**C.E.C. HOLDINGS LIMITED**

**Consolidated Financial Statements**

**For the year ended 31 December 2023**

**Registered number SC135444**

**C.E.C. HOLDINGS LIMITED**

**Consolidated financial statements**

**For the year ended 31 December 2023**

| **Contents** | **Page** |
|---|---|

## C.E.C. HOLDINGS LIMITED

### Strategic Report

### For the year ended 31 December 2023

The Directors present their strategic report for the year ended 31 December 2023.

C.E.C. Holdings Limited

**Principal activities, business review, results for the year and future developments**

C.E.C. Holdings Limited is a company limited by shares which is incorporated and domiciled in Scotland. The principal activities of the Group, which is ultimately wholly owned by the City of Edinburgh Council, are property development, urban regeneration and the operation of an international conference centre.

The results of the year are set out in the Consolidated and Parent Company Statement of Profit and Loss on page 12. The Group profit on ordinary activities after taxation for the year is £873k (2022: restated loss of £1,746k).

The administrative expenses of the company were met from management fees for the administration of group tax relief and retained earnings.

The company acts as a holding company for the Council's arms-length property companies. It does not have any employees and its activities have negligible environmental impact.

The EDI Group Limited

**Principal activities, business review and future developments**

The EDI Group Limited (EDI) and its subsidiary Parc Craigmillar Limited is a group ("the group") limited by shares which is incorporated and domiciled in Scotland. It is a wholly owned subsidiary of CEC Holdings, ultimately owned by the City of Edinburgh Council and run as an arm's length operation with the role of investing in the development of land and buildings which are surplus to the Council's operational requirements and leading on the property aspects of regeneration in specific areas of the City.

In February 2017 the Council conducted a review of its approach to the use of surplus land and its interactions with the property market. The Council concluded that the subsidiary will have no future pipeline of projects and therefore took the decision that the group should begin a process of managed closure. The Council as shareholder has instructed the Directors to begin this process.

The company has now ceased development activities with the majority of the land and buildings transferred to the Council and the remaining land at Brunstane subject to sale negotiations. There has been, and will continue to be, a minimal level of development and property related activity for the remainder of the company's lifespan. Non-property assets will be realised in accordance with their contractual terms and external liabilities and obligations will be settled in full. Financial projections for the closure process show that the group will have sufficient funds to meet all external liabilities and obligations and to repay share capital in full. The intention is that each company will become dormant with a timespan covering 2 to 6 years.

**Current development activity**

The sale of land at Brunstane West is nearing completion with the receipt of a deposit in March 2024 and a first stage payment expected by mid-2024. The remaining land at Brunstane East has been marketed, bids assessed and a preferred purchaser approved by the EDI Board in October 2023, with the deal expected to complete by 2026.

**Financial performance**

The financial performance of the group in 2023 was a net loss of £284k compared to a restated net loss of £985k in 2022. Retained earnings increased from negative £2.7m to negative £3m. The major factor influencing the year's results has been administrative expenses with no sales.

## Financial performance (continued)

The group had a cash balance of £4.1m (2022: £4.3m). The sales expected in 2024 will be profitable and will bring retained earnings into a positive position which would enable a dividend to be declared subject to Board approval, in line with the transition strategy.

## Risks and environment

Although the scope of our activity has reduced significantly, the risk factors influencing the remaining assets are a combination of the general economy of Edinburgh and the national housing market. The Shareholder and the Directors recognise that the process of managing the completion of our current activities and transition of the remaining projects to Council control and management has brought specific financial, legal, administration and people risks, and these have been managed.

Edinburgh International Conference Centre Limited ("EICC")

## 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 year to December 2023 saw the Company report a record operating profit in excess of £2.56m, before adjustments for depreciation, effective interest on loan stock and the release of capital grants, despite the continued impact of cost inflation incurred across the cost base. During the year the Company also successfully operated activities for the city's Convention Bureau, the costs of which are absorbed in to the Company's financial results.

The profit from continuing operations before tax for the year amounted to £1,663,405 (2022 – loss of £588,184). The Company has, after taxation adjustments, a total comprehensive profit for the year of £1,346,742 (2022 – loss of £588,184). The Directors do not recommend the payment of a dividend for the year ended 31 December 2023.

At the outset of 2023 the company anticipated a challenging financial year given the Company was in the process of recovering and rebuilding post pandemic. The Company had budgeted an operating deficit for 2023 based on, amongst other things: the level of contracted bookings that had been secured for the year; the expected bookings that could be secured in the year for the year; the uncertainty with regards expenditure specifically the level of forecasted inflation and impact on utilities cost.

The year to December 2023 saw the Company produce operating profits significantly ahead of budget, before adjustments for depreciation, effective interest on loan stock and the release of capital grants. This was achieved against a continuing backdrop of: a challenging economic outlook; levels of inflation not seen for decades; increased levels of competition within the UK and from across the world; aggressive price competition; and a number of local problems including the difficulties encountered trying to secure sufficient hotel room allocations for clients at affordable rates.

In the course of the year the sales team secured the required business in the year - for the year, in order to outperform against our budget. This was as a result of a number of initiatives that had been introduced by the Company in the preceding five years which led to a marked increase in the number of enquiries and consequently the value of short lead bookings contracted during the period, compared to previous years.

The Company grew its turnover and gross profit, before adjusting for depreciation and the release of capital grants, through an increase in both volume and value of the Conference Centre's association, corporate, banqueting and other business. In addition to this there was year on year growth across all elements of the Company's operation, namely room rental charges, charges for additional services and catering commission. Turnover and gross profits were ahead of budget for the year and ahead of pre-pandemic levels.

**Results and review of the business (continued)**

The cumulative effect of the company's activities had a significant impact on the Company's revenues for the year which amounted to £9.255m. This was an increase on the previous year's figure of £8.688m which is equivalent to an increase of 6.5%. These revenues generated a gross profit of £2.582m in 2023 compared to a gross profit of £0.835m for the previous year.

The Conference Centre held 184 events in 2023, which was up on the previous year. These events varied enormously in their size, duration, diversity and profitability. Of the association and corporate events that were held during the year 12 recorded an event gross profit of over £150,000 each and the top 10 conference and meeting events by value generated £2.141m in cumulative event gross profit during the year.

The Company continued to broaden the diversification of events held at the EICC and in the course of the year, as well as holding conferences, meetings and exhibitions, the Conference Centre hosted, amongst other things: tennis exhibitions; celebrity evenings; a variety of award ceremonies; dance competitions; ballet performances; comedy shows; book exhibitions; theatre performances; food and drink fairs; and university examinations.

Expenditure in respect of cost of sales and administration expenses totalled £7.235m in 2023, which was a decrease of £1.109m on the previous year's expenditure which had amounted to £8.344m. This represented a decrease of 13% compared to the expenditure recorded during the previous year. This decrease was in comparison to an increase in gross revenues of 6.5% and was primarily due to a substantial retrospective rebate received following a successful Non-Domestic rates appeal.

The operating profit generated by the activities of the Conference Centre, which is the Company's internal measure of performance, at £2.53m, was well ahead of target for the year. This measure of performance is based on the operating profit generated before adjustments in respect of depreciation, finance costs and the recognition of capital grant income.

During the year 75,788 delegates attended events at the Conference Centre which was an increase of 23% on a like for like basis in comparison to prior year. The delegates who attended events at the EICC during the year generated an economic impact of £57.6m for the year compared to £52.0m in 2022. The economic impact that is produced as a result of the EICC's activities helps to create and sustain significant levels of 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 significant progress towards its aim of operating a 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. Construction commenced in August 2022 with the hotel due to open in 2026. The subsidiary, Edinburgh International Conference Centre Hotels Ltd, which was incorporated to operate the hotel is fully owned by the Company.

Future business on the books remained strong coming into 2024, both for the current year and for each of the succeeding years until 2027. Post covid, the booking patterns have changed quite significantly with the volume of shorter lead time business increasing substantially. This has provided challenges to both our sales and operational teams.

The Company outlook remains extremely positive despite continued pressure faced by inflationary factors across large parts of the Company's cost base. Notwithstanding this, 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 2023 compares very favourably with previous years. 2023 results exceeded pre-covid levels for the first time and we firmly believe that the Company's prospects look extremely healthy as we move into a new phase with an expanded business which includes the new hotel development.

## Key performance indicators

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

| | 2023<br>£'000 | 2022<br>£'000 | %<br>Change |
|---|---|---|---|
| Turnover | 9,255 | 8,688 | 6.5 |
| Cost of sales and administration expenses | 7,235 | 8,344 | -13.6 |
| Customer delight | 93% | 93% | |
| Economic impact | 57,635 | 51,995 | 10.8 |

## 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.

Directors believe that the business outlook for the medium and long term remains very positive.

## 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.

Edinburgh International Conference Centre Hotels Limited ("EICC Hotels")

## Principal activities, business review and future developments

The principal activities that the Company undertook during the year were in respect of the development and future operation of a hotel in Haymarket.

Edinburgh International Conference Centre Hotels Limited is a company limited by shares which is incorporated in Scotland. It is a wholly owned subsidiary of Edinburgh International Conference Centre Limited whose ultimate parent is The City of Edinburgh Council.

The Company, which was incorporated on 25 February 2022, made significant progress towards its aim of operating a hotel, in close proximity to the Conference Centre, during the year. An agreement for lease with the developer and a franchise agreement with the hotel brand were completed and signed off in April 2022. Construction of the hotel commenced in August 2022 with the hotel scheduled to open in 2026.

## Results and dividends

The total operating loss for the period amounted to £142,514 (2022: £138,540). The directors have therefore not recommended a dividend.

This report was approved by the board and signed on its behalf by:

**Date:**

**Burness Paull LLP**
**Secretaries**

**Company registered office:**
**Waverley Court**
**4 East Market Street**
**Edinburgh**
**EH8 8BG**

## C.E.C. HOLDINGS LIMITED

### Directors' Report

### For the year ended 31 December 2023

The Directors present their annual report and audited financial statements for the year ended 31 December 2023

**Directors**

The Directors who held office during the year, and subsequently, were as follows:

Ms L M Cameron
Mr A C Beal
Mr P Doggart

**Board operation**

All decisions are taken by the Board with the exception of delegated authority to the Executive Director of Resources:

(i) To procure advisory services at a cost not exceeding £20,000 (plus VAT).
(ii) To make suitable cash flow arrangements with the Council as and when necessary.

**Political and charitable contributions**

The group and company made no political or charitable contributions during the year (2022: £nil).

**Going concern**

The Directors have considered the appropriateness of the continued use of the going concern basis.

The Company's ultimate parent shareholder, 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 Group 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.

### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, 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 group and parent company financial statements in accordance with UK adopted International Accounting Standards and the requirements of the Companies Act 2006.

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 group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to the auditor

We, the Directors of the company who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditor is unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Azets Audit Services are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

**Date:**

**Burness Paull LLP**
**Secretaries**

**Company registered office:**
**Waverley Court**
**4 East Market Street Edinburgh**
**EH8 8BG**

## Independent Auditor's Report to the Members of C.E.C. Holdings Limited

## For the year ended 31 December 2023

### Opinion

We have audited the financial statements of C.E.C. Holdings Limited for the year ended 31 December 2023 which comprise consolidated and parent company statement of profit or loss, consolidated and parent company statement of financial position, consolidated and parent company statement of changes in equity, consolidated and parent company statement of cash flows 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 UK adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group and parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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.

### Conclusions relating to going concern

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

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

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

## 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 group and 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 parent company 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 page 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 group and parent 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 group or the parent 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 Council's 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 group and 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.

**Independent Auditor's Report to the Members of C.E.C. Holdings Limited (continued)**

**For the year ended 31 December 2023**

**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.

**Allison Gibson, Senior Statutory Auditor**
**For and on behalf of Azets Audit Services**
**Statutory Auditor**
**Chartered Accountants**
**Exchange Place 3**
**Semple Street**
**Edinburgh**
**EH3 8BL**

**Date**:

C.E.C. HOLDINGS LIMITED

## Consolidated and Parent Company Statement of Profit or Loss

### For the year ended 31 December 2023

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | Note | 2023 £'000 | Restated 2022 £'000 | 2023 £'000 | 2022 £'000 |
| **Continuing Operations** | | | | | |
| Revenue | 3 | 9,257 | 8,688 | 2 | - |
| Cost of sales | | (3,972) | (5,525) | - | - |
| Gross profit | | 5,285 | 3,163 | 2 | - |
| Development expenses | | (154) | (209) | - | - |
| Employee benefits expense | 9 | (2,727) | (2,584) | - | - |
| Administrative expenses | | (1,018) | (1,183) | (51) | (53) |
| **Profit/(loss) from operations** | | 1,386 | (813) | (49) | (53) |
| Finance income | 5 | 394 | 51 | 526 | 874 |
| Finance costs | 6 | (658) | (1,009) | (524) | (873) |
| Other income | 7 | 15 | 8 | - | - |
| **Profit/(loss) before income tax expense** | | 1,137 | (1,763) | (47) | (52) |
| Income tax (charge)/credit | 8 | (264) | 17 | - | 17 |
| **Profit/(loss) for the year from continuing operations** | | 873 | (1,746) | (47) | (35) |
| Attributable to: | | | | | |
| Equity holders of the parent | | 873 | (1,746) | (47) | (35) |

There are no other items of comprehensive income or expense in the current year or prior year and therefore no Statement of Comprehensive Income is shown.

The accompanying notes form part of these financial statements.

## C.E.C. HOLDINGS LIMITED

## Consolidated and Parent Company Statement of Financial Position

### As at 31 December 2023

| | Note | Consolidated Group 2023 £'000 | Consolidated Group Restated 2022 £'000 | Parent Entity 2023 £'000 | Parent Entity 2022 £'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 10 | 5,886 | 5,914 | - | - |
| Investment property | 12 | 248 | 248 | - | - |
| Investments in associates and subsidiaries | 13 | 268 | 268 | 21,903 | 21,903 |
| **Total non-current assets** | | 6,402 | 6,430 | 21,903 | 21,903 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 20 | 11,269 | 9,895 | 22 | 57 |
| Cash on deposit | 21 | 5,000 | 3,000 | - | - |
| Trade and other receivables | 15 | 2,407 | 2,059 | 2,567 | 2,052 |
| Inventory | 14 | 4,368 | 4,267 | - | - |
| **Total current assets** | | 23,044 | 19,221 | 2,589 | 2,109 |
| **Total assets** | | 29,446 | 25,651 | 24,492 | 24,012 |
| **Equity and Liabilities** | | | | | |
| **Equity attributable to equity holders of the parent** | | | | | |
| Contributed equity | 22 | 3,000 | 3,000 | 3,000 | 3,000 |
| Retained earnings | 23 | (56,224) | (57,097) | 869 | 916 |
| Capital contribution reserve | 23 | 67,789 | 67,314 | 12,523 | 12,523 |
| **Total equity** | | 14,565 | 13,217 | 16,392 | 16,439 |
| **Non-current liabilities** | | | | | |
| Other financial liabilities | 17 | 4,802 | 4,277 | 8,073 | 7,547 |
| Accruals and deferred income | 19 | 1,299 | 1,282 | - | - |
| Lease obligations | 11 | 582 | 675 | - | - |
| Provisions | 18 | 878 | 765 | - | - |
| **Total non-current liabilities** | | 7,561 | 6,999 | 8,073 | 7,547 |
| **Current liabilities** | | | | | |
| Trade and other payables | 16 | 7,320 | 5,435 | 27 | 26 |
| **Total current liabilities** | | 7,320 | 5,435 | 27 | 26 |
| **Total liabilities** | | 14,881 | 12,434 | 8,100 | 7,573 |
| **Total equity and liabilities** | | 29,446 | 25,651 | 24,492 | 24,012 |

The financial statements were approved by the board of Directors and authorised for issue on 3 September 2024 and are signed on its behalf by

.......................................................................
Director

**Registered number SC135444**

The accompanying notes form part of these financial statements.

## C.E.C. HOLDINGS LIMITED

### Consolidated and Parent Company Statement of Changes in Equity

### As at 31 December 2023

| Group | Share Capital £'000 | Capital Contribution £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 1 January 2022** | 3,000 | 67,050 | (55,351) | 14,699 |
| Loss for the year - restated | - | - | (1,746) | (1,746) |
| Net movement on recognition of loans | - | 264 | - | 264 |
| **Balance at 31 December 2022 - restated** | 3,000 | 67,314 | (57,097) | 13,217 |
| **Balance at 1 January 2023 - restated** | 3,000 | 67,314 | (57,097) | 13,217 |
| Profit for the year | - | - | 873 | 873 |
| Net movement on recognition of loans | - | 475 | - | 475 |
| **Balance at 31 December 2023** | 3,000 | 67,789 | (56,224) | 14,565 |

| Parent Entity | Share Capital £'000 | Capital Contribution £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 1 January 2022** | 3,000 | 12,523 | 951 | 16,474 |
| Loss for the year | - | - | (35) | (35) |
| Dividend declared | - | - | - | - |
| **Balance at 31 December 2022** | 3,000 | 12,523 | 916 | 16,439 |
| **Balance at 1 January 2023** | 3,000 | 12,523 | 916 | 16,439 |
| Loss for the year | - | - | (47) | (47) |
| **Balance at 31 December 2023** | 3,000 | 12,523 | 869 | 16,392 |

The accompanying notes form part of these financial statements.

## Consolidated and Parent Company Statement of Cash Flows

### For the year ended 31 December 2023

| | Note | Consolidated Group 2023 £'000 | Consolidated Group Restated 2022 £'000 | Parent Entity 2023 £'000 | Parent Entity 2022 £'000 |
|---|---|---|---|---|---|
| **Cash flow from operating activities** | | | | | |
| **Profit/(loss) for year** | | 873 | (1,746) | (47) | (35) |
| *Adjustments for:* | | | | | |
| Depreciation | | 541 | 597 | - | - |
| Loss arising on disposal | | 10 | - | - | - |
| Interest received | | (394) | (51) | (526) | (874) |
| Interest paid | | 658 | 1,009 | 524 | 873 |
| Release of deferred grant income | | (67) | (85) | - | - |
| (Increase)/decrease in inventories | | (101) | 995 | - | - |
| (Increase)/decrease in receivables | | (348) | 2,395 | (515) | (882) |
| Increase/(decrease) in payables | | 2,401 | (586) | 527 | 884 |
| Increase/(decrease) in provisions | | 113 | 330 | - | - |
| Taxation (paid)/received | | - | - | - | - |
| **Net cash flows from operating activities** | | 3,686 | 2,858 | (37) | (34) |
| **Cash flow from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (523) | (264) | - | - |
| Interest received | | 394 | 51 | 526 | 874 |
| **Net cash flows from investing activities** | | (129) | (213) | 526 | 874 |
| **Cash flow from financing activities** | | | | | |
| Net movement on recognition of loans | | 475 | 264 | - | - |
| Fixed term deposit | | (2,000) | (3,000) | - | - |
| Interest paid | | (658) | (1,009) | (524) | (873) |
| **Net cash flows from financing activities** | | (2,183) | (3,745) | (524) | (873) |
| Net increase/(decrease) in cash and cash equivalents | | 1,374 | (1,100) | (35) | (33) |
| Cash and cash equivalents at beginning of year | | 9,895 | 10,995 | 57 | 90 |
| **Cash and cash equivalents at end of year** | | 11,269 | 9,895 | 22 | 57 |
| Bank balances and cash | 20 | 11,269 | 9,895 | 22 | 57 |

The accompanying notes form part of these financial statements.

## 1. Presentation of financial statements

The group's financial statements have been prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006.

### New accounting standards adopted during the year

### Adoption of new and revised standards

The Group has adopted, where applicable, the following new and amended IFRSs as of 1 January 2023:

- Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendment to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2023 are considered to have no significant or material effect on the Group'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 2023, and with potential effect.

| International Accounting Standards and Interpretations | Effective for periods beginning on or after |
|---|---|
| • Lease Liability in a Sale and Leaseback (Amendment to IFRS 16) | 1 January 2024 |
| • IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current) | 1 January 2024 |
| • IAS 1 Presentation of Financial Statements (Amendment – Non- current Liabilities with Covenants) | 1 January 2024 |
| • Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7) | 1 January 2024 |
| • Lack of Exchangeability (Amendment to IAS 21) | 1 January 2025 |

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 Group's financial statements in the period of initial application.

## 2. Significant accounting policies

The consolidated financial statements of C.E.C. Holdings Limited have been prepared in accordance with UK adopted International Accounting Standards in accordance with the provisions of the Companies Act 2006.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report.

### a. Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the Parent Company) and its controlled entities as defined in accounting standard IAS 27 "Consolidated and Separate Financial Statements". A list of controlled entities appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has left the economic entity during the year its operating results have been included until the date control ceased.

### b. Going concern

The future of the company and group is dependent on the continued financial support of the company's shareholders. The Company's ultimate parent shareholder, 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 Group 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.

### c. Investments in associates

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

## 2. Significant accounting policies (cont'd)

In the case of New Laurieston (Glasgow) Limited, The EDI Group's share of losses exceed the value of its interest in the company, therefore no further losses have been recognised.

In the case of Caledonia Waterfront (Harbour Road) Limited, the investment is exempt from being consolidated using the equity accounting method as permitted by paragraph 17 of IAS 28 "Investments in Associates and Joint Ventures". Instead, the investment is accounted for at cost less provision for permanent impairment in the financial statements.

### d. Income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

### e. 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 cost 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 depreciation policy by taking account of the residual value of the assets concerned and their useful economic life. The group 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.

**2. Significant accounting policies (cont'd)**

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 income statement in the period of derecognition.

The capitalisation of infrastructural works and assets under construction is based on management's judgement of when a project's 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 income statement. 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.

**f. 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 group, 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 income statement 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.

**g. Right of use assets and liabilities**

For all contracts in existence on 1 January 2020 and any new contracts entered into on or after 1 January 2020 the group 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 group 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 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.

## 2. Significant accounting policies (cont'd)

### h. Inventories

Inventory is stated at the lower of cost and net realisable value. Cost relates to purchase costs and direct labour costs incurred in bringing the inventories up to a saleable state.

### i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

### j. Impairment

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

### k. Employee entitlements

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

### l. Financial instruments

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The group has the following categories of financial assets and liabilities:

***Trade and other receivables***

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement.  Bad debts are written off when they are identified as being irrecoverable.

## 2. Significant accounting policies (cont'd)

### l. Financial instruments (cont'd)

***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and in hand.

***Cash on deposit***

Cash on deposit in the statement of financial position comprise cash on deposit at a fixed interest rate.

***Trade and other payables***

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect would not be material.

***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 income statement.

### m. Investment property

Investment property is property held to generate rental income and/or for capital appreciation. The value at the balance sheet date reflects the net realisable of this property.

### n. Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for permanent impairment.

### o. Revenue

Revenue is measured at the fair value of consideration received from income from the group's ordinary activities. Revenue is stated net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectively probable.

Rentals receivable under operating leases are recognised in the income statement over the term of the lease on a straight line basis.

Revenue from dividend income is recognised when the rights of the shareholder to receive the payment are determined.

### p. Critical accounting estimates and judgements

In applying the accounting policies, the Directors may at times, be required to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the Directors consider are relevant.

## 2. Significant accounting policies (cont'd)

**Key estimates:**

*i.* *Provisions* – provisions are based on estimated costs provided by external professionals. The Directors review provisions regularly to assess how reasonable and accurate they are.

The other 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.

### q. Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

i. Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. For receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

### r. Provisions

Provisions are recognised when the group and company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Further details of the provisions recognised in the year can be found at Note 18.

### s. Grants receivable

Grants are accounted for by the group when receivable.

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.

Where grants are given for a specific purpose they are released to the income statement to match the cost of the completed project.

Grants from government bodies and similar organisations are recognised where there is reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

### t. Foreign currency translation

Transactions in foreign currencies are initially recorded in the group'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 income statement.

### u. Interest receivable

Interest income is recognised using the effective interest method.

## 3. Revenue

An analysis of revenue is as follows:

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Rendering of services | 8 | 121 | 2 | - |
| Provision of conferencing facilities | 9,249 | 8,567 | - | - |
| | 9,257 | 8,688 | 2 | - |

## 4. Profit/(loss) before income tax

Profit/(loss) before income tax is stated after charging:

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Auditor's remuneration: | | | | |
| - Audit | 59 | 61 | 17 | 15 |
| - Non-Audit | 19 | 36 | 11 | 10 |
| Depreciation and other amounts written off tangible fixed assets: | | | | |
| Owned | 541 | 599 | - | - |
| Capital grant released | (67) | (85) | - | - |

## 5. Finance income

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Other interest receivable | 394 | 51 | 526 | 874 |
| | 394 | 51 | 526 | 874 |

## 6. Finance costs

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| On secured loan stock held by the City of Edinburgh Council | 611 | 955 | 524 | 873 |
| Effective interest on leased assets | 47 | 54 | - | - |
| | 658 | 1,009 | 524 | 873 |

## 7. Other income

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Rental income | 5 | - | - | - |
| Other income | 10 | 8 | - | - |
| | 15 | 8 | - | - |

Rental income is from investment properties in relation to property development in Parc Craigmillar Limited.

## 8. Income tax charge/(credit)

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Current tax: | | | | |
| - Domestic | - | - | - | - |
| - Tax adjustments, reliefs and transfers | 317 | (10) | - | (10) |
| - Adjustments in respect of previous periods | (53) | (7) | - | (7) |
| | 264 | (17) | - | (17) |

| | | | | |
|---|---|---|---|---|
| The tax charge/(credit) is allocated in the financial statements as follows: | | | | |
| Statement of Profit and Loss | 264 | (17) | - | (17) |
| Statement of Changes in Equity | - | - | - | - |
| | 264 | (17) | - | (17) |

Domestic income tax is calculated at 23.52% (2022: 19%) of the estimated assessable profit/(loss) for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 8. Income tax charge/(credit) (continued)

The charge/(credit) for the year can be reconciled to the profit/(loss) per the income statement as follows:

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023<br>£'000 | Restated<br>2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Profit/(loss) on ordinary activities before taxation | 1,137 | (1,763) | (47) | (52) |
| Profit/(loss) on ordinary activities at the effective rate of corporation tax of 23.52% (2022: 19%) | 267 | (335) | (11) | (10) |
| Effects of: | | | | |
| Expenses that are not taxable for tax purposes | 4 | 17 | - | - |
| Deferred tax not recognised | - | 76 | - | - |
| Income not taxable for tax purposes | (2) | (3) | - | - |
| Chargeable gains | 42 | - | - | - |
| Fixed asset differences | 40 | 30 | - | - |
| Movement in deferred tax not recognised | (49) | 205 | - | - |
| Adjustment in respect of previous years | (53) | (7) | - | (7) |
| Losses claimed | (317) | (10) | - | (10) |
| Group relief | 332 | 10 | 11 | 10 |
| Current tax charge/(credit) for year attributable to the company and its subsidiaries | 264 | (17) | - | (17) |

## 9. Employee benefits expense

The company has an average of nil employees during the year (2022: nil). The average number of persons employed by the group (including Directors) during the year was 49 (2022: 45).

The aggregate payroll costs of these persons were as follows:

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Wages and salaries | 2,354 | 2,243 | - | - |
| Social security costs | 205 | 196 | - | - |
| Pension costs | 168 | 145 | - | - |
| | 2,727 | 2,584 | - | - |

No remuneration (2022: £nil) is paid to Directors or non-executive Directors of the parent company. No Directors (2022: nil) received remuneration from subsidiary companies, relative to serving on this company's Board.

## 10. Property, plant and equipment

| **2023** | **Right-of-use assets £'000** | **Leasehold Properties £'000** | **Infra-Structural Works £'000** | **Office Equipment & Furniture £'000** | **Total £'000** |
|---|---|---|---|---|---|
| **Group** | | | | | |
| *Cost or valuation* | | | | | |
| At beginning of year | 1,191 | 35,603 | 6,670 | 7,118 | 50,582 |
| Additions | 47 | - | - | 476 | 523 |
| Disposal | (48) | - | - | - | (48) |
| At end of year | 1,190 | 35,603 | 6,670 | 7,594 | 51,057 |
| *Depreciation* | | | | | |
| At beginning of year | (481) | (30,992) | (6,670) | (6,525) | (44,668) |
| Charge for year | (125) | (171) | - | (245) | (541) |
| Released on disposal | 38 | - | - | - | 38 |
| At end of year | (568) | (31,163) | (6,670) | (6,770) | (45,171) |
| Net book value | | | | | |
| At 31 December 2023 | **622** | **4,440** | **-** | **824** | **5,886** |
| At 31 December 2022 | **710** | **4,611** | **-** | **593** | **5,914** |

| **2022** | **Right-of-use assets £'000** | **Leasehold Properties £'000** | **Infra-Structural Works £'000** | **Office Equipment & Furniture £'000** | **Total £'000** |
|---|---|---|---|---|---|
| **Group** | | | | | |
| *Cost or valuation* | | | | | |
| At beginning of year | 1,189 | 35,603 | 6,670 | 6,856 | **50,318** |
| Additions | 2 | - | - | 262 | **264** |
| Disposal | - | - | - | - | **-** |
| At end of year | 1,191 | 35,603 | 6,670 | 7,118 | **50,582** |
| *Depreciation* | | | | | |
| At beginning of year | (358) | (30,804) | (6,670) | (6,239) | **(44,071)** |
| Charge for year | (123) | (188) | - | (286) | **(597)** |
| Released on disposal | - | - | - | - | **-** |
| At end of year | (481) | (30,992) | (6,670) | (6,525) | **(44,668)** |
| Net book value | | | | | |
| At 31 December 2022 | **710** | **4,611** | **-** | **593** | **5,914** |
| At 31 December 2021 | 831 | 4,799 | - | 617 | **6,247** |

Leasehold properties consist of heritable property constructed on land that is leased by a subsidiary company until 2117.

## 11. Lease obligations

### As a lessee

The Group has leases for several properties. With the exception of leases of low-value underlying assets, each lease is reflected in the Statement of Financial Position within Property, plant and equipment and Lease obligations.

Leases of properties have a remaining lease term ranging from 6 to 25 years. All lease payments are fixed and all lease contracts are non-cancellable. The Group does not sublet any of the properties under lease contract.

### Right-of-use assets

| | Consolidated Group 2023 £'000 | Parent Entity 2023 £'000 |
|---|---|---|
| Net book value at 1 January | 710 | - |
| Additions | 47 | - |
| Disposals | (48) | - |
| Depreciation charge for the year | (125) | - |
| Released on disposal | 38 | - |
| Net book value at 31 December | 622 | - |

### Right-of-use assets

| | Consolidated Group 2022 £'000 | Parent Entity 2022 £'000 |
|---|---|---|
| Net book value at 1 January | 831 | - |
| Additions | 2 | - |
| Disposals | - | - |
| Depreciation charge for the year | (123) | - |
| Released on disposal | - | - |
| Net book value at 31 December | 710 | - |

**11. Lease obligations (continued)**

Lease liabilities are presented in the statement of financial position as follows:

| **Analysed as:** | **Consolidated Group** | | **Parent Entity** | |
|---|---|---|---|---|
| | **2023 £'000** | **2022 £'000** | **2023 £'000** | **2022 £'000** |
| Current (note 16) | 123 | 115 | - | - |
| Non-current | 582 | 675 | - | - |

The lease liabilities are secured on the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 December is as follows:

| **Group** | **Within 1 year 2023 £'000** | **Between 2 and 5 years 2023 £'000** | **Over 5 years 2023 £'000** |
|---|---|---|---|
| Lease liability - properties | 123 | 582 | - |
| Net present value | 123 | 582 | - |

| **Group** | **Within 1 year 2022 £'000** | **Between 2 and 5 years 2022 £'000** | **Over 5 years 2022 £'000** |
|---|---|---|---|
| Lease liability - properties | 115 | 619 | 56 |
| Net present value | 115 | 619 | 56 |

The group has entered into a number of leases in relation to office accommodation, office equipment and motor vehicles. These 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.

## 12. Investment property

| | Investment property £'000 |
|---|---|
| **Group** | |
| *Valuation* | |
| At 1 January 2023 | 248 |
| Increase/(decrease) in fair value | - |
| **At 31 December 2023** | **248** |
| *Net book value* | |
| **At 31 December 2023** | **248** |
| **At 31 December 2022** | 248 |

An investment property owned by Parc Craigmillar Limited was valued at £247,934 at 31 December 2023 by an internal Chartered Surveyor on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in RICS Appraisal and Valuation Manual.

The value at the balance sheet date reflects the net realisable value of this property.

The related rental income recognised in the Statement of Profit or Loss was £nil (2022: £nil) along with direct operating expenses of £nil (2022: £nil).

The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the subsidiary company. The carrying value of this at the year-end is £nil (2022: £nil).

Under the fair value hierarchy in IFRS 13 – Fair Value Measurement, investment property is deemed a level 2. Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

## 13. Fixed asset investments

### Group

| | Associated Undertakings |
|---|---|
| *Post acquisition reserves* | **£'000** |
| At 1 January 2023 | 268 |
| Movement in provision | - |
| At 31 December 2023 | **268** |
| *Net book value* | |
| Loans to and share of net assets in associated undertakings | |
| At 31 December 2023 | **268** |
| At 31 December 2022 | 268 |

### Company

| | Shares in Group Undertakings £'000 | Loans to Group Undertakings £'000 | Total £'000 |
|---|---|---|---|
| *Shares and loans* | | | |
| At 1 January 2023 | 13,517 | 8,386 | 21,903 |
| Impairment movement | - | - | - |
| *Net book value* | | | |
| At 31 December 2023 | 13,517 | 8,386 | 21,903 |

The City of Edinburgh Council paid for convertible unsecured loan stock with a value of £45.298m on behalf of C.E.C. Holdings Limited. Further non-convertible unsecured loan stock was issued by Edinburgh International Conference Centre Limited to C.E.C. Holdings Limited, in exchange for funding provision of £8.386m. This was matched by the issue of non-convertible loan stock to The City of Edinburgh Council by C.E.C. Holdings Limited. Further details are provided in note 17.

## 13. Fixed asset investments (continued)

The principal companies in which the company's interest is more than 10% are as follows:

| Company | Principal Activity | Registered office and country of incorporation | Percentage of Share Capital Held |
|---|---|---|---|
| The EDI Group Limited | Property development and investment | Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland | 100% ordinary shares |
| Edinburgh International Conference Centre Limited | Conference centre operator | The Exchange, 150 Morrison Street, Edinburgh, EH3 8EE, Scotland | 100% preferred ordinary shares, 100% ordinary shares, 100% preference shares |
| Edinburgh International Conference Centre Hotels Limited | Letting and operating of conference and exhibition centres | The Exchange, 150 Morrison Street, Edinburgh, EH3 8EE, Scotland | 100% ordinary shares |
| Parc Craigmillar Limited | Regeneration | Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG, Scotland | 100% ordinary shares |
| New Laurieston (Glasgow) Limited (associate of the EDI Group Limited) | Property development | Miller House, 2 Lochside View, Edinburgh, EH12 9DH, Scotland | 45% ordinary shares |
| Caledonia Waterfront (Harbour Road) Limited (associate of The EDI Group Limited) | Property development and letting of properties | Caledonia House, Lawmoor Street, Glasgow, G5 0US, Scotland | 42.5% ordinary shares |

All companies where greater than 50% of the share capital is held have been consolidated.

Where 50% or less of the share capital is held, the companies have been consolidated using the equity accounting method.

In the case of New Laurieston (Glasgow) Limited, The EDI Group's share of losses exceed the value of its interest in the company, therefore no further losses have been recognised.

In the case of Caledonia Waterfront (Harbour Road) Limited, the investment is exempt from being consolidated using the equity accounting method. Instead, the investment is accounted for at cost less provision for permanent impairment in the financial statements. Caledonia Waterfront (Harbour Road) Limited was transferred from Waterfront Edinburgh Limited to The EDI Group Limited before the 2022 year-end.

During the prior year, the following investments were liquidated of which the company owed 100% of the share capital:

| | Principal Activity | Country of Registration | Percentage of Ordinary Share Capital Held |
|---|---|---|---|
| EDI Central Limited | Property development | Scotland | 100% |
| Shawfair Land Limited | Property development | Scotland | 100% |
| Parc Craigmillar Developments Limited | Property development | Scotland | 100% |
| Waterfront Edinburgh Limited | Property development | Scotland | 100% |
| EDI Market Street Limited | Property development | Scotland | 100% |
| EDI Fountainbridge Limited | Property development | Scotland | 100% |

## 14. Inventory

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Development properties and associated costs | 4,368 | 4,267 | - | - |

## 15. Trade and other receivables

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade receivables | 1,420 | 1,411 | - | - |
| Amounts owed by group & associated undertakings | 481 | 291 | - | - |
| Other receivables | 231 | 36 | 4 | 15 |
| Prepayments and accrued income | 275 | 321 | - | - |
| | 2,407 | 2,059 | 4 | 15 |
| **Non-current trade and other receivables** | | | | |
| Other receivables | - | - | 2,563 | 2,037 |
| | 2,407 | 2,059 | 2,567 | 2,052 |

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 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 31 December 2023 | 1,420 | 685 | 458 | 248 | 30 |
| At 31 December 2022 | 1,411 | 1,118 | 147 | 87 | 59 |

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.

## 16. Trade and other payables

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | | Restated | | |
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade and other payables | 658 | 606 | - | - |
| Amounts due to group & associated undertakings | 248 | 248 | - | - |
| Other payables | 810 | 685 | - | - |
| Current tax payable – group relief | 317 | - | - | - |
| Other taxation and social security | 696 | 499 | - | - |
| Accruals and deferred income | 4,419 | 3,215 | 27 | 26 |
| Lease obligations (note 11) | 123 | 115 | - | - |
| Capital grants (note 19) | 49 | 67 | - | - |
| | 7,320 | 5,435 | 27 | 26 |

## 17. Other financial liabilities

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | Restated 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Non-current | | | | |
| Convertible unsecured loan stock | 2,240 | 2,240 | - | - |
| Non-convertible unsecured loan stock | 2,562 | 2,037 | 8,073 | 7,547 |
| | 4,802 | 4,277 | 8,073 | 7,547 |

The group non-convertible unsecured loan stock is held by The City of Edinburgh Council, the company's parent undertaking. It bears no interest or the interest has been waived by the stockholder.

The parent entity non-convertible unsecured loan stock is held by CEC Holdings Limited with EICC Limited. It bears no interest or the interest has been waived by the stockholder.

The non-convertible unsecured loan stock has 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. The difference between the loan stock's amortised cost and its face value has been recognised in the income statement.

The convertible unsecured loan stock is held by The City of Edinburgh Council in The EDI Group Limited. It bears interest at a variable rate and was due to be repaid by 31 March 2018. The Council has agreed to the repayment being delayed and settled as part of the closure process against the transfer of land and buildings to the Council or in cash as assets are realised.

**Group**

| | Cost as at 31 December 2023 £'000 | Effective interest for the year ended 31 December 2023 £'000 |
|---|---|---|
| Convertible unsecured loan stock 2018 | 2,240 | 87 |
| | 2,240 | 87 |

The non-convertible unsecured loan stock is repayable as follows:

| Loan Stock | Effective Interest Rate % | Amortised cost as at 31 December 2023 £'000 | Effective interest for year ended 31 December 2023 £'000 |
|---|---|---|---|
| Non-Convertible Unsecured Loan Stock 2022 | 75 | 1,340 | - |
| Non-Convertible Unsecured Loan Stock 2023 | 75 | 868 | 372 |
| Non-Convertible Unsecured Loan Stock 2024 | 70 | 312 | 134 |
| Non-Convertible Unsecured Loan Stock 2025 | 75 | 42 | 18 |
| | | 2,562 | 524 |

## 17. Other financial liabilities (continued)

**Parent entity**
The non-convertible loan stock which is repayable in 2025 was issued to The City of Edinburgh Council by C.E.C. Holdings Limited and has a fair value of £8,386k matched by a corresponding investment of £8,386k in loan stock issued by Edinburgh International Conference Centre Limited. The loans have been recognised at a fair value of £8,073k (2022: £7,547k) after discounting the future cash flows using market interest rates of £313k (2022: £839k).

This investment is classified as 'Loans to group undertakings' within Fixed Asset Investments (see note 13) in the Company Statement of Financial Position. The remaining non-convertible loan stock, recognised at an amortised cost of £nil and with a total fair value of £59,438k, was issued directly to The City of Edinburgh Council by Edinburgh International Conference Centre Limited.

## 18. Provisions

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | | Restated | | |
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| *Remedial works* | | | | |
| Balance brought forward | 380 | - | - | - |
| Provision recognised in year | 10 | 380 | - | - |
| Provision released in year | - | - | - | - |
| Balance carried forward | 390 | 380 | - | - |
| *Infrastructure expenditure* | | | | |
| Balance brought forward | 330 | 1,108 | - | - |
| Provision recognised in year | - | 330 | - | - |
| Provision released in year | - | (1,108) | - | - |
| Balance carried forward | 330 | 330 | - | - |
| *Other* | | | | |
| Balance brought forward | - | - | - | - |
| Provision recognised in year | 150 | - | - | - |
| Provision released in year | - | - | - | - |
| Balance carried forward | 150 | - | - | - |
| *Repair costs* | | | | |
| Balance brought forward | 55 | - | - | - |
| Provision recognised in year | 8 | 55 | - | - |
| Provision released in year | (55) | - | - | - |
| Balance carried forward | 8 | 55 | - | - |
| Balance carried forward | 878 | 765 | - | - |

## 18. Provisions (continued)

*Infrastructure expenditure*
Provisions for infrastructure expenditure required for completed projects in Parc Craigmillar Limited has been provided for.

*Remedial works*
In the prior year it was agreed between the City of Edinburgh Council and Parc Craigmillar Limited, that Parc Craigmillar Limited would make a contribution of £380,000 to allow for remedial works to be carried out on roads within its historical scope.

A provision was recognised during the year for roof repairs on the investment property held by Parc Craigmillar Limited.

*Other*
During the year it was agreed between the City of Edinburgh Council and The EDI Group Limited, that The EDI Group Limited would make a contribution of £150,000 with regards to a previous lease held within the group.

*Repair costs*
Provisions recognised in the year relate to repair costs for plant and equipment.

## 19. Deferred income & capital grants

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Capital grants | 1,061 | 1,128 | - | - |
| Deferred income | 3,382 | 1,970 | - | - |
| | 4,443 | 3,098 | - | - |

The group has claimed capital grant funding from the Town Centre Regeneration Fund, made available by the Scottish Ministers. The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the group. The total amount of grants that have been received in respect of building construction and road works is as follows:

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Capital grants brought forward | 1,128 | 1,213 | - | - |
| Received during period | - | - | - | - |
| Released during period | (67) | (85) | - | - |
| Capital grants carried forward | 1,061 | 1,128 | - | - |
| Analysed as follows: | | | | |
| Current obligations | 49 | 67 | - | - |
| Non-current obligations | 1,012 | 1,061 | - | - |
| Capital grants carried forward | 1,061 | 1,128 | - | - |

## 19. Deferred income & capital grants (continued)

The group has deferred income in relation to advance deposits received in respect of events which are due to take place after the year-end.

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Balance brought forward | 1,970 | 2,191 | - | - |
| Deferred during the year | 3,126 | 1,483 | - | - |
| Income released to profit and loss | (1,714) | (1,704) | - | - |
| Deferred income carried forward | 3,382 | 1,970 | - | - |
| Analysed as follows: | | | | |
| Current obligations (included within note 16) | 3,095 | 1,749 | | |
| Non-current obligations | 287 | 221 | - | - |
| Deferred income carried forward | 3,382 | 1,970 | - | - |

## 20. Cash and cash equivalents

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Cash at bank and in hand | 11,269 | 9,895 | 22 | 57 |

## 21. Cash on deposit

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Cash on deposit | 5,000 | 3,000 | - | - |

Cash on deposit earns interest at a fixed rate. The fair value of the fixed deposit investments is £5,000,000. (2022: £3,000,000).

## 22. Contributed equity

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| *Allotted, called up and fully paid* | | | | |
| Ordinary shares of £1 each | 3,000 | 3,000 | 3,000 | 3,000 |

The ordinary shares of £1 each carry one vote per share and participate in profits available for dividend pro rata.

## 23. Reserves

| **Group** | **Capital Contribution £'000** | **Retained earnings £'000** |
|---|---|---|
| At 1 January 2022 | 67,050 | (55,351) |
| Loss for the year - restated | - | (1,746) |
| Net movement on recognition of loans | 264 | - |
| At 1 January 2023 | 67,314 | (57,097) |
| Profit for the year | - | 873 |
| Net movement on recognition of loans | 475 | - |
| At 31 December 2023 | 67,789 | (56,224) |

| **Company** | **Capital Contribution £'000** | **Retained earnings £'000** |
|---|---|---|
| At 1 January 2022 | 12,523 | 951 |
| Loss for the year | - | (35) |
| At 1 January 2023 | 12,523 | 916 |
| Loss for the year | - | (47) |
| At 31 December 2023 | 12,523 | 869 |

The capital contribution reserve represents the excess of the fair value over the amount paid for shareholdings and loan stock either gifted or sold to the group.

## 24. Pension commitments

Edinburgh International Conference Centre Limited operates a defined contribution scheme for its employees. The assets of this scheme are held separately from those of the group in an independently administered fund.

The total amount paid to the scheme during the year totals £167,863 (2022: £145,199).

The unpaid contributions outstanding at the year end, included in other payables, amount to £7,583 (2022: £2,700).

## 25. Capital commitments

At the year-end, EICC Limited had contracted to purchase plant and equipment amounting to £nil (2022: £125,481).

EICC Hotels Limited has entered into a contractual commitment to sub lease the hotel on a long term basis in addition entering in to a franchise agreement with Hyatt International LLC on an similar long term contract. These commitments will commence on the opening of the hotel which is scheduled for early 2026.

## 26. Related party transactions

| Related Party | Relationship | Group Company | Nature of Transaction | Value of transactions during year | Amount owed from/(to) at year end |
|---|---|---|---|---|---|
| | | | | 2023 £'000 | 2023 £'000 |
| City of Edinburgh Council | Ultimate holding organisation | EICC | Loan stock | (476) | (9,476) |
| | | | Capital expenditure reimbursement | 476 | 476 |
| | | | Funding received | 264 | 106 |
| | | EDI Group | Loan stock | - | (2,240) |
| | | | Staff recharge | (100) | (85) |
| | | | Interest on loan | (87) | (91) |
| | | Parc Craigmillar | Loan for infrastructure works | - | (248) |
| | | C.E.C Holdings Limited | Unsecured loan notes | 524 | (8,073) |
| Edinburgh Trams Limited | Common ultimate holding organisation | EICC | Group tax relief | (317) | (317) |
| Parc Craigmillar Limited | Subsidiary | The EDI Group Ltd | Amounts due from/(to) group undertaking | - | (4,106,213) |
| Parc Craigmillar Limited | Subsidiary | The EDI Group Ltd | Group tax relief | 34,477 | 34,477 |

## 27. Ultimate parent undertaking

The company is a subsidiary undertaking of the City of Edinburgh Council. Their accounts are available from the Director of Finance, Waverley Court, Edinburgh EH8 8BG.

## 28. Financial Instruments and Risk Management

The main purpose of non-derivative financial instruments is in respect to the group's trading activities and to raise finance for group operations. The group does not have any derivative instruments at 31 December 2023.

The group has the following categories of financial instruments at the balance sheet date.

| | Consolidated group | | Parent Entity | |
|---|---|---|---|---|
| | | Restated | | Restated |
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Financial assets | | | | |
| Financial assets measured at amortised cost | 18,401 | 14,633 | 2,589 | 2,109 |

| | | Restated | | Restated |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | 9,717 | 8,508 | 8,100 | 7,573 |

## 28. Financial Instruments and Risk Management (continued)

Financial assets measured at amortised cost comprise cash at bank and in hand, trade receivables, accrued income, other receivables (excluding VAT receivable balances, tax receivables and prepayments).

Financial liabilities measured at amortised cost comprise trade payables, accruals, provisions and other payables (excluding VAT payable balances, tax payables and deferred income).

**Capital risk management**

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 borrowings and cash equivalents. The Directors are closely involved in the running of the group and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

**Risk management objectives**

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

**Treasury risk management**

The Board of Directors meet on a regular basis to analyse interest rate exposures and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

**Financial risk exposures and management**

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

**a. 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 group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date in respect of 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 managed on a group basis and reviewed regularly by the Board of Directors. It arises from exposure to customers and amounts owed by group undertakings.

The Board of Directors monitor credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and institutions with an acceptable credit rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

The credit risk for all counter parties included in trade and other receivables at 31 December 2023 is not rated.

## 28. Financial Instruments and Risk Management (continued)

### b. Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- ensuring that adequate unutilised borrowing facilities are maintained.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows reflects the earliest contractual settlement dates.

### c. Market risk

Market risk is the risk that the value of sites and properties under development may fall resulting in potential losses upon disposal or sale of each site or property. Also included in market risk is interest rate risk, which is the risk that the expected receipts from deposits may fluctuate due to market conditions. The group monitors this risk but it is very unlikely to affect the group's overall liquidity.

### d. Fair values

The Directors consider that the carrying value of all the group's financial assets and liabilities approximate their fair values at the balance sheet date.

In The EDI Group Limited, each asset and liability is valued to reflect its net recoverable value in line with the closure strategy in the Strategic Report.

The Directors therefore consider that the risk in relation to financial instruments at fair value is low.

## 29. Movements in financing liabilities arising from financing activities

| **Group** | **Convertible unsecured loan stock £'000** | **Non-convertible unsecured loan stock £'000** | **Total £'000** |
|---|---|---|---|
| At 1 January 2023 | 2,240 | 2,038 | 4,278 |
| Cash flows | | | |
| Movement in loan stock borrowings | - | - | - |
| Non cash flow borrowings | | | |
| Effective interest on loan stock balances | - | 524 | 524 |
| Movement in ageing profile of other financial liabilities | - | - | - |
| At 31 December 2023 | 2,240 | 2,562 | 4,802 |

## 29. Movements in financing liabilities arising from financing activities (continued)

| **Group** | **Convertible unsecured loan stock £'000** | **Non-convertible unsecured loan stock £'000** | **Total £'000** |
|---|---|---|---|
| At 1 January 2022 | 3,005 | 399 | 3,404 |
| <u>Cash flows</u> | | | |
| Movement in loan stock borrowings | | - | - |
| <u>Non cash flow borrowings</u> | | | |
| Effective interest on loan stock balances | - | 873 | 873 |
| Movement in ageing profile of other financial liabilities | (765) | 765 | - |
| At 31 December 2022 | 2,240 | 2,037 | 4,277 |

| **Parent Entity** | **Convertible unsecured loan stock £'000** | **Non-convertible unsecured loan stock £'000** | **Total £'000** |
|---|---|---|---|
| At 1 January 2023 | - | 7,547 | 7,547 |
| <u>Cash flows</u> | | | |
| Movement in loan stock borrowings | - | - | - |
| <u>Non cash flow borrowings</u> | | | |
| Effective interest on loan stock balances | - | 526 | 526 |
| Movement in ageing profile of other financial liabilities | - | - | - |
| At 31 December 2023 | - | 8,073 | 8,073 |

| **Parent Entity** | **Convertible unsecured loan stock £'000** | **Non-convertible unsecured loan stock £'000** | **Total £'000** |
|---|---|---|---|
| At 1 January 2022 | 765 | 5,910 | 6,675 |
| <u>Cash flows</u> | | | |
| Movement in loan stock borrowings | - | - | - |
| <u>Non cash flow borrowings</u> | | | |
| Effective interest on loan stock balances | - | 872 | 872 |
| Movement in ageing profile of other financial liabilities | (765) | 765 | - |
| At 31 December 2022 | - | 7,547 | 7,547 |

## 30. Prior year restatement

A prior year restatement has been processed in Parc Craigmillar Limited to recognise a non-current provision totalling £330k in the Statement of Financial Position with a corresponding write-off through cost of sales in the Statement of profit or loss. The restatement has increased the group's reported loss in the prior year by £330k.

A prior year reclassification has been processed in The EDI Group Limited to reallocate convertible unsecured loan stock totalling £2,240k from current to non-current liabilities in the Statement of Financial Position. The loan stock will be repaid as part of the company's winding up process which is not expected to take place within the next 12 months.

A prior year reclassification has been processed in Parc Craigmillar Limited to reallocate provisions totalling £710k from current to non-current liabilities in the Statement of Financial Position. A prior year reclassification has therefore been processed in the consolidated figures of CEC Holding's Limited to reallocate provisions totalling £765k from current to non-current liabilities.

## 31. Post balance sheet events

In The EDI Group Limited, the sale of land at Brunstane West was agreed in February 2024 and is due to complete in July 2024, while land at Brunstane East is currently being marketed.

On the 18th June 2024, the Board of C. E. C. Holdings Limited agreed to acquire The EDI Group Limited's 42.5% interest in Caledonia Waterfront (Harbour Road) Limited for £267,903.