The Directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 2006

Results and dividends

The loss before tax for the year amounted to £634,909 (2005 £881,739) The Company has, after a refund of tax of £7,462, a loss of £627,447 (2005 £869,928)

The Directors do not recommend payment of a dividend for the year ended 31 December 2006

Principal activities and review of the business

The principal activities of the Company during the year continued to be the operation of an international conference centre and the development of the surrounding 10 acre site in Morrison Street and Lothian Road Edinburgh, known as The Exchange, in accordance with a development agreement between the Company and the City of Edinburgh Council

The Company's performance with regard to its key financial and other performance indicators during the year was as follows

	2006 £'000	2005 £'000	% Change
Turnover	5,940	5,447	+9 1%
Cost of sales and administration expenses	6,377	5,938	+7 4%
Loss on ordinary activities after tax	627	870	27 9%
Customer delight	88%	87%	+1%
Economic impact	23,694	22,104	+7 2%

The Company saw a continued improvement in its financial performance during the year to 31 December 2006 Turnover increased by 9 1 % as a result of an increase in sales of additional event services and from increased site development revenues Cost of sales increased by 7 4% due to an increase in costs related to the selling of additional event services, however, this was offset by cost savings achieved in respect of operating and administration expenses

The financial targets of the Company were exceeded for the year and the loss on ordinary activities after tax was reduced by £242,481, or 27 9%, compared with 2005 Conference Centre activities produced an operating profit, before adjustments for depreciation and capital grants received, for the fourth consecutive year

The Company continued to target high yield business and the EICC hosted 17 international events during 2006 In addition to this a major governmental event, the 29th Antarctic Treaty Consultative Meeting was held at the Conference Centre in June As a result of the business mix achieved during the year there was an increase in the average revenue generated per event compared with the previous year

In the year to 31 December 2006 the EICC hosted 99 events which gave rise to 117,465 delegate days Delegates attending these conferences generated an economic impact of £23 6m for the City of Edinburgh, which was an increase of 7 2% over the previous year

The provision of high levels of customer service, aimed at exceeding client expectations through planning, delivery and attention to detail, remained a key focus during the year and overall customer delight increased by 1% to 88% The Company remains committed to its strategy of providing a high quality of service within a high quality facility which offers cutting edge technical services The high level of customer delight arising from this approach has continued to generate a large number of repeat bookings

During the year the Company, in conjunction with an appointed developer, continued to progress its plans with regard to the procurement of additional conference and exhibition facilities on a site adjacent to the Conference Centre These plans were at a very advanced stage by the year end, however, the developer subsequently withdrew from the project and the Company is now in the process of re marketing the developer selection process in respect of the procurement of the additional function space facility This will extend the project completion date and it is anticipated that this will have a short term negative impact on event bookings for the Conference Centre

Future Developments

The Directors intend to maintain the objectives and aims of the Company, which have resulted in notable achievements to date in both of the principal areas of the Company's operations The Directors are of the opinion that the Company's success will continue in the year to 31 December 2007

Fixed Assets

Movements in fixed assets are disclosed in note 8 to the financial statements

Directors and Directors' Interests

The Directors who served during the period were as follows

R C Aldridge – appointed 24 May 2007
T Buchanan – appointed 24 May 2007
M M Child – resigned 24 May 2007
J A Dawe
J Mc H McFarlane
A L A Macpherson
E Maginnis – appointed 24 May 2007
A A Scobbie – resigned 24 May 2007
L Shiels – resigned 24 May 2007
I Whyte

None of the Directors had any interest in the shares of the company during the period

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to re appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

By Order of the Board

, Director

MD Secretaries Limited
4 September 2007

FINANCIAL RISK MANAGEMENT POLICY

The Company's principal financial instruments comprise cash, cash equivalents and group loans Other financial assets and liabilities, such as trade creditors and group balances, arise directly from the Company's operating activities

The main risks associated with the Company's financial assets and liabilities are set out below.

Interest rate risk

The Company invests surplus cash in a floating rate interest yielding bank deposit account Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates However, the exposure is reduced as these cash flows largely offset each other

Credit risk

There is no significant exposure to customers being unable to meet their liabilities to the Company due to the fact that over 85% of the Company's gross profits are derived from fees which are paid in advance and from catering commission which is paid by the catering concessionaire

Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generated by its operations Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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 auditors' 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

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Edinburgh

4 September 2007

PROFIT & LOSS ACCOUNT
For the year ended 31 December 2006

	Note		2006 £	2005 £
Turnover	2		5,940,190	5,446,553
Cost of sales			(5,828,242)	(5,460,177)
Gross profit/(loss)			111,948	(13,624)
Development expenses		(316,085)		(520,994)
Other administration expenses		(548,661)		(477,332)
			(864,746)	(998,326)
Operating loss	3		(752,798)	(1,011,950)
Interest receivable	4		117,889	130,211
Loss on ordinary activities before tax			(634,909)	(881,739)
Tax on profit on ordinary activities	5		7,462	11,811
Loss on ordinary activities after tax			(627,447)	(869,928)
Retained loss brought forward			(47,044,507)	(46,174,579)
Retained loss carried forward			(47,671,954)	(47,044,507)

All operations are continuing

There are no recognised gains or losses, other than the loss after tax on ordinary activities for the year ended 31 December 2006 of £627,447, and for the year ended 31 December 2005, £869,928

BALANCE SHEET
At 31 December 2006

	Notes		2006	2005
			£	£
Fixed assets				
Tangible assets	8		15,172,429	15,559,049
Current assets				
Debtors	9	2,102,744		2,536,410
Investments	10	204,470		197,419
Cash		2,474,453		2,043,302
		4,781,667		4,777,131
Creditors Amounts falling due within one year	11	(1,584,202)		(1,241,635)
Net current assets			3,197,465	3,535,496
Total assets less current liabilities			18,369,894	19,094,545
Creditors Amounts falling due after more than one year				
Loan	12	2,046,162		2,046,162
Loan stock	12	55,763,855		55,063,073
Obligations under finance leases and hire purchase contracts	13	46,179		18,058
			57,856,196	57,127,293
Accruals & deferred income	14		8,185,589	9,011,696
			66,041,785	66,138,989
Capital & reserves				
Called up share capital	15	63		63
Profit & loss account		(47,671,954)		(47,044,507)
Shareholders' funds	16		(47,671,891)	(47,044,444)
			18,369,894	19,094,545

Councillor Robert Aldridge
Director

Councillor Jenny Dawe
Director

4 September 2007

CASH FLOW STATEMENT
For the year ended 31 December 2006

	Notes		2006 £	2005 £
Net cash inflow from operating activities	3b		97,055	(570,916)
Returns on investments and servicing of finance				
Interest received		117,889		130,211
Interest paid on finance rental payments		(1,475)		(1,207)
Net cash inflow from returns on investment and servicing of finance			116,414	129,004
Taxation				
Tax recovered				53,526
Tax paid		(1,756)		(32,497)
Net cash inflow from taxation			(1,756)	21,029
Capital expenditure				
Payments to acquire tangible fixed assets		(589,213)		(537,005)
Capital grants received		222,495		
Net cash outflow from capital expenditure			(366,718)	(537,005)
Financing				
Net movement on loan stock		624,071		
Capital element of finance lease rental payments		(37,915)		(3,832)
Net cash inflow/(outflow) from financing			586,156	(3,832)
Increase/(decrease) in cash			431,151	(961,720)

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the period		431,151		(961,720)
Cash inflow/(outflow) from increase in debt and lease financing		(652,193)		(18,057)
Cash inflow from decrease in liquid resources				
Change in net debt arising from cash flows			(221,042)	(979,777)
Movement in loan stock debtor			(76,711)	
Movement in net debt during the period			(297,753)	(979,777)
Net debt at 1 January 2006			(55,083,990)	(54,104,213)
Net debt at 31 December 2006			(55,381,743)	(55,083,990)

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of Preparation

The financial statements of the Edinburgh International Conference Centre Limited were approved for issue by the Board of Directors on 30 May 2007

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

Fixed Assets

Fixed assets have been recorded at cost, less accumulated depreciation

Depreciation

Fixed tangible assets are stated at historical cost less accumulated depreciation The cost of fixed assets is written off by equal annual instalments over the expected useful lives of the assets as follows

Leasehold Land and Buildings 50 years Plant & Machinery 3 to 15 years

Furniture & Fittings 3 to 10 years Infrastructural works 2 to 20 years Motor Vehicles 5 Years

When an impairment loss on a fixed asset is recognised, as required by FRS 11 Impairment of Fixed Assets and Goodwill, the revised carrying amount is depreciated over the revised estimate of the remaining useful economic life

Capital Grants

Grants in respect of capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments The City of Edinburgh Council has title to interest receivable on the funds held in trust (see note 10), however an agreement is in place for the trust to obtain an equal amount in the form of a grant from the City of Edinburgh Council This is intended to provide a capital contribution towards the designated construction works and will be released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments

Leasing and Hire Purchase Commitments

The lease of the Conference Centre was treated as a finance lease until 8 December 1999 A finance lease is a lease under which substantially all the risks and rewards of ownership of the asset pass to the lessee company, and the assets are capitalised in the lessee's balance sheet and depreciated over their useful lives The capital elements of future obligations under the leases are included as liabilities in the balance sheet The interest elements of the rental obligations are charged in the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding The assets which were subject to the sale and leaseback transaction 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

Revenue Grants

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate

Operating Lease Payments

Operating lease payments are charged in the profit and loss account on a straight line basis

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes The implementation of FRS 19 has had no material impact on the financial statements

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying differences can be deducted Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods

Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantially enacted at the balance sheet date

The Company does not recognise amounts which may be recoverable under group relief until the tax computations for the companies in the tax group have been agreed and the relevant payments have been received

Pensions

The Company operates a defined contributions pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

2. Turnover

Turnover represents income arising from the letting of rooms and the charges levied in respect of additional services incurred by clients using the Conference Centre and income arising from the development of the Exchange, excluding value added tax All turnover arises from continuing activities carried on within the United Kingdom The Company operates in three principal areas, the provision of conference and exhibition facilities, the letting of office space and facilitating the development of a previously derelict land site The turnover of these activities is shown separately below

	2006 £	2005 £
Conference facilities	5,323,913	4,705,271
Rental income from the letting of office space	414,082	556,998
Site development	202,195	184,284
	5,940,190	5,446,553

3. Operating loss

(a) This is stated after charging/(crediting)

	£	£
Depreciation of fixed assets	1,122,742	1,216,486
Depreciation of fixed assets under finance leases	7,600	5,700
Auditors' remuneration audit services	23,000	19,000
Auditors' remuneration non audit services	12,200	7,250
Operating lease rentals	24,303	30,699
Capital grants released	(493,185)	(487,209)

(b) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2006 £	2005 £
Operating loss	(751,323)	(1,010,743)
Depreciation of tangible fixed assets	1,130,342	1,222,186
(Increase) in investments	(7,050)	(6,799)
Decrease/(Increase) in operating debtors and prepayments	354,826	(420,116)
Increase/(Decrease) in operating creditors and accruals	256,132	(26,551)
Capital grants released in period	(493,185)	(487,209)
(Decrease)/Increase in deferred income	(392,687)	158,316
Net cash inflow from operating activities	97,055	(570,916)

(c) Reconciliation of net cash flow to movement in net debt

	Opening £	Cash Flow £	Other £	Closing £
Cash	2,043,302	431,151		2,474,453
		431,151		
Obligations under finance leases and hire purchase contracts	(18,058)		(28,121)	(46,179)
Short term loans	(2,046,162)			(2,046,162)
Loan stock	(55,063,073)		(700,782)	(55,763,855)
Total	(55,083,991)	431,151	(728,903)	(55,381,743)

4 Interest Receivable

	£	£
Interest due on bank deposits	117,889	130,211

5. Tax on Profit on Ordinary Activities

	£	£
UK Corporation Tax		
Tax charge for the year	(1,755)	(41,715)
Adjustment in respect of prior years	9,217	53,526
Adjustment for group relief recovered in relation to previous years		
	7,462	11,811

6. Staff Costs

	2006 £	2005 £
Salaries	1,604,200	1,537,555
Social security costs	158,690	149,460
Pension costs	72,264	71,779
	1,835,154	1,758,794
The average number of staff employed during the year was	58	60

7. Directors' Emoluments

No Directors' emoluments were paid during the year to 31 December 2006, or in the previous year

8 Tangible Assets

	Infrastructural Works £	Long Leasehold Buildings £	Motor Vehicles £	Office Equipment & Furniture £	Total £
Cost					
At 1 January 2006	9,919,961	37,266,126	38,000	9,469,882	56,693,969
Additions in period at cost	73,636	66,667		603,419	743,722
At 31 December 2006	9,993,597	37,332,793	38,000	10,073,301	57,437,691
Depreciation					
At 1 January 2006	3,524,142	28,877,800	5,700	8,727,278	41,134,920
Charge for the period	517,651	236,189	7,600	368,902	1,130,342
At 31 December 2006	4,041,793	29,113,989	13,300	9,096,180	42,265,262
NBV 31 December 2005	6,395,819	8,388,326	32,300	742,604	15,559,049
NBV 31 December 2006	5,951,804	8,218,804	24,700	977,121	15,172,429

Long leasehold buildings consist of freehold buildings constructed on land that is leased to the company until 2117

Included in the net book value of motor vehicles and office equipment and furniture are sums amounting to £122,732 relating to assets held under finance leases and hire purchase contracts (2005 £32,300)

9 Debtors

	2006	2005
	£	£
Amount due by The City of Edinburgh Council	192,002	115,291
Trade debtors	1,112,193	1,600,275
Corporation Tax recoverable		53,526
Other debtors	643,242	621,103
Prepayments	155,307	146,215
	2,102,744	2,536,410

10. Investments

	£	£
Bank deposits held in trust	204,470	197,419

The funds held in trust represent the sales proceeds arising from the sale and leaseback transaction These funds have been recognised as an asset as they are yielding a future benefit to the Company arising from past transactions The funds are held in a separate account, which can be invested broadly in whichever way EICC Ltd, the City of Edinburgh Council and the Bank of Scotland Trust Company (International) Ltd determine

11 Creditors Amounts falling due within one year

	£	£
Trade creditors	865,055	496,233
Corporation Tax provision		9,218
Value Added Tax	34,815	156,539
Other taxes and social security costs	47,150	50,871
Other creditors	525,341	419,773
Obligations under finance leases and hire purchase contracts (see Note 13)	38,767	5,110
Accruals	73,074	103,891
	1,584,202	1,241,635

12. Creditors. Amounts falling due after more than one year

	2006	2005
	£	£
Obligations under finance leases and hire purchase contracts (see Note 13)	46,179	18,058
Short term loan	2,046,162	2,046,162
Convertible unsecured loan stock	45,297,609	45,297,609
Non convertible unsecured loan stock	10,466,246	9,765,464
	57,856,196	57,127,293

	£	£
Non convertible unsecured loan stock		
Issued to The City of Edinburgh Council and CEC Holdings Ltd	9,660,194	9 ,660,194
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	806,052	105,270
	10,466,246	9,765,464

The convertible unsecured loan stock held by CEC Holdings Ltd bears no interest and is repayable on 31 March 2117 at par CEC Holdings Ltd have the right to convert loan stock into fully paid preferred ordinary shares at the rate of one preferred ordinary share per £1 nominal of loan stock CEC Holdings Ltd hold £2,876,365 (at 31 December 2005 £2,876,365) of the issued non convertible unsecured loan stock, the balance amounting to £6,783,829 (at 31 December 2005 £6,783,829) being held by The City of Edinburgh Council The non convertible unsecured loan stock bears no interest and is repayable by 31 December 2024

13. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows

	£	£
Amounts payable		
Within one year	40,511	6,720
Within two to five years	48,191	21,680
Less finance charges allocated to future periods	3,756	5,232
	84,946	23,168
Finance leases and hire purchase contracts are analysed as follows		
Current obligations	38,767	5,110
Non current obligations	46,179	18,058
	84,946	23,168

14. Accruals and Deferred Income

	2006 £	2005 £
Capital grants	6,757,169	7,190,589
Deferred income	1,428,420	1,821,107
	8,185,589	9,011,696

The above capital grants have been received in respect of building construction and roadworks

	2006	2005
Capital grants brought forward	7,190,589	7,610,292
Received during period	59,764	67,506
Released during period	(493,184)	(487,209)
Capital grants carried forward	6,757,169	7,190,589

15. Share Capital

Authorised	2006 No	2005 No	2006 £	2005 £
Preferred Ordinary shares	54,999,999	54,999,999	54,999,999	54,999,999
Ordinary shares	980	980	980	980
RBL Ordinary shares	10	10	10	10
Preference shares	10	10	10	10
"B" Redeemable Preference shares	1	1		
Special share	1	1	1	1
			55,001,000	55,001,000

Allotted, called up and fully paid	2006 No	2005 No	2006 £	2005 £
Preferred Ordinary shares	40	40	40	40
Ordinary shares	2	2	2	2
RBL Ordinary shares	10	10	10	10
Preference shares	10	10	10	10
"B" Redeemable Preference shares				
Special share	1	1	1	1
			63	63

15. Share Capital (continued)

The whole share capital i e 1 B share, 10 preference shares, 2 ordinary shares and 40 preferred ordinary shares were all issued to CEC and subsequently gifted to CEC Holdings Ltd (wholly owned subsidiary of the Council) in 1996 The special share was issued to Scottish Enterprise Edinburgh and Lothian Ltd on 18 December 1996 The City of Edinburgh Council is the ultimate holding organisation of the Company

The special share has a nominal value of £1 The share can only be transferred to a body nominated by Lothian and Edinburgh Enterprise Ltd and approved by the City of Edinburgh Council The special shareholder is entitled to receive notice of general meetings, and to attend and speak at such meetings but has no other rights Specifically, the special shareholder has no right to vote at such a meeting The special shareholder is however entitled to receive a copy of each resolution passed at a general meeting, to receive any resolution proposed as a written resolution and each circular sent by the Company to holders of any class of shares in the Company

The special shareholder ranks after all other members of the Company in respect of distribution of capital on the winding up of the Company The special share confers no right to participate in the profits of the Company

The Articles of Association entitle the holder of the special share to appoint one person as a Director of the Company This right is effected by a notice in writing either being lodged at the Company's registered office or delivered to a meeting of the directors

On 31 March 2002 the outstanding "B" redeemable preference share was redeemed in accordance with the rights associated with the share The "B" redeemable preference share could be redeemed at the request of the shareholder prior to 31 March 2002 subject to the procedures in the Articles of Association, or otherwise would be redeemed on 31 March 2002 The redeemable preference share carried no voting rights, had no right to participate in profits and would participate in a distribution of capital only to the extent of the amount paid up on each share

The preference shares carry no voting rights, but have the right to a fixed cumulative preferential dividend at the rate of 6% (net of associated tax credit) per annum, on the amount paid up, to be paid annually on 31 December each year

The RBL ordinary shares carry no voting rights and are entitled to a dividend of £0 01 for every full amount of £100 worth of assets paid This is payable after payment of the fixed dividend to holders of the preference shares

The ordinary and preferred ordinary shares carry one vote per share and participate in profits available for dividend pro rata

In the event of a capital distribution the shares rank in the following order

> £1 for each Preference Share, £1 for each Preferred Ordinary Share, £1 for each Ordinary Share, £1 for each RBL Ordinary Share, £1 for each Special Share Thereafter pro rata

16. Movement in Shareholders' Funds

	2006 £	2005 £
Shareholders' funds brought forward	(47,044,444)	(46,174,516)
Profit/(Loss) on ordinary activities for the period	(627,447)	(869,928)
Shareholders' funds carried forward	(47,671,891)	(47,044,444)

17. Capital Commitments

The Company has no capital commitments in respect of construction projects, (at 31 December 2005 capital commitments relating to the Exchange Development amounted to £7,865,000 of which £7,747,325 had been expended)

18. Financial Commitments

At 31 December 2006 the Company had annual commitments under non cancellable operating leases relating to plant and equipment as follows

	2006	2005
	£	£
Operating leases which expire		
Within one year	19,065	22,033
In two to five years	32,465	41,976
In over five years		
	51,530	64,009

19. Pension Commitments

The Company operates a defined contributions scheme for its employees The assets of this scheme are held separately from those of the Company in an independently administered fund

The total amount paid to the scheme during the year totals £72,264 (2005 £73,757)

The unpaid contributions outstanding at the year end, included in other creditors, amount to £5,874 (2005 £5,840)

20 Related Party Transactions

There were no capital grants received during the year by EICC Ltd from Scottish Enterprise Edinburgh and Lothian Ltd, who have a special shareholding in the company (During the period to 31 December 2005 grants totalling £nil were receivable from Scottish Enterprise Edinburgh and Lothian Ltd)

The company has taken advantage of the exemption allowed under FRS 8 in respect of transactions with other group entities

21 Parent undertaking and controlling party

The company's immediate parent undertaking is CEC Holdings Limited It has included the company in it's group financial statements, copies of which are available from it's registered office

The ultimate parent undertaking is The City of Edinburgh Council Copies of the accounts of both companies are available from the Director of Finance, City Chambers, Edinburgh, EH1 1YJ