

MARKETING EDINBURGH LIMITED
(a company limited by guarantee)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



MARKETING EDINBURGH LIMITED

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MARKETING EDINBURGH LIMITED

COMPANY INFORMATION

Directors

K R Campbell

M H Watt

C H I Miller

Registered Office

56 Palmerston Place

EDINBURGH

EH12 5AY

Company Number

SC392580

Auditor

French Duncan LLP

Chartered Accountants & Statutory Auditor

56 Palmerston Place

EDINBURGH

EH12 5AY

Bankers

The Royal Bank of Scotland plc

36 St Andrew Square

EDINBURGH

EH2 2YB

MARKETING EDINBURGH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and financial statements of the company for the year ended 31 March 2020.

Principal activity

The principal activity of the company during the year was to promote Edinburgh as a world class destination in which to live, work, visit, study and invest. This was achieved by creating engaging strategies and campaigns, and driving consistent messaging under each of these agendas. The ultimate outcome was to generate economic activity in the city and its immediate surroundings through leisure tourism, business tourism, film / television production and inward investment.

Review of the business

The 2020 Business Plan was written under a one-year Service Level Agreement agreed with the City of Edinburgh Council. During the year direct grant funding was reduced to £0.799m (2019 - £0.899m).

In reviewing the performance for this financial year, it is apparent that the company was unable to reduce its dependence on grant income and maintain a viable level of trading. Income generated from activities fell by 49% and represented 47% of income for the year, with 53% attributable to grant funding (2019 – 61% activities, 39% grant funding).

Total revenue was £1.520m (2019 - £2.326m) as the company was unable to sustain the level of business achieved during 2019. Partnership income fell to £0.250m (2019 – £0.874m); Membership fees and related digital income reduced to £0.268m (2019 - £0.424m).

Total expenditure was £1.667m (2019 - £2.320) after charging £0.211m restructuring expenses, which includes a provision for potential redundancy costs of £0.132m. This resulted in an operating deficit of £0.147m (2019 - surplus £0.006m).

All members of the previous board resigned during the year (29th October 2019) and the current directors were appointed in November 2019. Shortly after their appointment, the directors assessed the viability of the business and began a redundancy consultation with staff. During this consultation, a new model for the business, one which met the reduced grant and other income projections, was proposed. This required the business to downsize to meet the challenges of that income reduction. During the consultation, the Covid 19 pandemic occurred and subsequently a lockdown was imposed throughout the UK (United Kingdom).

The directors took the view that the impact on revenue would be extreme, given that most of the income for the proposed new business model was expected to come from members and partners in the tourism and hospitality industry. This required further discussions with the City of Edinburgh Council and a decision was taken to hibernate the company and retain minimal staff in order to protect and preserve assets. The Council had the option to provide further grant income to sustain the company but opted not to do so.

Following the extension of the Covid-19 restrictions, a further decision was taken by Council to transfer all the remaining staff, assets and liabilities into the Council. The directors, in consultation with the auditors, decided that it was appropriate to prepare the 2019 and 2020 accounts on a break-up basis, rather than on a going concern basis, to take account of the transfer decision.

The directors have had regard for the need to manage the company's business relationships with suppliers, customers and others to enable a smooth transition of the remaining staff, assets and liabilities into the Council and the directors have and are continuing to assist manage the company's working capital with the intention of collecting all recoverable debts due to the company and continuing to meet all liabilities as they arise in conjunction with the Council.

The final transfer of staff, assets and liabilities into the City of Edinburgh Council occurred on 31 March 2021.

MARKETING EDINBURGH LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2020

Review of the business (continued)

The key risks and uncertainties that the directors consider impact upon the company are:

- **Income risk** – The company has exposure to grants receivable and levels of income received, as well as ensuring membership fees are appropriate. This risk has been continually monitored in order to allow the directors to make the appropriate decisions regarding income generation and any impact upon liquidity risk.
- **Credit risk** – The company has no significant concentrations of credit risk and has implemented adequate credit monitoring systems in order to mitigate the risk of non-payment by customers.
- **Liquidity risk** – In order to maintain liquidity and to ensure funds are available for ongoing operations and future developments, the company forecasts and monitors all income and expenditure to ensure all liabilities will be paid on time. Subvention commitments are included in liabilities and these are included in the forecast and monitoring process.
- **Cash flow risk** – The group manages its cash flow risk by monitoring credit and liquidity risks as discussed above.

Future developments

The directors have transferred over all trading and associated assets and liabilities of the company to The City of Edinburgh Council post year end, on 31 March 2021.

Going concern

As all trading and associated assets and liabilities of the company have transferred over to The City of Edinburgh Council post year end, the going concern basis of preparation was not deemed appropriate and the financial statements have been prepared on a break-up basis. Refer to note 2 for further details.

Company composition

The City of Edinburgh Council is the sole member of Marketing Edinburgh Limited. If the company is wound up while the City of Edinburgh Council is a member, or within one year after it ceases to be a member, the City of Edinburgh Council will contribute £1 in accordance with the Memorandum and Articles of Association.

Directors

The directors listed below have held office from 1 April 2019 to the date of this report unless otherwise stated.

Partner Director

K R Campbell	(appointed 11 November 2019)
M H Watt	(appointed 27 November 2019)
C H I Miller	(appointed 27 November 2019)
F W Ross	(resigned 29 October 2019)
S Webber	(resigned 29 October 2019)
L Cameron	(resigned 29 October 2019)

Stakeholder Directors

J Donnelly	(resigned 18 April 2019)
G B Robertson	(resigned 29 October 2019)
G C Rintoul	(resigned 29 October 2019)
P Rowllings	(resigned 29 October 2019)
C Harrison-Church	(resigned 29 October 2019)
S Ingledew	(resigned 29 October 2019)
S Blake	(resigned 29 October 2019)

MARKETING EDINBURGH LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the income or expenditure 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain that the company's transactions disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to the auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

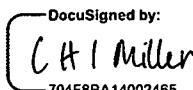
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD

DocuSigned by:

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K R Campbell
Director

Date: 25 June 2021

DocuSigned by:

704F8BA14002465...
C H I Miller
Director

25 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MARKETING EDINBURGH LIMITED

Opinion

We have audited the financial statements of Marketing Edinburgh Limited for the year ended 31 March 2020 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 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 (IFRS as adopted by EU).

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 deficit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with the 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter – Departure from the going concern basis of accounting

In forming our opinion on the financial statements, which is not modified, we have considered the presentation of the financial statements on the break-up basis. The break-up basis has been adopted because the directors have determined that all trading and associated assets and liabilities of the company have now transferred over at fair value to The City of Edinburgh Council post year end. Refer to note 2 for further details.

Other information

The directors are 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MARKETING EDINBURGH LIMITED (continued)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the company, 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities on page 6, the directors are 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 directors determine 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 directors are 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 directors 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 financial statements

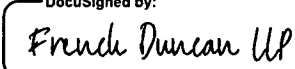
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MARKETING EDINBURGH LIMITED
(continued)**

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.

DocuSigned by:

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Nicola MacLennan (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP
Chartered Accountants & Statutory Auditors
56 Palmerston Place
Edinburgh
EH12 5AY

Date: 25 June 2021

MARKETING EDINBURGH LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020	2019
		£	£
Income			
Grants receivable	5	799,123	899,334
Partnership income		249,574	874,314
Membership fees		236,700	367,993
Conference accommodation booking service		114,964	108,612
In kind support		58,718	3,335
Digital revenue		31,054	55,555
Other income		29,499	17,081
		<u>1,519,632</u>	<u>2,326,224</u>
Expenditure			
Employee benefits	6	684,257	750,289
Operational costs		312,687	277,223
Promotional costs		459,279	1,292,627
Restructuring costs	7	210,950	-
		<u>1,667,173</u>	<u>2,320,139</u>
(Deficit) / surplus from operations		<u>(147,541)</u>	<u>6,085</u>
Investment revenues		353	494
(Deficit) / surplus before taxation	8	<u>(147,188)</u>	<u>6,579</u>
Taxation	9	-	-
(Deficit) / surplus for the year		<u>(147,188)</u>	<u>6,579</u>
		<u>=====</u>	<u>=====</u>

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
(Deficit) / surplus for the year	<u>(147,188)</u>	<u>6,579</u>
Total comprehensive income for the year	<u>(147,188)</u>	<u>6,579</u>
	<u>=====</u>	<u>=====</u>

The notes on pages 13 to 24 form part of these financial statements.

MARKETING EDINBURGH LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020	2019
		£	£
Non-current assets			
Property, plant and equipment	10	31,970	51,367
Intangible assets	11	556	2,222
		-----	-----
		32,526	53,589
		-----	-----
Current assets			
Trade and other receivables	12	285,376	263,278
Cash and cash equivalents	13	9,097	106,156
		-----	-----
		294,473	369,434
		-----	-----
Total assets		326,999	423,023
		-----	-----
Current liabilities			
Trade and other payables	14	363,451	244,915
Deferred revenue	17	-	10,872
		-----	-----
Creditors due out with one year	15	71,000	127,500
		-----	-----
Total liabilities		434,451	383,287
		-----	-----
Net (liabilities)/ assets		(107,452)	39,736
		=====	=====
Reserves			
Income and expenditure account	18	(107,452)	39,736
		=====	=====

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

DocuSigned by:

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K R Campbell
 Director

DocuSigned by:

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C H I Miller
 Director

Date: 25 June 2021

25 June 2021

Company Registration No. S392580

The notes on pages 13 to 24 form part of these financial statements.

MARKETING EDINBURGH LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2020**

	Retained Earnings £	Total Equity £
At 1 April 2018	33,157	33,157
Surplus for the year	6,579	6,579
Total comprehensive income for the year	<u>6,579</u>	<u>6,579</u>
At 31 March 2019	<u>39,736</u>	<u>39,736</u>
Deficit for the year	(147,188)	(147,188)
Total comprehensive loss for the year	<u>(147,188)</u>	<u>(147,188)</u>
At 31 March 2020	<u>(107,452)</u>	<u>(107,452)</u>

The notes on pages 13 to 24 form part of these financial statements.

MARKETING EDINBURGH LIMITED**RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES****FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
Operating (deficit)/surplus	(147,541)	6,085
Adjustment for non-cash operating transactions: Amortisation and depreciation of non-current assets	21,063	21,255
Changes in working capital		
Increase in debtors	(22,098)	(19,832)
Increase in creditors	62,036	15,106
Decrease in deferred revenue	(10,872)	(51,156)
Net cash used in operations	(97,412)	(28,542)

CASH FLOW STATEMENT**For the year ended 31 March 2020**

	2020	2019
	£	£
Cash flow from operating activities		
Cash used in operations	(97,412)	(28,542)
Net cash flow used in operating activities	(97,412)	(28,542)
Cash flow from investing activities		
Interest received	353	494
Purchase of non-current assets	-	(28,142)
Net cash used in investing activities	353	(27,648)
Net decrease in cash and cash equivalents	(97,059)	(56,190)
Opening cash and cash equivalents at 31 March 2019	106,156	162,346
Cash and cash equivalents at 31 March 2020	9,097	106,156

MARKETING EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Marketing Edinburgh Limited is a private company limited by guarantee. The company was incorporated in the United Kingdom on 31 January 2011 and is registered in Scotland.

The address of the registered office is 56 Palmerston Place, Edinburgh, Scotland, EH12 5AY. The principal place of business was Ardmore House, 40 George Street, Edinburgh, Scotland, EH2 2LE. During the year to 31 March 2020 the nature of the Company's operations and principal activities was to promote and improve the wellbeing of Edinburgh and the wellbeing of the persons within Edinburgh through implementing a range of strategies directed towards increasing economic activity within Edinburgh and the environs (including the wider Lothian and border region) and/or enhancing perceptions of Edinburgh and its environs as a place to live, work, study or pursue leisure activities or as a destination for business and event tourism or as a location for film and television production or as a location for inward investment.

The City of Edinburgh Council is deemed to be the ultimate controlling party by way of it being the sole member of the company.

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) as adopted by the European Union and in accordance with UK companies legislation, as applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and on a basis other than going concern, which is described as the break-up basis. The basis of preparation of the financial statements is a departure from the Companies Act 2006 to prepare financial statements on a going concern basis. This departure is made in order to comply with the overriding requirement in the Act for the financial statements to give a true and fair view. The break-up basis requires the carrying value of assets to be at the amounts they are expected to realise and liabilities include any amounts which have crystallised as a result of the decision to wind-down the company. The application of the break-up basis on the results for the year to 31 March 2020 did not result in any adjustments to the figures due to the final transfer of staff, assets and liabilities into the City of Edinburgh Council on 31 March 2021.

Marketing Edinburgh Limited is a non-profit making organisation and, accordingly, presents an income and expenditure account rather than a profit and loss account for the year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company accounting policies.

Company status

The company is limited by guarantee and does not have share capital. Under the Memorandum of Association each member undertakes to contribute an amount not exceeding £1 in the event of the company being wound up while they are a member (or within one year after it ceases to be a member).

If, on the winding up of the company, any property remains after satisfaction of all the company's debts and liabilities, such property shall be paid or transferred to the City of Edinburgh Council or to such other body or bodies as the City of Edinburgh Council may nominate in writing.

MARKETING EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2020

2. Significant accounting policies (continued)

Going concern

Refer to the basis of preparation above, as preparation of these financial statements on a going concern basis was not considered appropriate and the financial statements have been prepared on a break-up basis.

Revenue recognition

Grants of a revenue nature are credited to the Income and Expenditure Account in the year to which they relate. Grants of a capital nature are deferred on receipt and released to the Income Statement over the useful economic life of the relevant fixed assets.

Partnership income is recognised based on the stage of completion of delivery of the performance obligations. The Company uses the input method to recognise revenue when it is recognised over time. In most cases this reflects the progress on the relevant partnership project and level of costs incurred. This policy requires judgement to be made on the anticipated costs to complete and the Company has in place procedures to ensure that the evaluation of the total costs of the contract and its revenues is based on reliable estimates.

Membership fee income is recognised in the Income and Expenditure Account in the year to which it relates.

Conference accommodation booking services relate to commission income for booking services which are recognised at a point in time when the service has been provided to the client.

In kind support, including donated services and facilities, are recognised in the financial statements where the benefit to the company is reasonably quantifiable and measurable. The value placed on the resources is the estimated open market value of the supply made to the company. Where such support is recognised, an equivalent amount is included within expenditure under the appropriate heading in the Income and Expenditure Account.

Digital revenue and other income is recognised as and when the service is provided to the client. This can be at a point in time or over time depending on the nature of the contract.

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020****2. Significant accounting policies (continued)****Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Property, plant and equipment

Items of property, plant and equipment are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the reducing balance method.

Depreciation is provided on the following basis:

Computer equipment and IT systems	3 to 5 years
Fixtures and fittings	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the Income statement.

Intangible assets

Intangible assets are stated at cost less amortisation. Amortisation is provided at rates determined to write off the cost less estimated residual value of each asset on a straight-line basis over its useful economic life as follows:

Website	3 years
Brand	3 years

MARKETING EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2020

2. Significant accounting policies (continued)

Trade and other receivables

Short term trade and other receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties and loans to related parties.

Trade and other payables

Short term trade and other payables are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the terms of the lease.

Foreign currency

The company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable are charged to the income statement in the year to which they relate. These contributions are invested separately from the company's assets.

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020****3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effects on amounts recognised in the financial statements:

Property, plant and equipment

The estimates and assumptions made to determine the depreciation charge require judgments to be made as regards to useful lives and residual values. The useful lives and residual value of the company's fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically, changes in useful lives have not resulted in material changes to the company's depreciation charge.

Intangible assets

The estimates and assumptions made to determine the amortisation charge require judgments to be made as regards to useful lives. The useful lives of the company's intangible assets are determined by management and are reviewed annually for appropriateness. Historically, changes in useful lives have not resulted in material changes to the company's depreciation charge.

Provisions

Provisions are recognised when the Company has an obligation, as a result of a past event, that can be measured reliably and where the outcome is probable. Where the outcome is less than probable, but more than remote, no provision is recorded but a contingent liability is disclosed in the financial statements if material. The recording of provisions is therefore an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability. The main provision held by the company is in respect of future subvention payments committed to prior to the year end date.

4. Changes to accounting standards**Standards, amendments to standards and interpretations effective in the year to 31 March 2020**

The following new standards and amendments to standards and interpretations relevant to the Company have been issued by the International Accounting Standards Board and are mandatory for the first time for the financial year to 31st March 2020 but had no material impact on the financial statements:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatment

IFRS 16: Leases replaces IAS 17: Leases and requires the Company to incorporate a right of use asset and a corresponding lease liability in the Balance Sheet for those assets held under leases for which the new standard applies. This standard will impact on any operating leases the Company holds as at the date of application of the standard. The standard requires the current operating lease charges, which are disclosed in Operating Profit to be replaced by a depreciation charge on the right of use asset. There will also be interest costs in relation to the lease liability which will be recognised in Finance Costs. The Directors have determined that applying this standard would have no material impact on the financial statements.

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020****4. Changes to accounting standards (continued)****New standards, amendments to standards and interpretations not yet applied**

The following new standards, amendments to standards and interpretations relevant to the Company have been issued by the International Accounting Standards Board but are not yet effective for the Company at the date of these financial statements, and have not been adopted early:

- IAS 37 (amended): Provisions, Contingent Liabilities and Contingent Assets (effective in the year ending 31st March 2022)
- IAS 12 (amended): Income Taxes (effective in the year ending 31st March 2024)

The Directors do not consider that the application of these amendments to standards will have a material impact on the financial statements.

5. Grants receivable	2020	2019
	£	£
General operating grants:		
City of Edinburgh Council – Core Funding	799,123	890,834
Other funding:		
East Lothian Council – Film Liaison Services	-	5,500
Scottish Borders Council – Film Focus Funding	-	3,000
	<u>799,123</u>	<u>899,334</u>
	=====	=====

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020****6. Employee benefits**

	2020	2019
	£	£
Salaries and staff costs are as follows:		
Wages and salaries	563,593	556,762
Social security costs	55,253	53,143
Pension costs	32,061	24,384
Chinese Social Media Coordinator costs	-	-
	-----	-----
	650,907	634,289
Contractors staff costs	33,350	116,000
	-----	-----
	684,257	750,289
	=====	=====
Average number of employees by activity (excluding directors)		
Project staff	16	16
Administration	3	3
	-----	-----
	19	19
	=====	=====
	£	£
The following employee benefits were paid to key management personnel:		
Wages and salaries	33,350	116,000
	=====	=====

7. Restructuring costs

	2020	2019
	£	£
Restructuring costs	210,950	-
	=====	=====

During the prior year, the decision was made to transfer the staff, the trade and the assets of the Company to The City of Edinburgh Council. As the Company had begun the consultation process in relation to termination benefits during the year to 31 March 2020, the full amount of £131k has been provided for in these financial statements. The remaining restructuring costs represent office relocation fees and general restructuring costs.

8. Deficit on ordinary activities before taxation

	2020	2019
	£	£
This is stated after charging:		
Depreciation of fixed assets	19,397	19,588
Amortisation of intangible assets	1,666	1,667
Operating lease rentals – Office rental and Equipment	28,036	36,795
	=====	=====

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020****9. Taxation**

	2020	2019
	£	£
Current tax		
UK corporation tax – 19%	-	-
Group relief	-	-
Under / (over) provision in prior year	-	-
	-----	-----
Total current tax	-	-
	=====	=====
Factors affecting the tax charge for the year:		
(Deficit)/surplus on ordinary activities before tax	(147,188)	6,579
	=====	=====
Surplus / (Deficit) on ordinary activities before taxation multiplied by standard rate of corporation tax 19% (2018: 19%)	(27,965)	1,250
Effects of:		
Adjustments to the prior year	-	-
Other movement in unrecognised deferred tax	33,290	(1,250)
Adjustment in respect of tax rate changes for deferred tax	(5,325)	-
	-----	-----
Current tax charge for the year	-	-
	=====	=====

The company has unused trade losses of £266,470 (2019: £266,246). There is no expiry date on these losses. The company has an unprovided deferred tax asset of £78,552 (2019: £45,262) mainly in respect of these losses at 31 March 2020.

10. Property, plant and equipment	Computer Furniture and fittings £	Equipment and IT systems £	Total £
Cost			
At 1 April 2019	6,476	131,830	138,306
Additions	-	-	-
	-----	-----	-----
At 31 March 2020	6,476	131,830	138,306
	-----	-----	-----
Accumulated depreciation			
At 1 April 2019	5,592	81,347	86,939
Charge for the year	884	18,513	19,397
	-----	-----	-----
At 31 March 2020	6,476	99,860	106,336
	-----	-----	-----
Net book value			
At 31 March 2020	-	31,970	31,970
	=====	=====	=====
At 31 March 2019	884	50,483	51,367
	=====	=====	=====

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020****11. Intangible assets**

	Website £	Brand £	Total £
Cost			
At 1 April 2019	50,750	13,500	64,250
At 31 March 2020	50,750	13,500	64,250
Amortisation			
At 1 April 2019	48,528	13,500	62,028
Charge for year	1,666	-	1,666
At 31 March 2020	50,194	13,500	63,694
Net book value			
At 31 March 2020	556	-	556
At 31 March 2019	2,222	-	2,222

12. Trade and other receivables

	2020 £	2019 £
Trade receivables	284,616	215,742
Other debtors	760	6,059
Prepayments and accrued income	-	41,477
	285,376	263,278

13. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 £	2019 £
Cash on hand	9,097	106,156

14. Trade and other payables: due within one year

	2020 £	2019 £
Trade payables	56,100	132,955
Other taxes and social security costs	15,005	17,246
Other payables	136,357	17,289
Corporation tax payable	-	-
Accruals	155,989	77,425
	363,451	244,915

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020**

15. Trade and other payables: due out with one year	2020	2019
	£	£
Accruals	71,000	127,500
	-----	-----
	71,000	127,500
	=====	=====

16. Financial Instruments

The Company's financial instruments comprise bank balances and cash, trade receivables, other debtors, trade and other payables and accruals. The amounts presented in relation to trade receivables are net of allowances for doubtful receivables.

There is no significant impairment loss recognised or significant receivables that are past due but not impaired.

The carrying amount of these assets approximates to their fair value.

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	285,376	221,801
	=====	=====
Financial liabilities measured at amortised cost	419,446	355,169
	=====	=====

Credit risk

In relation to the Company's financial assets, the Company has no significant concentration of credit risk, as exposure is spread over a number of counterparties and customers.

17. Deferred revenue

Deferred revenue relates to income received from partners where the performance obligation has not been fully satisfied as at the year end. Although there are no contracts considered long-term in nature, the Company uses the input method to recognise revenue when it is recognised over time. In most cases this reflects the progress on the relevant partnership project and level of costs incurred.

	2020	2019
	£	£
Deferred revenue	-	10,872
	=====	=====

Movements in deferred revenue for the year ended 31 March 2020 are as follows:

	£
1 April 2019	10,872
Performance obligations recognised in the year	(10,872)

31 March 2020	-
	=====

MARKETING EDINBURGH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2020**

18. Income and expenditure account	2020	2019
	£	£
At 1 April 2019	39,736	33,157
Surplus / (deficit) for the year	(147,188)	6,579
At 31 March 2020	(107,452)	39,736
	=====	=====

19. Operating leases

At 31 March 2020 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2020	2020	2019	2019	2019
	Office	Equipment	Total	Office	Equipment	Total
	£	£	£	£	£	£
Within the next year	-	1,760	1,760	26,276	1,760	28,036
Year 2 through 5 combined	-	3,960	3,960	-	5,720	5,720
Total	-	5,720	5,720	26,276	7,480	33,756

20. Related parties

Income from services provided amounting to £144,431 (2019: £526,254) and core funding of £798,800 (2019: £890,834) was received from fellow group entities in the year. In addition, purchases were made in the year from fellow group entities amounting to £Nil (2019: £47,396). In the year, Marketing Edinburgh recharged costs totalling £16,000 (2019: £300) to fellow group entities and was recharged costs of £Nil (2019: £ Nil) from fellow group entities.

In addition, income from services was received amounting to £26,609 (2019: £125,811) in the year from entities under common control and purchases of £Nil (2019: £2,000) were made from entities under common control in the year. Costs recharged to entities under common control amounted to £NIL (2019: £177) in the year and donations were made of £Nil (2019: £Nil) to entities under common control.

Expenditure of £Nil (2019 - £876) was incurred during the year on company credit cards by key management personnel. Balances due from key management personnel at the year end amounted to £Nil (2019 - £386).

The balances due by / (to) related parties at the year end are as follows:

	2020	2019
	£	£
Amounts owed by fellow group members	225,453	35,400
Amounts owed to fellow group members	(29,056)	(28,696)
Amounts owed by entities under common control	8,511	33,735
	-----	-----
	204,908	40,439
	=====	=====

All balances are unsecured, interest free and repayable on demand.

MARKETING EDINBURGH LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

21. Parent and ultimate controlling party

As the sole member of the company, the directors consider the company to be under the control of The City of Edinburgh Council.