

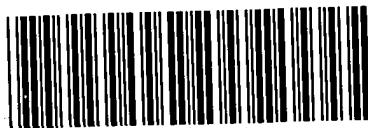
South East Edinburgh Development Company Limited

Directors' report and financial statements

Year ended 31 December 2021

Registered number: SC317955

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South East Edinburgh Development Company Limited

Directors' report and financial statements

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South East Edinburgh Development Company Limited

Directors and other information

Directors

R. Knox
G. Thorley

Secretary

N. Quigley (Irish resident)

Registered office

115 George Street
Edinburgh
EH2 4JN
Scotland

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Bankers

RBS
1 Redheughs Avenue
Edinburgh
EH12 9JN

Solicitors

CMS McKenna LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN
United Kingdom

Registered number

SC317955

South East Edinburgh Development Company Limited

Directors' report

The directors present their directors' report and audited financial statements of the company for the year ended 31 December 2021.

Principal activity, business review and future developments

The principal activity of the company is the purchase of land for property development in the United Kingdom.

The company has availed of the small company exemption in the Companies Act 2006 from the requirement to prepare a strategic report.

Results

The results for the year are set out on page 10 of the financial statements. The directors do not recommend the payment of a dividend (2020: £Nil).

Directors

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

R. Knox
G. Thorley

Principal risks, uncertainties and performance metrics

The principal risks and uncertainties that the company faces are:

Development land value

The principal activity of the company is the development of the Drum Estate. The success of this development is dependent on a variety of factors applying in the markets in which the company operates, including: local economic conditions, as affected by government policy, legislation, economic growth, interest rates and inflation.

The value of the company's property is determined by its location and by its potential for development. The company mitigates these risks by the employment of an expert professional management team and by adopting appropriate strategic objectives to be pursued.

Going concern

In preparing the financial statements, the directors are required to make an assessment of the company's ability to continue in operational existence as a going concern. In carrying out this assessment, the directors have considered the current financial position of the company, its liquidity and solvency, financial and operating risks, post balance sheet events and contingent liabilities.

The company is in a net deficit and net current liability position and is dependent on continued support from its intermediate parent undertaking, BL Finance Limited.

The directors have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result the financial statements are prepared on the going concern basis.

South East Edinburgh Development Company Limited

Directors' report (continued)

Financial risk management

The company's activities expose it to a variety of financial risks including credit and liquidity risks. These financial risks are managed by the company under policies approved by the directors as follows:

Liquidity risk

The company's policy on funding capacity is to ensure that it has sufficient funding in place to meet foreseeable service provision and investment opportunities.

Credit risk

It is company policy to ensure the credit worthiness and the ability of customers to fulfil their financial obligations before entering into any arrangements with customers.

Political and charitable contributions

The company made no political or charitable contributions during the financial year (2020: £Nil).

Post balance sheet events

Details of important events affecting the company which have taken place since the end of the year are given in note 13 to the financial statements.

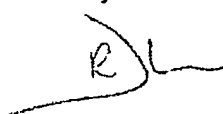
Disclosure of information to auditor

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed re-appointed and KPMG Chartered Accountants, will therefore continue in office.

By order of the board



R. Knox
Director



G. Thorley
Director

115 George Street
Edinburgh
EH2 4JN
Scotland

7 JUNE

2022

South East Edinburgh Development Company Limited

Statement of directors' responsibilities in respect of the directors' report and 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 they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



R. Knox
Director



G. Thorley
Director

7 JUNE 2022



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of South East Edinburgh Development Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of South East Edinburgh Development Company Limited ("the company") for the year ended 31 December 2021 set out on pages 10 to 20, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.



Independent auditor's report to the members of South East Edinburgh Development Company Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern (continued)

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board/audit committee minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.



**Independent auditor's report to the members of South East Edinburgh
Development Company Limited (continued)**

Report on the audit of the financial statements (continued)

Detecting irregularities including fraud (continued)

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report,
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.



Independent auditor's report to the members of South East Edinburgh Development Company Limited (continued)

Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



**Independent auditor's report to the members of South East Edinburgh
Development Company Limited (continued)**

Respective responsibilities and restrictions on use (continued)

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Keith Watt (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

7 June 2022

South East Edinburgh Development Company Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses		(128,333)	(83,097)
Net property valuation movement	6	(33,844)	(33,720)
Operating loss – continuing operations	2,3	(162,177)	(116,817)
Interest receivable/(payable) and other charges	4	7,591	(6,214)
Loss from ordinary activities before taxation		(154,586)	(123,031)
Tax on loss from ordinary activities	5	-	-
Loss for the financial year		(154,586)	(123,031)
Total comprehensive expense for the year		(154,586)	(123,031)

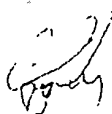
South East Edinburgh Development Company Limited

Balance sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investment property	6	2,210,000	2,210,000
		<u>2,210,000</u>	<u>2,210,000</u>
Current assets			
Debtors	7	104	104
		<u>104</u>	<u>104</u>
Creditors: amounts falling due within one year	8	(3,211,653)	(3,057,067)
Net current liabilities		<u>(3,211,549)</u>	<u>(3,056,963)</u>
Total assets less current liabilities		<u>(1,001,549)</u>	<u>(846,963)</u>
Net liabilities		<u>(1,001,549)</u>	<u>(846,963)</u>
Capital and reserves			
Called up share capital	9	104	104
Share premium		586,786	586,786
Profit and loss account		(1,588,439)	(1,433,853)
Shareholders' deficit		<u>(1,001,549)</u>	<u>(846,963)</u>

These financial statements were approved by the board of directors on 7 JUNE 2022 and were signed on its behalf by:

R. Knox
Director


G Thorley
Director

Company registered number SC317955

South East Edinburgh Development Company Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 January 2020	104	586,786	(1,310,822)	(723,932)
Total comprehensive income for the year				
Loss for the year	-	-	(123,031)	(123,031)
Balance at 31 December 2020	104	586,786	(1,433,853)	(846,963)
Total comprehensive income for the year				
Loss for the year	-	-	(154,586)	(154,586)
Balance at 31 December 2021	104	586,786	(1,588,439)	(1,001,549)

The accompanying notes form an integral part of the financial statements.

South East Edinburgh Development Company Limited

Notes

forming part of the financial statements

1 Accounting policies

South East Edinburgh Development Company Limited ("the company") is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is SC317955 and the registered address is 115 George Street, Edinburgh, EH2 4JN, Scotland.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU Adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Balmoral International Land Holdings plc, includes the company in its consolidated financial statements which are prepared in accordance with EU IFRS. They are available to the public and may be obtained from 29 North Anne Street, Dublin 7, Ireland.

In these financial statements, the company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information;
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of Balmoral International Land Holdings plc include the equivalent disclosures, the company has also taken the exemption under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment property and interest rate swaps which are stated at fair value. The financial statements are presented in Sterling, being the functional currency of the company.

The accounting policies set out below have, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

South East Edinburgh Development Company Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the exchange rate at the date of transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss.

Significant estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other various factors that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. The key accounting judgements and sources of estimation uncertainty affecting these financial statements are included in note 10 to the financial statements.

Going concern

In preparing the financial statements, the directors are required to make an assessment of the company's ability to continue in operational existence as a going concern. In carrying out this assessment, the directors have considered the current financial position of the company, its liquidity and solvency, financial and operating risks, post balance sheet events and contingent liabilities.

The company is in a net deficit and net current liability position at the balance sheet date. It is funded by group companies and consequently is dependent on continued financial support from its intermediate parent BL Finance Limited.

The directors have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the financial statements are prepared on the going concern basis.

South East Edinburgh Development Company Limited

Notes (continued)

1 Accounting policies (continued)

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

Under IFRS 13 *Fair Value Measurement* fair value is considered to be the price that would be received if the asset were sold in an orderly transaction between market participants.

External independent valuers, having appropriate professional qualifications and recent experience in the locations and categories of property being valued, value the portfolio at each reporting date. The valuations are prepared by considering comparable market transactions for sales and lettings and specific economic issues. The directors determine the fair value based on these valuations and the advice of management using their own qualifications, experience and knowledge of the properties.

In the case of let properties, this includes considering the aggregate of the net annual rents receivable for the properties and associated rental costs where relevant. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. Valuations reflect, as appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequent to initial recognition are measured at amortised cost less impairment losses.

Share capital

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of tax.

Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared and approved.

Trade and other creditors

Trade and other creditors are stated at amortised cost, which also equates to fair value, given the short term nature of these liabilities.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

South East Edinburgh Development Company Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. The amount of deferred tax is provided based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Interest payable

Interest payable and similar charges include interest payable, net foreign exchange losses and net negative fair value movements on the interest rate swap that are recognised in the profit or loss (see foreign currency and derivative financial instruments accounting policies).

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Statutory and other information	2021 £	2020 £
Auditor's remuneration, including expenses	2,500	2,500

Directors are not remunerated for their services.

3 Staff numbers and costs

The company had no employees during the current or preceding financial years and consequently incurred no staff costs.

South East Edinburgh Development Company Limited

Notes (continued)

4 Interest payable and other charges	2021	2020
	£	£
Other finance costs	(7)	(4)
Foreign exchange profit/(loss)	7,598	(6,210)
	<u>7,591</u>	<u>(6,214)</u>
5 Tax charge on loss from ordinary activities	2021	2020
	£	£
Current tax charge		
Current year	-	-
Deferred tax charge		
Origination and reversal of timing difference	-	-
Total expense in the profit and loss account	-	-
<i>Analysis of (credit)/charge in year:</i>		
Result from ordinary activities before tax	(154,586)	(123,031)
Current tax on result from ordinary activities at 19 % (2020: 19%)	(29,371)	(23,376)
<i>Tax effect of:</i>		
Non-deductible expenses/(non-taxable income)	114	-
Deferred tax not recognised	(42,550)	13,534
Group relief	72,035	9,842
Total current tax charge	-	-

The company has an unrecognised deferred tax asset of £258,225 (2020: £249,757) arising from losses carried forward by the company at the balance sheet date.

Factors which may affect future tax charges

In Finance Act 2020, the UK corporate tax rate continued at 19% and the intended reduction to 17% from 1 April 2020 no longer applies. In Finance Act 2021, the corporation tax rate increased from 19% to 25% with effect from 1 April 2023 and this will have a consequential effect on the company's future tax charge.

South East Edinburgh Development Company Limited

Notes (continued)

6 Investment property	2021 £	2020 £
<i>Development land</i>		
Balance at beginning of year	2,210,000	2,210,000
Additions during the year	33,844	33,720
Property valuation movement	(33,844)	(33,720)
Balance at end of year	2,210,000	2,210,000

The above fair value movement was unrealised.

Measurement of fair value

The carrying amount of investment property is the fair value of the property which is determined by the directors having regard to recent market transactions and market rents for similar properties in the same location, where such information was available, and specific economic and property issues.

The directors relied, inter alia, on valuations undertaken by external independent professional property appraisers who have appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued.

The fair value measurement for investment property of £2.21 million (2020: £2.21 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. All investment property movements in each year, consequently, are considered level 3 movements.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The comparable market transactions method, based on a price per acre, is used for land held for sale or development.

Analysis of carrying value by valuation technique	2021 £	2020 £
Comparable market transactions – land held for sale or development	2,210,000	2,210,000

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The value is based on comparable market transactions after discussions with independent registered property appraisers	Comparable market prices of £7,000 - £513,000 per acre (2020: £7,000 - £498,000 per acre) (weighted average £24,000 per acre (2020: £20,000 per acre))	The estimated fair value would increase/(decrease) if: Comparable market prices were higher/(lower)

There has been no change in the valuation techniques used for the above property category year on year.

Attention is drawn to the risks associated with the valuation of investment properties. Investments in properties are relatively illiquid, which can affect the company's ability to realise their value in cash in the short term. The fair value of the company's investment property has been determined on the basis of advice from property professional appraisers and the knowledge, expertise and judgement of the directors.

South East Edinburgh Development Company Limited

Notes (continued)

6 Investment property (continued)

There are certain conditions incorporated in the purchase agreement for the Drum Estate land that, were certain events to occur, additional consideration may become payable to the previous owners, calculated as 50% of the open market value, net of all costs, of the plan when planning consents have been received. At the balance sheet date, none of these conditions have been met.

7 Debtors	2021 £	2020 £
Amounts owed by parent undertaking	104	104
	<u>104</u>	<u>104</u>

All amounts owed by parent undertakings are repayable on demand.

8 Creditors: amounts falling due within one year	2021 £	2020 £
Accruals	1,710	480
Amounts owed to parent undertaking	2,127,944	2,122,456
Amounts owed to group companies	1,081,999	934,131
	<u>3,211,653</u>	<u>3,057,067</u>

All amounts owed to parent and group undertakings are unsecured, interest-free and repayable on demand.

9 Called up share capital	2021 £	2020 £
<i>Allotted and called up</i>		
50 ordinary 'A' shares of £1 each	50	50
50 ordinary 'B' shares of £1 each	50	50
4 ordinary shares of £1 each	4	4
	<u>104</u>	<u>104</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets. No dividend was paid during the year (2020: £Nil). In 2010 the company issued 4 ordinary shares for £146,696.50, resulting in a share premium of £586,786 on issue. Consideration for same was by way of a capitalisation of a shareholder loan payable by the company of £586,786.

South East Edinburgh Development Company Limited

Notes (continued)

10 Estimates and judgements

Preparation of financial statements pursuant to FRS 101 requires a significant number of judgemental assumptions and estimates to be made. These impact on the income and expenses contained within the income statement and the valuation of the assets and liabilities in the balance sheet. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation.

The valuation of investment property is a significant estimate in the company's financial statements. Further details on the basis of valuation are given in note 6.

Going concern

Judgements made in relation to the assessment of going concern for the company are set out in accounting policy note 1.

11 Ultimate parent company

The company is a wholly-owned subsidiary of Balmoral International Land Limited, an Irish registered company. The ultimate parent company is Balmoral International Land Holdings plc, an Irish registered company.

The results of the company are consolidated into the financial statements of Balmoral International Land Holdings plc. The consolidated financial statements of Balmoral International Land Holdings plc are available from 29 North Anne Street, Dublin 7.

12 Charges

In September 2015, the company granted a fixed and floating charge over its assets in favour of the group's principal lender as part of its general corporate facilities. Please see note 13 on Post balance sheet events.

13 Post balance sheet events

In December 2020 legal proceedings were issued by Everyday Finance DAC ("Everyday") which had acquired Balmoral International Land Limited's general corporate facilities from Allied Irish Banks, plc ("AIB") and which are governed by a facility agreement (the "Facility Agreement"). The proceedings related to Everyday's claim that an event of default has occurred as a result of Balmoral International Land Limited ("Balmoral") not meeting repayment obligations by 31 December 2019 and that these loan amounts were due and owing at that date. However, no such repayment obligations exist within the Facility Agreement.

In March 2022 Balmoral concluded a settlement with Everyday Finance DAC.

The settlement was funded from cash and a new term loan facility agreement comprising €29.4 million and £12.4 million from Bank of Ireland. The company is not included as part of the bank security under the new facility. As a result of this settlement, on 23 March 2022 the legal proceedings with Everyday Finance DAC were struck out.

In March 2022 the group also restructured its activities which resulted in the shares in the company transferring to a fellow group company and the novation and waiver of loans between fellow group companies.

The above events are considered non-adjusting events in the 2021 financial statements.