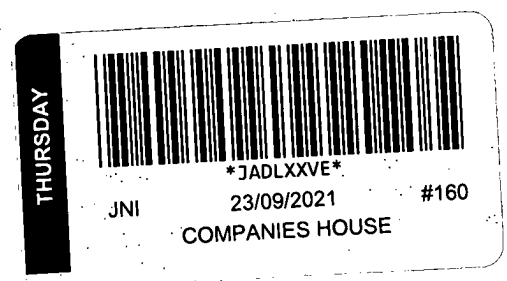


South East Edinburgh Development Company Limited

Directors' report and financial statements

Year ended 31 December 2020

Registered number: SC317955



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 2020.

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 9 of the financial statements. The directors do not recommend the payment of a dividend (2019: £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:

Balmoral group's principal banking facility and litigation relating to principal banking facility

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 parent Balmoral International Land Limited ("Balmoral"). The group's principal banking facility is subject to financial information and authorisation covenants and other undertakings. The risk of breaching the requirements of this facility agreement is mitigated by regular calculation and projection of compliance with financial covenants and authorisation procedures. The requirements of the key facility obligations are communicated to senior management and short and medium term strategies for achieving compliance with facility requirements are implemented and regularly reviewed.

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 these facility arrangements.

In December 2020 legal proceedings were issued by Everyday Finance DAC ("Everyday") which had acquired Balmoral's general corporate facilities from Allied Irish Banks, plc ("AIB") and which are governed by a facility agreement (the "Facility Agreement"). The proceedings relate to Everyday's claim that an event of default has occurred as a result of 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. The Balmoral board has mitigated this risk in these proceedings by the appointment of suitably qualified and experienced professional advisors and they are being fully defended by Balmoral.

South East Edinburgh Development Company Limited

Directors' report *(continued)*

Principal risks, uncertainties and performance metrics *(continued)*

Covid-19

On 11 March 2020, the World Health Organization declared the Coronavirus (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Whilst Covid-19 constituted a significant event, it has not required the directors to make significant judgements nor has it had a material impact on the assets and liabilities of the company. The directors will continue to monitor the ongoing events and evolving situation but have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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 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, Balmoral International Land Limited.

In December 2020, legal proceedings were issued by Everyday Finance DAC claiming an event or default as a result of Balmoral International Land Limited not meeting alleged repayment obligations of its general corporate facilities. The alleged payment obligations do not exist within the facility agreement. The directors are confident that the outcome of proceedings, which are being fully defended by Balmoral, will be confirmation that no such event of default exists.

Notwithstanding the legal proceedings noted above, 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. Further details can be found in Note 1 to the financial statements.

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.

South East Edinburgh Development Company Limited

Directors' report (continued)

Political and charitable contributions

The company made no political or charitable contributions during the financial year (2019: £Nil).

Post balance sheet events

There were no significant events after the balance sheet date which would require adjustment to or disclosure in these 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

16 SEPT

2021

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 year. 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

16 Sept

2021



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 2020 set out on pages 11 to 23, 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 2020 and of its result 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 director's 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



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)*

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.

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 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 other management 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.

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.



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

Detecting irregularities including fraud (continued)

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 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;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2006.



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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements 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)*

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.

A handwritten signature in black ink, appearing to read 'Cliona Mullen', with a horizontal line underneath.

**Cliona Mullen (Senior Statutory Auditor)
for and on behalf of
KPMG, Statutory Auditor**

17 September 2021

1 Stokes Place
St. Stephen's Green
Dublin 2.

South East Edinburgh Development Company Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		(83,097)	(88,484)
Net property valuation movement	6	(33,720)	(23,635)
Operating loss – continuing operations	2,3	(116,817)	(112,119)
Interest payable and other charges	4	(6,214)	5,627
Loss from ordinary activities before taxation		(123,031)	(106,492)
Tax on loss from ordinary activities	5	-	-
Loss for the financial year		(123,031)	(106,492)
Total comprehensive expense for the year		(123,031)	(106,492)


South East Edinburgh Development Company Limited

Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
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	100
		<u>104</u>	<u>100</u>
Creditors: amounts falling due within one year	8	(3,057,087)	(2,934,032)
Net current liabilities		<u>(3,056,983)</u>	<u>(2,933,932)</u>
Total assets less current liabilities		<u>(846,983)</u>	<u>(723,932)</u>
Net liabilities		<u>(846,983)</u>	<u>(723,932)</u>
Capital and reserves			
Called up share capital	9	104	104
Share premium		586,786	586,786
Profit and loss account		(1,433,853)	(1,310,822)
Shareholders' deficit		<u>(846,963)</u>	<u>(723,932)</u>

These financial statements were approved by the board of directors on 16 Sept 2021 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 2020

	Called up share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 January 2019	104	586,786	(1,204,330)	(617,440)
Total comprehensive expense for the year				
Loss for the year	-	-	(106,492)	(106,492)
Balance at 31 December 2019	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)

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 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 parent Balmoral International Land Limited ("Balmoral").

In September 2015, Balmoral agreed a Facility Agreement for a renewal and extension with the provider of the group's general corporate facilities. The facility contains material provisions related to the provision of financial information, authorisation covenants and certain other terms to which the group must adhere. As part of these arrangements, the company agreed to the terms including providing the lender with charges over its assets.

In December 2020, legal proceedings were issued by Everyday Finance DAC claiming an event of default as a result of Balmoral International Land Ltd not meeting alleged repayment obligations of its general corporate facilities. The alleged payment obligations do not exist within the facility agreement. The directors are confident that the outcome of proceedings, which are being fully defended by Balmoral, will be confirmation that no such event of default exists.

South East Edinburgh Development Company Limited

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

Balmoral has confirmed it intends to provide continued financial support to the company. The directors of the company have considered the Balmoral group's financing arrangements, its planned activities and associated cash flow projections for the next 18 months. Notwithstanding the legal proceedings noted above, 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.

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.

South East Edinburgh Development Company Limited

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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.

South East Edinburgh Development Company Limited

Notes (continued)

2 Statutory and other information

2020
£

2019
£

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.

4 Interest payable and other charges

2020
£

2019
£

Other finance costs

(4)

Foreign exchange (loss)

(6,210)

(5,627)

(6,214)

(5,627)

South East Edinburgh Development Company Limited

Notes (continued)

5 Tax charge on loss from ordinary activities	2020 £	2019 £
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	(123,031)	(106,492)
Current tax on result from ordinary activities at 19 % (2019: 19%)	(23,376)	(20,233)
<i>Tax effect of:</i>		
Non-deductible expenses/(non-taxable income)	-	-
Deferred tax not recognised	13,534	6,480
Group relief	9,842	13,753
Total current tax charge	-	-

The company has an unrecognised deferred tax asset of £249,757 (2019: £213,685) 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	2020 £	2019 £
<i>Development land</i>		
Balance at beginning of year	2,210,000	2,210,000
Additions during the year	33,720	23,635
Property valuation movement	(33,720)	(23,635)
	<hr/>	<hr/>
Balance at end of year	2,210,000	2,210,000
	<hr/>	<hr/>

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 (2019: £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	2020 £	2019 £
Comparable market transactions – land held for sale or development	2,210,000	2,210,000
	<hr/>	<hr/>

South East Edinburgh Development Company Limited

Notes (continued)

6 Investment property (continued)

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 - £498,000 per acre (2019: £7,000 - £420,000 per acre) (weighted average £20,000 per acre (2019: £19,000 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.

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	2020 £	2019 £
Amounts owed by parent undertaking	104	100
	<u>104</u>	<u>100</u>

All amounts owed by parent undertakings are repayable on demand.

8 Creditors: amounts falling due within one year	2020 £	2019 £
Accruals	480	480
Amounts owed to parent undertaking	2,122,456	2,109,852
Amounts owed to group companies	934,131	823,700
	<u>3,057,067</u>	<u>2,934,032</u>

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

South East Edinburgh Development Company Limited

Notes (continued)

9	Called up share capital	2020 £	2019 £
	Allotted and called up		
	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
		<hr/>	<hr/>
		104	104
		<hr/>	<hr/>

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 (2019: £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.

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.

South East Edinburgh Development Company Limited

Notes *(continued)*

12 Charges

In September 2015, the company granted a fixed and floating charge over its assets in favour of the provider of the group's general corporate facilities (see note 1).

13 Post balance sheet events

There were no significant events after the balance sheet date which would require adjustment to or disclosure in these financial statements.