PARC CRAIGMILLAR LIMITED

Directors' report and Financial Statements

For the year ended 31 December 2014

Registered Number SC234777

PARC CRAIGMILLAR LIMITED

Financial Statements

Year Ended 31 December 2014

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Officers and Professional Advisers

For the year ended 31 December 2014

The Board of Directors	F Ross G Munro J Rust E W Adair D Benson H Rutherford J Watt N L Davies
Registered Office	7-9 North St David Street Edinburgh EH2 1AW
Auditor	Scott-Moncrieff Chartered Accountants & Statutory Auditor Exchange Place 3 Semple Street Edinburgh EH3 8BL

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

Principal activities and business review

The company is principally engaged in carrying out property development and investment in line with regeneration strategy of the City of Edinburgh Council. The main focus is on the Craigmillar district of Edinburgh and a business plan has been developed to create new homes both for private ownership and for rent, new schools, a new town centre and new public parks and community facilities.

On 5 June 2014 the City of Edinburgh Council as the ultimate parent entity approved a restructuring of its property companies such that The EDI Group Limited will be reconstituted as the main property company held under CEC Holdings Limited with the City of Edinburgh Council remaining the ultimate parent company. From that date Parc Craigmillar Ltd became a wholly owned subsidiary of the EDI Group Ltd.

We are delighted that our masterplan for the Craigmillar town centre received minded-to-grant consent in December. We have already moved on to implementation and deals are in place with two major retailers to anchor the new retail parade which will in turn support the creation of a new town square. We also completed the sale of the former Niddrie Mill Primary School and further land sales for new homes in the town centre are expected in 2015. Overall a significant programme of new development is now underway contributing towards the regeneration goals for the area.

Results and dividends

The total comprehensive loss for the year amounted to £451,728 (2013: £545,273). The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

F Ross
G Munro
J Rust (appointed 18 June 2014)
E Adair
N Davies
M Bridgman (resigned 26 May 2014)
G Munro
T Tweed (resigned 29 September 2014)
D Benson (appointed 18 June 2014)
H Rutherford (appointed 18 June 2014
J Watt (appointed 18 June 2014)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Scott-Moncrieff are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the directors

E Adair

Director

Approved by the directors on 15th April 2015

Independent Auditor's Report to the Members of Parc Craigmillar Limited

We have audited the financial statements of Parc Craigmillar Limited for the year ended 31 December 2014 which comprise of the statement of profit or loss and comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report; or
- the auditors were not exempt from the requirement to prepare a strategic report.

Nick Bennett

Nick Bennett, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

16 April 2015

PARC CRAIGMILLAR LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 £	2013 £
Revenue	4	305,000	359,990
Cost of sales		(123,005)	(365,011)
Work in progress written off		(569,844)	(23,787)
Gross Loss		(387,849)	(28,808)
Government grant release	19	228,634	228,634
Administrative expenses		(621,001)	(709,791)
Operating Loss		(780,216)	(509,965)
Other income		113,576	94,214
Decrease in fair value of investment property		-	(275,858)
Loss Before Interest and Tax		(666,640)	(691,609)
Finance income	7	1,815	4,648
Finance cost	8	(10,716)	(10,676)
Loss before tax		(675,541)	(697,637)
Corporation tax	9	194,336	145,972
Loss for the year		(481,205)	(551,665)

Other Comprehensive Income **Items that will be reclassified subsequently to profit or loss**	2014 £	2013 £
Increase in fair value of available for sale financial assets	29,477	6,392
	29,477	6,392
Tax relating to items that will be reclassified		-
Other Comprehensive Income	29,477	6,392
Total Comprehensive Loss	(451,728)	(545,273)

The accompanying notes on pages 11 to 24 form part of these financial statements

PARC CRAIGMILLAR LIMITED

Statement of Changes in Equity

For the year ended 31 December 2014

	Issued Capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	8,000,100	(6,536,484)	1,463,616
Loss for the year	-	(481,205)	(481,205)
Other comprehensive income	-	29,477	29,477
Total comprehensive loss	-	(451,728)	(451,728)
Balance at 31 December 2014	8,000,100	(6,988,212)	1,011,888

	Issued Capital £	Retained earnings £	Total equity £
Balance at 1 January 2013	8,000,100	(5,991,211)	2,008,889
Loss for the year	-	(551,665)	(551,665)
Other comprehensive income	-	6,392	6,392
Total comprehensive loss	-	(545,273)	(545,273)
Balance at 31 December 2013	8,000,100	(6,536,484)	1,463,616

The retained earnings reserve represents profits and losses retained in the current and previous periods.

The accompanying notes on pages 11 to 24 form part of these financial statements

PARC CRAIGMILLAR LIMITED

Statement of Financial Position

As at 31 December 2014

	Notes	2014 £	2013 £
ASSETS			
Non Current Assets			
Investment property	10	-	-
Investments	11	100	200
Available for sale financial assets	11	794,069	820,830
		794,169	821,030
Current Assets			
Inventories	12	3,507,709	3,670,241
Trade and other receivables	13	1,270,852	997,755
Cash and cash equivalents	14	341,826	878,121
		5,120,387	5,546,117
TOTAL ASSETS		5,914,556	6,367,147
EQUITY			
Issued Capital and Reserves			
Issued share capital	17	8,000,100	8,000,100
Retained profits		(6,988,212)	(6,536,484)
Total Equity		1,011,888	1,463,616
Non Current Liabilities			
Deferred income	19	1,240,473	1,469,107
Current Liabilities			
Trade and other payables	18	3,444,859	3,217,088
Provisions	20	217,336	217,336
TOTAL EQUITY AND LIABILITIES		5,914,556	6,367,147

The financial statements were approved and authorised for issue by the Board of directors on 15th April 2015 and signed on its behalf by

E W Adair, Director

F Ross, Director

Company registration number: SC234777

The accompanying notes on pages 11 to 24 form part of these financial statements

PARC CRAIGMILLAR LIMITED

Statement of Cash Flows

For the year ended 31 December 2014

	2014 £	2013 £
Cash Flows from Operating Activities		
Loss before tax	(675,541)	(697,637)
Adjustments for:		
Decrease in fair value of investment property	-	275,858
Interest received	(1,815)	(4,648)
Interest paid	10,716	10,676
Other income	(113,576)	(94,214)
Operating loss	(780,216)	(509,965)
Decrease in inventories	162,532	35,197
Increase/(decrease) in trade and other receivables (excl. tax)	(78,761)	135,662
Decrease in trade and other payables (excl. tax)	(18,371)	(442,478)
Government grant release	(228,634)	(228,634)
Cash generated from operations	(943,450)	(1,010,218)
Other income	113,576	94,214
Income tax – group relief received	-	466,126
Interest received	1,815	4,648
Interest paid	(10,716)	(10,676)
Net Cash Flows from Operating Activities	(838,775)	(455,906)
Cash Flows from Investing Activities		
Additions to investment property	-	(50,858)
Acquisition of investments available for sale financial assets	-	(90,000)
Sale of investments available for sale financial assets	56,338	22,000
Net Cash Flows used in Investing Activities	56,338	(118,858)
Cash Flows from Financing Activities		
Loans from related parties	246,142	359,874
Repayment of borrowings	-	(113,728)
Net Cash Flows from Financing Activities	246,142	246,146
Net decrease in cash and cash equivalents	(536,295)	(328,618)
Cash and cash equivalents as at 1 January 2014	878,121	1,206,739
Cash and cash equivalents as at 31 December 2014	341,826	878,121

The accompanying notes on pages 11 to 24 form part of these financial statements

1. Presentation of financial statements

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

Standards issued but not yet effective

There are standards which have been issued but are not yet effective at the date of issuance of the Parc Craigmillar Limited financial statements which the directors reasonably expect to be applicable at a future date. The intention is to adopt these standards when they become effective but early adoption has not been undertaken:

IFRS 13, 'Fair value measurement', is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2015.

IAS 40, 'Investment property', is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2015.

At the time of issuance of the Parc Craigmillar Limited financial statements, the following amendments and improvements had been published but were not incorporated as they were not in force and not endorsed for use in the EU:

IFRS 5, IFRS 7, IFRS 9, IFRS 12, IFRS 15, IAS 1, IAS 24, IAS 27 and IAS 39

IFRS 9, 'Financial Instruments' will make it mandatory for entities to categorise all financial instruments into two categories based on their measurement, namely financial instruments at fair value through profit and loss or financial instruments at amortised cost. This will affect the current disclosure relating to Parc Craigmillar Limited's available-for-sale financial assets, a category that has now been removed by the amendment. The financial assets will remain held at fair value with movements being taken to profit-and-loss.

Aside from IFRS 9, the directors do not expect that the adoption of these standards and interpretations in future reporting periods will have a material impact on the company's financial statements.

2. Going concern

The company prepares rolling three year business plans which include detailed cashflow projections. Having reviewed these and received assurance of support from the parent company, The EDI Group Ltd, the Directors have concluded that it is appropriate that the financial statements are prepared on the going concern basis.

3. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with UK companies' legislation, as applicable to companies reporting under IFRS. These financial statements therefore comply with IFRS as adopted by the EU.

The principal accounting policies adopted to prepare the financial statements are set out below.

Critical accounting estimates and sources of estimation uncertainty

In applying the accounting policies, the directors may at times, require 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.

The directors consider that there are no accounting estimates that have been made, or sources of uncertainty in the current year or prior year that would have a material effect on these financial statements.

Revenue recognition

Revenue is measured at the fair value of consideration received from income from the company's ordinary business 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 collectability is probable.

Revenue from property sales are recognised upon legal completion.

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

Consolidation

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group accounts on the basis that it is wholly owned by The EDI Group Limited, and that company prepares consolidated financial statements which are publicly available.

3. Accounting policies (continued)

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 company 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.

Cash and cash equivalents

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

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.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost.

Investment property

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is initially measured at fair value and subsequently revalued annually to its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Investments

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

3. Accounting policies (continued)

Available for sale financial assets

Available for sale assets arise when the company sells a property under a shared equity scheme and represents a percentage of the value of the property sold.

Available for sale financial assets are initially measured at fair value and subsequently revalued annually at its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of available for sale financial assets are included in net profit or loss for the period in which they arise.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3. Accounting policies (continued)

Inventories

Properties in the course of development or major refurbishment are stated in the financial statements at the lower of cost and net realisable value.

In the case of community assets, being either public buildings or public facilities or infrastructure works constructed by the company as part of the regeneration process, work in progress is written off on the earlier of completion or transfer of ownership to the City of Edinburgh Council.

Interest incurred during the construction and development phase on development loans for this specific purpose is capitalised as part of the cost of work in progress. All other interest is charged to the profit and loss account. Overheads and administration costs are written off in the year in which they are incurred.

The directors consider all work-in-progress to be current in nature however due to the activities of the company, it is possible that they will not be realised within 12 months due to external factors such as customer demand and market activity.

Grants receivable

Grants are accounted for by the company when receivable.

Grants receivable in respect of contributions to fixed assets in course of construction and property development work in progress costs are credited to deferred income.

Where grants are given for a specific purpose they are released to the profit and loss account to match the cost of completed project.

Provisions

Provisions are recognised when the 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.

Provisions at the year-end relate to infrastructure works at sites, currently held within inventories, where temporary water connections were granted with the condition that infrastructure works were subsequently completed by the company.

4. Revenue

An analysis of revenue is as follows:

	2014 £	2013 £
Property Sales	305,000	359,990
	305,000	359,990

5. Directors

No directors received emoluments from PARC Craigmillar Limited in the year or the previous year. There were no other transactions with directors in the year.

6. Auditor's remuneration

During the year the following fees for audit services were paid to the company's auditor:

	2014	2013
	£	£
Fees payable to the company's auditor for audit services	5,500	3,000
Fees payable to the company's auditor for other services	600	600

7. Finance income

	2014	2013
	£	£
Interest receivable	1,815	4,648
	1,815	4,648

8. Finance costs

	2014	2013
	£	£
Other interest payable	10,716	10,676
	10,716	10,676

9. Corporation tax

(a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
Current tax credit	(194,336)	(146,031)
Adjustments in respect of previous periods - corporation tax	-	59
	(194,336)	(145,972)

9. Corporation tax (continued)

(b) Factors affecting tax credit in the year

The tax assessed for the year is different from that calculated using the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014	2013
	£	£
Loss on ordinary activities before tax	(657,541)	(697,637)
Loss on ordinary activities multiplied by standard rate of corporation tax of 21.49% (2013: 23.25%)	(145,195)	(162,177)
Effects of:		
Fixed asset differences	(49,141)	-
Expenses not deductible for tax purposes	-	69,296
Income not taxable for tax purposes	-	(53,150)
Adjustment to tax charge in respect of previous period	-	59
Current tax credit in the year	(194,336)	145,972

(c) Factors affecting future tax charges

The company has a deferred tax asset of £245,234 (2013: £245,234) in respect of tax losses carried forward. This asset has not been recognised in the financial statements and is recoverable against future taxable trading profits.

The company also has a deferred tax asset of £248,095 (2013: £nil) in respect of fixed assets, which has not been recognised in the financial statements.

10. Investment property

	Investment property £
Cost	
At 1 January 2014 and 31 December 2014	-
Depreciation	
At 1 January 2014 and 31 December 2014	-
Net book value	
At 31 December 2014	-
At 31 December 2013	-

Investment property at 31 December 2014 was valued in January 2015 by GVA on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in the RICS Appraisal and Valuation Manual.

The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the company. The carrying value of this at the year-end is £nil. (2013:£nil)

The related rental income recognised in the income statement during the year was £45,000 (2013: £16,603) along with direct operating expenses of £60,000 (2013: £45,506).

11. Investments

	Investments	Available for sale financial assets	Total
	£	£	£
Cost			
At 1 January 2014	200	820,830	821,030
Additions	–		
Disposals	(100)	(56,238)	(56,338)
Increase in fair value	–	29,477	29,477
At 31 December 2014	100	794,069	794,169
Net book value			
At 31 December 2014	100	794,069	794,169
At 31 December 2013	200	820,830	821,030

The company owns 100% of the share capital of Parc Craigmillar Developments Limited, a company registered in Scotland, which acts as the contracting arm for the company with regards to the building contractors and design team.

Parc Craigmillar Developments Limited made a loss of £2,850 (2013: £2,338) for the year ended 31 December 2014 and its aggregate capital and reserves at 31 December 2014 amounted to £20,890 (2013 : £23,740)

The company also owned 100% of the share capital of Parc Whitehouse Limited, a company registered in Scotland. This company was dissolved in 2014.

The company has retained an interest of up to 25% in certain residential development properties which were sold in the year under a shared equity scheme. These assets are disclosed as 'Available for sale financial assets'.

The company has taken advantage of the exemption not to prepare consolidated financial statements on the basis that the parent, The EDI Group Limited, prepares consolidated financial statements which are available for public use and comply with International Financial Reporting Standards. Details of the company's ownership and access to financial statements are given in note 15.

12. Inventories

	2014	2013
	£	£
Property under development	3,507,709	3,670,241

No interest has been capitalised within the value of work in progress at the balance sheet date (2013: £nil).

13. Trade and other receivables

	2014	2013
	£	£
Receivable from trade customers	83,691	33,012
Amounts owed by group undertakings	1,972	1,972
Other receivables	1,067,141	828,228
Prepayments	118,048	134,543
	1,270,852	997,755

14. Cash and cash equivalents

	2014	2013
	£	£
Cash on hand	341,826	878,121

15. Related party transactions

The company is a wholly owned subsidiary of The EDI Group Limited having previously been a joint venture company owned equally by the EDI Group Limited and CEC Holdings Limited; The EDI Group Limited is registered in Scotland. The financial statements of the parent undertaking is available at their registered offices. The ultimate controlling party is the City of Edinburgh Council.

During the year the company was recharged management and development costs of £465,189 (2013: £520,628) by The EDI Group Limited.

At the balance sheet date there was an amount of £1,467,843 (2013: £1,471,684) owed to The EDI Group Limited.

During the year the company was charged construction services of £538,871 (2013: £480,914) by Parc Craigmillar Developments Limited. At the balance sheet date the company owed £677,348 (2013: £710,970) to Parc Craigmillar Developments Limited.

At the balance sheet date the company owed £1,214,297 (2013: £968,156) to the City of Edinburgh Council in respect of loans to finance infrastructure works.

At the balance sheet date the company was owed £9,082 (2013: £9,082) by other group undertakings.

During the year the company carried out repair works for Buredi Limited, a joint venture company 50% owned by its parent company the EDI Group Limited, totalling £4,438 (2013 £nil). These transactions were written off at the year end.

16. Financial commitments

At the balance sheet date the company had contractual commitments of £Nil (2013: £170,163).

17. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	**£**	**No**	**£**
'A' Ordinary shares of £1 each	50	50	50	50
'B' Ordinary shares of £1 each	50	50	50	50
Preference shares of £1 each	8,000,000	8,000,000	8,000,000	8,000,000
	8,000,100	8,000,100	8,000,100	8,000,100

The company passed a special resolution in October 2010 for the conversion to preference shares of debt owed to The EDI Group Limited. 8,000,000 preference shares of £1 each were allotted.

A cumulative, preferential dividend at the annual rate of 7% of the nominal value per preference share is payable to the preference shareholder. However, liability for payment of the preference dividend, and/or any arrears of the preference dividend is entirely contingent on the company declaring and paying dividends and does not otherwise constitute a debt due by the company. Consequently no amount for the period ending 31 December 2014 has been recognised in the financial statements.

18. Trade and other payables

	2014	2013
	£	£
Payable to trade suppliers	16,107	36,910
Corporation tax payable	852	852
Accrued liabilities	65,210	28,416
Other payables	3,200	-
Amounts due to group undertakings	3,359,490	3,150,910
	3,444,859	3,217,088

19. Deferred income

	2014	2013
	£	£
Balance brought forward	1,469,107	1,697,741
Grants receivable for the year	-	-
Grants released to profit and loss account	(228,634)	(228,634)
Balance carried forward	1,240,473	1,469,107

20. Provisions

	2014 £	2013 £
Balance brought forward	217,336	217,336
Increase in provision for the year	-	-
Decrease in provisions for the year	-	-
Balance carried forward	217,336	217,336

The company has recognised a provision for future infrastructure expenditure required for a project which is now complete. A provision was recognised in 2012 relating to section 69 and infrastructure obligations for a site that was sold during that year.

21. Contingent Liabilities

During the year ended 31 December 2013, Parc Craigmillar Limited began to lease out its investment property and paid a lease incentive payment to assist the tenant, Community Alliance Trust Limited, with the rental payments in the first two years of the lease. Included in the lease terms and conditions is an agreement for Parc Craigmillar Limited to pay a further £150,000 in lease incentive payments after two years should Community Alliance Trust Limited meet certain performance conditions. Half of this payment (£75,000) is scheduled to be made in August 2015 but is dependent upon Community Alliance Trust Limited settling their outstanding rental income balance.

Should the second lease incentive payment take place, Parc Craigmillar Limited will also have to make further payments totalling £74,690 over the four years after the fifth anniversary of the lease.

22. Financial instruments and risk management

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

	2014 £	2013 £
Financial assets		
Loans and receivables		
- Trade and other receivables	1,076,516	997,755
- Cash and cash equivalents	341,826	878,121
- Available for sale financial assets	794,069	820,830
	2,212,441	2,696,706

	2014 £	2013 £
Financial liabilities		
Financial liabilities measured at amortised cost		
- Trade and other payables	3,444,859	3,217,088
- Deferred income	1,240,473	1,469,107
	4,685,332	4,686,195

22. Financial instruments and risk management (continued)

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 cash equivalents. The directors are closely involved in the running of the company 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 company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

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

Market risk
Market risk is the risk that the value of the company's properties and sites under development may fall resulting in further write-offs to the income statement. The company manages this risk by carrying out sensitivity analysis for fluctuations in the property market. 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 company monitors this risk but it is very unlikely to affect the company's overall liquidity.

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

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

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

- 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; and
- Customers that do not meet the company's credit policies may only purchase in cash or using recognised credit cards.

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

- Preparing forward looking cash flow analysis; and
- Ensuring that adequate unutilised borrowing facilities are maintained.

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

The company does not hold any financial instruments that are classified as fair value through the profit or loss or available for sale and therefore are measured at fair value.