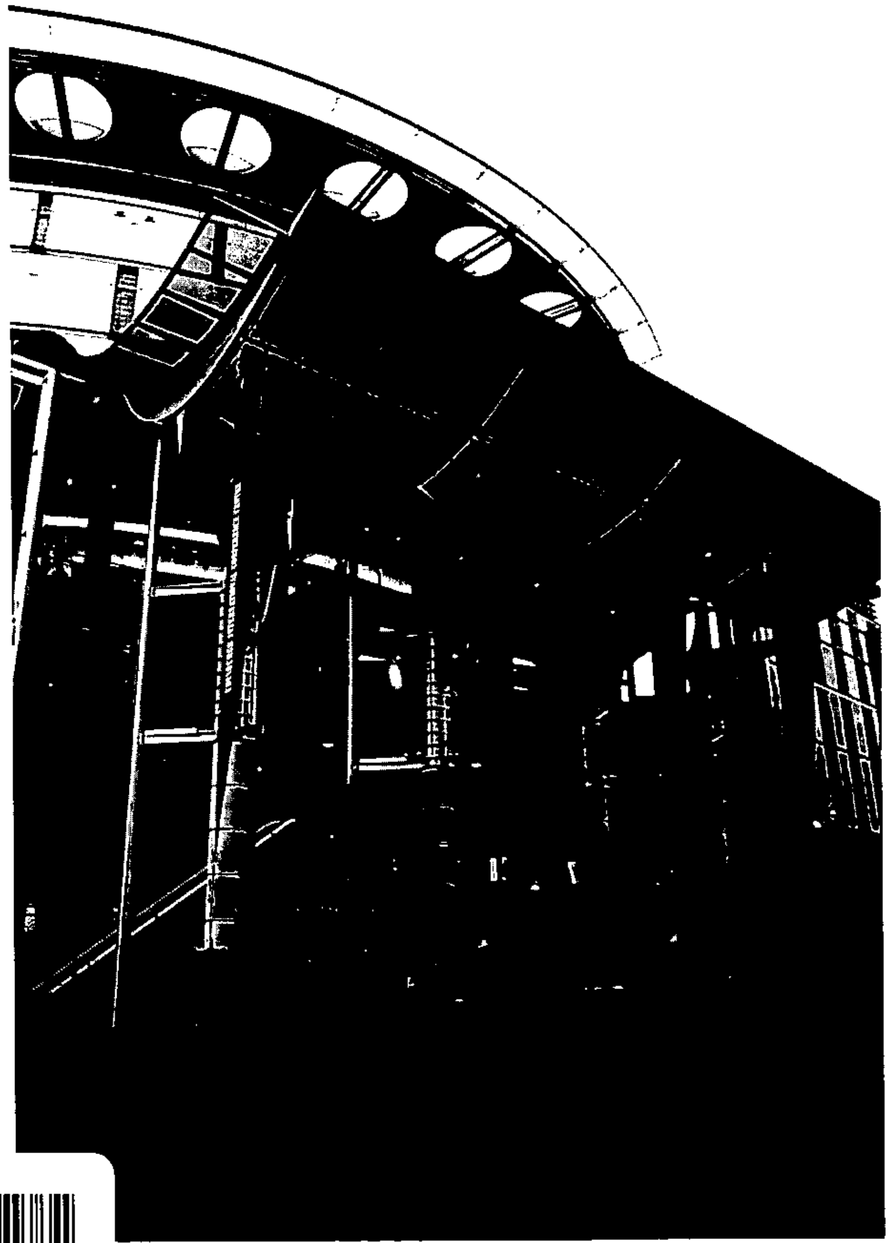
EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2009

COMPANY NUMBER SC131773



GENERAL INFORMATION

Present Company Directors

R.C. Aldridge
T. Buchanan
J.A. Dawe
L.A. Hinds
J.Mc.H. McFarlane
A.L.A. Macpherson
I. Whyte

Company Secretary

MD Secretaries Limited
Pacific House
70 Wellington Street
Glasgow
G2 6SB

Registered Office

Edinburgh International Conference Centre Limited
152 Morrison Street
Edinburgh
EH3 8EB

Auditors

Ernst & Young LLP
10 George Street
Edinburgh
EH2 2DZ

Bankers

Bank of Scotland plc
3 Earl Grey Street
Edinburgh
EH3 9BN

Solicitors

McGrigors LLP
Princes exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

DIRECTORS' REPORT
Company number: SC131773

The Directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 2009.

Results and dividends

The loss before tax for the year amounted to £2,636,293 (2008 – profit before tax £1,544,342). The Company has, after taxation adjustments a loss of £2,636,473 (2008 – profit of £1,543,784). The Directors do not recommend payment of a dividend for the year ended 31 December 2009.

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:-

	2009 £'000	2008 £'000	% Change
Turnover	5,373	4,831	+11.2%
Cost of sales and administration expenses	5,838	5,531	+5.6%
Customer delight	88%	88%	+0.0%
Economic impact	22,943	19,479	+17.8%

The global economic crisis had a negative impact on turnover in the first half of the year and although the Company suffered very few event cancellations the anticipated level of short term corporate bookings did not materialise. The second half of the year, however, saw an increase in the number and value of association events held compared to the previous year and the EICC also hosted the NATO Parliamentary Assembly 55th Annual Session in November. This much improved performance in the second six month period resulted in a marked increase in turnover for the year.

The improvement in turnover resulted in a rise in cost of sales, in line with expectation, as a result of the corresponding increase in the level of the Conference Centre's operations. Administration expenses include a loss on foreign exchange translation of £48,382 for the year which resulted in a movement of £201,215 compared to the gain on translation which arose in 2008.

The operating profit generated by the Conference Centre's activities, based on the Company's internal measure of performance, which is calculated before adjustments in respect of depreciation, the recognition of capital grant income, currency exchange translation, rates rebate and an allowance in lieu of Conference House rentals, was marginally below that achieved in 2008 although it was well ahead of expectation for the year.

The EICC continued to attract the appropriate mix of events to the city during 2009, including a large number of high profile, high yielding international association events from the Company's principal market segment. The Conference Centre hosted 92 events in 2009 (2008:104). Attendance at these events is measured in the form of delegate days, of which 131,463 were recorded during the year (2008:125,944). The economic impact generated from theses delegate days, which helps to sustain or create employment within the city, amounted to £22.9m during the year (2008:£19.5m).

The Company remains focussed on exceeding client expectations through the provision of the highest levels of customer service and by offering clients creative and innovative solutions to ensure the delivery of a successful event within a technically advanced, high quality venue. As in previous years, this approach has resulted in the EICC receiving very positive client feedback with customer delight being recorded at 88% over the course of the year (2008: 88%). Over 90% of respondents stated that they have never been to a better purpose built conference venue. The EICC continues to secure a high level of repeat business and has contracted bookings until 2013.

The business excellence model continues to be the cornerstone of the Company's operational activities. The Company continues to develop its operating processes and improve its quality systems and procedures in order to optimise the efficiency and quality outputs of the Conference Centre's operations. The Company has maintained its accreditations to a wide range of recognised quality, human resource and environmental standards and continues to score highly in all of its re-accreditation assessments. The Company remains focussed on reducing the environmental impact of its operations and it successfully developed a series of waste reduction initiatives and measures during the year.

The multi disciplinary professional team made significant progress with regard to the design and development of the Additional Function Space facility and office building in the course of the year and this was reflected in the increased level of expenditure incurred compared to 2008. In keeping with previous years these costs have not been capitalised due to the uncertainty regarding the ultimate outcome of the project. In the course of the year design work was completed to RIBA Stage E, detailed design, and the City of Edinburgh Council granted the project planning consent in early 2010. It is anticipated that the contractor selection process will be completed by the end of June 2010 and that work on site will commence shortly thereafter.

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 2010.

Directors

The Directors who served during the period were as follows:

R.C. Aldridge
T. Buchanan
J.A. Dawe
L.A. Hinds
J.Mc.H. McFarlane
A.L.A. Macpherson
I. Whyte

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

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, interest income and cash flows can be affected by movements in interest rates. The Company's debt is primarily non-interest bearing.

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.

Going Concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit and liquidity risk are described above.

The Company's ultimate parent entity, 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.

Directors' Responsibilities for the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 2006. 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.

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.
27 August 2010

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 2009 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 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 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
As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
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.

Ernst & Young LLP

Walter Campbell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
27 August 2010

PROFIT & LOSS ACCOUNT
For the year ended 31 December 2009

	Note		2009	2008
			£	£
Turnover	2		5,372,982	4,830,668
Cost of sales			(5,295,624)	(5,252,236)
Gross profit/(loss)			77,358	(421,568)
Development expenses		(3,781,491)		(542,403)
Other administration expenses		(542,115)		(278,458)
			(4,323,606)	(820,861)
Operating loss	3		(4,246,248)	(1,242,429)
Profit on disposal of fixed assets			1,600,427	2,683,863
Interest paid	4		(402)	(1,610)
Interest receivable	4		9,930	104,518
Profit/(loss) on ordinary activities before tax			(2,636,293)	1,544,342
Tax on profit on ordinary activities	5		(180)	(558)
Profit/(loss) on ordinary activities after tax			(2,636,473)	1,543,784

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 2009 of £2,636,473, and the profit after tax on ordinary activities for the year ended 31 December 2008 of £1,543,784.

BALANCE SHEET
At 31 December 2009

	Notes		2009	2008
			£	£
Fixed assets				
Tangible assets	8		8,414,818	10,599,129
Current assets				
Debtors	9	2,357,568		2,429,855
Investments	10	221,719		221,000
Cash		2,247,323		1,594,676
		4,826,610		4,245,531
Creditors: Amounts falling due within one year	11	(2,156,663)		(1,406,215)
Net current assets			2,669,947	2,839,316
Total assets less current liabilities			11,084,765	13,438,445
Creditors: Amounts falling due after more than one year				
Loan	12	2,046,162		2,046,162
Loan stock	12	51,347,350		50,602,526
			53,393,512	52,648,688
Accruals & deferred income	14		7,058,334	7,520,365
			60,451,846	60,169,053
Capital & reserves				
Called up share capital	15	63		63
Profit & loss account		(49,367,144)		(46,730,671)
Shareholder's funds	16		(49,367,081)	(46,730,608)
			11,084,765	13,438,445

The financial statements were approved by the board on 26 May and signed on its behalf on 27 August 2010 by:

Councillor Robert Aldridge
Director:

Councillor Jenny Dawe
Director:

CASH FLOW STATEMENT
For the year ended 31 December 2009

	Notes		2009 £	2008 £
Net cash (outflow) from operating activities	3b		(3,190,976)	(873,988)
Returns on investments and servicing of finance				
Interest received		9,930		104,518
Interest paid on finance rental payments		(402)		(1,610)
Net cash inflow from returns on investment and servicing of finance			9,528	102,908
Taxation				
Tax paid		(180)		(1,929)
Net cash inflow from taxation			(180)	(1,929)
Capital expenditure				
Sales proceeds from disposal of fixed assets		3,323,604		5,915,000
Payments to acquire tangible fixed assets		(360,278)		(585,442)
Capital Grants Received		133,963		-
			3,097,289	5,329,558
Financing				
Net movement on loan stock		754,844		(5,161,329)
Capital element of finance lease rental payments		(7,838)		(38,341)
Net cash inflow/(outflow) from financing			747,006	(5,199,670)
Decrease in cash			662,667	(643,121)

Reconciliation of net cash flow to movement in net debt

		2009 £	2008 £
Decrease in cash in the period	662,667		(643,121)
Cash inflow from increase in debt and lease financing	(754,844)		5,169,167
Change in net debt arising from cash flows		(92,177)	4,526,046
Net debt at 1 January 2009		(51,054,012)	(55,580,058)
Net debt at 31 December 2009		(51,146,189)	(51,054,012)

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 26 May 2010. The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the company's ultimate parent undertaking, The City of Edinburgh Council. It is the directors' opinion that the financial statements should be prepared on a going concern basis.

Tangible Fixed Assets

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:-

Infrastructural works: 2 to 20 years. Leasehold Land and Buildings: 50 years. Motor Vehicles: 5 Years. Office Equipment and Furniture: 3 to 15 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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet 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 balance sheet. The interest elements of the rental obligations are charged in the profit and loss account 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.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Revenue Grants

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

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.

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 taxable 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.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates. All exchange differences are dealt with in the determination of the results for the financial year.

Pensions

The Company operates a defined contribution 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

Revenue is recognised, at the fair value of the consideration received, to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is recognised net of discounts and VAT.

All turnover arises from continuing activities carried on within the United Kingdom. The Company operates in two principal areas; the provision of conference and exhibition facilities and facilitating the development of a previously derelict land site. The turnover arising from each of these activities is shown separately below:

	2009 £	2008 £
Conference facilities	5,132,914	4,512,990
Rental income from the letting of office space	-	124,398
Site development	240,068	193,280
	5,372,982	4,830,668

3. Operating loss

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

	2009 £	2008 £
Depreciation of fixed assets	993,202	1,110,456
Depreciation of fixed assets under finance leases	34,572	34,572
Auditors' remuneration - audit services	25,750	25,750
Auditors' remuneration – taxation services	21,350	12,795
Operating lease rentals – plant and equipment	15,680	19,670
Loss/(gain) on foreign exchange translation	48,382	(152,832)
Capital grants released	(466,833)	(507,665)

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

	£	£
Operating loss	(4,246,248)	(1,242,429)
Depreciation of tangible fixed assets	1,027,774	1,145,028
Increase in investments	(719)	(7,716)
(Increase) in operating debtors and prepayments	5,133	(94,107)
Increase/(Decrease) in operating creditors and accruals	551,923	(47,433)
Capital grants released in period	(466,833)	(507,665)
(Decrease)/Increase in deferred income	(62,006)	(119,666)
Net cash (outflow) from operating activities	(3,190,976)	(873,988)

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

	Opening £	Cash Flow £	Other £	Closing £
Cash	1,594,676	652,647	-	2,247,323
Short term loans	(2,046,162)	-	-	(2,046,162)
Loan stock	(50,602,526)	(754,844)	10,020	(51,347,350)
Total	(51,054,012)	(102,197)	10,020	(51,146,189)

4. Interest (Paid)/Receivable

	2009 £	2008 £
Finance charges payable under finance leases	(402)	(1,610)
Interest due on bank deposits	9,930	104,518

5. Tax on Profit on Ordinary Activities

	2009 £	2008 £
Income Tax:		
Income tax deducted at source	180	1,929
UK Corporation Tax:		
Tax charge for the year	-	(1,371)
Adjustment for group relief recovered in relation to previous years	-	-
	180	558

Tax Reconciliation:

Factors affecting the current tax charge:

The tax assessed on the profit/(loss) on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 28.0% (2008: 28.5%). The differences are reconciled below:

	£	£
Profit/(loss) on ordinary activities before tax	(2,636,293)	1,544,342
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008: 28.5%)	(738,162)	440,138
Expenses not deductible for tax purposes	784,677	(365,783)
Capital allowances in excess of depreciation	(65,076)	(58,253)
Other timing differences	(130,713)	(146,151)
Adjustments in respect of prior periods	-	(1,371)
Unrelieved tax losses carried forward	149,274	130,049
Other	180	1,929
Group relief charge	-	-
Total current tax	180	558

As at 31 December 2009 there was an unrecognised deferred tax asset amounting to £3,956,811 (2008: £4,010,670) of which £126,822 (2008: £43,040) was in respect of accelerated capital allowances and £1,538,231 (2008: £1,650,238) was in respect of other timing differences and £2,545,402 (2008: £2,403,472) was in respect of other trading losses. The directors have elected not to recognise a deferred tax asset due to uncertainty surrounding future profitability from which any future reversal of timing differences could be deducted.

No other factors that may affect future tax charges have been identified.

6. Staff Costs

	2009 £	2008 £
Salaries	1,568,649	1,466,717
Social security costs	161,181	160,125
Pension costs	54,842	59,634
	1,784,672	1,686,476

The average number of staff employed during the year was:

	2009	2008
Sales and Marketing	7	9
Operations	28	29
Administration	8	10

7. Directors' Emoluments

No Directors emoluments were paid during the year to 31 December 2009, or in the previous year.

8. Tangible Assets

	Infrastructural Works £	Long Leasehold Buildings £	Motor Vehicles £	Office Equipment & Furniture £	Total £
Cost					
At 1 January 2009	9,993,597	33,035,035	38,000	10,917,360	53,983,992
Additions in period at cost	-	38,323	-	528,317	566,640
Disposals in period at cost	(3,323,604)	-	-	-	(3,323,604)
At 31 December 2009	6,669,993	33,073,358	38,000	11,445,677	51,227,028
Depreciation					
At 1 January 2009	5,034,893	28,416,962	28,500	9,904,508	43,384,863
Charge for the period	455,313	160,996	7,600	403,865	1,027,774
Depreciation on disposals	(1,600,427)	-	-	-	(1,600,427)
At 31 December 2009	3,889,779	28,577,958	36,100	10,308,373	42,812,210
NBV 31 December 2008	4,958,704	4,618,073	9,500	1,012,852	10,599,129
NBV 31 December 2009	2,780,214	4,495,400	1,900	1,137,304	8,414,818

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 £20,678 relating to assets held under finance leases and hire purchase contracts (2008: £67,654).

9. Debtors

	2009 £	2008 £
Amount due by The City of Edinburgh Council	181,982	192,002
Trade debtors	1,617,320	1,368,535
Corporation Tax recoverable	2,109	-
Value Added Tax	14,295	-
Other debtors	399,051	725,949
Prepayments	142,811	143,369
	2,357,568	2,429,855

10. Investments

	2009 £	2008 £
Bank deposits held in trust	221,719	221,000

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

	2009 £	2008 £
Trade creditors	1,288,778	734,699
Value Added Tax	-	42,670
Other taxes and social security costs	40,733	43,789
Other creditors	731,756	499,073
Obligations under finance leases and hire purchase contracts (see Note 13)	-	7,838
Accruals	95,396	78,146
	2,156,663	1,406,215

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

	2009 £	2008 £
Short term loan	2,046,162	2,046,162
Convertible unsecured loan stock	45,297,609	45,297,609
Non-convertible unsecured loan stock	6,049,741	5,304,917
	53,393,512	52,648,688
Non-convertible unsecured loan stock:		
Issued to The City of Edinburgh Council and CEC Holdings Ltd	4,675,316	10,284,266
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	1,374,425	935,651
Due to be reduced by The City of Edinburgh Council and CEC Holdings Ltd	-	(5,915,000)
	6,049,741	5,304,917

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 2008 £2,876,365) of the issued non-convertible unsecured loan stock, the balance amounting to £1,798,951 (at 31 December 2008 £7,407,901) 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

	2009 £	2008 £
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	-	8,240
Less: finance charges allocated to future periods	-	(402)
	-	7,838

14. Accruals and Deferred Income

	2009 £	2008 £
Capital grants	5,493,683	5,893,707
Deferred income	1,564,651	1,626,658
	7,058,334	7,520,365

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

14. Accruals and Deferred Income (continued)

	2009 £	2008 £
Capital grants brought forward	5,893,707	6,330,762
Receivable during period	66,809	70,610
Released during period	(466,833)	(507,665)
Capital grants carried forward	5,493,683	5,893,707

15. Share Capital

	2009 No.	2008 No.	2009 £	2008 £
Allotted, called up and fully paid:				
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
Special share	1	1	1	1
			63	63

The 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.

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, which were issued on 29 November 1995, 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.

15. Share Capital (continued)

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 Shareholder's Funds

	2009 £	2008 £
Shareholder's funds brought forward	(46,730,608)	(48,274,392)
Profit/(loss) on ordinary activities for the period	(2,636,473)	1,543,784
Shareholder's funds carried forward	(49,367,081)	(46,730,608)

17. Capital Commitments

The Company has no capital commitments in respect of construction projects, (2008: no capital commitments).

18. Financial Commitments

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases relating to plant and equipment as follows:

	2009 £	2008 £
Operating leases which expire:		
Within one year	2,623	6,004
In two to five years	9,588	5,990
	12,211	11,994

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 £54,842 (2008: £59,634).

The unpaid contributions outstanding at the year end, included in other creditors, amount to £nil (2008 : £nil).

20. Related Party Transactions

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 its group financial statements, copies of which are available from its 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.