EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2020

COMPANY NUMBER SC131773

GENERAL INFORMATION

Company number

SC131773

Present Company Directors

L.M. Cameron
M.C. Dallas
G.A. Gordon
J.Mc.H. McFarlane
S.R. Bone

Company Secretary

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Registered Office

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

Auditor

Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

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

Solicitors

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

STRATEGIC REPORT

Principal activities

The principal activities that the Company undertook during the year were in respect of the operation of an international conference centre.

Results and review of the business

The results for the year are shown on the statement of profit or loss and other comprehensive income on page 11.

The loss from continuing operations before tax for the year amounted to £1,721,998 (2019 – profit of £630,202). The Company has, after taxation adjustments, a total comprehensive loss for the year of £1,721,998 (2019 – profit of £623,483). The Directors do not recommend the payment of a dividend for the year ended 31 December 2020.

The year to December 2020 saw the Company report an operating loss, before adjustments for depreciation and the release of capital grants, as a result of having to close the conference and exhibition centre in March 2020 due to government-imposed restrictions relating to coronavirus.

At the outset of 2020 the company had anticipated a strong financial year and a continuation of the growth shown in the preceding five years which had led to a marked increase in the number of enquiries, volume of events and consequently revenues and gross profits derived from the Conference Centre's association, corporate, banqueting and other business. Future business on the books was at its highest ever level coming into 2020, both for the current year and for each of the succeeding years until 2024.

Notwithstanding this, the Conference Centre and the Company's administrative offices were closed on Wednesday the 18th March in line with government guidance, this decision was coupled with the introduction of a working from home policy, which was put into place with immediate effect.

This proved to be a very challenging time which created a dynamic environment with constantly changing client situations and scenarios given the uncertainty on the timescale of restrictions within the events sector and the impact on international travel. The company dealt with the situation in a measured and professional way, dealing with client's requests for their bookings to be postponed, cancelled, or moved to EICC's newly developed virtual platform.

Given the negative impact of the coronavirus pandemic on the Company's traditional client base and in order to retain as much business as possible in 2020 the Company developed an alternative virtual event platform. "Make it Edinburgh Live" delivered 15 virtual events in 2020 and will prove crucial in the months and years ahead with many events potentially being delivered on a hybrid basis with delegates both, in the venue and online.

The cumulative effect of the company's activities and negotiations in conjunction with the robust client contract which EICC has in place had a significant impact on the Company's revenues for the year which amounted to £3.188m. Whilst this was a significant decrease on the previous year's figure of £9.359m, the revenues generated were significantly greater than could have been expected given the Conference Centre was not permitted to host business events for 41 weeks of the financial year.

Expenditure in respect of cost of sales and administration expenses totalled £4.557m in 2020, which was a decrease of £3.860m on the previous year's expenditure which had amounted to £8.417m. This represented a decrease of 46% compared to the expenditure recorded during the previous year. This was achieved as a result of the reductions in gross revenues, the benefit from government initiatives such as the Job Retention Scheme and Non-Domestic Rates relief, stringent focus on cost reduction management and negotiation of contract holidays with suppliers and third-party providers.

The delegates who did attend events at the EICC during the year generated an economic impact of £4.2m in the first quarter of 2020. The economic impact that is produced as a result of the EICC's activities helps to create and sustain employment within Edinburgh and further afield.

The Company continues to align its operations with the business excellence model, and it is accredited to several quality standards. These standards cover systems management, human resources and environmental practices and the EICC continues to achieve very positive results from assessments in respect of its re-accreditation to these standards.

The Company made continued and significant progress towards its aim of operating an hotel, in close proximity to the Conference Centre, during the year. It is believed that this is essential in order to provide the necessary funding for the Conference Centre's long-term capital expenditure programme. The City of Edinburgh Council, the Company's parent organisation, approved the project on 12 March 2020. Activities aimed at securing an agreement for lease with the developer and a franchise agreement with the hotel brand have taken place since then and at this point in time these negotiations are nearing completion and will soon be in a position to sign off before construction commences later in the year.

Future business on the books remained strong coming into 2021, both for the current year and for each of the succeeding years until 2025. The coronavirus pandemic has however had a significant impact on business event bookings for the period from January until the end of July this year as government restrictions prevented events from taking place. Though, at this point in time it is difficult to ascertain how great the effect of the crisis will be on the Company from August until the end of the year as there is still uncertainty surrounding restrictions and the ability for international delegates to travel without requirement to quarantine.

Notwithstanding the restrictions in the first half of 2021 the Conference Centre secured a large contract with NHS Lothian to use the Conference Centre as a covid mass vaccination centre between January and July. The company are pleased to be part of the solution in the country's vaccination rollout whilst allowing the Centre to be operational in a covid secure manner.

The principal risk to the business from the pandemic is the cancellation of business, or the rescheduling of events to subsequent years, resulting in a significant loss of revenues with a corresponding reduction in operating profits for 2021. Whilst the easing of restrictions within the United Kingdom from May 2021 and proposed roadmap gives the company real optimism for 2021 there is uncertainty around the timeline on international travel and consequently international delegates attending events in Edinburgh.

The company has negotiated the retention and rescheduling of a significant amount of client business since the crisis began and this has been aided by the client relationships that have been developed over many years and by the loyalty of many of the Company's customers. It is believed that many of these customer relationships have been strengthened further as a result of the flexible approach that the Company has adopted during the crisis.

The Company has held the view for many years that its team members are its principal asset. It is therefore keen to protect and retain the experience and expertise that they have with regard to the operation of the Conference Centre. The support of the Job Retention Scheme throughout 2020 and in to 2021 has been crucial in achieving that objective.

The Company has budgeted an operating deficit of £1.2m for 2021, however, as a result of the extension of government initiatives this has been upgraded and the Company is now forecasting producing an operating deficit of £0.8m for the year. The full year outcome will, however, be affected by: how long the crisis lasts; the success of the vaccine rollout both nationally and internationally; when the further easing of restrictions will apply to the Conference Centre's business; the restrictions on international travel; and the social distancing measures that will need to be put in place and how these will affect the Conference Centre's operations.

Notwithstanding the above the Conference Centre has an extensive list of bookings for future years and the Company's business outlook for the medium and long term remains very positive. The level of future bookings at the end of 2020 compares very favourably with previous years. Considering the impact of the pandemic, we believe that the Company's prospects look extremely healthy

This is reinforced by the fact that even during the current pandemic the company has continued to receive a steady stream of enquiries for 2021 and subsequent years. Indeed, within 2020 the company contracted new events for 2021 and beyond worth in excess of £4.8m.

Key performance indicators

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

	2020 £'000	2019 £'000	% Change
Turnover	3,188	9,359	(293.6)%
Cost of sales and administration expenses	4,557	8,417	(84.7)%
Customer delight	90%	89%	
Economic impact	4,158	56,713	

Risks and uncertainties

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

As noted above, the coronavirus pandemic will undoubtedly have a significant impact on the Company's business results for 2021. Whilst the extent of the risk posed by the crisis remains uncertain, the Directors believe that the business outlook for the medium and long term remains very positive.

The Directors recognise that the Company has lost business, and will lose business in the future, as a result of Brexit and the uncertainty surrounding its implementation. However, they believe that such losses will be compensated for by securing increased levels of business from the UK, America and the Far East.

Future developments

The Directors intend to maintain the objectives and aims of the Company, which have resulted in many notable achievements and successes to date.

Director
24 May 2021

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and financial statements, in respect of Edinburgh International Conference Centre Limited (the Company), for the year ended 31 December 2020.

Directors

The Directors who served during the period were as follows:

L.M. Cameron	
M.C. Dallas	
L.M. Florence	resigned 29 March 2021
G.A. Gordon (Chair)	
J.Mc.H. McFarlane	
S. Smith	resigned 6 April 2021
S.R. Bone	appointed 27 May 2020

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

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit and liquidity risk are described in note 22 to the financial statements.

The Company's ultimate parent entity, the City of Edinburgh Council, has committed to providing continued funding, sufficient to meet all liabilities as and when they fall due.

After making suitable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements, as described in note 2 to the financial statements.

Directors' responsibilities for the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company auditor is unaware and each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

By Order of the Board

DIRECTOR, FOR AND ON BEHALF OF
Pinsent Masons Secretarial Limited
24 May 2021

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the Directors Report and note 2 in the financial statements, which indicate that Edinburgh International Conference Centre Ltd is reliant on the continued support of the City of Edinburgh Council to continue as a going concern. As stated in note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on pages 6 and 7, 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 the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Nick Bennett

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

Date: 25 May 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes		2020	2019
		£	£	£
Revenue	3		3,187,628	9,359,444
Cost of sales			(4,204,792)	(8,023,259)
Gross profit			(1,017,164)	1,336,185
Other income	4	-		-
Development expenses		(17,710)		(115,022)
Administration expenses		(351,936)		(393,690)
			(369,646)	(508,712)
Operating profit/(loss) from continuing operations	6		(1,386,810)	827,473
Finance revenue	8		15,943	35,362
Finance costs	9		(351,131)	(232,633)
Profit/(loss) from continuing operations before tax			(1,721,998)	630,202
Tax charge	10		(0)	(6,719)
Total comprehensive profit/(loss) for the year			(1,721,998)	623,483

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share Capital £	Other Reserves £	Retained Earnings £	Shareholder's Funds £
At 31 December 2018	63	61,566,243	(53,473,911)	8,092,395
Total comprehensive profit for period	-	-	623,483	623,483
Increase in loan stock	-	716,826	-	716,826
At 31 December 2019	63	62,283,069	(52,850,428)	9,432,704
Total comprehensive profit for period	-	-	(1,721,998)	(1,721,998)
Increase in loan stock	-	30,668	-	30,668
At 31 December 2020	63	62,313,737	(54,572,426)	7,741,374

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	Notes	£	2020 £	2019 £
Non-current assets				
Property, plant and equipment	11		5,864,799	6,592,904
Right of use assets	12		951,474	1,035,583
			6,816,273	7,628,487
Current assets				
Trade and other receivables	13	1,093,892		3,500,353
Cash and cash equivalents	14	6,738,493		5,655,883
			7,832,385	9,156,236
Total assets			14,648,658	16,784,723
Current liabilities				
Trade and other payables	15	1,728,165		1,798,589
Financial liabilities	16	104,248		93,508
Capital grants	17	91,470		216,024
Deferred revenue	17	1,606,225		2,193,232
			3,530,108	4,301,353
Non-current liabilities				
Financial liabilities	16	1,564,217		1,350,124
Capital grants	17	1,213,383		1,304,852
Deferred revenue	17	599,576		395,690
			3,377,176	3,050,666
Capital & reserves				
Issued share capital	18	63		63
Other reserves	19	62,313,737		62,283,069
Accumulated losses		(54,572,426)		(52,850,428)
			7,741,374	9,432,704
Total equity & liabilities			14,648,658	16,784,723

The financial statements were authorised for issue by the Board of Directors on 24 May 2021 and were signed on its behalf, on that date, by:

Councillor George Gordon
Director:

Councillor Lezley Marion Cameron
Director:
Lezley Marion Cameron

The accompanying notes form part of the financial statements

Company Number SC131773

CASHFLOW STATEMENT
For the year ended 31 December 2020

		2020	2019
	£	£	£
Operating activities			
Profit/(loss) before tax	(1,721,998)		630,202
Finance revenue	(15,943)		(35,362)
Finance costs	351,131		232,633
Operating profit/(loss) for the year	(1,386,810)		827,473
Net finance revenues	15,943		35,362
Depreciation on property, plant and equipment	758,773		716,454
Depreciation on right-of-use assets	119,432		125,236
Capital grants released	(216,023)		(281,811)
Decrease/(increase) in trade and other receivables	2,406,461		(93,081)
(Decrease)/increase in trade and other payables	(70,424)		(475,775)
Increase/(decrease) in deferred income	(383,121)		218,996
Cash generated from operations	1,244,231		1,072,854
Tax on continuing operations	(0)		(6,719)
Cash flow from operating activities		1,244,231	1,066,135
Investing activities			
Proceeds from sale of property, plant and equipment	-		-
Payments to acquire property, plant and equipment	(30,668)		(711,498)
Cash flow from investing activities		(30,668)	(711,498)
Financing activities			
Receipt of loan stock	30,668		716,826
Repayment of lease liability	(161,621)		(167,200)
Cash flow from financing activities		(130,953)	549,626
Net increase in cash and cash equivalents		1,082,610	904,263
Cash and cash equivalents at 1 January 2020		5,655,883	4,751,620
Cash and cash equivalents at 31 December 2020		6,738,493	5,655,883

NOTES TO THE FINANCIAL STATEMENTS

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

The financial statements of Edinburgh International Conference Centre Limited for the year ended 31 December 2020 were approved by the Board of Directors on 25 May 2021 and signed on its behalf by the Directors noted on the Statement of Financial Position. Edinburgh International Conference Centre Limited is a company incorporated and domiciled in Scotland. The principal activities of the Company are described in Note 3 and information regarding its ultimate parent company is presented in Note 21.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2020 and applied in accordance with the Companies Act 2006.

The accounting policies which follow set out those policies which apply, in preparing the financial statements for the year ended 31 December 2020. The Company has used the "cost of sales" method of presenting income and expenditure and the Company's financial statements are presented in Sterling.

Adoption of new and revised standards

The following standards and interpretations are mandatory for the first time for the year ended 31 December 2020 but are either not applicable or have no material impact on the company's financial statements; IFRS 3, Amendments to IFRS 3 – definition of a business, IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material and Conceptual Framework, Revised Conceptual Framework for Financial Reporting.

The company has adopted, where applicable, the following new and amended IFRSs as of 1 January 2020:

- IFRS 3, Amendments to IFRS 3 – definition of a business
- IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material
- Conceptual Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting – Phase 1
- IFRS 16, Amendment – Covid-19 Related Rent Concessions

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2020 are considered to have no significant or material effect on the company's financial statements.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2020, and with potential effect.

Effective for periods beginning on or after	Effective for periods beginning on or after
IBOR Reform and its Effects on Financial Reporting – Phase 2	1 January 2021
Annual Improvements to IFRS: 2018 – 2020 Cycle	1 January 2022
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	1 January 2023

The Directors have reviewed the requirements of the new standards and interpretations listed above and they are either not applicable or not expected to have a material impact on the company's financial statements in the period of initial application.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the Company's ultimate parent undertaking, The City of Edinburgh Council. Notwithstanding the impacts COVID-19 has had on the business, having taken into account the Company's cash balances at the year end it is the directors' opinion that the financial statements should be prepared on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year. Uncertainty about these assumptions and estimates could, however, result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas impacted by such judgements and estimation uncertainties, within these accounts, relate primarily to the depreciation policy used, assumptions used in undertaking impairment reviews and the basis of determining whether or not to capitalise equipment purchases in respect of fixed assets, the recoverability of items contained within trade and other receivables and the discount interest rates to fair value loan stock and right-of-use assets.

Property, plant and equipment

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

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows: Infrastructural works - 20 years; Leasehold Land and Buildings - 10 to 50 years; Office Equipment and Furniture - 3 to 10 years.

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

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

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

The capitalisation of infrastructural works and assets under construction is based on management's judgement of when a projects future economic benefit can be determined. Initial project development costs in respect of feasibility studies, design team fees and pre construction activities are expensed via the statement of comprehensive income. However, once a project's feasibility has been determined and a future benefit is expected to arise from it the costs of that project are capitalised.

Foreign currency translation

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

Capital grants

Grants in respect of capital expenditure are credited to deferred income and are released to income in equal amounts over the expected useful lives of the relevant assets by equal annual instalments.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the statement of financial position.

The interest elements of the rental obligations are charged in the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

The lease of the Conference Centre was treated as a finance lease until 8 December 1999 when the option to enter into a new lease was exercised. From this date the assets have been depreciated over their useful lives, rather than the period of the lease, as the substance of the transaction is effectively that of financing. The leaseholders hold no rights to impose restrictions on or reclaim the title of the Conference Centre.

Leased assets

For all contracts in existence on 1 January 2020 and any new contracts entered into on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

Where it is determined that: the contract contains an identified asset; the Company has the right to obtain substantially all of the economic benefits from the use of that asset throughout the period of use; and it has the right to direct the use of that asset throughout the period of use, the contract will be deemed to include a right-of-use-asset.

At lease commencement date, a right-of-use asset and a lease liability are recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and an estimate of any costs required to dismantle and remove the asset at the end of the lease.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease term for each category of assets are: Office accommodation - 10 years; Office Equipment and Furniture – 5 years; Motor Vehicles – 3 years.

The lease liability is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

Within the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in financial liabilities.

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

Loans

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

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantially enacted at the reporting date.

The Company does not recognise amounts which may be recoverable under group relief until the tax computations for the companies in the tax group have been agreed.

Revenue recognition

EICC contracts with a range of customers to provide meeting and conference facilities for the events that they wish to hold. Under the terms of these contracts the Company usually receives a number of stage payments from clients prior to and post their event taking place. The Company however does not finish performing its obligations until the end point of the contract and that is when revenue is recognised.

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

Pensions

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

Government grants

Grants from government bodies and similar organisations are recognised where there is reasonable assurance that the grant will be received, and the company will comply with all attached conditions. Government support in the form of the Job Retention Scheme (JRS) was received and in line with accounting standards have chosen the accounting policy to offset the income against the wages costs to which they relate.

3. Revenue

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

	2020 £	2019 £
Revenue recognised from contracts with customers	3,159,956	9,300,766
Rendering of other services	27,672	58,678
	3,187,628	9,359,444

4. Other Income

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

	2020 £	2019 £
Reimbursement of development expenditure	-	-

5. Segment information

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

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

6. Operating profit

This is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of fixed assets	878,205	841,690
Auditor's remuneration - audit services	9,785	10,800
Auditor's remuneration – taxation services	1,780	1,680
Other income	-	-
Capital grants released	(216,023)	(281,811)

7. Staff costs and directors' emoluments

(a) Staff costs

	2020 £	2019 £
Salaries	1,874,219	2,403,368
Social security costs	186,455	210,753
Pension costs	135,486	133,630
Job Retention Scheme	(516,838)	-
	1,679,322	2,747,751

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

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

	2020	2019
Sales and Marketing	15	15
Operations	31	43
Administration	8	7

(b) Directors' emoluments

	2020 £	2019 £
Directors' remuneration	300,291	313,907
Directors' pension	21,957	20,788
	322,248	334,695

The remuneration of the highest paid director included:

	2020 £	2019 £
Directors' remuneration	161,380	184,644
Directors' pension	5,693	8,415
	167,073	193,059

8. Finance revenue

	2020 £	2019 £
Interest receivable on bank deposits	15,943	35,362

9. Finance costs

	2020 £	2019 £
Effective interest on loan stock	(285,216)	(162,984)
Effective interest on right-of-use-assets	(65,915)	(69,649)
	(351,131)	(232,633)

10. Tax charge

	2020 £	2019 £
UK Corporation Tax	0	6,719

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). A number of factors affect the tax charge, and these are shown/reconciled below:

	2020 £	2019 £
Profit from continuing operations before tax	(1,721,998)	630,202
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(327,180)	119,738
Expenses not deductible for tax purposes	2,374	6,153
Fixed asset differences	63,217	60,686
Adjust deferred tax to average rate	(1,751)	(17,635)
Remeasurement of deferred tax for changes in tax rates	(164,598)	0
Deferred tax not recognised	427,938	(162,223)
Tax charge for the period	0	6,719

As at 31 December 2020 there was an unrecognised deferred tax asset amounting to £(1,827,032) (2019: £1,399,094) of which £364,069 (2019: £290.780) was in respect of accelerated capital allowances and other timing differences and £1,462,963 (2019: £1,108,314) was in respect of trading losses. The directors have elected not to recognise a deferred tax asset due to uncertainty surrounding future profitability from which any reversal of timing differences could be deducted.

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

11. Property, plant and equipment

	Infrastructure Works £	Long Leasehold Buildings £	Office Equipment & Furniture £	Total £
Cost or valuation				
At 1 January 2020	6,669,993	35,602,734	6,515,388	48,788,115
Additions	-	-	30,668	30,668
Disposals	-	-	-	-
At 31 December 2020	6,669,993	35,602,734	6,546,056	48,818,783
Depreciation				
At 1 January 2020	6,595,205	30,380,216	5,219,790	42,195,211
Charge for the period	74,788	236,245	447,740	758,773
Released on disposal	-	-	-	-
At 31 December 2020	6,669,993	30,616,461	5,667,530	42,953,984
Net book value				
At 31 December 2019	74,788	5,222,518	1,295,598	6,592,904
At 31 December 2020	-	4,986,273	878,526	5,864,799
Cost or valuation				
At 1 January 2019	6,669,993	35,264,791	6,141,833	48,076,617
Additions	-	337,943	373,555	711,498
Disposals	-	-	-	-
At 31 December 2019	6,669,993	35,602,734	6,515,388	48,788,115
Depreciation				
At 1 January 2019	6,482,867	30,194,285	4,801,605	41,478,757
Charge for the period	112,338	185,931	418,185	716,454
Released on disposal	-	-	-	-
At 31 December 2019	6,595,205	30,380,216	5,219,790	42,195,211
Net book value				
At 31 December 2018	187,126	5,070,506	1,340,228	6,597,860
At 31 December 2019	74,788	5,222,518	1,295,598	6,592,904

Long leasehold buildings consist of freehold buildings constructed on land that is leased to the company until 2117.

12. Right-of-use-assets

	Long Leasehold Buildings £	Office Equipment & Furniture £	Motor Vehicles £	Total £
Cost or valuation				
At 1 January 2020	1,143,059	9,336	8,424	1,160,819
Additions	-	35,323	-	35,323
Disposals	-	(9,336)	-	(9,336)
At 31 December 2020	1,143,059	35,323	8,424	1,186,806
Depreciation				
At 1 January 2020	112,639	9,336	3,261	125,236
Charge for the period	112,639	3,532	3,261	119,432
Released on disposal	-	(9,336)	-	9,336
At 31 December 2020	225,278	3,532	6,522	235,332
Net book value				
At 31 December 2019	1,030,420	-	5,163	1,035,583
At 31 December 2020	917,781	31,791	1,902	951,474

The right-of-use assets are included under the same fixed asset categories as they would be if they were owned.

13. Trade and other receivables

	2020 £	2019 £
Trade receivables	773,631	1,459,520
Amount owed by the City of Edinburgh Council	30,670	1,794,704
Other receivables	6,001	1
Prepayments	283,590	246,128
	1,093,892	3,500,353

Trade receivables are non-interest bearing and are generally on 30 days' terms. As at 31 December 2020 no trade receivables were determined to be impaired (31 December 2019: nil).

13. Trade and other receivables (cont.)

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

	Total	Neither past due nor impaired	Past due but not impaired		
			< 30 days	30-60 days	> 90 days
	£	£	£	£	£
At 31 December 2019	1,459,520	1,329,016	108,389	22,272	(157)
At 31 December 2020	773,631	712,111	33,660	21,725	6,135

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

14. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	6,738,493	5,655,883

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £6,738,493 (31 December 2019: £5,655,883).

15. Trade and other payables

	2020	2019
	£	£
Trade payables	466,628	813,111
Value Added Tax	252,381	59,751
Other taxes and social security costs	56,828	55,985
Other payables	487,734	455,478
Accruals	464,594	414,264
	1,728,165	1,798,589

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

16. Financial liabilities

Loans and borrowings

	2020	2019
	£	£
Fair value - Right-of-use-assets	1,002,885	1,063,268
Fair value - Loan stock	665,580	380,364
	1,668,465	1,443,632

16. Financial liabilities (cont.)

	2020 £	2019 £
This is made up as:		
Current obligations	104,248	93,508
Non-current obligations	1,564,217	1,350,124
	1,668,465	1,443,632

Non-current obligations are made up as:

	2020 £	2019 £
Due within one year	108,390	97,608
Due within two to five years	1,154,421	823,369
Due after five years	301,406	429,147
	1,564,217	1,350,124

Financial liabilities are made up of:

Right-of use-assets

	2020 £	2019 £
Current obligations	104,248	93,508
Non-current obligations	898,637	969,760
	1,002,885	1,063,268

Non-current obligations are made up as:

	2020 £	2019 £
Due within one year	108,390	97,608
Due within two to five years	489,408	443,362
Due after five years	300,839	428,790
	898,637	969,760

The Company has entered into a number of leases in relation to office accommodation, office equipment and motor vehicles. These leases have a duration of between 2 and 14 years. The leases are in respect of identified assets and under the terms of the agreements the Company has the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of their use. It also has the right to direct the use of the assets throughout their period of use.

The lease liability, in respect of these assets, is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

16. Financial liabilities (cont.)

Loan stock	2020 £	2019 £
Current obligations	-	-
Non-current obligations	665,580	380,364
	665,580	380,364

Non-current obligations are made up as:

	2020 £	2019 £
Due within one year	-	-
Due within two to five years	665,013	380,007
Due after five years	567	357
	665,580	380,364

The company has issued convertible and non-convertible loan stock to the City of Edinburgh Council and CEC Holdings Limited, as shown below. These loan stocks, which amount to a face value of £62,313,737 (31 December 2019: £62,283,069) either bear no interest or the interest on them has been waived by the stockholder.

The loans have been recognised at fair value by discounting the future cash flows using market interest rates. Loan stocks are then held at amortised cost by applying an effective interest rate, to increase the loan stock to its face value over the term of the loan stock's issue. These loans have been received from the parent company and the Company relies on these loans as an ongoing source of funding.

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2020 £	Aggregate Interest £
Convertible Unsecured Loan Stock 2117	15	45,297,609	59	57
Non-Convertible Unsecured Loan Stock 2117	13	7,229,264	51	50
Non-Convertible Unsecured Loan Stock 2022	75	1,339,365	437,344	437,343
Non-Convertible Unsecured Loan Stock 2023	75	868,000	161,959	161,958
Non-Convertible Unsecured Loan Stock 2024	70	546,000	58,216	58,215
Non-Convertible Unsecured Loan Stock 2025	75	123,000	7,494	7,494
Non-Convertible Unsecured Loan Stock 2034	75	154,299	61	61
Non-Convertible Unsecured Loan Stock 2035	75	799,000	181	180
Non-Convertible Unsecured Loan Stock 2036	75	709,141	92	91
Non-Convertible Unsecured Loan Stock 2037	75	461,069	34	34
Non-Convertible Unsecured Loan Stock 2038	75	1,278,074	54	53
Non-Convertible Unsecured Loan Stock 2039	75	841,099	20	20

16. Financial liabilities (cont.)

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2020 £	Aggregate Interest £
Non-Convertible Unsecured Loan Stock 2040	75	718,922	10	9
Non-Convertible Unsecured Loan Stock 2041	75	123,525	1	1
Non-Convertible Unsecured Loan Stock 2042	75	482,438	2	2
Non-Convertible Unsecured Loan Stock 2043	75	595,438	2	1
Non-Convertible Unsecured Loan Stock 2044	75	716,826	0	0
Non-Convertible Unsecured Loan Stock 2045	75	30,668	0	0
		62,313,737	665,580	665,569

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

	2020 £	2019 £
Convertible unsecured loan stock	45,297,609	45,297,609
Non-convertible unsecured loan stock	17,016,128	16,985,460
	62,313,737	62,283,069
Non-convertible unsecured loan stock		
Issued to The City of Edinburgh Council and CEC Holding Ltd	4,675,316	4,675,316
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	12,340,812	12,310,144
	17,016,128	16,985,460

The convertible unsecured loan stock, which is all held by CEC Holdings Ltd, bears no interest and is repayable on 31 March 2117 at par. CEC Holdings Ltd have the right to convert loan stock into fully paid preferred ordinary shares at the rate of one preferred ordinary share per £1 nominal of loan stock.

A further £8,629,629 of non-convertible unsecured loan stock 2117 (31 December 2019: £8,598,961) has been issued or is due to be issued to the City of Edinburgh Council and is repayable at par.

CEC Holdings Ltd hold £8,386,499 (31 December 2019: £8,386,499) of the remaining issued or due to be issued non-convertible unsecured loan stock. This non-convertible unsecured loan stock bears no interest and is repayable within 25 years of issue.

17. Deferred revenue and capital grants

	2020 £	2019 £
Deferred revenue	2,205,801	2,588,922
Capital grants	1,304,853	1,520,876
	3,510,654	4,109,798

17. Deferred revenue and capital grants (cont.)

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

	2020	2019
	£	£
At 1 January	2,588,922	2,369,926
Deferred during the year	1,810,110	2,162,965
Released to the income statement	(2,193,231)	(1,943,969)
At 31 December	2,205,801	2,588,922

Deferred revenue is analysed as follows:	2020	2019
	£	£
Current obligations	1,606,225	2,193,232
Non-current obligations	599,576	395,690
	2,205,801	2,588,922

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

	2020	2019
	£	£
At 1 January	1,520,876	1,802,687
Receivable during the year	-	-
Released to the income statement	(216,023)	(281,811)
At 31 December	1,304,853	1,520,876

Capital grants are analysed as follows:

	2020	2019
	£	£
Current obligations	91,470	216,024
Non-current obligations	1,213,383	1,304,852
	1,304,853	1,520,876

18. Share capital

	2020 No.	2019 No.	2020 £	2019 £
Allotted, called up and fully paid:				
Preferred Ordinary shares	40	40	40	40
Ordinary shares	2	2	2	2
RBL Ordinary shares	10	10	10	10
Preference shares	10	10	10	10
Special share	1	1	1	1
			63	63

The 10 preference shares, 2 ordinary shares and 40 preferred ordinary shares were all issued to The City of Edinburgh Council and subsequently gifted to CEC Holdings Ltd (wholly owned subsidiary of the Council) in 1996. The special share was issued to Scottish Enterprise Edinburgh and Lothian Ltd on 18 December 1996. The City of Edinburgh Council is the ultimate holding organisation of the Company.

The special share has a nominal value of £1. The share can only be transferred to a body nominated by Scottish Enterprise Edinburgh and Lothian Ltd and approved by the City of Edinburgh Council. The special shareholder is entitled to receive notice of general meetings, and to attend and speak at such meetings but has no other rights. Specifically, the special shareholder has no right to vote at such a meeting. The special shareholder is however entitled to receive a copy of each resolution passed at a general meeting, to receive any resolution proposed as a written resolution and each circular sent by the Company to holders of any class of shares in the Company.

The special shareholder ranks after all other members of the Company in respect of distribution of capital on the winding up of the Company. The special share confers no right to participate in the profits of the Company.

The Articles of Association entitle the holder of the special share to appoint one person as a Director of the Company. This right is effected by a notice in writing either being lodged at the Company's registered office or delivered to a meeting of the directors.

The preference shares carry no voting rights, but have the right to a fixed cumulative preferential dividend at the rate of 6% (net of associated tax credit) per annum, on the amount paid up, to be paid annually on 31 December each year.

The RBL ordinary shares, which were issued on 29 November 1995, carry no voting rights and are entitled to a dividend of £0.01 for every full amount of £100 worth of assets paid. This is payable after payment of the fixed dividend to holders of the preference shares.

The ordinary and preferred ordinary shares carry one vote per share and participate in profits available for dividend pro rata.

In the event of a capital distribution the shares rank in the following order: £1 for each Preference Share; £1 for each Preferred Ordinary Share; £1 for each Ordinary Share; £1 for each RBL Ordinary Share; £1 for each Special Share. Thereafter pro rata.

19. Other reserves

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

	£
At 1 January 2020	62,283,069
Net movement on recognition of loans	30,668
At 31 December 2020	62,313,737

20. Pension commitments

The Company operates a defined contribution scheme for its employees. The assets of this scheme are held separately from those of the Company in an independently administered fund.

The total amount paid to the scheme during the year totals £135,486 (31 December 2019: £133,630).

The unpaid contributions outstanding at the year end, included in other creditors, amount to £nil (31 December 2019: £26,828).

21. Related party transactions

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

	Net funding received £
The City of Edinburgh Council	
2020	1,794,704
2019	-
CEC Holdings Limited	
2020	-
2019	-

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

	Owed by related parties £	Owed to related parties £
The City of Edinburgh Council		
2020	30,668	8,629,629
2019	1,794,704	8,598,961
CEC Holdings Limited		
2020	-	53,684,108
2019	-	53,684,108

The Company's immediate parent undertaking is CEC Holdings Limited. It has included the Company in its group financial statements. The ultimate parent undertaking is The City of Edinburgh Council. Copies of the accounts of both companies are available from the Head of Finance, The City of Edinburgh Council, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.

22. Financial instruments and risk management

The company has the following categories of financial instruments at the balance sheet date:

	2020	2019
	£	£
Financial assets measured at amortised cost:		
Loans and receivables:		
Trade and other receivables	810,302	3,254,225
Cash and cash equivalents	6,738,494	5,655,883
	7,548,796	8,910,108

	2020	2019
	£	£
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	1,418,956	1,682,853
Loan stock	665,580	380,364
Right of use assets	1,002,885	1,063,268
	3,087,421	3,126,485

Capital management and risk management objectives

The company aims to manage its overall capital structure to ensure it continues to operate as a going concern. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents.

The Board is charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

The main risks that the company is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income. The company monitors this risk but it is very unlikely to affect the company's overall liquidity. The company's debt is primarily non-interest bearing.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company. It arises from exposure to customers and amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

22. Financial instruments and risk management (cont.)

- Only banks and institutions with an acceptable credit rating are utilised;
- All customers are rated for credit worthiness, where practical, taking into account their size, market position and financial standing;

Over 85% of the company's gross profits are derived from room hire fees which are paid in advance and from catering commission which is paid by the catering concessionaire.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Managing cash generated by its operations and retaining surplus cash in readily accessible bank deposit accounts.

Fair values

The directors consider that the carrying values of all the company's financial assets and liabilities approximate to their fair values at the balance sheet date.