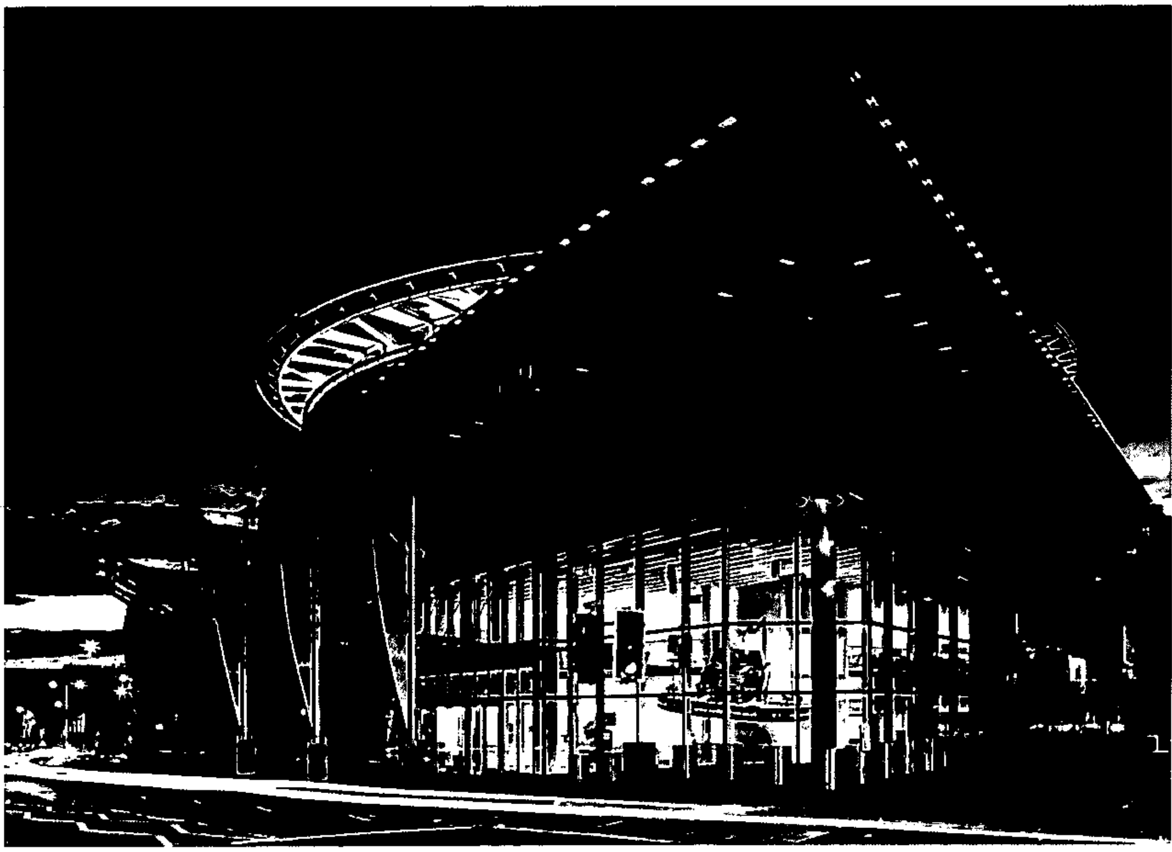
EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2013

COMPANY NUMBER SC131773



GENERAL INFORMATION

Company number

SC131773

Present Company Directors

R.C. Aldridge
J.Mc.H. McFarlane
A.L.A. Macpherson
G.J. Munro
F.W. Ross

Company Secretary

MD Secretaries Limited
141 Bothwell Street
Glasgow
G2 7EQ

Registered Office

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

Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

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

Solicitors

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

STRATEGIC REPORT

Principal activities

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.

Results and review of the business

The results for the year are shown on the statement of profit or loss and other comprehensive income on page 9.

The loss from continuing operations before tax for the year amounted to £1,011,393 (2012 - £410,241). The Company has, after taxation adjustments, a total comprehensive loss for the year of £921,096 (2012 - profit of £250,816). The Directors do not recommend payment of a dividend for the year ended 31 December 2013.

Due to the lead times associated with contracting events, the year to 31 December 2013 proved to be another challenging year for the Company as the uncertainty surrounding the additional function space construction activities and the effects of the recession continued to have an effect on the Conference Centre's business. In addition many clients were working with reduced budgets which led to them adopting a more forceful negotiating stance which in turn resulted in aggressive price competition amongst venues.

As a result the EICC continued to experience relatively low levels of corporate activity during the year and although the association market was more buoyant clients were more reluctant, than in the past, to undertake secondary spending. However, although overall conference centre revenues were slightly below target for 2013 they showed an increase of 13.8% compared with the previous period. This was principally achieved through an increase in revenues generated from room rental hires and the provision of additional event services. The Company experienced an increase in the number and value of short lead bookings contracted during the period, which was in line with industry trends.

Although expenditure in respect of cost of sales and administration showed an underspend against budget for 2013 the costs associated with these functions increased by 20% compared to the previous year. This increase in expenditure was primarily due to the additional costs, in respect of the new facility, which were incurred from April onwards. Development expenses in respect of the additional function space construction works were marginally less than in the previous year and were in line with expectations.

The Company remains focussed on attracting international association and corporate events to the city in order to maintain Edinburgh's profile as a major international conference destination. This objective was also achieved through the hosting of national association events during 2013, which attracted a large number of delegates to Edinburgh from the rest of the UK.

Securing these types of events is consistent with the EICC's philosophy of attracting higher yielding events which are characterised by a greater revenue spend, enhanced delegate numbers and the generation of increased levels of economic impact. It is anticipated that an increased number of such events will be attracted to the Conference Centre as a result of its new facilities coming on stream during 2013.

The EICC generated an economic impact of £50.4m in 2013 (2012: £35.6m economic impact) which was a 41.6% increase over the previous year's figure and was ahead of target for the period. This level of economic impact was generated from delegate attendance at events which gave rise to 207,846 delegate days (2012: 165,001 delegate days). The economic impact produced as a result of the EICC's activities helps to create and sustain employment within the city.

Client feedback recorded from client questionnaires, expressed in terms of client delight, increased by 2.3% compared to 2012. This was a significant achievement given the opening of the new facilities, which were incorporated seamlessly into the existing EICC, during the year. The EICC will continue to focus on exceeding customer expectations through ensuring the provision of quality facilities and the highest levels of customer care. As a consequence of this the Company continues to attract a high level of repeat business.

The Company remains committed to following best practice and the business excellence framework. As well as providing high quality standards on a consistent basis these principles also ensure the efficiency and effectiveness of the Company's operations as well as well as providing a value for money service for clients.

The EICC is accredited to six quality standards, which cover systems management, human resources and environmental practices and the Conference Centre continues to achieve very positive results from assessments in respect of its re-accreditation to these standards.

The construction works in respect of the additional function space were substantially complete by the beginning of the year with the main focus of work in 2013 relating to the installation of equipment and fitting out the premises. A detailed snagging list in respect of the construction works was produced and the majority of these items had been rectified by the contractor by the end of the year.

Following a period of commissioning and testing the new facilities were handed over to the EICC at the end of March 2013. A programme of training, familiarisation and fit-out activities was then undertaken and a number of practice events were held to enable the EICC team to familiarise themselves with and test the facility prior to opening.

The International Investigative Dermatology event held on 7 May 2013 saw the first commercial use of the new facility. This 5 day event, which attracted 2,326 delegates, used all of the EICC's expanded facilities and was considered to be a great success. An associated organisation has booked the EICC for its event to be held in 2017.

During the remaining 8 months of the year a further 24 events were held in the new facilities, in either combined or stand-alone mode. Bookings for the new facility for future years are increasing and it is clear that this major new development will add to the EICC's success in the future.

Trading conditions in 2014 continue to be difficult due to; the prevailing economic conditions; reductions in client's budgets; the price cutting activities of competitors and; increased levels of competition. This has led to a reduction in the Company's revenue budgets for the year. However, the Conference Centre's revenues are expected to increase next year and rise significantly over the short term. The longer term outlook for the EICC remains very positive.

Key performance indicators

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

	2013 £'000	2012 £'000	% Change
Turnover	5,503	4,838	13.8%
Cost of sales and administration expenses	6,721	5,602	20.0%
Customer delight	88%	86%	2.3%
Economic impact	50,405	35,605	41.6%

Risks and uncertainties

In common with many other businesses the Company is exposed to a range of risks. The principal risks and uncertainties facing the Company are associated with market forces and the behaviour of competition as well as the risks associated with catastrophic events.

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.

G. Munro.

Gordon Munro
Chairman
5 September 2014

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and financial statements, in respect of Edinburgh International Conference Centre Limited (the Company), for the year ended 31 December 2013.

Directors

The Directors who served during the period were as follows:

R.C. Aldridge	
T. Buchanan	resigned 03.04.2013
W.E. Cook	resigned 26.11.2013
J.Mc.H. McFarlane	
A.L.A. Macpherson	
G.J. Munro	
F.W. Ross	

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

Directors' Responsibilities for the Financial Statements

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS's, as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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 auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company auditor is unaware and each Director has taken all the 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

A resolution to re-appoint Scott-Moncrieff as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board

Director, for and on behalf of

MD Secretaries Limited
5 September 2014

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

We have audited the financial statements of Edinburgh International Conference Centre Limited for the year ended 31 December 2013 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and related notes. 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.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5 to 6, 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 Year End and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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.

Nick Bennett

Nick Bennett, ***Senior Statutory Auditor***
For and on behalf of Scott-Moncrieff, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 05/09/2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Notes		2013	2012
		£	£	£
Revenue	3		5,503,464	4, 838,319
Cost of sales			(6,212,327)	(5,169,002)
Gross loss			(708,863)	(330,683)
Other income		593,328		802,346
Development expenses		(386,688)		(456,057)
Administration expenses		(509,108)		(432,981)
			(302,468)	(86,692)
Operating loss from continuing operations	5		(1,011,331)	(417,375)
Finance revenue	7		5,342	10,948
Finance costs	8		(5,404)	(3,814)
Loss from continuing operations before tax			(1,011,393)	(410,241)
Tax credit	9		90,297	661,057
Total comprehensive (loss)/profit for the year			(921,096)	250,816

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share Capital £	Other Reserves £	Retained Earnings £	Shareholder's Funds £
At 31 December 2012	63	60,151,831	(53,611,360)	6,540,534
Total comprehensive loss for period	-	-	(921,096)	(921,096)
Increase in loan stock	-	1,682,768	-	1,682,768
At 31 December 2013	63	61,834,599	(54,532,456)	7,302,206

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	£	2013 £	2012 £
Non-current assets				
Property, plant and equipment	10		11,908,693	11,381,460
Current assets				
Trade and other receivables	11	3,695,568		5,373,926
Cash and cash equivalents	12	1,232,087		2,095,320
			4,927,655	7,469,246
Total assets			16,836,348	18,850,706
Current liabilities				
Trade and other payables	13	2,061,187		4,428,038
Financial liabilities	14	2,046,162		2,046,162
Capital Grants	16	484,128		465,820
Deferred revenue	16	1,088,404		1,299,691
			5,679,881	8,239,711
Non-current liabilities				
Financial liabilities	14	13,290		8,078
Capital grants	16	3,632,459		3,815,321
Deferred revenue	16	208,512		247,062
			3,854,261	4,070,461
Capital & reserves				
Issued share capital	17	63		63
Other reserves	18	61,834,599		60,151,831
Accumulated losses		(54,532,456)		(53,611,360)
			7,302,206	6,540,534
Total equity & liabilities			16,836,348	18,850,706

The financial statements were authorised for issue by the Board of Directors on 28 May 2014 and were signed on its behalf, on 5 September 2014, by:

Councillor Gordon Munro
Director: G. Munro.

Councillor Frank Ross
Director: Frank W Ross

The accompanying notes form part of the financial statements

Company Number SC131773

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	£	2013 £	2012 £
Operating activities			
Loss before tax	(1,011,393)		(410,241)
Finance revenue	(5,342)		(10,948)
Finance costs	5,404		3,814
Operating loss for the year	(1,011,331)		(417,375)
Net finance revenues	5,150		10,562
Depreciation on property, plant and equipment	957,125		784,136
Capital grants released	(484,128)		(465,820)
Decrease/(Increase) in trade and other receivables	1,678,358		(595,821)
Decrease in trade and other payables	(2,365,448)		(7,061)
Decrease in deferred income	(249,838)		(102,550)
Cash generated from operations	(1,470,112)		(793,929)
Tax on continuing operations	90,297		661,057
Cash flow from operating activities		(1,379,815)	(132,872)
Investing activities			
Receipt of grants	319,575		59,233
Payments to acquire property, plant and equipment	(1,484,358)		(3,492,936)
Cash flow from investing activities		(1,164,783)	(3,433,703)
Financing activities			
Receipt of loan stock	1,682,768		3,375,148
Repayment of capital element of finance leases	(1,403)		(5,614)
Cash flow from financing activities		1,681,365	3,369,534
Net decrease in cash and cash equivalents		(863,233)	(197,041)
Cash and cash equivalents at 1 January 2013		2,095,320	2,292,361
Cash and cash equivalents at 31 December 2013		1,232,087	2,095,320

NOTES TO THE FINANCIAL STATEMENTS

1. Authorisation of financial statements and statement of compliance with IFRS's

The financial statements of Edinburgh International Conference Centre Limited for the year ended 31 December 2013 were approved by the Board of Directors on 28 May 2014 and signed on its behalf by the Directors noted on the Statement of Financial Position. Edinburgh International Conference Centre Limited is a company incorporated and domiciled in Scotland.

The principal activities of the Company are described in Note 3 and information regarding its ultimate parent company is presented in Note 21.

2. 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 Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2013 and applied in accordance with the Companies Act 2006.

The accounting policies which follow set out those policies which apply, in preparing the financial statements for the year ended 31 December 2013. The Company has used the "cost of sales" method of presenting income and expenditure and the Company's financial statements are presented in Sterling.

New standards, interpretations and amendments effective from 1 January 2013

A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 January 2013 have been adopted in these financial statements. Where there has been an alteration to the financial statements, the nature and effect on the results of each new standard, interpretation and amendment adopted by the company has been detailed below:

IAS 1 (amendment), 'Presentation of Items of Other Comprehensive Income

The amendment requires that items of other comprehensive income must be split into two categories:

- Those that will be reclassified subsequently to profit or loss
- Those that will not.

As the amendment only affects presentation, there is no effect on the company's financial position or performance.

IAS 16 (amendment), 'Property, Plant and Equipment'

The amendment only affects presentation. There is no effect on the company's financial position or performance.

IAS 19 (amendment), 'Employee Benefits

The amendment only affects entities with defined benefit schemes. EICC does not have a defined benefit scheme therefore there is no effect on the company's financial position or performance.

IAS 32 (amendment), 'Financial Instruments: Presentation'

The amendment only affects entities making distributions to holders of equity instruments where income tax arises. EICC does not make distributions to holders of equity instruments, therefore there is no effect on the company's financial position or performance.

IFRS 7 (amendment), 'Financial Instruments: Disclosure'

The amendment only affects entities whose financial assets and liabilities are set off under IAS 32 and where recognised financial instruments are subject to a master netting agreement, or similar arrangement. EICC financial assets and liabilities are not set off under IAS 32, therefore there is no effect on the company's financial position or performance.

IFRS 13 (new standard), 'Fair Value Measurement'

This new standard affects any entity with items measured at fair value or where fair value disclosure is made as required by IFRS. EICC currently include assets and liabilities at fair value in the financial statements. Therefore there is no effect on the company's financial position or performance.

New standards not yet applied

The following standards and interpretations, which Edinburgh International Conference Centre Limited reasonably expects to be applicable at a future date, have been issued and have an effective date which is after the date of these financial statement. It is the Company's intention to adopt these standards when they become effective but early adoption has not been undertaken.

IFRS 9, 'Financial instruments', is effective for accounting periods beginning on or after 1 January 2015.
IFRS 10, 'Consolidated financial statements', is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2014.
IFRS 12, 'Disclosure of interests in other entities', is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2014.
IFRS 13, 'Fair value measurement', is effective for accounting periods beginning on or after 1 January 2013.
IAS 27 (revised), 'Separate financial statements', is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2014.
IAS 28 (revised), 'Associates and joint ventures', is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2014.
IAS 32 (amendment), 'Financial instruments: Presentation', is effective for accounting periods beginning on or after 1 January 2014.
IAS 36 (amendment), 'Impairment of Assets', is effective for accounting periods beginning on or after 1 January 2014.
IAS 39 (amendment), 'Financial Instruments: Recognition and Measurement', is effective for accounting periods beginning on or after 1 January 2014.

At the time of issuance of the Company's financial statements, the following amendments and improvements had been published but were not incorporated as they were not in force and not endorsed for use in the EU:

IFRS 7, IFRS 9, IFRS 13, IAS 16, IAS 19, IAS 24 and IAS 39.

The Directors do not expect that the adoption of these standards and interpretations in future reporting periods will have a material impact on the company's financial statements.

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.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year.

Uncertainty about these assumptions and estimates could, however, result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows:

Infrastructural works: 20 years. Leasehold Land and Buildings: 10 to 50 years. Motor Vehicles: 5 Years. Office Equipment and Furniture: 3 to 10 years.

Management use judgement in arriving at the Company's depreciation policy by taking account of the residual value of the assets concerned and their useful economic life. The Company expects that items of property, plant and equipment will be used for their entire life and as a result it is expected that these items will have no residual value. An assets useful economic life is based on past experience and general expectations.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

The capitalisation of infrastructural works and assets under construction is based on management's judgement of when a projects 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.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Capital grants

Grants in respect of capital expenditure are credited to deferred income and are released to income in equal amounts 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 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

Rentals payable under operating leases are charged in the statement of comprehensive income 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.

Trade and other receivables

Trade receivables which generally have 30 day terms are recognised and carried at their original invoiced value, less an allowance for impairment of doubtful debt. An allowance for doubtful debt is estimated by management, taking into account future cashflows, based on past experience and an assessment of the current economic climate in which the company operates

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

Trade and other payables

Trade and other payables are recognised at fair value and subsequently held at amortised cost.

Loans

Loans are initially recognised at fair value and then held at amortised cost using the effective interest rate method of calculation. The effective interest rate charge for the year is included in finance costs in the statement of comprehensive income.

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 reporting 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 reporting 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 reporting 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.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2013 £	2012 £
Provision of conference facilities	5,265,276	4,770,638
Rendering of services	238,188	67,681
	5,503,464	4,838,319

4. Segment information

For management purposes the Company operates as a single business unit.

All revenues are derived from external customers who are based in the United Kingdom. No single customer accounted for 10 per cent or more of the Company's revenues.

5. Operating loss

This is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of fixed assets	949,385	776,396
Depreciation of fixed assets under finance leases	7,740	7,740
Auditor's remuneration - audit services	8,000	8,000
Auditor's remuneration – taxation services	1,600	1,600
Operating lease rentals – land and buildings	69,244	80,696
- plant and equipment	9,424	9,424
(Gain)/Loss on foreign exchange translation	(4,243)	16,350
Other income	(593,328)	(802,346)
Capital grants released	(484,128)	(465,820)

6. Staff costs and directors' emoluments

(a) Staff costs

	2013 £	2012 £
Salaries	1,816,659	1,804,482
Social security costs	158,959	146,479
Pension costs	82,733	76,591
	2,058,351	2,027,552

6. Staff costs and directors' emoluments (cont.)

The monthly average number of staff employed during the year was:

Sales and Marketing	11	11
Operations	38	38
Administration	7	7

(b) Directors' emoluments

No Directors or key management personnel (which comprise the Board) were paid any emoluments during the year to 31 December 2013, or in the previous year.

7. Finance revenue

	2013 £	2012 £
Interest receivable on bank deposits	5,342	10,948

8. Finance costs

	2013 £	2012 £
Finance charges payable under finance leases and hire purchase contracts	(192)	(386)
Effective interest on loan stock	(5,212)	(3,428)
	(5,404)	(3,814)

9. Tax credit

	2013 £	2012 £
Income Tax:		
Income tax deducted at source	-	-
UK Corporation Tax:		
Current tax credit	(92,487)	-
Tax paid/(recovered) in relation to previous years	2,190	(73)
Adjustment for group relief recovered in relation to previous years	-	(660,984)
	(90,297)	(661,057)

9. Tax credit (cont.)

Tax Reconciliation:
Factors affecting the current tax charge:

The tax assessed on the loss on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are reconciled below:

	2013	2012
	£	£
Loss from continuing operations before tax	(1,011,393)	(410,241)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(235,149)	(100,509)
Expenses not deductible for tax purposes	96,154	100,211
Capital allowances in excess of depreciation	(46,341)	110,257
Adjustments in respect of prior periods	2,190	(660,984)
Other timing differences	92,849	(110,032)
Total current tax	(90,297)	(661,057)

As at 31 December 2013 there was an unrecognised deferred tax asset amounting to £2,445,771 (2012: £2,876,325) of which £749,763 (2012: £908,077) was in respect of accelerated capital allowances and other timing differences and £1,696,008 (2012: £2,052,499) was in respect of trading losses. The directors have elected not to recognise a deferred tax asset due to uncertainty surrounding future profitability from which any reversal of timing differences could be deducted.

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

10. Property, plant and equipment

	Infrastructural Works	Long Leasehold Buildings	Motor Vehicles	Off.Equip. & Furniture	Total
	£	£	£	£	£
Cost or valuation					
At 31 December 2012	6,669,993	37,636,954	38,700	3,166,627	47,512,274
Additions	-	428,962	-	1,096,462	1,525,424
Disposals	-	-	-	(41,066)	(41,066)
At 31 December 2013	6,669,993	38,065,916	38,700	4,222,023	48,996,632
Depreciation and impairment					
At 31 December 2012	4,757,176	29,069,518	17,415	2,286,705	36,130,814
Charge for the period	289,132	258,257	7,740	401,996	957,125
At 31 December 2013	5,046,308	29,327,775	25,155	2,688,701	37,087,939
Net book value					
At 31 December 2012	1,912,817	8,567,436	21,285	879,922	11,381,460
At 31 December 2013	1,623,685	8,738,141	13,545	1,533,322	11,908,693

10. Property, plant and equipment (cont.)

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 are sums amounting to £13,544 relating to assets held under finance leases and hire purchase contracts (31 December 2012: £21,284).

11. Trade and other receivables

	2013 £	2012 £
Trade receivables	1,227,712	860,877
Amount owed by the City of Edinburgh Council	2,256,857	3,842,701
Group tax relief	-	511,710
Corporation Tax recoverable	92,487	74
Other receivables	1	1
Prepayments	118,511	158,563
	3,695,568	5,373,926

Trade receivables are non interest bearing and are generally on 30 days' terms. As at 31 December 2013 no trade receivables were determined to be impaired (31 December 2012: nil).

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

		Neither past due nor impaired	Past due but not impaired		
	Total £	 £	< 30 days £	30-60 days £	> 90 days £
At 31 December 2012	860,877	604,034	69,636	146,432	40,775
At 31 December 2013	1,227,712	925,582	80,674	39,016	182,440

The credit rating of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings, where available, historical information in respect of repeat business and payment history with regard to current business.

12. Cash and cash equivalents

	2013 £	2012 £
Cash at bank and in hand	1,232,087	2,095,320
	1,232,087	2,095,320

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £1,232,087 (31 December 2012: £2,095,320).

13. Trade and other payables

	2013 £	2012 £
Trade payables	318,486	355,691
Value Added Tax	213,265	77,370
Other taxes and social security costs	47,384	44,974
Other payables	964,829	3,868,473
Obligations under finance leases and hire purchase contracts (see Note 15)	-	1,403
Accruals	517,223	80,127
	2,061,187	4,428,038

Trade payables are non-interest bearing and are normally settled on 30-60 days' terms. Other payables are non-interest bearing.

14. Financial liabilities

Loans and borrowings

	2013 £	2012 £
Current		
Short term loan	2,046,162	2,046,162
Non-current		
Obligations under finance leases and hire purchase contracts (see Note 15)	-	-
Loan stock	13,290	8,078
	13,290	8,078

The short term loan, which bears no interest, is repayable to the City of Edinburgh Council.

The company has issued convertible and non-convertible loan stock to the City of Edinburgh Council and CEC Holdings Limited, as shown below. These loan stocks, which amount to a face value of £61,834,599 (31 December 2012: £60,151,831) either bear no interest or the interest on them has been waived by the stockholder.

The loans have 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 issue. These loans have been received from the parent company and the Company relies on these loans as an ongoing source of funding.

14. Financial liabilities (cont.)

The fair value of loan stock has been estimated using effective interest rates which have been applied to the various loan stocks as follows:

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2013 £	Aggregate Interest £
Convertible Unsecured Loan Stock 2117	15	45,297,609	22	20
Non-Convertible Unsecured Loan Stock 2117	13	10,259,042	30	26
Non-Convertible Unsecured Loan Stock 2022	75	1,339,365	8,701	8,701
Non-Convertible Unsecured Loan Stock 2023	75	868,000	3,222	3,222
Non-Convertible Unsecured Loan Stock 2024	75	546,000	1,158	1,158
Non-Convertible Unsecured Loan Stock 2025	75	123,000	149	149
Non-Convertible Unsecured Loan Stock 2034	75	154,299	1	1
Non-Convertible Unsecured Loan Stock 2035	75	799,000	4	4
Non-Convertible Unsecured Loan Stock 2036	75	709,141	2	1
Non-Convertible Unsecured Loan Stock 2037	75	461,069	1	0
Non-Convertible Unsecured Loan Stock 2038	75	1,278,074	0	0
		61,834,599	13,290	13,282

The face value of loan stock issued by the company is as follows:

	2013 £	2012 £
Convertible unsecured loan stock	45,297,609	45,297,609
Non-convertible unsecured loan stock	16,536,990	14,854,222
	61,834,599	60,151,831

Non-convertible unsecured loan stock		
Issued to The City of Edinburgh Council and CEC Holding Ltd	4,675,316	4,675,316
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	11,861,674	10,178,906
	16,536,990	14,854,222

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.

14. Financial liabilities (cont.)

A further £11,132,422 of non-convertible unsecured loan stock 2117 (31 December 2012: £9,854,348) has been issued or is due to be issued to the City of Edinburgh Council and is repayable at par.

CEC Holdings Ltd hold £5,404,568 (31 December 2012: £4,999,874) of the remaining issued or due to be issued non-convertible unsecured loan stock. This non-convertible unsecured loan stock bears no interest and is repayable within 25 years of issue.

15. Obligations under leases and hire purchase contracts

Hire Purchase Contracts

The Company is obligated under a hire purchase contract in relation to a motor vehicle. Future minimum lease payments under the hire purchase contract as at 31 December are as follows:

	2013 £	2012 £
Amounts payable:		
Not later than one year	-	1,595
Later than one year and not later than five years	-	-
Less: finance charges allocated to future periods	-	(192)
Present value of future minimum lease payments	-	1,403
Hire purchase contracts are analysed as follows:		
Current obligations (see Note 13)	-	1,403
Non-current obligations (see Note 14)	-	-
	-	1,403

Operating lease agreements

The Company has entered into commercial leases on land and buildings and certain items of office equipment. These leases have duration of between 4 and 5 years. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2013 £	2012 £
Land and buildings		
Not later than one year	153,677	80,696
Later than one year and not later than five years	614,708	-
	768,385	80,696
Other		
Not later than one year	7,068	9,424
Later than one year and not later than five years	-	7,068
	7,068	16,492

16. Deferred revenue

	2013 £	2012 £
Deferred revenue	1,296,916	1,546,753
Capital grants	4,116,587	4,281,141
	5,413,503	5,827,894

Deferred revenue relates to the advance deposits received in respect of events which are due to take place after the year end.

	2013 £	2012 £
At 1 January	1,546,753	1,649,303
Deferred during the year	1,164,527	1,192,803
Released to the income statement	(1,414,364)	(1,295,353)
At 31 December	1,296,916	1,546,753
Deferred revenue is analysed as follows:		
Current obligations	1,088,404	1,299,691
Non-current obligations	208,512	247,062
	1,296,916	1,546,753

Capital grants have been received in respect of building construction and roadworks as follows:

	2013 £	2012 £
At 1 January	4,281,141	4,685,490
Receivable during the year	319,574	61,471
Released to the income statement	(484,128)	(465,820)
At 31 December	4,116,587	4,281,141
Capital grants are analysed as follows:		
Current obligations	484,128	465,820
Non-current obligations	3,632,459	3,815,321
	4,116,587	4,281,141

17. Share capital

	2013 No.	2012 No.	2013 £	2012 £
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 The City of Edinburgh Council 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.

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.

18. Other reserves

Other reserves arise from the fair valuing of loan stock where the difference between the fair value and face value of the loan has been recognised as a capital contribution where the loan has been issued at below market rate from a parent company.

	£
At 31 December 2012	60,151,831
Net movement on recognition of loans	1,682,768
At 31 December 2013	61,834,599

19. Capital commitments

The Company has capital commitments in respect of construction projects amounting to £nil (31 December 2012: £295,367).

20. 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 £82,733 (31 December 2012: £76,591).

The unpaid contributions outstanding at the year end, included in other creditors, amount to £nil (31 December 2012: nil).

21. Related party transactions

The transactions that have been entered into with related parties, which have a significant influence over the Company, for the financial year are as follows:

	Net funding received £
The City of Edinburgh Council	
2013	1,423,337
2012	3,621,852
CEC Holdings Limited	
2013	593,328
2012	461,069

21. Related party transactions (cont.)

Loans received from or made to related parties, which have a significant influence over the Company, are as follows:

	Amounts owed by related parties £	Amounts owed to related parties £
The City of Edinburgh Council		
2013	1,030,829	13,323,846
2012	3,842,701	9,854,348
CEC Holdings Limited		
2013	-	50,297,483
2012	-	50,297,483

The Company's immediate parent undertaking is CEC Holdings Limited. It has included the Company in its group financial statements. 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.