Registration No: SC230949 (Scotland)

CEC RECOVERY LIMITED

DIRECTOR'S REPORT
AND
AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2020

CEC RECOVERY LIMITED

CONTENTS

CEC RECOVERY LIMITED
COMPANY INFORMATION

Director	H J Dunn
Company Number	SC230949
Registered Office	Waverley Court 4 East Market Street Edinburgh EH8 8BG
Business address	Waverley Court 4 East Market Street Edinburgh EH8 8BG
Auditor	Azets Audit Services Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	None

CEC RECOVERY LIMITED
STRATEGIC REPORT
For the year ended 31 March 2020

The director presents the strategic report for the year ended 31 March 2020.

Principal activities and review of business

The principal activity of the company was previously the promotion, development, procurement, project management and implementation of certain nominated transport projects.
The company is a "not for profit" entity.

Following a review of the Tram Project in 2011, the decision was made to return this project back to the direct control of The City of Edinburgh Council. All Tram Project contracts were novated to The City of Edinburgh Council on 9 November 2011. The Tram Project previously accounted for 99% of the company's activities and as a result the company has ceased its project management activities from this date.

The company has continued to manage the land acquired for the project, on behalf of Transport Scotland. During 2019/20 the company entered into discussions with Network Rail for the sale of the land at Winchburgh. These negotiations have been put on hold during the Covid-19 pandemic and will resume in due course. All proceeds, after deduction of expenses, will be remitted to Transport Scotland thereafter.

Beyond the delay in discussions relating to the potential sale of the land, the Covid-19 pandemic has had little direct impact on the activity of the company.

Key Performance Indicators
Following these decisions, key performance indicators are no longer considered relevant to the company.

Hugh Dunn
....
H J Dunn
Director

Date 11/11/2020

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

CEC RECOVERY LIMITED
DIRECTOR'S REPORT
For the year ended 31 March 2020

The director presents the report and audited financial statements for the year ended 31 March 2020.

Directors
The director who served during the year was:

H J Dunn

Board Operation
No Board meetings have been held and any decisions affecting the company are made by the shareholder, The City of Edinburgh Council.

Political and Charitable Contributions
The company made no political or charitable contributions during the year.

Responsibilities of the Director
The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

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

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

The Director is 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 the group and enable him to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

To the best of the Director's knowledge and belief:

- So far as the Director is aware, there is no relevant information of which the company's auditor is unaware; and
- He has taken all the steps that he ought to have taken as a Director in order to make himself aware of the relevant audit information, and to establish that the company's auditor is aware of the information.

Auditor

On 7 September 2020 Group Audit Service Limited trading as Scott-Moncrieff Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

The auditor, Azets Audit Services, is deemed to be reappointed under Section 487(2) of the Companies Act 2006.

This report has been approved and signed by:

Hugh Dunn

Date 11/11/2020

H J Dunn
Director

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

CEC RECOVERY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER
For the year ended 31 March 2020

Opinion

We have audited the financial statements of CEC Recovery Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of the company's results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example the ongoing effect of COVID-19 on financial stability worldwide is ever-changing and therefore it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for
- which the financial statements are prepared is consistent with the financial statements
- Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the Director's responsibilities statement set out on page 3, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett

Date 11 November 2020

Nick Bennett, Senior Statutory Auditor
For and on behalf of Azets Audit Services, Statutory Auditor
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

CEC RECOVERY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020	Re-stated 2019
		£	£
Continuing Operations			
Revenue	5	6,223	6,643
		6,223	6,643
Other Operating Charges		- 4,885	- 417,648
		- 4,885	- 417,648
Operating (deficit) / surplus	6	1,338	- 411,005
Surplus for the year before tax		1,338	- 411,005
Tax	8	- 64	-
Surplus / (Deficit) for the year		1,274	- 411,005

The accompanying notes on pages 11-18 form an integral part of these financial statements.

CEC RECOVERY LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	2020	Re-stated 2019
		£	£
Non-Current assets			
Land	9	-	100,000
Non-current assets classified as held for sale	10	100,000	-
		100,000	100,000
Current Assets			
Debtor	12	3,053	-
Total Assets		103,053	100,000
Equity			
Share Capital	11	1,000	1,000
Retained earnings		100,274	99,000
Total Equity		101,274	100,000
Current Liabilities			
Trade and other payables	13	1,779	-
Total Liabilities		1,779	-
Total Equity and Liabilities		103,053	100,000

The financial statements on pages 8 - 18 were approved by the Director and authorised for issue on ....

Hugh Dunn

H J Dunn
Director

Company Registration Number: SC230949 (Scotland)

The accompanying notes on pages 11-18 form an integral part of these financial statements.

CEC RECOVERY LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Notes	Share Capital £	Retained Earnings £	Total Equity £
At 1 April 2018		1,000	510,005	511,005
Deficit for the year		-	- 411,005	- 411,005
Total comprehensive income				
At 1 April 2019		1,000	99,000	100,000
Surplus for the year		-	1,274	1,274
Total comprehensive income				
At 31 March 2020		1,000	100,274	101,274

CASH FLOW STATEMENT
For the year ended 31 March 2020

	Notes	2020 £	2019 £
Cash from operating activities			
Cash generated from operations	14	64	- 411,005
Corporation tax paid		- 64	-
Net cash from operating activities		-	- 411,005
Cash flows from investing activities			
Proceeds from Sale of held for sale asset		-	411,005
Net cash used in investing activities		-	411,005
Cash flows from financing activities			
Dividends paid		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 April 2019		-	-
Cash and cash equivalents at 31 March 2020		-	-

The accompanying notes on pages 11-18 form an integral part of these financial statements.

1 General Information

CEC Recovery Limited is a company domiciled in the United Kingdom.

The City of Edinburgh Council is deemed to be the ultimate controlling party by way of its 100% shareholding in Transport Edinburgh Limited, the immediate parent company of CEC Recovery Limited.

2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going Concern

The company continues to manage land at Winchburgh and the Director considers that the company will continue in existence for the foreseeable future. The Director is therefore of the opinion that it is appropriate to prepare these financial statements on a going concern basis. The ongoing effects of COVID-19 are not expected to impact on this status.

Revenue Recognition

Revenue is recognised to reflect completion of the company's contractual obligations. Where the substance of the contract is that a right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs.

Property, Plant and Equipment

Investment property is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Heritable property - 2% Straight line

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Retirement benefit costs

Following the agreement to transfer all assets and undertakings of the company into related undertakings, the company withdrew from the Lothian Pension Scheme on 31 December 2012 and thereby crystallised its liability under the scheme. The liability was settled in full by the City of Edinburgh Council and recognised in its 2011-2012 financial statements.

2 Significant Accounting Policies (continued)

Taxation

The company is a "not for profit company" and UK Corporation Tax is only payable on any interest receivable in excess of interest payable.

Current tax is the tax expected to be payable on any interest receivable in excess of interest payable for the year, calculated using tax rates enacted or substantively enacted by the statement of financial position date, and any adjustment in respect of previous years.

As the company is a "not for profit" company for tax purposes, no temporary difference between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes has arisen. Accordingly, no deferred tax assets or liabilities are recognised.

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Trade Receivables

Trade receivables are measured at initial recognition of fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the expected amount recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade payables

Trade payables are measured at fair value.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the statement of financial position date.

Assets Held for Sale

Assets held for sale consist of property held by the company that has been actively marketed for sale during the period. Impairment losses are recognised immediately in the Statement of Profit and Loss.

2 Significant Accounting Policies (continued)

Impairment of Assets held for sale

The carrying amount of the company's assets is reviewed at the Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is recognised when there is objective evidence that a specific asset is impaired. Objective evidence of impairment might include a significant or prolonged decline in market value below the original cost of the asset.

The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss or depreciation on that financial asset previously recognised in profit or loss. Impairment losses recognised in the Income Statement on available for sale financial assets are not reversed through the Statement of Profit and Loss.

New accounting standards adopted during the year

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2020 and have no material impact on the financial statements:

- IFRS 16 Leases: recognising right of use assets and related lease liabilities
- IFRIC 23 - Uncertainty over income tax treatments
- Amendments to IFRS 9 Financial Instruments - no payment features with negative compensation
- Amendments to IAS 28 Investment in Associates - no long term interests in associates and joint ventures
- Amendments to IAS 19 Employee Benefits - no plan amendment, curtailment or settlement

New standards and interpretations issued not applied

The International Accounting Standards Board ("IASB") and IFRIC have issued the following standards and interpretations, which may have an impact on the company, with an effective date for financial years beginning on or after the dates disclosed below and therefore after the date of these financial statements:

International Accounting Standards and Interpretations		*Effective for periods beginning on or after*
IFRS 3	Amendment to definition of a business	1 January 2020
IAS 1 and IAS 8	Amendment to definition of material	1 January 2020
Conceptual Framework	Revised conceptual framework for financial reporting	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

The Director does 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.

3 Financial instruments and financial risk management

The company's main financial instruments comprise short term debtors and creditors.

Capital Management

The company has not actively traded in the year under review.
However, when trading, the company did not commit any expenditure without the award of a formal grant from a relevant funding provider and thus does not require a strong capital base to perform its operations.

Management of financial risk

Due to the limited number of trading transactions and agreements in place with The City of Edinburgh Council, the Company does not consider it is subject to any financial risks.

4 Critical accounting judgements and key sources of estimation uncertainty

Due to the limited number of trading transactions, there has been no requirement for any estimation within the financial statements.

5 Revenue

An analysis of the company's revenue is as follows:	2020	2019
	£	£
Other projects	2,923	-
Rental income	3,300	6,643
	6,223	6,643

6 Operating Surplus

		Re-stated
Surplus for the year has been arrived at after charging / (crediting)	2020	2019
	£	£
Depreciation of tangible assets	-	-
Capital payment amortisation	-	-

The analysis of auditor's remuneration is as follows:

Fees payable for the audit of the Company's financial statements	-	-
Total audit fees	-	-

Since the company ceased trading, The City of Edinburgh Council as ultimate parent, has assumed responsibility for the administration of the company and audit fee.

CEC RECOVERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

7 Director's remuneration

There were no salaries or benefits payable to executive director and fees payable to non executive director in the current or prior year.

No share option is in force. There was no director for whom retirement benefits were accruing under defined benefit pension schemes.

8 Tax

	2020	2019
	£	£
Current Tax (see below)	64	-

Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the surplus per the consolidated income statement as follows:

	2020	2019
	£	£
(Deficit)/Surplus on ordinary activities before tax	1,338	- 411,005
Tax credit at the UK corporation tax rate of 19% (2019: 19%)	254	- 78,091
Effects of:		
Fixed assets differences	-	380
Expenses not deductible for tax purposes	-	76,753
Income not taxable for tax purposes	- 64	- 380
Group relief surrendered	-	1,338
Group relief claimed	64	-
Adjustment/remeasurement to deferred tax	- 190	-
Current tax charge for the year	64	-

9 Property, plant and equipment

	Heritable Property	Total
	£	£
Cost		
At 31 March 2019	84,000	84,000
Restatement	16,000	16,000
At 1 April 2019	100,000	100,000
Additions	-	-
Disposals	-	-
Transfer to held for sale asset	- 100,000	- 100,000
At 31 March 2020	-	-
Depreciation		
At 1 April 2019	-	-
Charge for the year	-	-
Transfer to held for sale asset	-	-
At 31 March 2020	-	-
Net book amount		
At 31 March 2020	-	-
At 31 March 2019	100,000	100,000

10 Assets classified as held for sale

	2020	2019
	£	£
Property held for sale	100,000	411,005
Disposals	-	- 411,005
	100,000	-

The land at Winchburgh is currently held for sale. During the financial year discussion commenced with a prospective purchaser for the site, prompting the change in classificiation to an asset held for sale. The effect of COVID-19 has put these negotiations on hold but these are hoped to resume in the near future.

11 Share capital

	2020	2019
	£	£
Issues and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000

12 Debtors

	2020	2019
	£	£
Trade Debtors	2,398	-
Prepayments	655	-
	3,053	-

13 Trade and Other Payables

	2020	2019
	£	£
Trade creditors	1,715	-
Amounts due to Group undertakings	64	-
	1,779	-

14 Cash generated from operations

		Re-stated
	2020	2019
	£	£
Surplus / (Deficit) before tax	1,338	- 411,005
Adjustments for:		
Investment revenues	-	-
Impairment charges	-	-
Finance costs	-	-
Depreciation of property, plant and equipment	-	-
Deferred income released in the year	-	-
Operating cash flows before movement in working capital	1,338	- 411,005
(Increase) / Decrease in receivables	- 3,053	8,717
(Increase) / Decrease in payables	1,779	- 8,717
Cash from operations	64	- 411,005

15 Related party transactions

The City of Edinburgh Council is deemed to be the ultimate controlling party by way of its 100% shareholding in Transport Edinburgh Limited, the immediate parent company of CEC Recovery Limited. During the year the company entered into the following transactions with its related parties:

	2020	2019
	£	£
The City of Edinburgh Council		
Legal expenses and other costs reimbursed	1,585	922
Agency fees	-	10,500
Transport Scotland		
Settlement-Wheatlands		393,464
Other Payments	- 1,060	-

The following represents amounts due to / (by) the Company at 31 March

	2020	2019
	£	£
Transport Scotland	- 1,060	-

16 Contingencies

CEC Recovery Limited in common with other parties involved in the Edinburgh Tram project is considering its possible legal remedies in relation to this project and there is currently ongoing legal action involving the company.

17 Prior Year Restatement

The accounts have been restated to incorporate the impact of a misclassification of land as property, plant and equipment. Accumulated depreciation has been retrospectively reversed in the year ended 31 March 2019. The corresponding deferred grant has also been written back and released in full to the profit and loss statement. This restatement has occurred so as this is reported consistently with the year ended 31 March 2020.

	2018/19 Accounts	**Restated**	**2018/19 Restated**
Balance Sheet 31 March 2019			
PPE assets (depreciation)	84,000	16,000	100,000
Deferred Income	-84,000	84,000	0
Retained Earnings	-1,000	100,000	99,000
Statement of Profit or Loss and Other Comprehensive Income			
Depreciation	16,000	-16,000	0
Capital Payment Amortisation	16,000	-16,000	0