CEC HOLDINGS LIMITED

Consolidated Financial Statements

For the year ended 31 December 2020

Registered number SC135444

CEC HOLDINGS LIMITED

Consolidated financial statements

For the year ended 31 December 2020

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CEC HOLDINGS LIMITED

Strategic Report

For the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activities, business review, results for the year and future developments

CEC Holdings Limited is a company limited by shares which is incorporated and domiciled in Scotland. The principal activities of the Group, which is ultimately wholly owned by the City of Edinburgh Council, are property development, urban regeneration and the operation of an international conference centre.

The results of the year are set out in the Consolidated Statements of Profit and Loss and Other Comprehensive Income on pages 11. The loss on ordinary activities after taxation for the year is £4,937k (2019: profit of £2,686k, restated).

CEC Holdings Limited

The administrative expenses of the company were met from management fees for the administration of group tax relief and retained earnings.

In March 2020, the company received a dividend from EDI Ltd which was paid directly to its shareholder, The City of Edinburgh Council.

The company acts as a holding company for the Council's arms-length property companies. It does not have any employees and its activities have negligible environmental impact.

The EDI Group ("EDI")

The financial performance of the group in 2020 was a net loss of £3.2m compared to a profit of £2.04m in 2019. Retained earnings reduced to negative £2.5m from (positive) £2.4m. The major factor influencing the year's results has been the write off of the Work In Progress in Fountainbridge following the appointment of a new development partner. However the longer-term position remains in line with transition strategy assumptions.

The group had a cash balance of £6.1m (2019: £5.3m). The sales expected in 2021 will be profitable and dividends expected in 2021 to allow the retained earnings to recover from the write off.

CEC HOLDINGS LIMITED

Strategic Report

For the year ended 31 December 2020

Edinburgh International Conference Centre Limited (“EICC”)

The loss from continuing operations before tax for the year amounted to £1,721,998 (2019 – profit of £630,202). The Company has, after taxation adjustments, a total comprehensive loss for the year of £1,721,998 (2019 – profit of £623,483). The Directors do not recommend the payment of a dividend for the year ended 31 December 2020.

The year to December 2020 saw the Company report an operating loss, before adjustments for depreciation and the release of capital grants, as a result of having to close the conference and exhibition centre in March 2020 due to government-imposed restrictions relating to coronavirus.

At the outset of 2020 the company had anticipated a strong financial year and a continuation of the growth shown in the preceding five years which had led to a marked increase in the number of enquiries, volume of events and consequently revenues and gross profits derived from the Conference Centre’s association, corporate, banqueting and other business. Future business on the books was at its highest ever level coming into 2020, both for the current year and for each of the succeeding years until 2024.

Notwithstanding this, the Conference Centre and the Company’s administrative offices were closed on Wednesday the 18th March in line with government guidance, this decision was coupled with the introduction of a working from home policy, which was put into place with immediate effect.

This proved to be a very challenging time which created a dynamic environment with constantly changing client situations and scenarios given the uncertainty on the timescale of restrictions within the events sector and the impact on international travel. The company dealt with the situation in a measured and professional way, dealing with client’s requests for their bookings to be postponed, cancelled, or moved to EICC’s newly developed virtual platform.

Given the negative impact of the coronavirus pandemic on the Company’s traditional client base and in order to retain as much business as possible in 2020 the Company developed an alternative virtual event platform. “Make it Edinburgh Live” delivered 15 virtual events in 2020 and will prove crucial in the months and years ahead with many events potentially being delivered on a hybrid basis with delegates both, in the venue and online.

The cumulative effect of the company’s activities and negotiations in conjunction with the robust client contract which EICC has in place had a significant impact on the Company’s revenues for the year which amounted to £3.188m. Whilst this was a significant decrease on the previous year’s figure of £9.359m, the revenues generated were significantly greater than could have been expected given the Conference Centre was not permitted to host business events for 41 weeks of the financial year.

Expenditure in respect of cost of sales and administration expenses totalled £4.557m in 2020, which was a decrease of £3.860m on the previous year’s expenditure which had amounted to £8.417m. This represented a decrease of 46% compared to the expenditure recorded during the previous year. This was achieved as a result of the reductions in gross revenues, the benefit from government initiatives such as the Job Retention Scheme and Non-Domestic Rates relief, stringent focus on cost reduction management and negotiation of contract holidays with suppliers and third-party providers.

The delegates who did attend events at the EICC during the year generated an economic impact of £4.2m in the first quarter of 2020. The economic impact that is produced as a result of the EICC’s activities helps to create and sustain employment within Edinburgh and further afield.

The Company continues to align its operations with the business excellence model, and it is accredited to several quality standards. These standards cover systems management, human resources and environmental practices and the EICC continues to achieve very positive results from assessments in respect of its re-accreditation to these standards.

The Company made continued and significant progress towards its aim of operating an hotel, in close proximity to the Conference Centre, during the year. It is believed that this is essential in order to provide the necessary funding for the Conference Centre's long-term capital expenditure programme. The City of Edinburgh Council, the Company's parent organisation, approved the project on 12 March 2020. Activities aimed at securing an agreement for lease with the developer and a franchise agreement with the hotel brand have taken place since then and at this point in time these negotiations are nearing completion and will soon be in a position to sign off before construction commences later in the year.

Future business on the books remained strong coming into 2021, both for the current year and for each of the succeeding years until 2025. The coronavirus pandemic has however had a significant impact on business event bookings for the period from January until the end of July this year as government restrictions prevented events from taking place. Though, at this point in time it is difficult to ascertain how great the effect of the crisis will be on the Company from August until the end of the year as there is still uncertainty surrounding restrictions and the ability for international delegates to travel without requirement to quarantine.

Notwithstanding the restrictions in the first half of 2021 the Conference Centre secured a large contract with NHS Lothian to use the Conference Centre as a covid mass vaccination centre between January and July. The company are pleased to be part of the solution in the country's vaccination rollout whilst allowing the Centre to be operational in a covid secure manner.

The principal risk to the business from the pandemic is the cancellation of business, or the rescheduling of events to subsequent years, resulting in a significant loss of revenues with a corresponding reduction in operating profits for 2021. Whilst the easing of restrictions within the United Kingdom from May 2021 and proposed roadmap gives the company real optimism for 2021 there is uncertainty around the timeline on international travel and consequently international delegates attending events in Edinburgh.

The company has negotiated the retention and rescheduling of a significant amount of client business since the crisis began and this has been aided by the client relationships that have been developed over many years and by the loyalty of many of the Company's customers. It is believed that many of these customer relationships have been strengthened further as a result of the flexible approach that the Company has adopted during the crisis.

The Company has held the view for many years that its team members are its principal asset. It is therefore keen to protect and retain the experience and expertise that they have with regard to the operation of the Conference Centre. The support of the Job Retention Scheme throughout 2020 and in to 2021 has been crucial in achieving that objective.

The Company has budgeted an operating deficit of £1.2m for 2021, however, as a result of the extension of government initiatives this has been upgraded and the Company is now forecasting producing an operating deficit of £0.8m for the year. The full year outcome will, however, be affected by: how long the crisis lasts; the success of the vaccine rollout both nationally and internationally; when the further easing of restrictions will apply to the Conference Centre's business; the restrictions on international travel; and the social distancing measures that will need to be put in place and how these will affect the Conference Centre's operations.

Notwithstanding the above the Conference Centre has an extensive list of bookings for future years and the Company's business outlook for the medium and long term remains very positive. The level of future bookings at the end of 2020 compares very favourably with previous years. Considering the impact of the pandemic, we believe that the Company's prospects look extremely healthy

This is reinforced by the fact that even during the current pandemic the company has continued to receive a steady stream of enquiries for 2021 and subsequent years. Indeed, within 2020 the company contracted new events for 2021 and beyond worth in excess of £4.8m.

CEC HOLDINGS LIMITED

Strategic Report

For the year ended 31 December 2020

Risks and uncertainties

In common with many businesses the company and its subsidiaries are exposed to a range of risks. CEC Holdings Limited does not actively trade in the open market and relies on the operation of its subsidiaries, EDI and EICC. The principal risks and uncertainties facing the company's subsidiaries are associated with market forces, the behaviour of competition and, in the case of EDI, the national housing market, as well as wider risks associated with catastrophic events.

The coronavirus pandemic has undoubtedly had a significant impact on the company's subsidiaries, however, at present the extent to which the risk posed by the pandemic remain uncertain, although the outlook for the medium to long term remains positive.

For the EICC, it has been recognised that the Company has lost and will lose business in the future as a result of Brexit and the uncertainty surrounding its implementation, however, it is believed that such losses will be compensated for by securing increased levels of business from the UK, America and the Far East.

Future developments

EDI has now ceased development activities with the majority of the land and buildings transferred to the Council in May 2018 and the remaining land at Greendykes and Brunstane subject to sale negotiations. There has been, and will continue to be, a minimal level of development and property-related activity for the remainder of the company's lifespan. Non-property assets will be realised in accordance with their contractual terms and external liabilities and obligations will be settled in full. Financial projections for the closure process show that the group will have sufficient funds to meet all external liabilities and obligations and to repay share capital in full. The intention is that each company will become dormant with a timespan covering 2 to 7 years.

Strategic Report

For the year ended 31 December 2020

Key performance indicators

	2020 £'000	Restated 2019 £'000	% Change
Turnover	3,373	14,432	(77%)
Cost of sales and administrative expenses	(5,002)	(11,667)	(57%)

This report was approved by the board and signed on its behalf by:

Date: **30 September 2021**

Burness Paull LLP
Secretaries

Company registered office:
Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

CEC HOLDINGS LIMITED

Directors' Report

For the year ended 31 December 2020

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

Directors

The directors who held office during the year were as follows:

Mr C Rose
Ms L M Cameron
Ms K Campbell

Board operation

All decisions are taken by the Board with the exception of delegated authority to the Executive Director of Resources:

(i) To procure advisory services at a cost not exceeding £20,000 (plus VAT).
(ii) To make suitable cash flow arrangements with the Council as and when necessary.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Going Concern

In line with the FRC guidance on Going Concern issued in April 2017, the directors have considered the appropriateness of the continued use of the going concern basis.

The Company's ultimate parent entity, The City of Edinburgh Council, has committed to providing continued funding, sufficient to meet all liabilities as and when they fall due.

After making suitable enquiries, the directors have a reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

CEC HOLDINGS LIMITED

Directors' report

For the year ended 31 December 2020

Responsibilities of the directors

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company'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 financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and

- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Azets Audit Services are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

Date: **30 September 2021**

Burness Paull LLP
Secretaries

Company registered office:
Waverley Court
4 East Market Street Edinburgh
EH8 8BG

CEC HOLDINGS LIMITED

Independent auditor's report to the members of CEC Holdings Limited

For the year ended 31 December 2020

Opinion

We have audited the financial statements of CEC Holdings Limited for the year ended 31 December 2020 which comprise consolidated and parent company statements of profit or loss and other comprehensive income, consolidated and parent company statement of financial position, consolidated and parent company statement of changes in equity, consolidated and parent company 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 group and company's affairs as at 31 December 2020 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.

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.

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 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 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 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 Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 Azets Audit Services
Statutory Auditor
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: _______ September 2021

Consolidated and Parent Company Statement of Profit or Loss

For the year ended 31 December 2020

	Note	Consolidated Group 2020 £'000	Consolidated Group Restated 2019 £'000	Parent Entity 2020 £'000	Parent Entity 2019 £'000
Continuing Operations					
Revenue	3	3,373	14,432	9	11
Cost of sales		(2,528)	(7,825)	-	-
Gross profit		845	6,607	9	11
Development expenses		(18)	(115)	-	-
Other operating income	4	1	1	1	1
Employee benefits expense	9	(1,679)	(2,748)	-	-
Administrative expenses		(795)	(1,094)	(37)	(36)
Work in progress written off		(2,898)	(733)	-	-
Profit/(loss) from operations		(4,544)	1,918	(27)	(24)
Loss on disposal		-	(1)	-	-
Dividend income		-	-	1,750	1,047
Finance income	6	44	80	285	164
Finance costs	7	(446)	(389)	(285)	(163)
Other income	8	5	1,499	-	-
Increase in fair value of investment property	13	-	28	-	-
Profit/(loss) before income tax expense		(4,941)	3,135	1,723	1,024
Income tax credit/(charge)	9	4	(449)	5	4
Net profit/(loss) for the year from continuing operations		(4,937)	2,686	1,728	1,028
Attributable to:					
Equity holders of the parent		(4,937)	2,686	1,728	1,028

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

The accompanying notes form part of these financial statements.

CEC HOLDINGS LIMITED

Consolidated and Parent Company Statement of Financial Position

As at 31 December 2020

		Consolidated Group		Parent Entity	
			Restated		
	Note	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets					
Property, plant and equipment	11	6,816	7,628	-	-
Investment property	13	248	248	-	-
Investments in associates and subsidiaries	14	267	269	16,393	16,393
Total non-current assets		7,331	8,145	16,393	16,393
Current assets					
Cash and cash equivalents	22	12,885	11,110	95	128
Trade and other receivables	16	3,951	8,726	2,450	1,449
Inventory	15	9,321	9,244	-	-
Total current assets		26,157	29,080	2,545	1,577
Total assets		33,488	37,225	18,938	17,970
Equity and Liabilities					
Equity attributable to equity holders of the parent					
Contributed equity	23	3,000	3,000	3,000	3,000
Retained earnings	24	(56,107)	(49,420)	985	1,007
Capital contribution reserve	24	66,944	66,913	12,523	12,523
Total equity		13,837	20,493	16,508	16,530
Non-current liabilities					
Other financial liabilities	18	665	380	665	380
Accruals and deferred income	20	1,812	1,701	-	-
Lease obligations	12	899	970	-	-
Total non-current liabilities		3,376	3,051	665	380
Current liabilities					
Trade and other payables	17	11,476	8,882	1,765	8,959
Corporation tax	17	-	-	-	-
Other financial liabilities	18	4,799	4,799	-	-
Total current liabilities		16,275	13,681	1,765	1,060
Total liabilities		19,651	16,732	2,430	1,440
Total equity and liabilities		33,488	37,225	18,938	17,970

The financial statements were approved by the board of directors and authorised for issue on __September 2021 and are signed on its behalf by

....
Director

Registered number SC135444

The accompanying notes form part of these financial statements.

Consolidated and Parent Company Statement of Changes in Equity

As at 31 December 2020

Group	**Share Capital £'000**	**Capital Contribution £'000**	**Retained Earnings £'000**	**Total £'000**
Balance at 1 January 2019	3,000	66,196	(51,059)	18,137
Profit for the year	-	-	2,609	2,609
Net movement on recognition of loans	-	717	-	717
Dividend declared	-	-	(1,047)	(1,047)
Balance at 31 December 2019 as originally stated	3,000	66,913	(49,497)	20,416
Prior year restatement (Note 29)	-	-	77	77
Restated balance as at 31 December 2019	3,000	66,913	(49,420)	20,493
Balance at 1 January 2020	3,000	66,913	(49,420)	20,493
Profit for the year	-	-	(4,937)	(4,937)
Net movement on recognition of loans	-	31	-	31
Dividend declared	-	-	(1,750)	(1,750)
Balance at 31 December 2020	3,000	66,944	(56,107)	13,837

Company	**Share Capital £'000**	**Capital Contribution £'000**	**Retained Earnings £'000**	**Total £'000**
Balance at 1 January 2019	3,000	12,523	1,026	16,549
Profit for the year	-	-	1,028	1,028
Release of capital contribution reserve	-	-	(1,047)	(1,047)
Balance at 31 December 2019	3,000	12,523	1,007	16,530
Balance at 1 January 2020	3,000	12,523	1,007	16,530
Profit for the year	-	-	1,728	1,728
Dividend declared	-	-	(1,750)	(1,750)
Balance at 31 December 2020	3,000	12,523	985	16,508

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Consolidated Group		Parent Entity	
		Restated		
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash flow from operating activities				
Total comprehensive profit/(loss) for year	(4,937)	2,686	1,728	1,028
Adjustments for:				
Taxation (credit)/charge	(4)	449	(5)	-
Depreciation	878	841	-	-
Interest received	(44)	(80)	(285)	(164)
Interest paid	446	389	285	163
Loss on disposal of available for sale assets	-	1	-	-
Net revaluations of non-current assets	-	(28)	-	-
Release of deferred grant income	(217)	(282)	-	-
Decrease in inventories	(77)	351	-	-
Decrease/(Increase) in receivables	4,775	(144)	(996)	(1,171)
(Decrease)/Increase in payables	3,136	1,870	990	1,207
Taxation (paid)/received	4	(456)	-	-
Net cash flows from operating activities	3,960	5,597	1,717	1,063
Cash flow from investing activities				
Purchase of property, plant and equipment	(66)	(1,871)	-	-
Proceeds from sale of available for sale assets	2	(1)	-	-
Interest received	44	80	-	1
Net cash flows from investing activities	(20)	(1,792)	-	1
Cash flow from financing activities				
Dividends paid	(1,750)	(1,047)	(1,750)	(1,047)
Loan stock issued	31	717	-	-
Increase/(decrease) in loan stock borrowings	-	828	-	-
Interest paid	(446)	(389)	-	-
Net cash flows from financing activities	(2,165)	109	(1,750)	(1,047)
Net increase/(decrease) in cash and cash equivalents	1,775	3,914	(33)	17
Cash and cash equivalents at beginning of year	11,110	7,196	128	111
Cash and cash equivalents at end of year	12,885	11,110	95	128
Bank balances and cash	12,885	11,110	95	128

The accompanying notes form part of these financial statements.

1. Presentation of financial statements

The consolidated financial statements of CEC Holdings Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.
The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.
Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Adoption of new and revised standards

The following standards and interpretations are mandatory for the first time for the year ended 31 December 2020 but are either not applicable or have no material impact on the Group's financial statements; IFRS 3, Amendments to IFRS 3 – definition of a business, IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material and Conceptual Framework, Revised Conceptual Framework for Financial Reporting.

The Group has adopted, where applicable, the following new and amended IFRSs as of 1 January 2020:

- IFRS 3, Amendments to IFRS 3 – definition of a business
- IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material
- Conceptual Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting – Phase 1
- IFRS 16, Amendment – Covid-19 Related Rent Concessions

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2020 are considered to have no significant or material effect on the Group's financial statements.

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 2020, and with potential effect.

International Accounting Standards and Interpretations	**Effective for periods beginning on or after**
IBOR Reform and its Effects on Financial Reporting – Phase 2	1 January 2021
Annual Improvements to IFRS: 2018 – 2020 Cycle	1 January 2022
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	1 January 2023

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

2. Statement of significant accounting policies

a. Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in accounting standard IAS 27 "Consolidated and Separate Financial Statements". A list of controlled entities appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has left the economic entity during the year its operating results have been included until the date control ceased.

b. Going concern

The future of the company and group is dependent on the continued financial support of the company's shareholders. Further details of the directors' assessment of going concern are provided in the directors' report.

c. Investments in associates

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

d. Income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

e. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and Equipment

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets are depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Given the closure strategy of The EDI Group Limited ('EDI') described in the Directors' Report, the useful life of all classes of fixed assets has been reassessed and adjusted in the prior year. The remaining life of all asset classes has been assessed as being to 30 June 2018, to coincide with the vacation of the company's offices.

The depreciation rates used for each class of assets are:

Class of fixed asset	**Depreciation rate**
Leasehold land	50 years or over the period of the lease
Office equipment and furniture	6 months – 10 years
Motor vehicles	6 months - 5 years
Infrastructural works	See narrative below

The capitalisation of infrastructural works is based on management's judgement of when a project's future economic benefit can be determined. Initial project development costs in respect of feasibility studies, design team fees and pre construction activities are expensed via the statement of comprehensive income. However, once a project's feasibility has been determined and a future benefit is expected to arise from it the costs of that project are capitalised and depreciated over their useful life.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further 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 profit or loss in the year the asset is derecognised.

f. Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

g. Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the statement of financial position.

The interest elements of the rental obligations are charged in the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

The lease of the Conference Centre was treated as a finance lease until 8 December 1999 when the option to enter into a new lease was exercised. From this date the assets have been depreciated over their useful lives, rather than the period of the lease, as the substance of the transaction is effectively that of financing. The leaseholders hold no rights to impose restrictions on or reclaim the title of the Conference Centre.

Leased assets

For all contracts in existence on 1 January 2019 and any new contracts entered into on or after 1 January 2019, the group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

Where it is determined that: the contract contains an identified asset; the group has the right to obtain substantially all of the economic benefits from the use of that asset throughout the period of use; and it has the right to direct the use of that asset throughout the period of use, the contract will be deemed to include a right-of-use-asset.

At lease commencement date, a right-of-use asset and a lease liability are recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and an estimate of any costs required to dismantle and remove the asset at the end of the lease.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

Within the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in financial liabilities.

In adopting IFRS 16 the group has used the modified retrospective approach of initially applying the standard as an adjustment to opening equity at the date of initial application. In keeping with this approach comparative figures have not been restated.

h. Inventories

Inventory is stated at the lower of cost and net realisable value. Cost relates to purchase costs and direct labour costs incurred in bringing the inventories up to a saleable state.

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

j. Impairment

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

k. Employee entitlements

Provision is made for the company’s liability for employee entitlements arising from services rendered by employees to the balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at an amount that is considered to approximate the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to employee pension funds and are charged as expenses when incurred.

The group contributes to a variety of money purchase schemes for employees and to a defined benefits scheme operated on behalf of local council employees. Contributions to the schemes are charged to the profit and loss account as they arise. The assets of the scheme are held separately from those of the company in independently administered funds. The group has fully adopted the accounting principles as required by International Accounting Standard 19 – Employee Benefits.

l. 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:

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 irrecoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect would not be material.

m. Investment property

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is initially measured at fair value and subsequently revalued annually to its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

n. Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for permanent impairment.

o. Revenue

Revenue is measured at the fair value of consideration received from income from the group’s ordinary activities. Revenue is stated received net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectively probable.

Rentals receivable under operating leases are recognised in the income statement over the term of the lease on a straight line basis.

Revenue from dividend income is recognised when the rights of the shareholder to receive the payment are determined.

p. Critical accounting estimates and judgements

In applying the accounting policies, the Directors may at times, be required to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the Directors consider are relevant.

Key estimates:

i. *Investment property valuation* – the Directors assess the valuation of the investment property at each reporting date by evaluating conditions specific to the Group that may lead to a revaluation of the asset.

ii. *Provisions* – provisions are based on estimated costs provided by external professionals. The Directors review provisions regularly to assess how reasonable and accurate they are.

q. Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

i. Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. For receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

r. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions at the year-end relate to infrastructure works at sites, currently held within inventories, where either temporary water connections were granted with the condition that infrastructure works were subsequently completed by the company, or which the company is obliged to pay in the event of sale or disposal of individual sites.

s. Grants receivable

Grants are accounted for by the company when receivable.

Grants receivable in respect of contributions to fixed assets in course of construction and property development work in progress costs are credited to deferred income.

Where grants are given for a specific purpose they are released to the profit and loss account to match the cost of the completed project.

3. Revenue

An analysis of revenue is as follows:

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Rental income	-	-	-	-
Rendering of services	39	112	9	11
Property sales	174	5,020	-	-
Provision of conferencing facilities	3,160	9,300	-	-
	3,373	14,432	9	11

4. Other operating income

An analysis of other operating income is as follows:

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Reimbursement of development expenditure	1	1	1	1

5. Profit/(loss) before income tax expense

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Profit/(loss) before income tax expense is stated after charging:				
Auditor's remuneration:				
- Audit	57	58	5	5
- Non-Audit	18	19	9	8
Depreciation and other amounts written off tangible fixed assets:				
Owned	878	716	-	-
Operating lease rentals – land and buildings	-	113	-	-
Operating lease rentals – plant and equipment	-	12	-	-
Capital grant released	(216)	(282)	-	-

6. Finance income

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Other interest receivable	44	80	285	164
	44	80	285	164

7. Finance costs

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
On secured loan stock held by the City of Edinburgh Council	380	320	285	163
Effective interest on leased assets	66	69	-	-
	446	389	285	163

8. Other income

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Overage receipt	-	1,000	-	-
Compensation for option renunciation	-	493	-	-
Rental income	5	6	-	-
	5	1,499	-	-

9. Income tax expense

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current tax:				
- Domestic	-	536	-	(4)
- Tax adjustments, reliefs and transfers	(4)	-	(5)	-
- Adjustments in respect of previous periods	-	(87)	-	-
	(4)	449	(5)	(4)

9. Income tax expense (continued)

	Consolidated Group		Parent Entity	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
The tax charge is allocated in the financial statements as follows:				
Consolidated Statement of Comprehensive income	(4)	449	(5)	(4)
Statement of changes in equity	-	-	-	-
	(4)	449	(5)	(4)

Domestic income tax is calculated at 19% (2019: 19%) of the estimated assessable profit/(loss) for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	Consolidated Group		Parent Entity	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Profit/(loss) on ordinary activities before taxation	(4,941)	3,059	1,723	1,024
Profit/(loss) on ordinary activities at the effective rate of corporation tax of 19% (2018 – 19%)	(938)	874	327	194
Effects of:				
Expenses that are not taxable for tax purposes	2	39	-	-
Tax effect of other short term timing differences	-	-	-	-
Non-taxable income	-	(5)	-	-
Exempt ABGH transfers	-	(333)	(332)	(198)
Deferred tax not recognised	953	(176)	-	-
Adjustment of deferred tax to average rate	(1)	(13)	-	-
Remeasurement of deferred tax for changes in tax rates	(165)	-	-	-
Other timing differences	-	1	-	-
Utilisation of tax losses	-	-	-	-
Fixed asset differences	63	61	-	-
Change in tax rate	-	-	-	-
Adjustment in respect of previous years	-	1	-	-
Losses surrendered	131	(6)	(5)	-
Group relief	(49)	6	5	-
Current tax charge/(credit) for year attributable to the company and its subsidiaries	(4)	449	(5)	(4)

10. Employee benefits expense

The average number of persons employed by the group (including directors) during the year was 54 (2019: 65). The aggregate payroll costs of these persons were as follows:

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	1,382	2,403	-	-
Social security costs	162	211	-	-
Pension costs	135	134	-	-
	1,679	2,748	-	-

No remuneration (2019: £Nil) is paid to directors or non-executive directors of the CEC Holdings Limited company.

Retirement benefits are accruing to no directors (2019: none) under a defined benefit scheme. Directors' remuneration costs disclosed above exclude employer's national insurance costs of £Nil (2019: £Nil).

11. Property, plant and equipment

	Right-of-use assets	Leasehold Properties £'000	Infra-Structural Works £'000	Office Equipment & Furniture £'000	Total £'000
Group					
Cost or valuation					
At beginning of year	1,160	35,603	6,670	6,719	50,152
Additions	35	-	-	31	66
Disposal	(9)	-	-	-	(9)
At end of year	1,186	35,603	6,670	6,750	50,209
Depreciation					
At beginning of year	(125)	(30,380)	(6,595)	(5,424)	(42,524)
Charge for year	(119)	(236)	(75)	(448)	(878)
Released on disposal	9	-	-	-	9
At end of year	(235)	(30,616)	(6,670)	(5,872)	(43,393)
Net book value					
At 31 December 2020	951	4,987	-	878	6,816
At 31 December 2019	1,035	5,223	75	1,295	7,628

Leasehold properties consist of heritable property constructed on land that is leased by a subsidiary company until 2117.

The right-of-use assets are included under the same fixed asset categories as they would be if they were owned.

12. Lease obligations

As a lessee

The Group has leases for several properties. With the exception of leases of low-value underlying assets, each lease is reflected in the Statement of Financial Position within Property, plant and equipment and Lease obligations.

Leases of properties have a remaining lease term ranging from 6 to 25 years. All lease payments are fixed and all lease contracts are non-cancellable. The Group does not sublet any of the properties under lease contract.

Right-of-use assets

	Consolidated Group 2020 Properties £'000	Parent Entity 2020 Properties £'000
Net book value at 1 January	1,035	-
Additions	35	-
Disposals	(9)	
Depreciation charge for the year	(119)	-
Released on disposal	9	
Net book value at 31 December	951	-

12. Lease obligations (continued)

Right-of-use assets

	Consolidated Group 2019 Properties £'000	Parent Entity 2019 Properties £'000
Net book value at 1 January	-	-
Additions	1,160	-
Depreciation charge for the year	(125)	-
Net book value at 31 December	1,035	-

Lease liabilities are presented in the statement of financial position as follows:

Analysed as:	Consolidated Group 2020 £'000	Consolidated Group 2019 £'000	Parent Entity 2020 £'000	Parent Entity 2019 £'000
Current	104	93	-	-
Non-current	898	970	-	-

The lease liabilities are secured on the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 December is as follows:

Group	Within 1 year 2020 £'000	Between 2 and 5 years 2020 £'000	Over 5 years 2020 £'000
Lease liability - properties	104	597	301
Net present value	104	597	301

Group	Within 1 year 2019 £'000	Between 2 and 5 years 2019 £'000	Over 5 years 2019 £'000
Lease liability - properties	93	633	337
Net present value	93	633	337

The Company has entered into a number of leases in relation to office accommodation, office equipment and motor vehicles. These leases are in respect of identified assets and under the terms of the agreements the Company has the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of their use. It also has the right to direct the use of the assets throughout their period of use.

12. Lease obligations (continued)

The lease liability, in respect of these assets, is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

13. Investment property

	Heritable Investment Properties
	£'000
Group	
Valuation	
At 1 January 2020	248
Increase in fair value	-
At 31 December 2020	248
Net book value	
At 31 December 2020	248
At 31 December 2019	248

An investment property owned by the company was valued at £247,934 at 31 December 2020 by an internal Chartered Surveyor on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in RICS Appraisal and Valuation Manual. The related rental income recognised in the Statement of Profit or Loss and Other Comprehensive Income was £nil (2019: £nil) along with direct operating expenses of £nil (2019: £nil).

The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the company. The carrying value of this at the year-end is £nil (2019: £nil).

Under the fair value hierarchy in IFRS 13 – Fair Value Measurement, investment property is deemed a level 2. Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

14. Fixed asset investments

Group

	Associated Undertakings
Post acquisition reserves	**£'000**
At 1 January 2020	269
Movement in provision	(2)
At 31 December 2020	267
Net book value	
Loans to and share of net assets in associated undertakings	
At 31 December 2020	267
At 31 December 2019	269

Company

	Shares in Group Undertakings £'000	Loans to Group Undertakings £'000	Total £'000
Shares and loans			
At 1 January 2020	13,517	2,876	16,393
Impairment movement	-	-	-
	13,517	2,876	16,393
Net book value			
At 31 December 2020	13,517	2,876	16,393

The City of Edinburgh Council gifted convertible unsecured loan stock with a value of £45.298m to CEC Holdings Limited. Further non-convertible unsecured loan stock was issued by Edinburgh International Conference Centre Limited to CEC Holdings Limited, in exchange for funding provision of £2.876m. This was matched by the issue of non-convertible loan stock to The City of Edinburgh Council by CEC Holdings Limited. Further details are provided in note 18.

14. Fixed asset investments (continued)

The principal companies in which the company's interest is more than 10% are as follows:

Company	Principal Activity	Registered office and country of incorporation	Percentage of Share Capital Held
The EDI Group Limited	Property development and investment	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
Edinburgh International Conference Centre Limited	Conference centre operator	Conference House, 152 Morrison Street, Edinburgh, EH3 8EB, Scotland	100% preferred ordinary shares
EDI Central Limited	Property development	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
EDI Market Street Limited	Property development	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
EDI Fountainbridge Limited	Property development	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
Parc Craigmillar Limited	Regeneration	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
Parc Craigmillar Developments Limited (subsidiary of Parc Craigmillar Limited)	Property development and investment	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
Waterfront Edinburgh Limited	Property development and regeneration	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
Waterfront Edinburgh Management Limited (subsidiary of Waterfront Edinburgh Limited)	Property management services	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
New Laurieston (Glasgow) Limited (associate of the EDI Group Limited)	Property development	Miller House, 2 Lochside View, Edinburgh, EH12 9DH, Scotland	45% ordinary shares
Shawfair Land Limited	Property development	Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland	100% ordinary shares
Caledonia Waterfront (Harbour Rd) Ltd (associate of Waterfront Edinburgh Limited)	Property development and letting of properties	Caledonia House, Lawmoor Street, Glasgow, G5 0US, Scotland	42.5% ordinary shares

All companies where greater than 50% of the share capital is held have been consolidated.

Where 50% or less of the share capital is held these companies have been consolidated using the equity accounting method. In the case of New Laurieston (Glasgow) Limited, the group's share of losses exceed the value of its interest in the company, and therefore no further losses have been recognised.

15. Inventory

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Development properties and associated costs	9,321	9,244	-	-

16. Current trade and other receivables

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	853	1,545	-	-
Amounts owed by group & associated undertakings	159	2,322	1,780	1,063
Other receivables	1,272	1,960	4	6
Prepayments and accrued income	362	339	-	-
	2,646	6,166	1,784	1,069
Non current trade and other receivables				
Other receivables	1,305	2,560	666	380
	3,951	8,726	2,450	1,449

17. Trade and other payables (current)

	Consolidated Group		Parent Entity	
		Restated		
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade and other payables	522	1,019	-	-
Amounts due to group & associated undertakings	3,626	2,900	1,750	1,047
Other payables	542	455	-	-
Corporation tax	-	-	-	-
Other taxation and social security	309	116	-	-
Accruals and deferred income	2,471	3,284	15	13
Provisions (note 19)	4,006	1,108	-	-
	11,476	8,882	1,765	1,060

18. Other financial liabilities

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current				
Convertible unsecured loan stock	4,799	4,799	-	-
	4,799	4,799	-	-
Non-current				
Convertible unsecured loan stock	-	-	-	-
Non-convertible unsecured loan stock	665	380	665	380
	665	380	665	380

The non-convertible unsecured loan stock is held by The City of Edinburgh Council, the company's parent undertaking. It bears no interest or the interest has been waived by the stockholder.

The non-convertible unsecured loan stock has been recognised at fair value by discounting the future cash flows using market interest rates. Loan stocks are then held at amortised cost by applying an effective interest rate, to increase the loan stock to its face value over the term of the loan stock's term. The difference between the loan stock's amortised cost and its face value has been recognised in the statement of profit and loss.

The convertible unsecured loan stock is held by The City of Edinburgh Council, the company's parent undertaking. It bears interest at a variable rate and is repayable on 31 March 2018. The Council has agreed to the repayment being delayed and settled as part of the closure process against the transfer of land and buildings to the Council or in cash as assets are realised.

	2020 £'000	2019 £'000
Convertible unsecured loan stock – non-interest bearing	2,559	2,559
Convertible unsecured loan stock 2018	2,240	2,240
	4,799	4,799

18. Other financial liabilities (continued)

The non-convertible unsecured loan stock is repayable as follows:

Loan Stock	Effective Interest Rate %	Amortised cost at 31 December 2020 £'000	Aggregate Interest £'000
Non-Convertible Unsecured Loan Stock 2022	75	437	437
Non-Convertible Unsecured Loan Stock 2023	75	162	162
Non-Convertible Unsecured Loan Stock 2024	70	58	58
Non-Convertible Unsecured Loan Stock 2025	75	8	8
		665	665

The non-convertible loan stock which is repayable in 2025 was issued to The City of Edinburgh Council by CEC Holdings Limited and has a fair value of £2,876k matched by a corresponding investment of £2,876k in loan stock issued by Edinburgh International Conference Centre Limited. This investment is classified as 'Loans to group undertakings' within Fixed Asset Investments (see note 14) in the Company Statement of Financial Position. The remaining non-convertible loan stock, recognised at an amortised cost of £nil and with a total fair value of £59,438k, was issued directly to The City of Edinburgh Council by Edinburgh International Conference Centre Limited.

19. Provisions

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Infrastructure expenditure				
Balance brought forward	1,108	464	-	-
Increase in provision for the year	-	644	-	-
Decrease in provision for the year	-	-	-	-
	1,108	1,108	-	-
Overspend on Market Street Project				
Balance brought forward	-	825	-	-
Increase in provision for the year	-	-	-	-
Decrease in provision for the year	-	(825)	-	-
	-	-	-	-
Work in progress				
Balance brought forward	-	-	-	-
Increase in provision for the year	2,898	-	-	-
Decrease in provision for the year	-	-	-	-
	2,898	-	-	-
	4,006	1,108	-	-

Provisions for infrastructure expenditure required additional works to be provided for due to land sold in the prior year.

Provisions for overspend on Market Street Projects recognised in 2018 related to potential cost overruns on the project which were unlikely to be recoverable. As final negotiations were reached in the prior year, the total provision was released against the cost of sales in the prior year.

Provisions for work in progress relates to the potential write off to work in progress as the value is unlikely to be recoverable.

20. Deferred income & capital grants

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Capital grants	1,213	1,305	-	-
Deferred income	599	396	-	-
	1,812	1,701	-	-

The group has claimed capital grant funding from the Town Centre Regeneration Fund, made available by the Scottish Ministers. The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the group. The total amount of grants that have been received in respect of building construction and road works is as follows:

	Consolidated Group		Parent Entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Capital grants brought forward	1,521	1,803		-
Received during period	-	-		-
Released during period	(217)	(282)		-
Capital grants carried forward	1,304	1,521		-
Analysed as follows:				
Current obligations	91	216		-
Non-current obligations	1,213	1,305		-
Capital grants carried forward	1,304	1,521		-

21. Deferred income & capital grants (continued)

The group has deferred income in relation to advance deposits received in respect of events which are due to take place after the year-end and in relation to grants that are recognised when receivable.

	Consolidated Group		Parent Entity	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Balance brought forward	2,589	2,370	-	-
Deferred during the year	1,810	2,163	-	-
Income released to profit and loss	(2,193)	(1,944)	-	-
Deferred income carried forward	2,206	2,589	-	-
Analysed as follows:				
Current obligations	1,605	2,193		-
Non-current obligations	600	396		-
Deferred income carried forward	2,205	2,589		-

22. Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	12,885	11,110	95	128

23. Contributed equity

	Consolidated Group		Parent Entity	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Allotted, called up and fully paid				
Ordinary shares of £1 each	3,000	3,000	3,000	3,000

24. Reserves

Group	Capital Contribution £'000	Retained earnings £'000
At 1 January 2020 as originally stated	66,913	(49,497)
Prior year restatement (Note 29)	-	77
Restated balance as at 1 January 2020	66,913	(49,420)
Profit/(loss) for the year	-	(4,937)
Dividend declared	-	(1,750)
Net movement on recognition of loan	31	-
At 31 December 2020	66,944	(56,107)

Company	Capital Contribution £'000	Retained earnings £'000
At 1 January 2020	12,523	1,007
Profit/(loss) for the year	-	1,728
Dividend declared	-	(1,750)
At 31 December 2020	12,523	985

The capital contributions reserve represents the excess of the fair value over the amount paid for shareholdings and loan stock either gifted or sold to the group.

25. Related party transactions

Related Party	Relationship	Group Company	Nature of Transaction	Amount £'000	Outstanding at Year End £'000
City of Edinburgh Council	Ultimate holding organisation	The EDI Group Ltd	Loan stock	-	(2,240)
			Interest on loan	(93)	(109)
City of Edinburgh Council	Ultimate holding organisation	EDI Central Ltd	Funds due from NCP	420	-
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan for infrastructure works	-	(1,220)
			Loan stock	-	(2,559)
City of Edinburgh Council	Ultimate holding organisation	Edinburgh International Conference Centre Ltd	Loan stock	(8,225)	(31)
			Development and construction costs	717	-
City of Edinburgh Council	Ultimate holding organisation	CEC Holdings Ltd	Professional services	(20)	-
			Unsecured loan notes	-	(2,876)
			Dividend declared	1,750	(1,750)
LPFI Limited	Company whose ultimate controlling party is the City of Edinburgh Council	EDI Fountainbridge Limited	Group tax relief payments	4	4

26. Ultimate parent undertaking

The company is a subsidiary undertaking of the City of Edinburgh Council. Their accounts are available from the Director of Finance, Waverley Court, Edinburgh EH8 8BG.

27. Financial Instruments and Risk Management

The main purpose of non-derivative financial instruments is in respect to the group's trading activities and to raise finance for group operations. The group does not have any derivative instruments at 31 December 2020.

The group has the following categories of financial instruments at the balance sheet date.

	Consolidated group		Parent entity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets				
Financial assets measured at amortised cost	16,474	17,514	795	514

	2020 £'000	Restated 2019 £'000	2020 £'000	2019 £'000
Financial liabilities				
Financial liabilities measured at amortised cost	4,508	7,814	14	13

Financial assets measured at amortised cost comprise cash at bank and in hand, trade receivables, accrued income, other receivables (excluding VAT receivable balances, tax receivables and prepayments).

Financial liabilities measured at amortised cost comprise trade payables, accruals, provisions and other payables (excluding VAT payable balances).

Capital risk management

The group aims to manage its overall capital structure to ensure it continues to operate as a going concern. The group's capital structure represents the equity attributable to the shareholders of the group together with borrowings and cash equivalents. The directors are closely involved in the running of the group and are therefore fully aware of the capital position of the group 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 group's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the group. The group does not enter into or trade financial instruments for speculative purposes.

Treasury risk management

The Board of Directors meets on a regular basis to analyse interest rate exposures and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

27. Financial Instruments and Risk Management (continued)

Financial risk exposures and management

The main risks that the group is exposed to through its financial instruments are credit risk, liquidity risk and market risk. These are managed as follows:

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is managed on a group basis and reviewed regularly by the Board of Directors. It arises from exposures to customers and amounts owed by group undertakings.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and institutions with an acceptable credit rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

The credit risk for all counter parties included in trade and other receivables at 31 December 2019 is not rated.

b. Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- ensuring that adequate unutilised borrowing facilities are maintained.

Cash flows realised from financial assets reflect management’s expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows as presented in the table (to settle financial liabilities) reflects the earliest contractual settlement dates.

c. Market risk

Market risk is the risk that the value of sites and properties under development may fall resulting in potential losses upon disposal or sale of each site or property. Also included in market risk is interest rate risk, which is the risk that the expected receipts from deposits may fluctuate due to market conditions. The group monitors this risk but it is very unlikely to affect the group’s overall liquidity.

27. Financial Instruments and Risk management (continued)

d. Fair values

The directors consider that the carrying values of all the group's financial assets and liabilities approximate their fair values at the balance sheet date.

The only financial instruments measured at fair value are available for sale financial assets. These are valued annually in accordance with the Practice Statement in the RICS Appraisal and Valuation Manual.

The Directors therefore consider that the risk in relation to financial instruments at fair value is low.

28. Movements in financing liabilities arising from financing activities

	Current loans and borrowings £'000	**Non-current loans and borrowings £'000**	**Total £'000**
At 1 January 2020	4,799	380	5,179
Cash flows			
Movement in loan stock borrowings	-	-	-
Non cash flow borrowings			
Effective interest on loan stock balances	-	285	285
Movement in ageing profile of other financial liabilities	-	-	-
At 31 December 2020	4,799	665	5,464

29. Prior Year Restatement

The consolidated prior year figures have been restated to correct a misstatement relating to an over accrual in EDI Market Street Limited, a subsidiary company. As a result, the consolidated financial statements for the year ended 31 December 2019 have been restated to reduce Trade and other payables and Cost of Sales by £77,066. This has resulted in the profit increasing by £77,066 and closing reserves as at 31 December 2019.

30. Post Balance Sheet Events

EDI Group Limited

Agreement has been reached to sell Greendykes plots K and L with the price currently under negotiation. The transaction is expected to conclude by October 2021.

Agreement has also been reached to sell land at New Brunstane, with the transaction expected to complete in summer 2021.

The Board agreed in March 2021 to seek a meeting to secure agreement from all shareholders in Caledonia Waterfront (Harbour Road) Limited to transfer Waterfront Edinburgh Limited's interest in it to EDI, in order to allow WEL to be wound-up.

The group carries out annual revaluations that ensures of all property, including investment property. All valuations were carried out internally, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

In 2020, the asset valuations contained a Material Valuation Uncertainty clause in line with RICS guidance. The RICS has set up a Material Valuation Uncertainty Leaders Forum (UK) in response to the COVID-19 Pandemic. On 9 September 2020, the forum recommended a general “lifting” of material valuation uncertainty excluding assets valued with reference to trading potential. This recommendation was reaffirmed on 3 November 2020 and 5 January 2021.

In line with the RICS recommendations, no material valuation uncertainty declaration is made for the asset valuations this year.