

2021-22

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CHAIR'S WELCOME



Given the challenges faced due to the pandemic, to emerge with a turnover of £26.9m and a pre-tax profit of £1.5m was a significant achievement.



2021/22 has been a demanding but ultimately very positive year for Scottish Event Campus Limited. Given the challenges faced due to the pandemic, to emerge with a turnover of £26.9m and a pre-tax profit of £1.5m was a significant achievement.

The profit was driven by the hosting of COP26, the return to events, the careful reduction in non-essential spend, and importantly, a successful claim on our Business Interruption insurance policy. The provision of services to the NHS Louisa Jordan was also helpful in providing a degree of cost recovery and control, as were the use of the Job Retention Scheme and the local authority rates exemption. Other emergency funding made available to the event sector by the Scottish Government was not utilised by the SEC.

The highlight however was undoubtedly the hosting of COP26. This was the largest in-person conference to be staged anywhere in the world since COVID-19 and achieved huge global media visibility for the SEC. We were delighted to receive plaudits from the United Nations, UK Government and production companies involved in delivering this carbon neutral event.

COP26 also served to underline the importance of our ambitious plan to upgrade and expand the campus, which we continue to pursue with Planning Permission in Principle now granted. The plans are supported by a robust business case and an economic impact study. The challenge is to secure public sector grant funding support for the project to proceed which would be of significant benefit to the Glasgow, Scottish and UK economies.

Works will commence on a refurbishment of the station walkway, a Glasgow City Deal project, during the financial year to March 2023.

On behalf of the Board, I would like to commend our staff for their enthusiasm, dedication and professionalism which has allowed the SEC to navigate through these difficult times.

Will Whitehorn
Chair

CHIEF EXECUTIVE'S REVIEW



On the 28 August 2021, we hosted our first event since Covid, when Daniel Sloss performed in the SEC Armadillo. Despite the return, further restrictions were imposed in December 2021 due to the Omicron variant and we reopened again in February 2022.

The COVID-19 pandemic had a major effect on our results for the year to 31 March 2022.

When the campus closed on 20 March 2020 due to the pandemic, our key aims were the safety and wellbeing of our team members and ensuring that the SEC emerged from the pandemic with the ability to service and host the multitude of events we facilitate across our campus each year.

During the closure period, we rescheduled a large number of events into the latter half of 2021 and future years. We were also proud to play our part in the national response to the crisis by supporting the NHS Louisa Jordan.

The return to events witnessed a very busy period on the campus including the hosting of The United Nations Climate Change Conference, COP26, the world's most important conference on climate change which took place at the SEC in November 2021.

Having re-scheduled the conference from November 2020, the venue team rose to the challenge of supporting the delivery of the largest and most complex conference ever to be staged in the UK. The work of the team was recognised at the highest level of Government.

COP26 was core to securing the financial success of the business for the year and has amplified the reputation of the SEC as a world-leading venue for conferences and live events of scale, complexity and global significance.

The return to events increased turnover for the year and a return to profit with pre-tax profit of £1.5m for the year, compared to a loss of just over £1.0m for the previous year.

Prior to COP26, two new independent hotels opened on the campus. These increased the number of hotel bedrooms in the vicinity of the campus from 950 to almost 1,400. This will be an invaluable addition and will support our growing Conference and Exhibition sectors as well as our Live Entertainment offering.

The retention and rescheduling of events across our trading sectors as well as the retention of the majority of our commercial partnership agreements, means we are well placed to return our sectors to pre-pandemic business levels.

During the pandemic, we retained our workforce with no compulsory redundancies. We offered a voluntary scheme in September 2021 which 22 team members chose to accept to pursue other career opportunities. With a challenging jobs market, the retention of our core teams enabled us to deliver COP26 and leaves us well placed for current and future event delivery.

Despite the difficult circumstances, the business remains strong with the cash position and forward business levels healthy. Appropriate financial modelling has been undertaken to support the assessment of the business as a going concern.

Peter Duthie
Chief Executive



COP26

In November last year, the SEC became United Nations Territory for what was the largest COP (Conference of the Parties') ever. The UN has expressed that this was the best COP ever staged, of the highest quality, and the most accessible.

It was also the largest and most complex conference ever held in the UK in terms of delegate numbers and footprint, all of which led to The Glasgow Climate Pact. In numbers:

- 194 countries were represented
- with 120 world leaders attending
- occupying 109,000 sqm of space
- 38,000 badged attendees
- over 14,000 accredited observers
- nearly 4,000 media personnel
- 1 of the largest police operations in the UK
- 2,440 meetings
- 13 days of negotiations

We were all excited to be part of such an extraordinary event, which achieved ISO20121 for event sustainability, and during which the SEC, Glasgow and Scotland were firmly on the world's stage.

For many organisations in Glasgow and throughout Scotland, hosting COP26 acted as a real catalyst to amplify or accelerate sustainability action.

Once we knew that the SEC had been selected as the host venue for COP26, we were quite clear in our own objectives for the event.

We wanted it:

- To leave a lasting legacy for the SEC, by changing behaviour, practices and process, reducing our impact on the environment.
- To position the SEC as a venue that delivers sustainable events.
- To endorse the SEC brand as a global tier one venue for high profile, large scale, complex conferences.
- To reinforce the value of business events - how they can be a driver for social and economic change.

We also wanted to use the opportunity to tell our campus story and support the campaign for the SEC campus expansion by demonstrating the value of the SEC to Glasgow, to Scotland and to the UK. We are confident we have achieved what we set out to do – but fully recognise that any small local achievement is completely dwarfed by the global climate challenge.

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SUSTAINABILITY

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The SEC is committed to becoming a net zero campus by 2030. This aligns with the city of Glasgow's own ambitious target.

AGF
ARENA 2021



To support the SEC's journey to a more sustainable future, we have developed a comprehensive sustainability strategy supported by the five pillars of Climate, Resource, People, Partnerships, and Governance.

The Climate Goal has a very clear aim: the SEC is committed to becoming a net zero campus by 2030. This aligns with the city of Glasgow's own ambitious target.

This ambitious target leads the way for the event industry and is contingent upon delivering a sophisticated net zero energy strategy for the Campus. The aim is to generate and store renewable power onsite in support of Scotland's Climate Change Bill and directive to become a net zero society by 2045.

The SEC team has also taken measures to become more energy efficient with electricity coming only from renewable sources. A strong partnership with Glasgow City Council, ensures the SEC sends zero waste to landfill, using the new state of the art Glasgow Recycling and Renewable Energy Centre. This leads to efficient waste reduction, enhanced recycling rates and recovering renewable energy from residual waste.

With the support of Levy UK, OVO Energy, Heineken and AG Barr, a reusable cup, 'Stack Cup', has been introduced for all live events. Stack Cup will save the campus 2 million disposable plastic cups per year and will reduce our carbon footprint by 1,500 tonnes in the next decade.

SEC Net Zero 2030

In July 2021, the venue launched its sustainable food strategy in partnership with Levy UK, committing to a minimum of 80% of produce being sourced in Scotland and with the introduction of carbon footprint by kilogram labelling on menus.

The SEC supply chain is considered for environmental impact and all contractors that operate at the SEC are encouraged to adopt more environmentally friendly policies.

The OVO Hydro is the first arena in the world to achieve 'A Greener Arena Certification' and the SEC has retained its Gold Award in line with the Green Tourism Business Scheme (GTBS), which was originally awarded in 2009.

As part of our commitment, the SEC is a founding partner of the Net Zero Carbon Events pledge, an initiative to connect the events industry globally in addressing climate change, which was launched at COP26 and is supported by UNFCCC.

2021/22 was a record year for conference sales including COP26, with a turnover of £9.11m.

Whilst the trading window for events was brief due to COVID-19 restrictions, the sector delivered 12 conferences, and the restart was led by SPIE Photonex and Vacuum Expo in September, an international conference which attracted over 600 delegates.

In tandem, the venue was preparing for the world's most important conference on climate change. In November 2021, the SEC took centre stage as the proud host venue for COP26, amplifying the SEC and Glasgow's brand in the global events market.

Looking forward demand is steadily returning and the outlook for the sector is very healthy. The venue has secured a strong pipeline of business for the future including key UK, European and international conferences of scale. The sector continues to adapt to the uncertainties presented by global challenges. However, the appetite to stage live events is high and the SEC is well placed to support clients with its experienced teams and advanced business event technology.

To prepare for a return to business, a full review of our value proposition was carried out. This resulted in a market evaluation of the future of business events technology, supported by a cross sectoral team. This led to investment in our event technology to ensure that future conference organisers delivering hybrid



events can be supported on campus with appropriate facilities to meet their needs. This will continue to evolve as we embrace the future demands of the market.

In September 2021, the SEC became the only UK venue to be awarded Healthy Venue Gold status. This follows the venue being the first in the world to be accredited as a 'healthy venue' by the World Obesity Federation in 2016. In October 2021, the venue received silver in the 'Best UK Conference Centre' category at the M&IT awards.

Conferences continue to contribute to Trees for Life and over the past 15 years have supported the growth of over 170,000 trees, helping to rewild the Scottish Highlands.



CONFERENCES



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In November 2021, the SEC took centre stage as the proud host venue for COP26, amplifying the SEC and Glasgow's brand in the global events market.

EXHIBITIONS

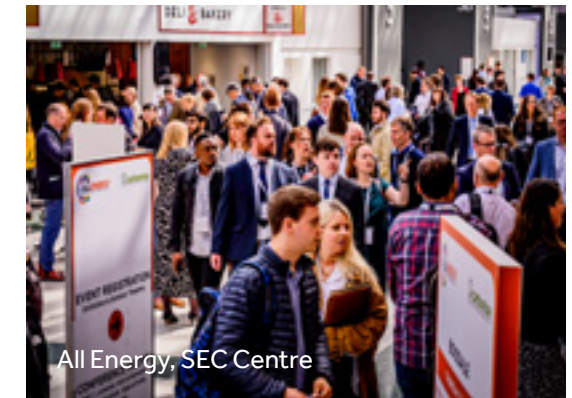
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During the same period, we picked up the Silver Award for “Best Venue over 10,000sqm” at the Exhibition News Awards and were delighted to win the “Best Venue Operations Team” at the AEO Excellence Awards.

Exhibitions resumed in September 2021 with most returning on a slightly smaller scale. There were notable exceptions such as the Scottish Wedding Show that attracted a record audience.

In total we hosted 16 shows of which 13 were consumer events, 3 trade and included 1 new launch show. The restrictions that came into play at the end of December reduced the Inr-Bru Carnival to just 3 open days but still sold over 13,000 tickets.

Over the course of the year, we attracted 2,900 exhibitors and 92,000 visitors.

During the same period, we picked up the Silver Award for “Best Venue over 10,000sqm” at the Exhibition News Awards and were delighted to win the “Best Venue Operations Team” at the AEO Excellence Awards. This is great recognition for all the hard work the teams put in during our time as a medical facility, vaccination centre and re-opening either side of delivering COP26.



2022/2023 looks strong with 35 events planned of which 7 are new. We aim to get back to 90% of pre-covid levels of business whilst managing a challenging cost base.

A new menu from SEC Food has recently been launched and their partnership with Kerb will add fresh variety to the in-hall proposition and drive an improved customer experience.

QD EVENTS

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During 2021/22 QD Events' focus was a continuation of its strategic aim of protecting the robust brands that have been cultivated and has focused on the relationships within its core markets.



Within QD Events, our events management subsidiary, 2021/ 2022 has been a challenging year with several events being unable to run due to the impact of COVID-19.

The IRN BRU Carnival, scheduled to run for a 25-day period over the Christmas and New Year period, and planned to welcome over 150,000 to the event, was only able to open its doors for 3 days. Earlier in the year the SFN Fitness Exhibition and the Autumn version of the Scottish Wedding Show were cancelled.

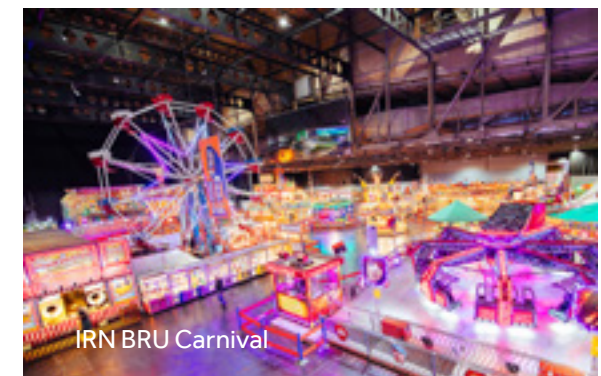
At the start of 2022, we took the decision not to run the Scottish Caravan, Motorhome, Camping and Holiday Home Show, due to the supply chain issues the industry was facing.

We were able to run the Spring edition of the Scottish Wedding Show, which experienced an unprecedented visitor and exhibitor demand and was one of the most successful events the wedding portfolio had ever run.



The Scottish Wedding Show

During 2021/22 QD Events' focus was a continuation of its strategic aim of protecting the robust brands that have been cultivated and has focused on the relationships within its core markets.



IRN BRU Carnival

Live entertainment made a triumphant return in August 2021 after an 18-month hiatus, with Scottish comedian Daniel Sloss the first act to re-take the stage at the SEC Armadillo. The likes of Genesis, Josh Taylor and Steps followed as crowds began to flock back to the newly renamed OVO Hydro.

Welcoming visitors back while adhering to strict COVID-19 guidelines was a challenge for staff and audiences, but meticulous operational planning and implementation saw SEC venues lead the way as audiences returned to indoor live events.

Visitor numbers for the OVO Hydro were 380k for the year, with a bumper programme of new and rescheduled events supporting a strong commercial return, cementing the venue's position as one of the world's top arenas.

A wide range of events continued to be staged throughout the campus, including musical and stage productions, live sport and some of the biggest names in music including Dave, Stormzy and Sam Fender. But it wasn't all about world class entertainment. SEC made significant strides in its commitment to sustainability.

2022 / 23 promises to be just as exciting, with more 'green' initiatives in planning and a strong pipeline of events with stars including Celine Dion, Kevin Bridges, Paolo Nutini and Justin Bieber all gracing the OVO Hydro stage.



It's Time Campaign



Stack Cup

LIVE ENTERTAINMENT

SCOTLAND'S HOME OF LIVE ENTERTAINMENT JUST GOT GREENER

Our journey towards Net Zero 2030 is well underway

THE OVO HYDRO

- ✓ Committed to achieving Net Zero by 2030
- ✓ Eradication of single use plastic & introduction of Stack Cup
- ✓ Sustainable food initiative

Look out for further news at ILMC 2022...

SEC Net Zero 2030

STACK CUP

OVO HYDRO AN SEC VENUE

COMMERCIAL

Commercial income from Commercial Partnerships and Hospitality in the OVO Hydro, has recovered well from the pandemic.

Key partnership agreements were retained during the period of venue closure, recommencing upon the reopening of the OVO Hydro. New partnerships with Kingdom of Sweets, Most Wanted and Fountain Hard Seltzer were agreed, and a 5-year extension to the soft drinks partnership with AG Barr commenced. During the year our Naming Rights Partner

requested that the name of the arena be changed to reflect the sale of SSE's retail business to OVO Energy. The new name, the OVO Hydro, was announced in October 2021 with all venue branding and digital channels updated. OVO, Heineken and AG Barr have all supported the introduction of reusable cups across the venue, reflecting our partners' commitment to implementing green and sustainable measures at live events.

Our Hospitality and Premium Seating products continue to perform well. The new 'Super Suite', which was completed prior to the venue closure, finally opened in September 2021 with all packages sold out. Executive Suites are fully occupied and Hydro Club annual membership has maintained strong retention rates as well as attracting new members. A new 'Upgrade' offering has had a successful launch, offering event ticket holders the opportunity to experience hospitality lounges at individual shows. The team continue to assess opportunities for new and enhanced products and benefits to offer our premium customers.



OVO Hydro announcement

OPERATIONS

The SEC campus accommodated the NHS Louisa Jordan temporary medical facility from March 2020 to July 2021, forming part of the national response to COVID-19.

The medical facility was completed in a matter of weeks and involved collaboration with the Scottish Government, NHS Scotland, SEC and contractors. Since the opening of the facility in April 2020, the SEC team played a crucial role in providing services to the NHS Louisa Jordan. Their many years of experience on the campus proved invaluable in ensuring the smooth operation of the hospital. Thankfully, the facility was not used for the treatment of COVID-19 patients and was repurposed for other positive uses, supporting the NHS through the pandemic. Over 32,000 urgent outpatient and diagnostic appointments, a clinical skills educational hub (used by 6,900 individuals) and over 175,000 vaccinations were delivered at SEC.

A substantial building programme was delivered over several months, to dismantle the temporary hospital and return the SEC back to events.

Health & Safety is SEC's number one priority. We remain committed to driving standards at the SEC and across the industry, always providing a safe and healthy environment for all staff, customers and clients.

Enhanced Health and Safety protocols to safely deal with COVID-19 requirements and a comprehensive staff reboarding programme were established, to ensure our team members, the wider workforce, visitors and members of the public were protected throughout the pandemic, and as we returned to events.

Our Health and Safety Group has representatives from across the business, and the Health and Safety Charter ensures health and safety is considered in everything we do.

We are pleased to confirm that no RIDDOR reportable accidents or incidents occurred during this financial year.

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Over 32,000 urgent outpatient and diagnostic appointments, a clinical skills educational hub (used by 6,900 individuals) and over 175,000 vaccinations were delivered at SEC.

PEOPLE



We are delighted to now welcome back to campus over 130 young people for various initiatives demonstrating our commitment for positive destinations.

Throughout the coronavirus pandemic, we managed three separate workforces - core workers "on campus", core workers "at home" and those on furlough. We were delighted to return all of Team SEC to the campus in October 2021, taking each team member through a unique reboarding experience.

We launched the SEC Mental Health Strategy, which aligned with our People Strategy objectives. As we returned to the office and adjusted to 'living with COVID-19', we have revisited our strategy to ensure it is achieving the key objectives set and delivering positive change in line with our newly established value #HEALTHY. This strategy includes the newly formed Mental Health First Aid Team, who have been fully trained to support the workforce.

Our current technology infrastructure has maintained a high number of team members working from home and our technology advances over the last 4 years, such as the implementation of an employee APP, digital noticeboards and virtual meeting capability has allowed us to seamlessly maintain our workforces throughout the pandemic.

Furthermore, our IT infrastructure was enhanced by investment to ensure the optimum delivery of our connectivity and services throughout COP26, with particular focus on Cyber Security. Our enhancements included software/hardware implementation, full team training, dedicated awareness month, all of which has provided us a legacy of annual activations, to enable us to keep Cyber Security at the forefront of all our team members minds.

To further support the return to the office, a review of our flexible working provision was completed and we launched a new initiative called 'Best Balance'. This was launched in March 2022 and introduced a further 6 new options to support flexible working, as we adapt to the new normal.

We believe that all of the above shows our commitment to our people, which is ultimately the critical success factor of the future of our business.

Our Learning Journey is our way of supporting Scotland's young people and whilst our progress over the last few years has been impacted by the pandemic, we are delighted to now welcome back to campus over 130 young people for various initiatives demonstrating our commitment for positive destinations. We are currently working with various business and education establishments to enhance this offering in 2022.

SEC continues to partner with the Beatson Cancer Charity and Nordoff Robbins Scotland.

The Glasgow Children's Hospital Charity made the tough decision to keep their Christmas Grotto virtual once again this year. Therefore, our SEC team members built the grotto in October 2021, pre COP26, to allow the charity to begin their 'Santa at Home' magical filming experience for the children.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year end
31 March 2022

		2022	2021
	Note	£	£
TURNOVER	4	26,904,198	19,825,618
OPERATING COSTS		(25,266,610)	(20,522,511)
OPERATING PROFIT	5	1,677,588	(696,893)
Interest receivable and similar income	8	98,098	44,886
Interest payable	9	(279,935)	(409,571)
PROFIT BEFORE TAXATION		1,495,751	(1,061,578)
Tax on profit on ordinary activities	10	(998,951)	(38,352)
PROFIT FOR THE FINANCIAL YEAR		496,800	(1,099,930)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		496,800	(1,099,930)
PROFIT ATTRIBUTABLE TO			
Owners of the parent Company		496,800	(1,099,930)
		496,800	(1,099,930)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent Company		496,800	(1,099,930)
		496,800	(1,099,930)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at
31 March 2022

		2022	2021
	Note	£	Restated £
Fixed Assets			
Tangible Assets	12	92,726,261	95,408,485
Current Assets			
Debtors: amounts falling due within one year	13	4,986,637	9,059,267
Financial asset	25	-	360,531
Bank and cash balances	25	47,233,984	34,972,447
Short term bank deposits	25	-	43,815
		52,220,621	44,436,060
Creditors: amounts falling due within one year	14	(51,373,813)	(33,769,705)
Net current assets		846,808	10,666,355
Total assets less current liabilities		93,573,069	106,074,840
Creditors: amounts falling due after more than one year	15	(42,049,025)	(55,267,039)
Provisions for liabilities			
Deferred taxation	19	(3,419,521)	(2,420,571)
Accruals and deferred grants			
Deferred government grants	20	(31,671,224)	(32,450,733)
		(35,090,745)	(34,871,304)
Net Assets		16,433,299	15,936,498
Capital and reserves			
Called up share capital	21	21,900,000	21,900,000
Capital redemption reserve	22	2,750,000	2,750,000
Profit and loss account	22	(8,216,701)	(8,713,502)
Equity attributable to owners of the parent Company		16,433,299	15,936,498
		16,433,299	15,936,498

CONSOLIDATED STATEMENT OF CASH FLOWS

Year end
31 March 2022

		2022	2021
	Note	£	£
Net cash flow from operating activities	23	12,616,427	(878,829)
Net cashflow from investing activities	24	(181,837)	(364,685)
Net cash flow from financing activities	24	(577,400)	(733,006)
CASH INFLOW / (OUTFLOW) BEFORE FINANCING		11,857,191	(1,967,519)
INCREASE (DECREASE) IN CASH IN THE YEAR		11,857,191	(1,967,519)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT			
		2022	2021
		£	£
Increase/(Decrease) in cash in the year		11,857,191	(1,967,519)
CHANGE IN NET DEBT RESULTING FROM CASHFLOWS		11,857,191	(1,967,519)
MOVEMENT IN NET DEBT IN THE YEAR:			
Net funds at 1 April 2021		35,376,793	37,353,312
Movement in net debt resulting from cash flows		11,857,191	(1,976,519)
NET FUNDS AT 31 MARCH 2022		47,233,984	35,376,793

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SEC Scottish
Event
Campus

