

EDI CENTRAL LIMITED

Directors' report and financial statements

For the year ended 31 December 2018

Registered number SC282046

EDI CENTRAL LIMITED
Directors' Report and Financial Statements
For the year ended 31 December 2018

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EDI CENTRAL LIMITED

Officers and professional advisers

For the year ended 31 December 2018

The Board of Directors

I Whyte
K Campbell
L M Cameron

Registered Office

Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

Auditor

Scott-Moncrieff
Chartered Accountants
& Statutory Auditor
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

EDI CENTRAL LIMITED

Directors' report

For the year ended 31 December 2018

The Directors have pleasure in presenting the report and the financial statements of the company for the year ended 31 December 2018.

Principal activities, business review and future developments

EDI Central Ltd is a company limited by shares which is incorporated and domiciled in Scotland. It is a wholly owned subsidiary of The EDI Group Ltd (EDI) whose ultimate parent is The City of Edinburgh Council.

The principal activity of the company had been the leasing of one property in central Edinburgh. The property was leased by the company from its owner, The City of Edinburgh Council, and in turn was leased on to a tenant. This arrangement was unwound in 2012 and the company's sole activity now is the receipt of the amount due under the 2012 agreement.

In early 2017 the Council conducted a review of its approach to the use of surplus land and its interactions with the property market. The Council concluded that the group will have no future pipeline of projects and therefore took the decision that the group and this company should begin a process of managed closure. The Council as shareholder instructed the Directors to begin this process and this is underway.

The company will undertake no new activities and the assets will be realised according to their contractual terms. The company intends to meet its contractual obligations in full. It is envisaged that the company will be financially active for a period of up to two years. The Directors are confident that the group and the company will have sufficient funds to meet all external liabilities and obligations.

Directors

The Directors who served the company during the year were as follows:

E W Adair	- Resigned 30/06/18
G K Barrie	- Resigned 14/03/18
I Whyte	
H Rutherford	- Resigned 30/05/18
L M Cameron	
K Campbell	- Appointed 27/03/18

Directors' responsibilities

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

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

In preparing these financial statements, the Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union 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 inappropriate to presume that the company will continue in business.

EDI CENTRAL LIMITED

Directors' report (continued)

For the year ended 31 December 2018

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

In so far as the Directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that ought to have been taken to ensure they are aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the Directors:



.....
L M Cameron
Director

4 East Market Street
Edinburgh
EH8 8BG
8th August 2019

EDI CENTRAL LIMITED

Independent auditor's report to the shareholders of EDI Central Limited

For the year ended 31 December 2018

Opinion

We have audited the financial statements of EDI Central Limited for the year ended 31 December 2018 which comprise the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and notes 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements 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 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, and we have fulfilled our 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 audit opinion.

Emphasis of matter – Basis of preparation

We draw attention to notes 2 and 3 in the financial statements, which describe the basis of preparation. The Directors have prepared the financial statements using a non going concern basis of accounting as they consider that the company is not a going concern. Our opinion is not modified in respect of this matter.

EDI CENTRAL LIMITED

Independent auditor's report to the shareholders of EDI Central Limited (continued)

For the year ended 31 December 2018

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

EDI CENTRAL LIMITED

Independent auditor's report to the shareholders of EDI Central Limited (continued)

For the year ended 31 December 2018

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: 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.



Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

8th August 2019

EDI CENTRAL LIMITED**Statement of profit or loss and other comprehensive Income****For the year ended 31 December 2018**

	Note	2018 £	2017 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(3,065)	(3,232)
Operating loss		(3,065)	(3,232)
Interest receivable	6	42,242	61,420
Interest payable and similar charges		(15,985)	(1,690)
Profit on ordinary activities before taxation		23,192	56,498
Corporation tax	7	3,614	(551)
Profit for the financial year		26,806	55,947

There are no other items of comprehensive income or expense in the current or prior year and therefore no statement of comprehensive income is shown.

The accompanying notes on pages 11 to 17 form part of these financial statements.

EDI CENTRAL LIMITED

Statement of changes in equity

For the year ended 31 December 2018

	Notes	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2018		100	50,268	50,368
Profit for the year		-	26,806	26,806
Dividends payable	11	-	-	-
Balance at 31 December 2018		<u>100</u>	<u>77,074</u>	<u>77,174</u>
		Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2017		100	1,794,321	1,794,421
Profit for the year		-	55,947	55,947
Dividends payable		-	(1,800,000)	(1,800,000)
Balance at 31 December 2017		<u>100</u>	<u>50,268</u>	<u>50,368</u>

The retained earnings reserve represents profits and losses retained in the current and previous period.

The accompanying notes on pages 11 to 17 form part of these financial statements.

EDI CENTRAL LIMITED
Statement of financial position
As at 31 December 2018

	Notes	2018 £	2017 £
Assets			
Current assets			
Trade and other receivables	8	918,379	1,408,064
Cash and cash equivalents		20	389
Total assets		<u>918,399</u>	<u>1,408,453</u>
Equity			
Issued capital and reserves			
Issued share capital	9	100	100
Retained profits		77,074	50,268
Total equity		<u>77,174</u>	<u>50,368</u>
Current liabilities			
Trade and other payables	10	841,225	1,358,085
Total equity and liabilities		<u>918,399</u>	<u>1,408,453</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006).

These financial statements were authorised for issue by the Board of Directors on 8 August 2019, and are signed on its behalf by:



.....
L M Cameron
Director

Company Registration Number: SC282046

The accompanying notes on pages 11 to 17 form part of these financial statements.

EDI CENTRAL LIMITED

Statement of cash flows

For the year ended 31 December 2018

	2018 £	2017 £
Cash flow from operating activities		
Profit before tax	23,192	56,498
Interest received	(42,242)	(61,420)
Interest paid	15,985	1,690
Operating loss	(3,065)	(3,232)
Adjustments for:		
Decrease in trade and other receivables	489,685	735,470
Increase/(decrease) in trade and other payables	(516,860)	1,008,110
Cash flows from operations	(30,240)	1,740,348
Income taxes received/(paid)	3,614	(551)
Interest paid	(15,985)	(1,690)
Interest received	42,242	61,420
Net cash flow from operating activities	(369)	1,799,527
Cash flows from financing activities		
Dividends payable	-	(1,800,000)
Net cash flow from financing activities	-	(1,800,000)
Net (decrease)/increase in cash and cash equivalents	(369)	(473)
Cash and cash equivalents as at 1 January 2018	389	862
Cash and cash equivalents as at 31 December 2018	20	389

The accompanying notes on pages 11 to 17 form part of these financial statements.

EDI CENTRAL LIMITED

Notes to the financial statements

For the year ended 31 December 2018

1. Presentation of financial statements

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

New accounting standards adopted during the year

The company has adopted the following amended IFRS as of 1 January 2018:

- IAS 1 "Presentation of Financial Statements": this amendment arises from the issue of IFRS 9 and deals with the abolition of the available-for-sale category of financial assets, the presentation and disclosure of gains and losses arising on financial assets stated at amortised cost, and takes account of the revised reclassification rules under IFRS 9 as compared with IAS 39.
- IAS 39 "Financial Instruments: Recognition and Measurement": this amendment arises from the issue of IFRS 9 and primarily removes items from the scope of the standard, insofar as they dealt with by IFRS 9.
- IFRS 7 "Financial Instruments: Disclosures": this amendment arises from the issue of IFRS 9. The amendment reflects the replacement of the four categories of financial asset under IAS 39 with the three under IFRS 9. All of the IFRS 7 disclosures by category of financial asset have had to be altered to reflect the new categorisation.
- IFRS 9 "Financial Instruments": this standard replaces IAS 39, dealing with classification, recognition and measurement, de-recognition, impairment and hedge accounting (except for macro hedging) in relation to financial instruments. The adoption of this accounting standard has not had any impact on the company.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2018, and with potential effect.

International Accounting Standards and Interpretations	Effective for periods beginning on or after
IFRS 16, Leases	1 January 2019
IAS 12, Income Taxes*	1 January 2019

* Not yet adopted for use in the European Union

The directors have reviewed the requirements of the new standards and interpretations listed above and they are not expected to have a material impact on the company's financial statements in the period of initial application.

New standards and interpretations issued and adopted early

The International Accounting Standards Board ("IASB") and IFRIC have also issued the following accounting standard, with an effective date for financial years beginning after the date of these financial statements, which has been adopted early:

International Accounting Standards and Interpretations	Effective for annual periods beginning on or after
IFRS 15 Revenue from contracts with customers	1 January 2018

EDI CENTRAL LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

1. Presentation of financial statements (continued)

The above accounting standard has been adopted with a date of initial application of 1 January 2015.

Whilst the adoption of the above accounting standard has a significant impact on measuring revenue from contracts with customers, there is not considered to be a material impact on the financial statements in the current year.

2. Going concern

As described in the Directors' Report, the group's ultimate shareholder, The City of Edinburgh Council, concluded that the group should begin a process of closure. Financial assets will be realised according to their contractual terms and the company intends to meet its contractual obligations in full. It is envisaged that this process will mean that the company will be financially active for a period of up to two years.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors formed the opinion that the Company has sufficient resource to meet all external liabilities and obligations and this is subject to ongoing review.

The opinion of the Directors is that the decision of the shareholder to close the company and the active implementation of the decision which will lead to the company ceasing to trade means that it is not appropriate to prepare the accounts on a going concern basis. Each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described below under each asset class.

3. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with UK companies' legislation, as applicable to companies reporting under IFRS. These financial statements therefore comply with IFRS as adopted by the EU.

The principal accounting policies adopted to prepare the financial statements are set out below.

Critical accounting estimates and sources of estimation uncertainty

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Financial instruments

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The company has the following categories of financial assets and liabilities:

EDI CENTRAL LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

Trade and other receivables

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement. Bad debts are written off when they are identified as being bad.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

Current and deferred taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

4. Directors

No Directors received emoluments from EDI Central Limited in the year or the previous year. There were no other transactions with Directors in the year.

5. Auditor's remuneration

During the year the following fees for audit services were paid to the company's auditor:

	2018	2017
	£	£
Fees payable to the company's auditor for audit services	2,625	2,625
Fees payable to the company's auditor for tax services	365	365
	<u>2,990</u>	<u>2,990</u>

EDI CENTRAL LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

6. Interest receivable

Interest receivable represents the unwinding of non-current debtors to net present value.

7. Corporation tax

(a) Analysis of charge in the year

	2018 £	2017 £
Current tax:		
Intercompany tax	(3,620)	(24)
Adjustments in respect of prior periods	6	575
	(3,614)	551
	(3,614)	551

(b) Factors affecting tax credit in the year

The tax assessed for the year is different from that calculated using the standard rate of corporation tax in the UK of 19.00% (2017 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	23,192	56,498
Profit on ordinary activities multiplied by standard rate of corporation tax of 19.00%	4,406	10,876
Effects of:		
Adjustments in respect of prior periods	6	575
Payment for company losses	-	24
Group relief claimed	3,620	-
Payment for company losses surrendered	(3,620)	-
Adjust deferred tax to average rate	(845)	(1,279)
Losses (claimed)/surrendered	-	(24)
Deferred tax not recognised	(7,181)	(9,621)
Current tax (credit)/charge in the year	(3,614)	551

(c) Factors affecting future tax charges

There are no specific factors which have been identified that will affect future tax charges.

EDI CENTRAL LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

8. Trade and other receivables

Current

	2018 £	2017 £
Amounts owed by group undertakings	538,071	535,000

Non-current

Amounts owed by group undertakings	380,308	873,064
	918,379	1,408,064
	918,379	1,408,064

9. Share capital

Allotted, called up and fully paid:

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

10. Trade and other payables

	2018 £	2017 £
Amounts owed to group undertakings	838,235	1,354,520
Corporation tax	-	575
Accruals	2,990	2,990
	841,225	1,358,085
	841,225	1,358,085

11. Dividends

	2018 £	2017 £
<i>Ordinary share capital:</i>		
<i>Final Nil (2017: £18,000 per share declared)</i>	-	1,800,000
	-	1,800,000
	-	1,800,000

No dividend for 2018 was approved.

12. Parent undertakings and related party transactions

The company is wholly owned by The EDI Group Limited, a company registered in Scotland. The financial statements of the parent undertaking are available at the company's registered office.

The ultimate controlling party is The City of Edinburgh Council.

At the balance sheet date the company owed £838,235 to (2017: £1,354,520) The EDI Group Limited.

At the balance sheet date the company were due £955,000 (2017: £1,490,000) from The City of Edinburgh Council.

At the balance sheet date the company were due £3,614 (2017: £nil) from Parc Craigmillar Limited, a wholly owned subsidiary of EDI Group Limited.

EDI CENTRAL LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Financial instruments and risk management

The company has the following categories of financial instruments at the balance sheet date:

	2018	2017
	£	£
<u>Financial assets</u>		
Financial assets measured at amortised cost	20	389
	<u> </u>	<u> </u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	2,990	2,990
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise cash at bank and in hand and other receivables.

Financial liabilities measured at amortised cost comprise accruals.

Capital risk management

The company aims to manage its overall capital structure to ensure it continues to operate on an ongoing basis within the broad timescales set out in the transition strategy. The company's capital structure represents the equity attributable to the shareholders of the company together with borrowings and cash equivalents. The Directors are closely involved in the running of the company and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result, they are in a position to address any issues that may arise on a timely basis.

Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

Fair values

The Directors consider that the carrying values of all the company's financial assets and liabilities approximate their fair values at the balance sheet dates.

The company does not hold any financial instruments that are classified as fair value through the profit or loss or available for sale and therefore are measured at fair value.

Market Risk

The company does not hold any inventory or property that is at risk of falling in value due to market conditions.

The sole activity of EDI Central Limited is the recovery of the debtor balance, which has a set repayment mechanism for the sums due. The Directors of the company therefore do not deem it subject to market risk.

Credit risk

The only significant debtor subject to credit risk is that of the balance owed by the NCP debtor. This has set repayment terms and in the past there have been no issues noted in relation to slow or non-payment. On this basis the Directors deem the credit risk of the company to be low.

EDI CENTRAL LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Financial Instruments and risk management (continued)

Liquidity Risk

The only liquidity risk the company faces is in relation to the recovery of the NCP debtor. This has set repayment terms and in the past there have been no issues in relation to slow or non-payment. On this basis the Directors deem the liquidity risk of the company to be low.

