

**EDINBURGH FORTH SIDE DEVELOPMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2019**  
**Registered number: SC321461**



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**EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**EDINBURGH FORTH SIDE DEVELOPMENTS LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

C.G. Hammond  
C.J. Cran

**COMPANY SECRETARY**

Pamela Smyth

**REGISTERED OFFICE**

1 Prince of Wales Dock  
Edinburgh  
EH6 7DX

**INDEPENDENT AUDITOR**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow  
United Kingdom  
G1 3BX

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of Edinburgh Forthside Developments Limited (registered number SC321461) for the year ended 31 December 2019. This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006. No strategic report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

#### **Principal Activities and Future Developments**

The Company is owned by Edinburgh Forthside Holdings Limited (which is a 100% subsidiary of Forth Ports Limited) and is a private company limited by shares and domiciled in Scotland. The Company's principal activity is property development. During the year, the Company continued to develop its land holding at Western Harbour.

#### **Principal Risks and Uncertainties**

The Directors of Forth Ports Limited manage the Group's risks at a group level, rather than at an individual Company level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Edinburgh Forthside Developments Limited's business. The principal risks and uncertainties of the Forth Ports Limited Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report, but is publicly available, as disclosed in Note 12.

The Directors have considered the implications from the on-going discussions regarding the UK's exit from the European Union. At this time they believe any outcome would have a limited impact on the Company due to the development land held within the company. Consideration of the unprecedented uncertainty due to the global COVID-19 pandemic on the Company and the Group is considered on page 3.

#### **Financial and Capital Risk Management**

##### **Liquidity Risk**

All financing arrangements are subjected to continuous management review to ensure that the company will have sufficient resources and available funds to satisfy financial obligations as and when they fall due.

##### **Credit Risk**

All contractual arrangements are subject to an initial assessment of credit risk. Subsequent to contract, continuous management review identifies where credit obligations have not been met, or are at risk of not being met. This management review also identifies and monitors the appropriate actions to be taken with a view to enforcing the Company's rights under contract.

##### **Market Risk**

The overall objective of the Company is to secure shareholder value through the effective management and development of property assets, including acquisitions and disposals, over the long-term. Key market variables which affect this outcome include; property sales value and forecast growth, construction costs and forecast inflation, along with general macro-economic factors such as interest rates and property yields.

The impact of potential interest rate movements on costs of specific developments are monitored continuously, and consideration given to hedging interest rate risk. Assumptions on other key market variables are tested regularly, and the carrying values of the assets are re-assessed to reflect any changes which are thought likely to affect the market value at the expected point of disposal.

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Capital Risk Management**

The Directors of Forth Ports Limited manage the Group's capital risk at a group level. Their policies are discussed within the Group's annual report which does not form part of this report.

#### **Results and Dividend**

The loss for the year after taxation amounted to £279k (2018 – £235k). No dividends were paid in 2019 or 2018. The Directors propose that the loss for the year be transferred from reserves.

#### **Going Concern and Liquidity**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support provided by the Company's intermediate parent company, Forth Ports Limited, with the Group's facilities, liquidity and assessment summarised below.

To fund the completion of the expansion of Tilbury2 and other investment opportunities assumed in the Group's strategic five year plan, the Group successfully completed a further issuance to the Private Placement market during 2019, raising an additional £300m of loan notes (drawdown of £90m of which was deferred until July 2020). In addition to which, the bank facilities were refinanced for a further five years.

This takes the Group lending facilities to £905m, with the earliest maturity being £160m in December 2023. These facilities are a combination of £675m of US Private Placement Loan Notes which mature in 2023, 2026, 2029, 2031 and 2037 and £320m of bank facilities consisting of a term loan of £220m, a revolving credit facility of £95m and a £5m limit on the Group's overdraft and corporate credit card facilities, which mature in July 2024. In addition there are £30m of facilities relating to the National Housing Trust property developments at Harbour Gateway and Harbour Point.

The Group's current five year plan was approved by the Board of Directors in December 2019 and whilst this approval process was cognisant of the risks and opportunities that could impact the delivery of the plan it did not anticipate the potential effect of the COVID-19 pandemic. From the platform of a strong and stable level of trading in Q1 2020 and tight control over capital expenditure and discretionary spend, various sensitivities have been applied to the 2020 budget and forecasts with a central case which anticipates a severe downturn in Q2 (in line with current OBR forecasts) and modelled a deterioration in debtors' days with a level of recovery in the second half of the year, noting that it is anticipated that certain markets will take longer to return to normal levels.

In addition, forecasts were stress tested assuming a more dramatic and prolonged reduction in volumes and earnings; whilst the impact of COVID-19 is not yet clear, the modelling showed that the Group would remain profitable over the next 12 months and there is considerable headroom in lending facilities and covenants which underpins the going concern assumption on which these financial statements have been prepared. We will closely monitor cash conversion and covenants over this period and there are a number of mitigating actions including delay in capex spend and deferral of discretionary dividend payments within the control of the Group.

The Group also handles a broad spread of basic commodities in different areas for a large number of different customers. This breadth is important in meeting unexpected and serious levels of business disruption.

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Directors**

The Directors of the Company who were in office during the year, and up to the date of signing the financial statements, unless otherwise stated were:

C.G. Hammond

C.J. Cran

#### **Indemnification of Directors**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

#### **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 of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

## **EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED**

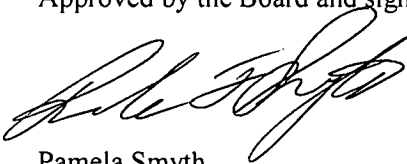
### **DIRECTORS' REPORT (continued)**

#### **Independent auditor and disclosure of information to auditor**

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P. Smyth', written over a horizontal line.

Pamela Smyth  
Company Secretary  
29 April 2020

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Edinburgh Forthside Developments Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 12.

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.

##### **Basis for opinion**

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



## **EDINBURGH FORTHSDIE DEVELOPMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF EDINBURGH FORTHSDIE DEVELOPMENTS LIMITED (continued)**

##### **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 respect of these matters.

##### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED (continued)**

**Report on other legal and regulatory requirements**

**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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**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.



Colin Gibson CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom

29 April 2020

**EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Revenue</b>	1	1	5
Cost of sales		(43)	(27)
<b>Gross loss</b>		(42)	(22)
Administrative expenses		(122)	(183)
<b>Operating loss</b>	2	(164)	(205)
Finance costs	3	(184)	(84)
<b>Loss before tax</b>		(348)	(289)
Tax on loss	5	69	54
<b>Loss for the year attributable to equity shareholders</b>		(279)	(235)

Results for the year are attributable solely to continuing operations.

The Company has no comprehensive income or expense other than those included in the Income Statement above and therefore no separate Statement of Comprehensive Income has been presented.

**EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax asset	8	-	4
		-	4
<b>Current assets</b>			
Inventories	6	3,261	2,027
Trade and other receivables	7	1	1
		3,262	2,028
<b>Total assets</b>		3,262	2,032
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	(3,776)	(2,267)
<b>Total liabilities</b>		(3,776)	(2,267)
<b>Total assets less total liabilities</b>		(514)	(235)
<b>EQUITY</b>			
Ordinary shares	10	0	0
Accumulated losses		(514)	(235)
<b>Total equity</b>		(514)	(235)

The financial statements on pages 9 to 20 were approved and authorised for issue by the Board of Directors on 29 April 2020 and signed on its behalf by:



C.J. Cran  
Director

**EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Ordinary Shares £000	Accumulated Loss £000	Total Equity £000
Balance at 1 January 2018	0	-	-
Loss for the year and total comprehensive expense	-	(235)	(235)
Balance at 31 December 2018	0	(235)	(235)
Loss for the year and total comprehensive expense	-	(279)	(279)
Balance at 31 December 2019	0	(514)	(514)

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

#### **Basis of Preparation**

The financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS") and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis, under the historical cost convention.

A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, if applicable.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### **Statement of Cashflows**

There were no cash movements for the Company as all transactions were settled using intercompany loans and current accounts and therefore no statement of cash flows is presented in these accounts.

#### **Risk Management**

The Company's financial and capital risk management objectives can be found in the Director's Report.

#### **Going Concern**

The Directors have adopted the going concern basis in preparing these financial statements after assessing the principal risks and having considered the impact of a severe but plausible downside scenario for COVID-19 at a Group level, as set out in the Directors' Report on page 3. After making appropriate enquiries, the Directors have concluded that the Group will be able to meet its financial obligations for the foreseeable future and therefore have a reasonable expectation that the Company and the Group overall have adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of these financial statements) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements due to the continued financial support of the parent company, Forth Ports Limited.

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **ACCOUNTING POLICIES (continued)**

#### **New Accounting Standards**

There are no amendments to published standards effective in the year nor any standards early adopted which have an impact on these financial statements, except for:

- IFRS 16: Leases (effective from 1 January 2019) – the Company has no leases, therefore there is no impact on these financial statements;
- IFRIC 23: Uncertainty over Income Tax Treatments (effective 1 January 2019) – this clarifies how the recognition and measurement requirements of IAS 12: Income Taxes are applied where there is uncertainty over tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37: Provisions, Contingent Liabilities and Contingent Assets, applies to the accounting for uncertain tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over whether the treatment will be accepted by a tax authority, for example, a decision to claim a deduction for a specific expense or not to include a specific item of income - this is consistent with the Company's existing accounting policy so no impact arising to recognition.

As at the date these financial statements were approved, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and (in some instances) had not yet been adopted by the EU:

- Amendments to IFRS 3 (effective 1 January 2020 \*) – this amendment revises the definition of a business with the aim of simplifying the definition;
- Amendments to IAS 1 and IAS 8 (effective 1 January 2020 \*) – these amendments result in (i) a consistent definition of materiality for use throughout IFRSs, (ii) a clarified explanation of the definition of materiality and (iii) incorporation of some guidance about immaterial information;
- Amendments to IFRS 9, IAS 39 and IFRS 7 (effective 1 January 2021 \*) – these amendments provide certain reliefs in connection with interest rate benchmark reform in relation to hedge accounting; and
- IFRS 17: Insurance Contracts (effective 1 January 2021 \*) – this standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

\* EU endorsement for these standards, amendments and interpretations had not yet been announced by the time of approval of these financial statements. These requirements are not available for early adoption until the completion of the endorsement process.

The Directors do not expect that the adoption of the Standards listed above will have an impact on the financial statements in future periods as IFRS16 treatment is expected to result in the same property rental revenue recognition.

## **EDINBURGH FORTHSDIE DEVELOPMENTS LIMITED**

### **ACCOUNTING POLICIES (continued)**

#### **Revenue Recognition**

Revenue represents the income earned from rental income and sale of property developments. Service related revenue is recorded at a point in time once the service has been provided. Revenue excludes value added tax. The excess of amounts invoiced, over income recognised, is included in deferred income.

Profits and losses arising on the sale of sites or completed developments are recognised when contracts for sale have been exchanged and all material conditions have been satisfied. The Board will have due regard to all the circumstances of any individual transaction in determining whether or not any conditions are material or have been satisfied and control has been transferred. The Board will have due regard to all the circumstances of any individual transaction in determining whether or not any conditions are material or have been satisfied.

Consideration is given to the collectability of any debt outstanding arising from the sale of sites or property developments and provisions are made where necessary. The need for such provisions is reviewed on a regular basis.

#### **Leases**

Assets leased out by the Company under leases are included within inventories in the Balance Sheet as the intention is to still develop the assets and realise value from a sale. Rental income (net of any incentives given to lessees) is recognised once the service has been provided.

#### **Inventories**

Property work in progress relates to expenditure on property development projects, land held for development and project work in progress and is included at cost less amounts which are deemed to be irrecoverable. Cost includes all direct expenditure and associated indirect costs. In determining whether the carrying value is at the lower of cost or net realisable value, a review is carried out on each individual development site at 31<sup>st</sup> December each year. The estimated sales receipts are assessed for each development as are the existing costs and the expected costs to complete (including sales costs) which are then compared with the carrying value. On completion, such assets are transferred to investment properties or sold to third parties.

#### **Trade Receivables**

Trade receivables and accrued property income are carried at original invoice amount less an allowance made for impairment of these receivables. The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime Expected Credit Losses ('ECL's') for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.



## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **ACCOUNTING POLICIES (continued)**

#### **Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Share Capital**

Ordinary shares are classified as equity.

#### **Current and Deferred Taxation**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the United Kingdom where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company is part of the Forth Ports Limited group which includes a number of companies, which are part of a tax group for certain aspects of the tax legislation. One of these aspects relates to group relief whereby current tax credits can be offset by current tax profits arising in other companies within the same tax group. Payment for group relief is made equal to the tax benefit and amounts are included within the current tax disclosures.

#### **Critical Accounting Judgements, Key Assumptions and Estimation Uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, assumptions or areas of estimation uncertainty that affect these financial statements.

## EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Revenue

The analysis by class of business of the Company's revenue is set out below:

	2019 £000	2018 £000
<b>Revenue</b>		
Rental	1	5

#### 2. Operating loss

##### Services provided by the Company's auditor

During the year, and prior year the Company obtained statutory audit services from the Company's auditor which have been paid by Forth Ports Limited.

#### 3. Finance costs

	2019 £000	2018 £000
Interest payable to intermediate parent company (Note 11)	184	84

Interest is charged on Company borrowings at a fixed rate from the Group reflecting fixed group borrowing costs plus a fixed margin of 2.34% (2018 - 1.50%), therefore, there is no residual risk from a movement in LIBOR.

#### 4. Directors and key management compensation

The Directors received no emoluments directly from the Company in respect of the year ended 31 December 2019 (2018 - £nil).

There are no other employees of the Company (2018 - none) and the total recharged by the Company's intermediate parent, Forth Ports Limited, amounted to £108k (2018 - £120k) (Note 11).

# EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. Taxation

	2019 £000	2018 £000
<b>(a) Analysis of tax credit for the year</b>		
Current tax - credit for the year	(72)	(50)
Adjustment to tax in respect of prior years	(1)	-
<b>Total current tax</b>	<b>(73)</b>	<b>(50)</b>
<b>Deferred tax</b>		
Charge/(credit) for the year	5	(4)
Adjustment to tax in respect of prior years	(1)	-
<b>Total Deferred Tax (Note 8)</b>	<b>4</b>	<b>(4)</b>
<b>Total taxation credit</b>	<b>(69)</b>	<b>(54)</b>

The tax for the year is lower than (2018 – higher than) the standard rate of corporation tax in the UK of 19% (2018 – 19%). Any differences are explained below:

	2019 £000	2018 £000
<b>(b) Factors affecting tax credit for the year</b>		
Loss before tax	(348)	(289)
Loss multiplied by rate of corporation tax in the UK of 19% (2018 – 19%)	(66)	(55)
Effects of:		
Adjustment to tax in respect of prior periods – current tax	(1)	-
Adjustment to tax in respect of prior periods – deferred tax	(1)	-
Effect of tax rate change on current year deferred tax	(1)	-
Other	-	1
<b>Total taxation credit</b>	<b>(69)</b>	<b>(54)</b>

## EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. Taxation (continued)

Finance Act (No 2) 2015 set the UK corporate income tax rate for financial years 2017, 2018 and 2019 at 19%, and Finance Act 2016 has reduced the rate for financial year 2020 from 18% to 17%, which are the rates substantially enacted at the balance sheet date. It was recently announced at the Budget on the 11 March 2020 that the UK corporate income tax rate shall not be reduced from financial year 2020 as is currently enacted, and shall remain at 19% from 1 April 2020.

Current tax credits have been group relieved by the availability of profits in fellow subsidiaries for the years ended 31 December 2019 and 2018.

#### 6. Inventories

	2019 £000	2018 £000
Stock of land and work in progress	3,261	2,027

There were additions to stock during the year of £1,234k (2018 – £700k). It is estimated that, of the stock of land and work in progress, £3,123k (2018 - £2,027k) will not be fully utilised within the next twelve months.

#### 7. Trade and other receivables

	2019 £000	2018 £000
Prepayments and accrued income	1	1

#### 8. Deferred tax asset

	2019 £000	2018 £000
Deferred tax asset:		
Short term timing differences	-	4
	-	4
Deferred tax asset - reconciliation:		
At 1st January	4	-
Amount (charged)/credited to income statement (Note 5)	(4)	4
At 31 December	-	4

**EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****9. Trade and other payables**

	2019 £000	2018 £000
Trade payables	2	183
Other payables	-	6
Accruals and deferred income	106	157
Amount due to intermediate parent undertaking (Note 11)	3,587	1,863
Amount due to group companies (Note 11)	81	58
	<hr/>	<hr/>
	3,776	2,267

Trade payables are mainly contractually due to be paid within one month. Amounts due to group undertakings are payable on demand but are not expected to be fully paid within the next twelve months.

The Directors consider that the carrying amount of trade payables and other payables approximates to their fair value.

**10. Ordinary shares**

	2019 £000	2018 £000
<b>Authorised</b>		
1,000 (2018: 1,000) ordinary £1 shares	1	1
<b>Allotted, called up and fully paid</b>		
1 (2018 - 1) ordinary £1 shares	0	0

There is only one class of share which carries no right to fixed income.

## **EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **11. Related party transactions**

Total payroll recharges from Forth Ports Limited ("FP") amounted to £108k (2018 - £120k) all of which was expensed in the Income Statement.

The Company settled interest on inter-company borrowings to FP of £182k (2018 - £84k) and to FP Newhaven Two Limited of £2k (2018 - £nil). The Company paid £23k (2018 - £23k) to FP for insurance during the year.

The balance due at the year-end was £30k for FPD (2018 - £23k), £37k for FP Newhaven Two Limited (2018 - £34k), £1k for Forth Properties Limited (2018 - £1k), £13k for Edinburgh Forthside Investments Limited (2018 - £nil) and £3,587k for FP (2018 - £1,863k).

#### **12. Ultimate parent undertaking**

The Company is owned by Edinburgh Forthside Holdings Limited, which is a 100% subsidiary of Forth Ports Limited, a company incorporated in Scotland. Forth Ports Limited is the smallest group of undertakings for which Group financial statements are available. Copies of the Forth Ports Limited consolidated financial statements may be obtained from its registered office and principal place of business at 1 Prince of Wales Dock, Edinburgh EH6 7DX.

Forth Ports Limited is ultimately controlled by an affiliate of Public Sector Pension Investment Board, based in Canada. As Public Sector Pension Investment Board does not prepare consolidated financial statements for public use the next most senior parent is Otter Ports Group Holdings Limited, with a registered address of Ugland House, South Church Street, George Town, Cayman Islands, and copies of the consolidated financial statements may be obtained from its principal place of business at 10 Bressenden Place, 8th floor, London, SW1E 5DH.