

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	The Company's sole function is servicing the finance originally raised to fund the construction of halls 17-20 at the National Exhibition Centre. Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<p>Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.</p> <p>Directors meetings held during 2018/19 were attended by both directors</p>
Please explain the system of governance and the financial control environment within the company	<p>The Board comprises two Board members and is responsible for managing the affairs of the Company. It meets a minimum of once a year to discuss the requirements of the Company.</p> <p>The Board specifically monitors the statutory audit of the annual accounts including the independence of the statutory auditor.</p> <p>All transactions are processed through the City Council's financial systems in line with a budget previously approved by the Company Directors.</p>

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Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All transactions are processed through the City Council's financial systems in line with a budget previously approved by the Company Directors.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	Not applicable. The largest transaction relates to fixed interest payable in relation to £73m loan. Other transactions cover scheduled repayments of City Council loan and minor costs of operating Company and administrating debt. The Company has no sources of income other than Birmingham City Council.
What is the company's approach to the development of business continuity plans.	Not applicable
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Birmingham City Council officers manage the Company in line with Birmingham City Council processes.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	All transactions are processed through the City Council's financial systems.
Please set out your management's processes for identifying and responding to risks of fraud.	All transactions are processed through the City Council's financial systems.

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How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	All transactions are processed through the City Council's financial systems
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Largest transaction relates to the fixed interest payment in relation to £73m loan.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors. Largest transaction relates to the fixed interest payment in relation to £73m loan
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The largest transaction relates to fixed interest payable in relation to £73m loan. Other transactions cover scheduled repayments of City Council loan and minor costs of operating Company and administrating debt. The Company has no sources of income other than Birmingham City Council.

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How would the company communicate any breach of GDPR requirements to the Council.	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>The largest transaction related to fixed interest payable in relation to £73m loan. Other transactions cover scheduled repayments of City Council loan and minor costs of operating Company and administrating debt.</p> <p>All transactions are processed through the City Council's financial systems.</p> <p>Birmingham City Council maintains Directors and Officers insurance which both the Company and Directors have benefit of, to the value of £1million.</p>
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None

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Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies principally relate to the debt and are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	The Company has no source of funds other than Birmingham City Council. Birmingham City Council has given a guarantee to the Company in relation to the £73m loan stock, and has agreed to make payments to the Company to enable it to meet all of its other liabilities as they fall due for at least 12 months following the date of approval of the financial statements.

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Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	An active market quote did not exist for the guarantee given by Birmingham City Council over the Company's 2027 loan stock at 1 May 2015. Management, therefore developed an estimate of its fair value at initial recognition based on the trading price of the company's listed loan stock given the cashflows are identical.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	In relation to the Company's accounts at 31 st March 2019, the independent auditor has stated that no key audit matters were identified to be communicated in their report.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None