of venue space and services associated with exhibition and conference events. Performance obligations of the hiring space are satisfied over time when the event is held. Performance obligations of ancillary services are recognised at the point of time that the related services are provided to the customer.

Payments for events are normally received in advance of the event dates and are non-refundable, which are typically 1 year in advance but can be up to 5 years in advance of the event date and are held as deferred income until the event date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(ii) Hotel operations
The revenue is derived from hotel operations, and arose wholly in the United Kingdom. Revenue is recognised when services have been rendered. The revenue of the hotels is derived primarily from the rental of rooms, conference and banqueting, food and berverage sales. Revenue is all rendering of goods and services. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

(i) Other revenues
The Group provides miscellaneous services to support the running of the events including:

(a) Car parking services
The Group provides parking spaces to visitors who are driving to the venue for events. Performance obligations are satisfied at the point of time that the parking is made.

(b) Property management services
The Group provides commercial space and property management services to tenants who occupy retail and operating units in the venue. The Group entered an operating leases with the tenants and revenue is recognised on a straight-line basis over the term of the lease.

(c) Commercial partnership
The Group provides exclusive rights for service partners to provide event-related services to the events. The Group enters long term arrangements with service providers and revenue is recognised on a straight-line basis over the term of the service agreements.

(d) Consultancy services
The Group provides consultancy services to the development of Royal Docks areas. Performance obligations are satisfied at the point of time when the consultancy service is provided and the milestone is reached.

Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in *Financial instruments – initial recognition and subsequent measurement.*

Unbilled receivables
An unbilled receivable is initially recognised for revenue earned from ancillary services provided to the customers because the receipt of consideration is conditional on successful completion of the services. Upon completion of the ancillary services and acceptance by the customer, the amount recognised as unbilled receivable is invoiced and reclassified to trade receivables.

Unbilled receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in *Financial instruments – initial recognition and subsequent measurement*.

Deferred income
Deferred income is recognised if a payment is receivable or a payment is due (whichever is earlier) from a customer before the Group transfer the related goods or services. It mainly represented advances from exhibition and conferences, advances from commercial partnerships and advances from hotel operation. Deferred income is recognised as revenue when the Group fulfils the performance obligations as discussed in “Revenue from contracts with customers”.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Government grants
Government grant income is recognised at the point that there is reasonable assurance that the Group will comply with the conditions attached to it, and that the grant will be received. During the year, Coronavirus Job Retention Scheme ('CJRS') income has been received and offset against cost of sales or administrative expenses, depending on where the employee costs are recorded.

Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- When the deferred 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
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies
The Group's consolidated financial statements are presented in United Kingdom Pounds Sterling, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Long-term incentive plans
The Group recognises long-term incentive plans as the Group has contractual obligations with the key management employees. The Group reliably estimates based on the performance of the Group after certain adjustments for the cash outflow that will be required to settle the obligation.

Property, plant and equipment
Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

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

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings, plant and machinery	-	between 2% and 50% on cost
Motor vehicles	-	33% on cost
Fittings, fixtures & equipment	-	between 4% and 50% on cost

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in *Impairment of non-financial assets*.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Leases of low-value assets
The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Leases with total lease payments with less than £3,500 are classified as leases of low value assets and are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss. Currently, the Group has only financial assets measured at amortised cost.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in *Revenue from contracts with customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables under current assets.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

<u>Impairment</u>
Further disclosures relating to impairment of financial assets are also provided in the following notes:
• Other risks note 6
• Trade receivables in note 17

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and lease liabilities.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Currently, the Group has only financial liabilities measured at amortised cost.

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 20.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Inventories
Inventories are valued at the lower of cost and net realisable value. It represented the purchase cost and accounted for on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment of non-financial assets
Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Other risks	note 6
Property, plant and equipment	note 15
Intangible assets	note 14

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase operating costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash in hand, bank balances and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Pensions and other post-employment benefits
Contributions to the Group's defined contribution pension scheme are charged to the profit or loss 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.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first-time the below standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component
- These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has not designated any risk components of alternative benchmark rates in any hedge relationships. The Group does not hold any other financial instruments exposed to alternative benchmark rates, except its loan facilities and interCompany loans, which reference LIBOR rates. The facility will transition to the relevant alternative reference rate at the point of the cessation of the impacted LIBOR rate. The Group does not expect that any transition adjustments will be required.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

Capital management	note 30
Financial instruments risk management and policies	note 29

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with termination option – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has two-thirds of its total lease contracts that include early termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the termination. Those factors include the time value of money, penalties on early termination and maintenance services with the lease period.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The periods covered by termination options are included as part of the lease term only when they are reasonably certain to be exercised.

Refer to note 21 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

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.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (*continued*)

The Group has £17,737,000 (2020: £18,712,000) of tax losses carried forward. Tax losses of £13,087,000 (2020: £13,087,000) relate to the Company's non-trade loan relationship deficit that carried forward prior to 1 April 2017 which does not expire, and can only offset against non-trade profits up to £5 million, plus 50% of remaining profits after deduction of the allowance. The Group or the subsidiaries are entitled to a £5 million overall allowance per 12-month period and can choose how this is allocated. The remaining losses relate to the losses incurred during the year, do not expire, and may be used to offset taxable income elsewhere in the Group.

A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves judgement regarding the forecasting of future taxable profits of the business and in applying an appropriate risk adjustment factor. At 31 December 2021, the management has forecast that the Group would generate future taxable non-trade profits and taxable trading profits against which existing tax losses could be relieved. As a result, the Group has recognised a deferred tax asset of £3,664,000 (2020: £3,555,000) with respect to available tax losses.

Useful life and recoverable amount of property, plant and equipment
Property, plant and equipment are depreciated over their useful lives. Useful lives are based on the management's estimates for the period that the assets will generate revenue, which, along with their estimated residual values, are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated profit or loss in specific periods. More details including carrying values are included in note 15.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as average bond rate in United Kingdom for different length of period, i.e. from 3 years to 25 years) and makes entity-specific estimate (such as credit spread specific to the Group with reference to the Group borrowing rate).

6 OTHER RISKS

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.

The Group is required to consider assets for impairment where such indicators exist using value in use calculations or fair value estimates. The use of these methods may require the estimation of future cash flows and the choice of a discount rate in order to calculate the value in use or fair value.

6 OTHER RISKS (*continued*)

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discount cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 14.

7 SEGMENT INFORMATION

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

- The exhibitions and conferences segment, which operates and manages the ExCeL London venue.
- The hotel segment, which operates and manages the Aloft Hotel London and DoubleTree by Hilton at ExCeL London.
- The investment holding segment, which manages the investment in joint ventures and the development of land.
- The Group financing segment, which is responsible for holding the Group's debt to its ultimate parent company (see note 22) and for providing financing for its subsidiary companies (see note 23).

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. Intersegment revenues are eliminated on consolidation and reflected within the elimination column. All segment revenue represents transactions with third parties and is generated in the United Kingdom. All segment non-current assets are located within UK.

7 SEGMENT INFORMATION

Year ended 31 December 2021

	Exhibitions & conferences £'000	Hotels £'000	Investment holding £'000	Group financing £'000	Eliminations £'000	Segments total £'000
Revenue	52,353	9,535	-	-	(1,400)	60,488
Cost of sales	(23,897)	(3,105)	-	-	430	(26,572)
Depreciation	(11,825)	(1,474)	-	-	105	(13,194)
Administrative expenses	(5,391)	(4,587)	(998)	(7)	1,065	(9,918)
Finance income	-	-	-	683	(683)	-
Finance costs	(1,236)	(742)	-	(13,002)	683	(14,297)
Loss on disposal of assets	(428)	-	-	-	-	(428)
Share of loss of joint ventures	-	-	(376)	-	-	(376)
Taxation	(1,543)	(562)	-	-	(1,233)	(3,338)
Segment profit/(loss) for the year	8,033	(935)	(1,374)	(12,326)	(1,033)	(7,635)

Year ended 31 December 2021

	Exhibitions & conferences £'000	Hotels £'000	Investment holding £'000	Group financing £'000	Eliminations £'000	Segments total £'000
Segment assets	324,983	108,760	249,610	247,903	(457,807)	473,449
Segment liabilities	(137,149)	(164,286)	(64,415)	(438,815)	217,281	(587,384)
Investment in joint ventures	-	-	17,000	-	(618)	16,382
Segment capital expenditure	7,336	303	-	-	-	7,639

7 SEGMENT INFORMATION *(continued)*

Year ended 31 December 2020

	Exhibitions & conferences	Hotel	Investment holding	Group financing	Eliminations	Segments total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	37,942	2,631	-	-	(90)	40,483
Cost of sales	(19,141)	(1,198)	-	-	90	(20,249)
Depreciation	(12,965)	(1,073)	-	-	-	(14,038)
Administrative expenses	(4,361)	(2,078)	-	(7)	-	(6,446)
Finance income	72	-	-	1,326	(1,326)	72
Finance costs	(2,050)	(318)	-	(16,571)	1,326	(17,613)
Loss on disposal of assets	(1)	-	-	-	-	(1)
Share of loss of joint ventures	-	-	(212)	-	-	(212)
Taxation	(861)	(150)	-	-	1,331	320
Segment profit/(loss) for the year	(1,365)	(2,186)	(212)	(15,252)	1,331	(17,684)
Segment assets	325,272	33,247	15,138	247,219	(220,373)	400,503
Segment liabilities	(147,830)	(25,654)	(3,617)	(425,805)	96,103	(506,803)
Investment in joint ventures	-	-	11,750	-	(837)	10,913
Segment capital expenditure	2,724	382	-	-	-	3,106

8 COST OF SALES

	2021 £'000	2020 £'000
Marketing and advertising	470	593
Security and cleaning	1,751	971
Staff costs (see note 10)	12,851	10,983
Venue maintenance and facilities management	989	890
Other operating costs	10,511	6,812
	26,572	20,249

9 ADMINISTRATIVE EXPENSES

	2021 £'000	2020 £'000
Estate management and property development	2,024	1,489
Acquisition-related costs	986	-
Auditors’ remuneration for audit services	134	114
Auditors’ remuneration for other non-audit services	104	80
Staff costs (see note 10)	662	590
Other professional fees	103	222
Other administrative expenses	5,905	3,951
	9,918	6,446

10 STAFF COSTS

	2021 £'000	2020 £'000
Staff costs, including directors' emoluments (see note 28) consist of:		
Wages and salaries	10,475	8,372
Amounts accruing under long-term incentive plans	625	68
Social security costs	1,107	1,112
Other pension costs	745	900
Redundancy costs	-	612
Other costs	561	509
	13,513	11,573

	Number	Number
The monthly average number of employees during the year		
- Group	245	257
- Company	-	-

10 STAFF COSTS *(continued)*

During the year the Group received government grants in the form of the Coronavirus Job Retention Scheme ("CJRS"), a scheme put in place to help businesses through the ongoing Covid-19 situation. Under the CJRS, grant income may be claimed in respect of certain costs to the Group of furloughed employees. During the year, the Group claimed £790,000 through this scheme (2020: £2,225,000). The CJRS income reflects the costs incurred in the year ended 31 December 2021 that are eligible to be included in CJRS grant claims to the extent the Group considers there to be reasonable certainty that the grant will be received. The income has been allocated across cost of sales and administrative expenses in the income statement to reduce the associated costs.

11 FINANCE INCOME

	2021 £'000	2020 £'000
Bank interest income	-	30
Interest income from joint venture	-	41
Other interest income	-	1
	-	72

12 FINANCE COST

	2021 £'000	2020 £'000
Interest payable on bank borrowings	626	746
Amortisation of bank loan issue costs (note 20)	97	189
Lease interest	570	107
Interest payable on parent company loan (note 22)	13,002	16,571
Other interest	2	-
	14,297	17,613

13 TAXATION

The major components of the income tax expense for the years ended 31 December 2021 and 2020 were:

	2021 £'000	2020 £'000
Current income tax:		
Current income tax charge	443	-
Adjustments in respect of prior years	-	(71)
Deferred tax:		
Relating to origination and reversal of temporary differences	1,007	(674)
Adjustments in respect of prior years	1,888	425
Income tax (credit)/expense reported in the statement of profit or loss	(3,338)	(320)

13 TAXATION *(continued)*

Reconciliation of tax expense and the accounting profit multiplied by UK's domestic tax rate for 2020 and 2021:

	2021 £'000	**2020 £'000**
Loss before tax	(4,297)	(18,004)
Charge on profit before tax at standard rate of corporation tax in the UK of 19% (2020 – 19%)	(816)	(3,420)
Effects of:		
Expenses not deductible for tax purposes	701	2,181
Income not taxable for tax purposes	(18)	(43)
Temporary difference arising from property, plant and equipment	1,789	1,997
Adjustments in respect of prior years	-	(71)
Adjustments in respect of prior years (deferred tax)	400	367
Adjustments in changes in tax rates	1,569	-
Deferred tax not recognised	(287)	(1,331)
	3,338	(320)

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 has been profitable for at least two years and is forecast to utilise these losses within three years.

Finance Bill 2020, enacted on 22 July 2020, held the main rate of corporation tax at 19% from 1 April 2021, rather than the previously enacted reduction to 17%. Deferred tax balances have been remeasured at 19% as at 31 December 2021. In the March 2021 budget, it was announced that the main rate of corporation tax will increase to 25% from 1 April 2023 and the rate change was enacted in Finance Act 2021 on 10 June 2021. Deferred tax balances have been remeasured at the appropriate rate, i.e. 19% or 25%, in accordance with the Group's plan.

Year ended 31 December 2021	**1 Jan £'000**	**Acquisition of a subsidiary £'000**	**Movement £'000**	**31 Dec £'000**
Deferred tax liability				
Fixed asset temporary differences	(4,690)	(9,011)	(1,827)	(15,528)
	(4,690)	(9,011)	(1,827)	(15,528)
Deferred tax assets				
Tax losses	3,555	1,177	(1,068)	3,664
	3,555	1,177	(1,068)	3,664
Net deferred tax asset/(liability)	(1,135)	(7,834)	(2,895)	(11,864)

13 TAXATION *(continued)*

Year ended 31 December 2020	**1 Jan 2020 £'000**	**Movement in year £'000**	**31 Dec 2020 £'000**
Deferred tax liability			
Fixed asset temporary differences	(3,607)	(1,083)	(4,690)
Recognised deferred tax liability	(3,607)	(1,083)	(4,690)
Deferred tax asset			
Tax losses	2,223	1,332	3,555
Recognised deferred tax asset	2,223	1,332	3,555
Net deferred tax asset/(liability)	(1,384)	249	(1,135)

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 profits will be available against which the Group can utilise them.

Year ended 31 December 2021	**1 Jan 2021 £'000**	**Movement in year £'000**	**31 Dec 2021 £'000**
Other temporary timing differences	10	166	176
Unrecognised deferred tax asset	10	166	176

Year ended 31 December 2020	**1 Jan 2020 £'000**	**Movement in year £'000**	**31 Dec 2020 £'000**
Other temporary timing differences	12	(2)	10
Unrecognised deferred tax asset	12	(2)	10

14 INTANGIBLE ASSETS - GROUP

	2021 £'000	2020 £'000
At 1 Jan 2021	44,918	44,918
Acquisition of a subsidiary	34,127	-
Goodwill at cost	79,045	44,918

The goodwill was acquired through business combinations and acquisitions and the carrying amount of goodwill is allocated to each of the cash generating units (which are also the operating and reporting segment in note 7):

	Exhibtion and conferences		Hotel		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Goodwill	44,918	44,918	34,127	-	79,045	44,918

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 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 2026 which is the current long-range planning horizon of the Group. Management considers this forecast horizon to be appropriate due to the long-term operating cycle of the business.

Covid-19 has heightened the inherent uncertainty in the prospects for the wider UK economy and the event and hospitality industry in the medium term. The Group's financial forecasts reflect the outcomes that the directors consider most likely, based on the information available at the date of signing of these financial statements. The key assumptions underlying for each cash generating units' project cash flows are:

Exhibition and conferences
- Events in Q1 2022 are expected to be relatively quiet compared to pre-Covid levels with the expectation that demand will come back strongly from Q4 2022 and return to pre-Covid-19 occupancy levels from 2023;
- The discount rate applied to the cash flow projections is 10% (2020 – 9.16%); and
- The growth rate used to extrapolate the cash flows beyond the plan period is 1.9% (2020 – 1.8%).

Hotel
- A significant recovery in occupancy is expected in 2022 but this is still forecast to be below pre-pandemic levels with a gradual return to normalised occupancy levels by 2025;
- Average daily rate is expected to grow at modest rates due to the focus to drive occupancy back up to pre-pandemic levels and is not expected to return to pre-pandemic levels until 2023;
- The discount rate applied to the cash flow projections is 9.3%; and
- The growth rate used to extrapolate the cash flows beyond the plan period is 1.8% .

14 INTANGIBLE ASSETS – GROUP (continued)

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. Below is the summary of the estimated recoverable amount of the cash generating unit and the carrying amount in the financial statements as at the balance sheet date:

	Exhibtion and conferences		**Hotel**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Recoverable amount in excess of carrying value	257,000	135,000	8,348	-

The calculation of value in use is most sensitive to movements in the forecast cash flows, long-term growth rates and discount rates used. The Group has conducted a sensitivity analysis taking into consideration the impact on these assumptions arising from a range of reasonably possible trading and economic scenarios, including additional adverse impact from the Covid-19 outbreak. The sensitivities summarised as follows:

	Exhibtion and conferences	**Hotel**
	%	**%**
Operating cash flow decreased by	10%	-
Capital expenditure increased by	5%	-
Discount rate increased by	3%	1%
Terminal growth decreased by	0.5%	0.5%

The sensitivity analysis shows that no impairment would result from either the cancellation of 2021 or 2022 events, a decrease in the long-term growth rate, or an increase in the discount rates, or an aggregate of these sensitivities, with headroom in excess of the carrying value of goodwill as at 31 December 2021.

15 PROPERTY, PLANT AND EQUIPMENT - GROUP

Year ended 31 December 2021

	Buildings, plant and machinery £'000	**Motor vehicles £'000**	**Fixtures, fittings and equipment £'000**	**Total £'000**
Cost				
At 1 January 2021	432,726	111	27,546	460,383
Reclass	1,671	30	(1,701)	-
Additions	5,321	-	2,318	7,639
Disposals	(1,041)	(28)	(2,640)	(3,709)
At 31 December 2021	438,677	113	25,523	464,313
Accumulated Depreciation				
At 1 January 2021	(155,874)	(57)	(23,173)	(179,104)
Reclass	(6,576)	(19)	6,595	-
Charge for the year	(9,651)	(17)	(2,832)	(12,500)
Disposals	1,029	11	2,141	3,181
At 31 December 2021	(171,072)	(82)	(17,269)	(188,423)
Net book value				
At 31 December 2021	267,605	31	8,254	275,890
At 31 December 2020	276,852	54	4,373	281,279

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

At 31 December 2021	7,147	-	2,008	9,155
At 31 December 2020	1,824	-	375	2,199

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

Year ended 31 December 2020

	Buildings, plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2020	430,902	118	26,264	457,284
Additions	1,824	-	1,282	3,106
Disposals	-	(7)	-	(7)
At 31 December 2020	432,726	111	27,546	460,383
Accumulated Depreciation				
At 1 January 2020	(146,392)	(43)	(19,097)	(165,532)
Charge for the year	(9,482)	(20)	(4,076)	(13,578)
Disposals	-	6	-	6
At 31 December 2020	(155,874)	(57)	(23,173)	(179,104)
Net book value				
At 31 December 2020	276,852	54	4,373	281,279
At 31 December 2019	284,510	75	7,167	291,752

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

At 31 December 2020	1,824	-	375	2,199
At 31 December 2019	-	-	1,910	1,910

16 INVESTMENTS

Group – Acquisitions in 2021

Acquisition of Lanos Investments Limited

On 13 July 2021, the Group acquired 100% of the voting shares of Lanos Investments Limited, a non-listed Company based in Jersey and engaged in hotel operations. Lanos Investment Limited owns and operates a hotel: The DoubleTree by Hilton Hotel at ExCel London. This acquisition will strengthen the Group's competitiveness by supporting ExCeL in providing a seamless experience for the Group's visitors and exhibitors and by creating exceptional guest experiences. The consideration of £8,584,000 was settled £8,559,000 in cash and fair value of £25,000 as deferred consideration.

The Group also took over the bank and other debts of £23,427,000 and £3,696,000 that Lanos Investment Limited owed to its bank and the vendor group respectively. The balances were then rearranged as new intercompany balances within the Group.

During the period, the Group incurred transaction costs on the acquisition of £986,000, which are included within administrative expenses.

The amounts to be recognised in respect of the identifiable assets acquired and liabilities assumed are presented as follows:

	Fair value recognised on acquisition £'000
Assets	
Right-of-use assets	38,500
Inventory	14
Trade receivables and other receivables	312
Cash and cash equivalents	164
	38,990
Liabilities	
Trade and other payables	6,783
Deferred income	393
Bank borrowings	23,427
Lease liabilities	26,096
Deferred tax liabilities	7,834
	64,533
Total identifiable net liabilities at fair value	**(25,543)**
Goodwill	34,127
Total consideration	**8,584**

16 INVESTMENTS *(continued)*

Satisfied by:	
Cash consideration	8,559
Deferred consideration	25
Total consideration	**8,584**

	£'000
Net cash outflow arising on acquisition:	
Cash consideration less cash acquired (included in cash flows from investing activities)	8,395
Cash consideration in repaying the existing debts owed to the vendor group (included in cash flows from investing activities)	3,696
Cash consideration in repaying the existing debts of Lanos Investment Limited (included in cash flows from financing activities)	23,427
Transaction costs of the acquisition (included in cash flows from operating activities)	986
Total cash outflow for the acquisition	**36,504**

The fair value of the trade and other receivables amounts to £312,000. The gross amount of trade and other receivables is £312,000 and it is expected that the full contractual amounts can be collected. The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The goodwill of £34,127,000 comprises the value of expected synergies arising from:

- Strengthening the Group's competitiveness in the UK hospitality sector;
- Sustaining the development of local communities alongside bolstering the relationship between the public and private sector;
- Leveraging the Group's world-class facilities to create exceptional guest experiences; and
- Supporting ExCeL London in providing a seamless experience to visitors and exhibitors.

None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Lanos Investments Limited contributed £3,856,000 of revenue and £464,000 to profit before tax of the Group. If the combination had taken place at the beginning of the year, the Group's revenue from continuing operations would have been £60,965,000 and loss before tax for the Group would have been £5,093,000.

Group – Investments in joint ventures	**2021** **£'000**	**2020** **£'000**
Member's loan	17,595	11,750
Share of joint ventures' performance	(13)	363
Profit distribution	(1,200)	(1,200)
Investment in joint ventures	16,382	10,913

16 INVESTMENTS *(continued)*

In 2017, the Group entered into a property joint venture with Mount Anvil. During the year ended 31 December 2021, the Group has injected equity in the form of member's loan of £595,000 in Western Gateway 1 LLP and £5,250,000 in Western Gateway 2 LLP. The Group has a 50% interest in each of the following LLPs:

Name	% holding or indirect interest	Country of incorporation	Nature of business
Western Gateway 1 LLP	50	England & Wales	Property development
Western Gateway 2 LLP	50	England & Wales	Property development
Western Gateway 3 LLP	50	England & Wales	Property development

The Group's interest in the LLPs are accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of the LLPs:	2021 £'000	2020 £'000
Current assets, including cash and cash equivalents £20,831,000 and prepayments £nil (2020: £1,025,000 and £nil)	21,711	2,256
Non-current assets	74,216	50,366
Current liabilities, including tax receivables £63,000 (2020: tax receivables £154,000)	(63,129)	(30,762)
Non-current liabilities	-	-
	32,798	21,860
Equity		
Group share in equity – 50% (2020: 50%)	16,399	10,930
Elimination of intra-entity transactions	(17)	(17)
	16,382	10,913

Summarised statement of profit or loss of LLPs:	2021 £'000	2020 £'000
Revenue	27	1,020
Cost of sales	(26)	(394)
Administrative expenses	(752)	(902)
Finance cost	-	-
Loss before tax	(751)	(276)
Income tax expense	-	(115)
Loss and total comprehensive expense for the year (continuing operations)	(751)	(391)

16 INVESTMENTS *(continued)*

	2021 £'000	2020 £'000
Group's share of loss for the year – 50% (2020: 50%)	(376)	(195)
Elimination of intra-entity transactions	-	(17)
Share of loss of joint ventures	(376)	(212)

The LLPs had no other contingent liabilities or commitments as at 31 December 2021 and 2020. The LLPs cannot distribute their profits without member consent. During the year ended 31 December 2021, Western Gateway 1 LLP has distributed profit of £nil (2020: £600,000) to the Group. In 2020, the Group has redistributed £250,000 of the distributed profit as investment in Western Gateway 2 LLP.

Company	2021 £'000	2020 £'000
Investments in subsidiary companies	183,656	183,656

The following subsidiary companies are members of the Group at 31 December 2020 and 31 December 2020:

Company Name	Address	% holding or indirect interest 2021	2020	Country of incorporation	Nature of business
Directly held					
London International Exhibition Centre Holdings PLC	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Investment Holding
Indirectly held via intermediate holding companies					
London International Exhibition Centre PLC	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Exhibition Centre
ADCG Hotels Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Hotel Operation
^LIEC Phase 3 EE4A Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
^LIEC Phase 3 EE4B Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
^LIEC Phase 3 EE 1 Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
^LIEC Phase 3 EE 2 Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant

16 INVESTMENTS *(continued)*

Company Name	Address	% holding or indirect interest 2021	2020	Country of incorporation	Nature of business
^LIEC Phase 3 WE 8 Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
LIEC Phase 3 WE 4A Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Car park operation
LIEC Phase 3 WE 4B Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Coach park operation
^LIEC Phase 3 WE 9A Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
^LIEC Phase 3 WE 9B Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
^LIEC Phase 3 WE 9C Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	100%	England & Wales	Dormant
Excel London Hotel Group Limited	Excel London One Western Gateway London, UK, E16 1XL	100%	-	England & Wales	Investment holding
King Li Limited (formerly known as Lanos Investment Limited)	Sommerville House Phillips Street St Helier, Jersey, JE2 4SW	100%	-	Jersey	Investment holding
King LHC Limited (formerly known as Lanos Hotel Co Limited)	Sommerville House Phillips Street St Helier, Jersey, JE2 4SW	100%	-	Jersey	Dormant
King LSC Limited (formerly known as Lanos Suite Co Limited)	PO Box 118 Chesterfield House 11-13 Victoria Street Douglas, IM1 2LR Isle of Man	100%	-	Isle of Man	Dormant
King LEP Limited (formerly known as Lanos Excel Propco Limited)	Sommerville House Phillips Street St Helier, Jersey, JE2 4SW	100%	-	Jersey	Property investment
ExCeL London Eastern Hotel Limited (formerly known as Shiva Excel Limited)	Excel London One Western Gateway London, UK, E16 1XL	100%	-	England & Wales	Hotel Operation

^ These companies, being dormant companies, are exempt from the requirement to prepare accounts under S394A of the Companies Act 2006

17 TRADE AND OTHER RECEIVABLES - GROUP

	2021 £'000	2020 £'000
Trade receivables	18,526	20,375
Provision for impairment of trade receivables	(1,919)	(2,334)
	16,607	18,041
Unbilled receivables	265	308
Provision for impairment of unbilled receivables	(7)	(3)
	258	305
Prepayments, other debtors and accrued income	4,559	3,232
Corporation tax receivable	1,011	1,307
VAT receivable	833	269
Amounts owed by a joint venture	-	2,532
	23,268	25,686

Trade receivables are non-interest bearing and are generally on 30 days terms.

Unbilled receivables relate to revenue earned from ongoing ancillary services. As such, the balances on this account vary and depend on the number of ongoing services at the end of the year.

During the year ended 31 December 2020, the Group provided a loan of £2.5 million to its joint venture, Western Gateway 2 LLP, for the property development. The loan was unsecured, with an interest rate of 8% per annum and it was fully repaid by the joint venture in the year ended 31 December 2021.

Impairment of trade receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on each individual customer. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by event type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At 31 December 2021, trade receivables with a value of £1,919,000 (2020 – £2,334,000) were impaired and provided for. The movement in the provision for impaired receivables is shown below:

Year ended 31 December 2021	Individually impaired £’000	Collectively impaired £’000	Total £’000
At 1 January 2021	584	1,750	2,334
Provision increase/(decrease) for the year	510	(175)	335
Utilised in the year	(748)	(2)	(750)
At 31 December 2021	346	1,573	1,919

17 TRADE AND OTHER RECEIVABLES - GROUP (*continued*)

	Individually impaired £'000	Collectively impaired £'000	Total £'000
Year ended 31 December 2020			
At 1 January 2020	453	163	616
Provision for the year	656	1,587	2,243
Utilised in the year	(525)	-	(525)
At 31 December 2020	584	1,750	2,334

The ageing of 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 2021	16,607	5,613	4,766	2,948	3,280
31 December 2020	18,041	4,104	2,117	4,063	7,757

The Group does not obtain security or collateral over receivables and therefore they are unsecured.

18 CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Group		
Cash and cash equivalents	39,273	35,857

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 2020 and 31 December 2021

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

20 BANK BORROWINGS - GROUP

	2021		2020	
	Current	Non-current	Current	Non-current
	£'000	£'000	£'000	£'000
As at 1 Jan	21,931	11,000	32,825	-
Cash flow	(17,000)	50,000	-	-
Reclass	11,000	(11,000)	(11,000)	11,000
Others	(203)	(440)	(83)	-
Amortisation of bank loan issue costs	97	-	189	-
As at 31 Dec	15,825	49,560	21,931	11,000
Representing:				
Construction loan facility dated 11 July 2008	15,825	-	15,950	8,000
Construction loan facility dated 4 May 2010	-	-	5,981	3,000
Term loan facility dated 20 December 2021	-	49,560	-	-
	15,825	49,560	21,931	11,000

(i) 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 15). Interest accrued 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 2021.

On 21 October 2020, the Group entered an amendment letter to the construction loan facility with First Abu Dhabi Bank to refinance the term loan balance of £24 million due in October 2020. The payment was rearranged into three equal payments in April 2021, October 2021 and October 2022 and on 14 May 2021, the Group further deferred the payment due in April 2021 to April 2022. The Group concluded that he terms of the original debt agreement have not been substantially modified.

The Group repaid £8 million in October 2021. Interest continues to accrue at a rate of 1.65% above LIBOR. In line with the FCA's announcement of the cessation of GBP LIBOR by 31 December 2021, the reference to LIBOR in the debt facility agreement will be amended to SONIA in December 2021.

(ii) 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 15). Interest accrued 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 2021.

20 BANK BORROWINGS - GROUP

On 21 October 2020, the Group entered an amendment letter to the construction loan facility with First Abu Dhabi Bank to refinance the term loan balance of £9 million due in October 2021. The payment was rearranged into three equal payments in April 2021, October 2021 and October 2022 and on 14 May 2021, the Group further deferred the payment due in April 2021 to April 2022. The Group concluded that he terms of the original debt agreement have not been substantially modified.

The Group repaid £3 million in October 2021. Interest was accrued at a rate of 2.25% above LIBOR on the amount of the facility that has been used.

On 20 December 2021, the Group entered a new term loan facility to refinance the remaining £6 million balance of the construction loan facility. (see *Term loan facility dated 20 December 2021* below). Hence, the facility is terminated and fully repaid as at 31 December 2021.

(iii) Term loan facility dated 20 December 2021
The term loan facility provided by the First Abu Dhabi Bank was used to refinance the existing loan for the construction of the Group's hotel, acquire the new hotel and support the hotels' operation. The maximum size of the facility is £50 million. The facility is secured upon the property, plant and equipment of the Group (note 15). Interest accrued at a rate of 2.05% above SONIA on the amount of the facility that has been used. Interest is payable quarterly and the facility is repayable at maturity in 2026.

21 LEASES

Group as a lessee
The Group has lease contracts for various items of plant, machinery and other equipment used in its operations. Lease of buildings has lease terms 25 years, while other equipment generally has lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include termination options and variable lease payments which are further discussed below.

The Group also has certain leases of office equipment with low value. The Group applies 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements in the year:

	Buildings £'000	Fixtures, Fittings and equipment £'000	Motor vehicles £'000	Total £'000
As at 1 January 2021	1,380	300	88	1,768
Acquisition of a subsidiary	38,500	-	-	38,500
Lease modifications	-	(62)	-	(62)
Depreciation	(534)	(115)	(45)	(694)
As at 31 December 2021	39,346	123	43	39,512
As at 1 January 2020	1,146	398	69	1,613
Additions	446	106	63	615
Depreciation	(212)	(204)	(44)	(460)
As at 31 December 2020	1,380	300	88	1,768

21 LEASES (*continued*)

Set out below are the carrying amounts of lease liabilities and the movements in the year:

	2021 £'000	**2020 £'000**
As at 1 January	1,856	1,636
Acquisition of a subsidiary	26,096	-
Additions	-	615
Lease modifications	(128)	-
Accretion of interest	570	107
Payments	(910)	(502)
As at 31 December	27,484	1,856
Current portion	337	412
Non-current portion	27,147	1,444
	27,484	1,856

The following are the amounts recognised in profit or loss:

	2021 £'000	**2020 £'000**
Depreciation expense of right-of-use assets	617	460
Interest expense on lease liabilities	570	107
Expense relating to low-value assets	1	1
Variable lease payments	677	367
Total amount recognised in profit or loss	1,865	935

The Group had total cash outflows for leases of £1,587,000 (2020: £869,000). There are no future cash outflows relating to leases that have not yet commenced.

Variable lease payments
The Group has lease contracts for the land to the north of the Royal Victoria Dock (the "Land") that contains only variable payments based on the net contribution from the exhibition and conferences segment which represented the revenue generated from exhibition and conferences less direct outgoings. These terms are negotiated by management for the development and operation of the ExCel London without steady customer demand. During the year ended 31 December 2021, the Group paid variable lease payments of £677,000 (2020: £367,000) in respect of the leases. A 5% increase in net contribution from the exhibition and conferences segment would increase total lease payments by 5% (2020: 7%).

The Group has several lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these termination options are reasonably certain to be exercised (see note 5). No termination options were expected to be exercised as at 31 December 2021 and 2020.

21 LEASES (*continued*)

Group as a lessor
The Group has entered several operating leases with its commercial partners related to the operation of certain parts of the exhibition centre (see note 15). These leases have terms of between three and ten years. The rental from all leases with commercial partners are based on the gross turnover in the financial year multiplied by a specified percentage agreed in the lease agreements. Rental income recognised by the Group during the year is £468,000 (2020: £868,000). There are no future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 or 2021.

22 AMOUNTS OWED TO PARENT COMPANY

Non-current liabilities	**2021 £'000**	**2020 £'000**
Loan notes issued to shareholder	319,000	319,000
Payment in kind notes issued to shareholder	26,770	26,770
Interest accrued on loan notes	88,075	75,073
	433,845	420,843

ADCG (UK) Limited 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 International Stock Exchange. Interest accrues on the loan notes at a rate of 3.0% above LIBOR and interest of £13,001,000 was charged in the year (2020 - £16,571,000). The Group engaged ADCG Holdings (Jersey) Limited to transit LIBOR to an alternative reference rate as at 31 December 2021. The transition is in progress and the Group does not expect any transition adjustment will be required.

The loan notes are repayable in full by 31 December 2028 and are unsecured. During the year ended 31 December 2021, the Company elected to pay £nil (2021: £5,000,000) of accrued interest.

23 LOANS TO SUBSIDIARY COMPANIES - COMPANY

Current assets	**2021 £'000**	**2020 £'000**
Loan notes issued to subsidiary	64,247	63,563

ADCG (UK) Limited provided an initial loan of £140 million to its subsidiary company LIEC. The loan accrues interest at a rate of 1.0% above LIBOR. The Company engaged LIEC to transit LIBOR to alternative reference rate as at 31 December 2021. The transition is in progress and the Company does not expect any transition adjustment will be required. The loan is secured on the assets of LIEC and repayable on demand. The balance was classified as current assets at 31 December 2021 and 2020.

During the year ended 31 December 2021, LIEC elected to redeem £nil (2020: £5,000,000) of the loan principal.

24 TRADE AND OTHER PAYABLES – GROUP

	2021 £'000	2020 £'000
Amounts payable within one year		
Interest payable on construction loan facilities	61	118
Trade payables	1,450	281
Other taxes and social security creditors	651	372
Corporation tax payable	-	3
Accruals for staff bonus and commission	2,352	-
Refund liabilities	-	1,563
Accruals and other creditors	7,917	3,468
Amounts owed to group companies	4,512	4,512
Amounts accrued under long-term employee incentive plans	577	1,517
VAT payable	2,415	122
	19,935	11,956
Amounts payable after one year		
Amounts accrued under long-term employee incentive plans	254	810

25 DEFERRED INCOME

	2021 £'000	2020 £'000
Advances for exhibition and conferences	24,688	32,401
Advances for commercial partnerships	3,135	4,380
Advances for hotel operations	794	491
	28,617	37,272
Current	23,402	31,242
Non-current	5,215	6,030
	28,617	37,272

Deferred income relates to payments received in advance of the satisfaction of a performance obligation. Non-current amounts relate to payment in advance received from events and exhibitions scheduled to be held beyond one year and the advance received from 10-year commercial partnerships which is expected to be amortised more than one year.

During the year ended 31 December 2021, £24,128,000 (2020: £14,983,000) of the deferred income balance of £31,242,000 at 31 December 2020 (£29,442,000 at 31 December 2019) was recognised as revenue in the consolidated income statement. This was lower than the balance of deferred income included in current liabilities at 31 December 2021 as a result of event cancellations and postponements.

26 AMOUNTS OWED TO GROUP COMPANIES - COMPANY

	2021 £'000	2020 £'000
Amounts payable within 1 year		
Amounts owed to group companies	4,970	4,959

27 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The ultimate parent company and controlling party is Abu Dhabi Developmental Holding 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 Developmental Holding Company PJSC. The consolidated financial statements of Abu Dhabi Developmental Holding Company PJSC are available from Capital Gate, Al Khaleeh Al Arabi Street, Abu Dhabi, United Arab Emirates.

28 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.

Year ended 31 December 2021

Group	Income received and receivable from related parties £'000	Expense paid and payable to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Intermediate parent company				
Abu Dhabi National Exhibitions Company PJSC				
- Administrative and management services	-	-	-	[i]31
Immediate parent company				
ADCG Holdings (Jersey) Limited				
- Interest / Loan notes	-	13,001	-	[ii]433,845[i]
- Others	-	-	-	[i]4,481
Company				
Intermediate parent company				
Abu Dhabi National Exhibitions Company PJSC				
- Administrative and management services	-	-	-	[i]31
Immediate parent company				
ADCG Holdings (Jersey) Limited				
- Interest / Loan notes	-	13,001	-	[iii]433,845
- Others^	-	-	-	[i]4,481
Wholly owned subsidiary				
LIEC				
- Interest / Loan	683	-	[iii]64,247	[i]458

28 RELATED PARTY TRANSACTIONS (*continued*)

Year ended 31 December 2020

Group	Income received and receivable from related parties £'000	Expense paid and payable to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Intermediate parent company				
Abu Dhabi National Exhibitions Company PJSC				
- Administrative and management services	-	-	-	[i]31
Immediate parent company				
ADCG Holdings (Jersey) Limited				
- Interest / Loan notes	-	16,571	-	[ii]420,843[i]
- Others	-	-	-	[i]4,481
Joint venture				
Western Gateway 2 LLP				
- Interest / Loan notes	32	-	[iv]2,500	-
Company				
Intermediate parent company				
Abu Dhabi National Exhibitions Company PJSC				
- Administrative and management services	-	-	-	[i]31
Immediate parent company				
ADCG Holdings (Jersey) Limited				
- Interest / Loan notes	-	16,571	-	[iii]420,843
- Others^	-	-	-	[i]4,481
Wholly owned subsidiary				
LIEC				
- Interest / Loan	1,326	-	[iii]63,563	[i]447

[i] The balance is unsecured, interest-free and repayable on demand.
[ii] Please refer to note 22 for more details.
[iii] Please refer to note 23 for more details.
[iv] Please refer to note 17 for more details.

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 the Company
The directors of the Company are also directors of the Group's subsidiary companies. No directors of the Company received emoluments during the year from the Company in respect of their service as a director of the Company or its subsidiary companies (2020 – no directors, £nil). The directors and other key management of the subsidiary companies received emoluments as set out below.

28 RELATED PARTY TRANSACTIONS (*continued*)

Compensation of directors and other key management

	Directors		Other key management	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Salaries and other emoluments	565	781	974	1,103
Long-term incentive plans	171	454	244	145
Pension contributions	69	63	62	65
	805	1,298	1,280	1,313

During the year the highest paid director received emoluments of £480,000 (2020 – £528,000), long-term incentive plans of £171,000 (2020 – £454,000) and pension contributions of £69,000 (2020 - £63,000). The Company made contributions to the defined contribution pension schemes of one director during the year (2020 – one director).

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 24.

	2021	**2020**
	£'000	**£'000**
Accrued at the beginning of the year	2,327	2,726
Amounts (reversed)/accrued in the year inclusive of provision for employer's social security contributions	(402)	68
Paid to directors and other key management	(957)	(409)
Employer's social security contributions paid	(137)	(58)
Amounts accrued at the year-end	831	2,327

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

29 FINANCIAL ASSETS AND LIABILTIES

Financial risk management

The Group and the Company's principal financial liabilities comprise loans and borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group and the Company's operations. The Group and the Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group and the Company are exposed to interest rate risk, credit risk and liquidity risk. The directors oversee the management of these risks. The directors have overall responsibility for the determination of the Group and the Company's financial instrument risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the finance function. The directors receive reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Group and the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Interest rate risk
The Group has no significant interest-bearing assets at floating rates, except cash at bank, but is exposed to interest rate risk as the Group and the Company borrow funds at floating interest rates. The Group and the Company manage their interest rate risk by maintaining an appropriate level of floating interest rate borrowings.

Year ended 31 December 2021

	Group	*Company*
	£'000	**£'000**
Increase in interest rate	+1%	+1%
Floating rate exposure – cash/(debt)	(499,845)	(433,845)
Increase/(decrease) in profit before tax	(4,998)	(4,338)

Year ended 31 December 2020

	Group	*Company*
	£'000	**£'000**
Increase in interest rate	+1%	+1%
Floating rate exposure – cash/(debt)	(443,843)	(357,280)
Increase/(decrease) in profit before tax	(4,438)	(3,573)

Liquidity risk
Liquidity risk arises from the Group and the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group and the Company will encounter difficulty in meeting their financial obligations as they fall due.

The Group and the Company's policy are to ensure that they will always have sufficient cash to allow them to meet their liabilities when they become due. The directors receive cash flow projections on a regular basis as well as information regarding cash balances.

The Group responded in 2020 in respect of the challenges from Covid-19 with a number of actions to improve costs and liquidity, with the most significant ones being as follows:

29 FINANCIAL ASSETS AND LIABILITIES (*continued*)

- Reducing discretionary spending and suspending non-essential capital expenditure;
- Reducing the fixed cost of the workforce by placing our employees on temporary furlough, with the government support package paying up to 80% and a maximum of £2,500 of the furlough employees' salaries per employee per month;
- Restructuring the work force and making 23% of the workforce redundant;
- Deferring applicable VAT payments under the government support business scheme;
- Taking advantage of the governments business rate deferral scheme; and
- Renegotiating bank borrowings of £33 million, extending the maturity from 2021 to 2022 as outlined in note 20.

In 2021, the Group arranged a new facility of £50m with repayment due in December 2026. The new facility strengthens the liquidity position of the Group in the next 18 months as it refinanced £6m existing borrowings due in 2022.

As disclosed in the going concern assessment in note 2, the Group has assessed the liquidity in different scenarios and the Group has sufficient headroom throughout the next 18 months. Indeed, there is an option to extend the potential mitigations available, such as cost savings, temporary waiver on covenants terms, deferring term loan repayments or the disposal of assets, if required. The Group and the Company expected to have sufficient liquid resources to meet their obligations under all reasonably expected circumstances.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Group	**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 2021					
Interest bearing loans and borrowings					
Loan facilities	276	17,153	54,487	-	71,916
Shareholder loan notes	-	-	-	531,751	531,751
	276	17,153	57,487	531,751	603,667
Lease liabilities	601	780	6,063	169,824	177,268
Trade and other payables	3,774	14,416	254	-	18,444
	4,651	32,349	60,804	701,575	799,379
At 31 December 2020					
Interest bearing loans and borrowings					
Loan facilities	-	22,498	11,167	-	33,665
Shareholder loan notes	-	-	-	568,497	568,497
	-	22,498	11,167	568,497	602,162
Lease liabilities	184	378	1,222	321	2,105
Trade and other payables	7,200	-	810	-	8,010
	7,384	22,876	13,199	568,818	612,277

29 FINANCIAL ASSETS AND LIABILITIES (*continued*)

	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Company					
At 31 December 2021					
Interest bearing loans and borrowings					
Shareholder loan notes	-	-	-	531,751	531,751
	-	-	-	531,751	531,751
At 31 December 2020					
Interest bearing loans and borrowings					
Shareholder loan notes	-	-	-	568,497	568,497
	-	-	-	568,497	568,497

Credit risk

Group

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group seeks to limit its credit risk from financing activities by dealing with reputable banks. For trade receivables, the Group establishes 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.

The Group has temporarily suspended the collection of any outstanding balance due from customers in 2020 for those events cancelled and awaiting the settlement terms to be agreed. In 2021, the sales teams and credit control teams finalised the settlement terms for the majority of the cancelled events. No impairment was made for events either cancelled as at the balance sheet date or were in negotiation on the settlement terms. Details of impaired trade receivable balances are given in note 17.

Company

The Company is exposed to credit risk on its bank balances and loans to subsidiary companies. The Company seeks to limit its credit risk from financing activities by dealing with reputable banks and other Group companies of Abu Dhabi Developmental Holding Company PJSC.

29 FINANCIAL ASSETS AND LIABILITIES (*continued*)

Changes in liabilities arising from financing activities

Group

	1 Jan 2021 £'000	Cash flows £'000	Acquisition of a subsidiary £'000	Reclass £'000	Other £'000	31 Dec 2021 £'000
Current interest-bearing bank borrowings	21,931	(17,110)	-	11,000	4	15,825
Non-current interest-bearing bank borrowings	11,000	49,527	-	(11,000)	33	49,560
Amounts owed to parent company	420,843	-	-	-	13,002	433,845
Lease liabilities	1,856	(910)	26,096	-	442	27,484
Total liabilities from financing activities	455,630	31,507	26,096	-	13,481	526,714

	1 Jan 2020 £'000	Cash flows £'000	New leases £'000	Reclass £'000	Other £'000	31 Dec 2020 £'000
Current interest-bearing bank borrowings	32,825	(83)	-	(11,000)	189	21,931
Non-current interest-bearing bank borrowings	-	-	-	11,000	-	11,000
Amounts owed to parent company	409,272	(5,000)	-	-	16,571	420,843
Lease liabilities	1,636	(395)	615	-	-	1,856
Total liabilities from financing activities	443,733	(5,478)	615	-	16,760	455,630

Company

	1 Jan 2021 £'000	Cash flows £'000	Other £'000	31 Dec 2021 £'000
Amounts owed to parent company	420,843	-	13,002	433,845
Total liabilities from financing activities	420,843	-	13,002	433,845

	1 Jan 2020 £'000	Cash flows £'000	Other £'000	31 Dec 2020 £'000
Amounts owed to parent company	409,272	(5,000)	16,571	420,843
Total liabilities from financing activities	409,272	(5,000)	16,571	420,843

The 'Other' column includes the effect of the amortisation and payment of bank loan issue cost and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from financing activities.

30 CAPITAL MANAGEMENT

For the purpose of the Group and the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Group and the Company. The primary objective of the Group and the Company's capital management is to safeguard the Group and the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group and the Company set the amount of capital they require in proportion to risk. The Group and the Company manage their capital structure and make adjustments to it in light of the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.