

## **DIRECTORS' REPORT**

The Directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 2001.

### **Activities**

The principal activities of the Company are to operate an international conference centre and to develop the surrounding 10 acre site in Morrison Street and Lothian Road Edinburgh, known as The Exchange, in accordance with a development agreement between the Company and the City of Edinburgh Council.

### **Financial Matters**

The profit before tax for the year amounted to £776,739. The Company has, after a tax credit of £1,287,100, a profit of £1,777,141.

The Directors do not recommend payment of a dividend for the year ended 31 December 2001.

### **Business Review**

The year to 31 December 2001 was a difficult trading year for the Edinburgh International Conference Centre. During the year confidence, particularly in the corporate sector was affected by the foot and mouth epidemic, by the terrorist attacks on 11 September and by the depressed forecasts with regard to the global economy. These factors affected the revenues generated from Conference Centre activities, however the Company still managed to operate within its overall budget for the year, through the introduction of a series of cost reduction initiatives.

The Conference Centre has continued to attract a cross section of International and National business from both the Association and Corporate markets. During the year the Conference Centre hosted 164 events and 21 of these involved either international association or international corporate clients. In line with the Companies business plan, the yield generated from these events increased as a result of attracting events of a longer duration with a higher rental charge. This resulted in an increase in the average revenue generated per event, compared with the previous year

In the course of the year 64,422 delegates attended events at the Conference Centre. These delegates, who came from many different countries, generated the equivalent of 122,713 delegate days. It is estimated that delegates attending events at the Conference Centre contributed over £17 million to the economy of Edinburgh during the year.

The Conference Centre continues to attract new clients and investigate new business opportunities. It has an encouraging level of bookings for future years and holds confirmed bookings up to 2011.

The latest phase of the Exchange Development has now been completed, apart from a small number of snagging issues. There is now only one development site remaining within the Exchange and the Company is currently working on a scheme to provide Additional Function Space attached to the Conference Centre, underground on this site with an office development being provided above ground.

### **Future Developments**

The Directors intend to maintain the objectives and aims of the Company, which have resulted in notable achievements to date in both of the principal areas of the Company's operations. The Directors are of the opinion that the Company's success will continue in the year to 31 December 2001.

### **Fixed Assets**

Movements in fixed assets are disclosed in note 8 to the financial statements.



## **Directors and Directors' Interests**

The Directors who served during the period were as follows:

M.M. Child  
D. Crichton  
J.A. Dawe  
L.M. Cameron  
I. Perry  
D.M.W. Sleigh

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

## **Auditors**

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

## **By Order of the Board**

A handwritten signature in black ink, appearing to read "MD Secretaries Ltd", is written over the printed name of the company.

MD Secretaries Limited.  
17 June 2002

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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 proper accounting records which 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 1985. 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.*

## **REPORT OF THE AUDITORS**

**to the shareholders of EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED.**

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **Respective responsibilities of directors and auditors.**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

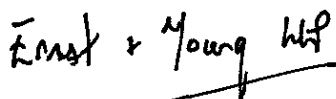
### **Basis of audit opinion.**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Ernst & Young LLP", with a horizontal line drawn underneath it.

Ernst & Young LLP  
Registered Auditor  
Edinburgh  
17 June 2002

**PROFIT & LOSS ACCOUNT**  
**For the year ended 31 December 2001**

	Note	31 December 2001 £	31 December 2000 £
Turnover	2	4,594,855	4,458,039
Cost of sales		<u>(3,356,326)</u>	<u>(4,744,726)</u>
<b>Gross profit/(loss)</b>		1,238,529	(286,687)
Development expenses		(214,627)	(72,938)
Other administration expenses		<u>(462,822)</u>	<u>(406,296)</u>
		<u>(677,449)</u>	<u>(479,234)</u>
<b>Operating profit/(loss)</b>	3	561,080	(765,921)
Interest receivable	4	<u>215,659</u>	<u>48,091</u>
<b>Profit/(loss) on ordinary activities before tax</b>		776,739	(717,830)
Tax on profit on ordinary activities	5	<u>1,000,402</u>	<u>-</u>
<b>Profit/(loss) on ordinary activities after tax</b>		1,777,141	(717,830)
Retained loss brought forward		<u>(45,858,660)</u>	<u>(45,140,830)</u>
<b>Retained loss carried forward</b>		<u>(44,081,519)</u>	<u>(45,858,660)</u>

There are no recognised gains or losses, other than the profit after tax on ordinary activities for the period of £1,777,141 (for the year to 31 December 2000, a loss of - £717,830)

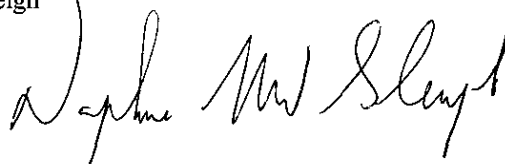
**BALANCE SHEET**  
**At 31 December 2001**

	Notes	31 December 2001 £	31 December 2000 £
<b>Fixed assets</b>			
Tangible assets	8	18,447,478	19,123,991
<b>Current assets</b>			
Debtors	9	2,268,749	1,708,639
Investments	10	181,936	174,279
Cash		<u>2,895,854</u>	<u>1,206,164</u>
		5,346,539	3,089,082
<b>Creditors: Amounts falling due within one year</b>	11	<u>(1,900,568)</u>	<u>(1,625,967)</u>
Net current assets		<u>3,445,971</u>	<u>1,463,115</u>
<b>Total assets less current liabilities</b>		<u>21,893,449</u>	<u>20,587,106</u>
<b>Creditors: Amounts falling due after more than one year</b>			
Loan	12	2,046,162	2,046,162
Loan stock	12	<u>53,671,743</u>	<u>54,099,801</u>
		55,717,905	56,145,963
<b>Accruals &amp; deferred income</b>	13	<u>10,257,000</u>	<u>10,299,740</u>
		65,974,905	66,445,703
<b>Capital &amp; reserves</b>			
Called up share capital	14	63	63
Profit & loss account		<u>(44,081,519)</u>	<u>(45,858,660)</u>
Shareholders' funds	15	<u>(44,081,456)</u>	<u>(45,858,597)</u>
		<u>21,893,449</u>	<u>20,587,106</u>

Councillor Lezley M Cameron  
Director:



Councillor Daphne Sleight  
Director:



17 June 2002

**CASH FLOW STATEMENT**  
**For the year ended 31 December 2001**

	Notes	31 December 2001 £	31 December 2000 £
<b>Net cash inflow from operating activities</b>	3b	124,249	7,264,095
<b>Returns on investments and servicing of finance</b>			
Interest received		<u>215,659</u>	<u>48,091</u>
Net cash inflow from returns on investment and servicing of finance		215,659	48,091
<b>Taxation</b>			
Group relief recovered		<u>1,287,100</u>	<u>-</u>
Net cash inflow from taxation		1,287,100	-
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(177,579)	(2,383,295)
Capital grants received		<u>-</u>	<u>61,234</u>
Net cash outflow from capital expenditure		(177,579)	(2,322,061)
<b>Financing</b>			
Interest received		<u>-</u>	<u>2,167,266</u>
Net cash inflow from financing		<u>-</u>	<u>2,167,266</u>
<b>Increase in cash</b>		<u>1,449,429</u>	<u>7,157,391</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>Increase in cash in the period</b>		1,449,429	7,157,391
Cash inflow/(outflow) from increase in debt and lease financing		<u>492,319</u>	<u>(2,167,266)</u>
<b>Change in net debt arising from cash flows</b>		1,941,748	4,990,125
Movement in loan stock debtor		<u>(64,261)</u>	<u>94,827</u>
Movement in net debt during the period		1,877,487	5,084,952
<b>Net debt at 1 January 2001</b>		<u>(55,330,521)</u>	<u>(60,415,473)</u>
<b>Net debt at 31 December 2001</b>	3c	<u>(53,453,034)</u>	<u>(55,330,521)</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. 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 financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

#### **Fixed Assets**

Fixed assets have been recorded at cost, less accumulated depreciation.

#### **Depreciation**

Fixed tangible assets are stated at historical cost less accumulated depreciation. The cost of fixed assets is written off by equal annual instalments over the expected useful lives of the assets as follows:-

Leasehold Land and Buildings: 50 years. Plant & Machinery: 3 to 15 years. Furniture & Fittings: 3 to 10 years. Infrastructural works: 2 to 20 years.

When an impairment loss on a fixed asset is recognised, as required by FRS 11 Impairment of Fixed Assets and Goodwill, the revised carrying amount is depreciated over the revised estimate of the remaining useful economic life.

#### **Capital Grants**

Grants in respect of capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments. The City of Edinburgh Council has title to interest receivable on the funds held in trust (see note 10), however an agreement is in place for the trust to obtain an equal amount in the form of a grant from the City of Edinburgh Council. This is intended to provide a capital contribution towards the designated construction works and will be released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

#### **Leasing and Hire Purchase Commitments**

The lease of the Conference Centre was treated as a finance lease until 8 December 1999. A finance lease is a lease under which substantially all the risks and rewards of ownership of the asset pass to the lessee company, and the assets are capitalised in the lessee's balance sheet and depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding. The assets which were subject to the sale and leaseback transaction 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.

#### **Revenue Grants**

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### **Operating Lease Payments**

Operating lease payments are charged in the profit and loss account on a straight line basis.

## **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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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 and the relevant payments have been received.

## **Pensions**

The Company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## **2. Turnover**

Turnover represents income arising from the letting of rooms and the charges levied in respect of additional facilities incurred by clients using the Conference Centre and income arising from the development of the Exchange, excluding value added tax. All turnover arises from continuing activities carried on within the United Kingdom. The Company operates in three principal areas of activity, that of the provision of conference and exhibition facilities, the letting of office space and facilitating the development of a previously derelict land site. The turnover of these activities is shown separately below:-

	31 December 2001 £	31 December 2000 £
Conference facilities	3,752,247	3,873,459
Rental income from the letting of office space	653,185	565,269
Site development	<u>189,423</u>	<u>19,311</u>
	<u>4,594,855</u>	<u>4,458,039</u>

## **3. Operating Profit/(loss)**

(a) This is stated after charging/(crediting):

	£	£
Depreciation of fixed assets – owned	1,009,173	1,065,635
Auditors' remuneration - audit services	18,000	18,000
Auditors' remuneration - non-audit services	12,200	10,900
Rebate of rates in relation to prior years	1,129,001	-
Capital grants released	<u>(443,616)</u>	<u>(441,285)</u>

As a result of a revaluation of the rateable value of the Conference Centre building, the Company received a rates rebate of £1,129,001 during the year. This rebate has been included in Cost of Sales for the current year net of £35,000 of associated professional fees. Related interest receivable of £148,372 has been credited to the Profit and Loss Account (see note 4).

### 3. Operating profit/(loss) (continued)

#### (b) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	31 December 2001 £	31 December 2000 £
Operating profit/(loss) after revenue grant	561,080	(765,921)
Depreciation of tangible fixed assets	1,009,173	1,065,635
(Increase) in investments	(7,657)	(8,862)
(Increase)/Decrease in operating debtors and prepayments	(687,385)	6,765,436
Increase/(Decrease) in operating creditors and accruals	(211,334)	511,776
Capital grants released in period	(443,616)	(441,285)
Increase in deferred income	396,307	137,316
Transfer of loan stock in respect of group relief	(492,319)	-
Net cash inflow from operating activities	<u>124,249</u>	<u>7,264,095</u>

#### (c) Reconciliation of net cash flow to movement in net debt

	Opening £	Cash Flow £	Other £	Closing £
Cash	1,206,164	1,689,690	-	2,895,854
Overdraft	(400,722)	(240,261)	-	(640,983)
		<u>1,449,429</u>		
Liquid resources	10,000	-	-	10,000
Short term loans	(2,046,162)	-	-	(2,046,162)
Finance lease obligations	-	-	-	-
Loan stock	<u>(54,099,801)</u>		<u>428,058</u>	<u>(53,671,743)</u>
Total	<u>(55,330,521)</u>	<u>1,449,429</u>	<u>428,058</u>	<u>(53,453,034)</u>

### 4. Interest Receivable

	£	£
Interest due on bank deposits	67,287	48,091
Interest due on rates rebates	<u>148,372</u>	<u>-</u>
	<u>215,659</u>	<u>48,091</u>

## 5. Tax on Profit on Ordinary Activities

	31 December 2001 £	31 December 2000 £
UK Corporation Tax:		
Current Tax on income for the year	(286,698)	-
Adjustment for group relief recovered in relation to previous years	<u>1,287,100</u>	<u>-</u>
	<u>1,000,402</u>	<u>-</u>

## 6. Staff Costs

	£	£
Salaries	1,159,111	1,075,950
Social security costs	125,408	99,839
Pension costs	<u>46,902</u>	<u>39,578</u>
	<u>1,331,421</u>	<u>1,215,367</u>
The average number of staff employed during the year was	57	57

## 7. Directors' Emoluments

No Directors' emoluments were paid during the year to 31 December 2001, or in the previous year.

## 8. Tangible Assets

Cost	Infrastructural Works £	Long Leasehold Buildings £	Office Equipment & Furniture £	Total £
At 1 January 2001	9,929,882	36,972,395	7,736,332	54,638,609
Additions in period at cost	22,440	-	310,220	332,660
Transfers in period at cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2001	<u>9,952,322</u>	<u>36,972,395</u>	<u>8,046,552</u>	<u>54,971,269</u>
<b>Depreciation</b>				
At 1 January 2001	1,062,241	27,817,458	6,634,919	35,514,618
Charge for the period	<u>494,944</u>	<u>209,183</u>	<u>305,046</u>	<u>1,009,173</u>
At 31 December 2001	<u>1,557,185</u>	<u>28,026,641</u>	<u>6,939,965</u>	<u>36,523,791</u>
Net book value 31 December 2000	<u>8,867,641</u>	<u>9,154,937</u>	<u>1,101,413</u>	<u>19,123,991</u>
Net book value 31 December 2001	<u>8,395,137</u>	<u>8,945,754</u>	<u>1,106,587</u>	<u>18,447,478</u>

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

**9. Debtors**

	31 December 2001 £	31 December 2000 £
Amount due by The City of Edinburgh Council	340,902	276,641
Trade debtors	1,321,915	861,605
Other debtors	475,382	367,730
Value added tax	10,743	77,992
Prepayments	<u>119,807</u>	<u>124,671</u>
	<u>2,268,749</u>	<u>1,708,639</u>

**10. Investments**

	£	£
Bank deposits	10,000	10,000
Bank deposits held in trust	<u>171,936</u>	<u>164,279</u>
	<u>181,936</u>	<u>174,279</u>

The funds held in trust represent the sales proceeds arising from the sale and leaseback transaction. These funds have been recognised as an asset as they are yielding a future benefit to the Company arising from past transactions. The funds are held in a separate account, which can be invested broadly in whichever way EICC Ltd, the City of Edinburgh Council and the Bank of Scotland Trust Company (International) Ltd determine.

**11. Creditors : Amounts falling due within one year**

	£	£
Bank overdraft	640,983	400,722
Payments due to contractors	100,000	100,000
Trade creditors	746,542	862,832
Corporation Tax	286,698	-
Other taxes and social security costs	47,918	35,317
Other creditors	38,467	181,375
Accruals	<u>39,960</u>	<u>45,721</u>
	<u>1,900,568</u>	<u>1,625,967</u>

**12. Creditors: Amounts falling due after more than one year**

	31 December 2001 £	31 December 2000 £
Short term loan	2,046,162	2,046,162
Convertible unsecured loan stock	45,297,609	45,297,609
Non-convertible unsecured loan stock	<u>8,374,134</u>	<u>8,802,192</u>
	<u>55,717,905</u>	<u>56,145,963</u>
Non-convertible unsecured loan stock:		
Issued to The City of Edinburgh Council and CEC Holdings Ltd	8,535,573	8,535,573
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	330,880	266,619
Transferred during year in respect of group relief	<u>(492,319)</u>	<u>-</u>
	<u>8,374,134</u>	<u>8,802,192</u>

The convertible unsecured loan stock 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. CEC Holdings Ltd hold £3,545,364 (at 31 December 2000 £4,037,683) of the non-convertible unsecured loan stock, the balance amounting to £4,828,770 (at 31 December 2000 £4,764,509) being held by The City of Edinburgh Council. The non convertible unsecured loan stock bears no interest and is repayable by 31 December 2024.

**13. Accruals and Deferred Income**

	£	£
Capital grants	8,656,945	9,095,993
Deferred income	<u>1,600,055</u>	<u>1,203,747</u>
	<u>10,257,000</u>	<u>10,299,740</u>

The above capital grants have been received in respect of building construction and roadworks.

Capital grants brought forward	9,095,993	9,462,393
Received during period	4,568	74,885
Released during period	<u>(443,616)</u>	<u>(441,285)</u>
Capital grants carried forward	<u>8,656,945</u>	<u>9,095,993</u>

#### 14. Share Capital

	31 December 2001 No.	31 December 2000 No.	31 December 2001 £	31 December 2000 £
Authorised:				
Preferred Ordinary shares	54,999,999	54,999,999	54,999,999	54,999,999
Ordinary shares	980	980	980	980
RBL Ordinary shares	10	10	10	10
Preference shares	10	10	10	10
“B” Redeemable Preference shares	1	1	-	-
Special share	1	1	<u>1</u>	<u>1</u>
			<u>55,001,000</u>	<u>55,001,000</u>
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
“B” Redeemable Preference shares	1	1	-	-
Special share	1	1	<u>1</u>	<u>1</u>
			<u>63</u>	<u>63</u>

Two Ordinary shares are issued to The City of Edinburgh Council. In addition the “B” redeemable preference share is held by the City of Edinburgh Council. 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 Lothian and Edinburgh Enterprise 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 “B” redeemable preference share may be redeemed at the request of the shareholder prior to 31 March 2002 subject to the procedures in the Articles of Association, or otherwise will be redeemed on 31 March 2002. The redeemable preference share carries no voting rights, has no right to participate in profits and may participate in a distribution of capital only to the extent of the amount paid up on each share.

#### 14. Share Capital (continued)

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 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.

#### 15. Movement in Shareholders' Funds

	31 December 2001 £	31 December 2000 £
Shareholders' funds brought forward	(45,858,597)	(45,140,767)
Profit/(Loss) on ordinary activities for the period	<u>1,777,141</u>	<u>(717,830)</u>
Shareholders' funds carried forward	<u>(44,081,456)</u>	<u>(45,858,597)</u>

#### 16. Capital Commitments

The Company has capital commitments in respect of various construction projects, amounting to £7,865,000 relating to the Exchange Development of which £7,747,325 has already been expended (at 31 December 2000 these capital commitments amounted to £7,865,000 of which £7,747,325 had been expended).

#### 17. Financial Commitments

At 31 December 2001 the Company had annual commitments under non-cancellable operating leases relating to plant and equipment as follows:

	£	£
Operating leases which expire:		
Within one year	2,263	1,860
In two to five years	24,388	32,039
In over five years	<u>-</u>	<u>922</u>
	<u>26,651</u>	<u>34,821</u>

#### 18. Pension Commitments

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

The unpaid contributions outstanding at the year end, included in other creditors, amount to £10,880 (2000 - £4,042)

## **19. Related Party Transactions**

During the period capital grants totalling £58,508 were receivable by EICC Ltd from Scottish Enterprise Edinburgh and Lothian Ltd, who have a special shareholding in the company. This figure is included in other debtors at 31 December 2001. (During the period to 31 December 2000 grants totalling £74,885 were receivable from Scottish Enterprise Edinburgh and Lothian Ltd, of which £20,945 was received during the period and £53,940 was included in year-end debtors).

The company has taken advantage of the exemption allowed under FRS 8 in respect of transactions with other group entities.