

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

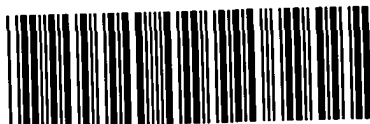
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

Registered number: SC321461

THURSDAY



SA6DAS74

SCT

10/06/2021

#113

COMPANIES HOUSE

EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

CONTENTS	PAGE
Company Information	1
Directors' Report	2
Independent Auditor's Report	6
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Accounting Policies	13
Notes to the Financial Statements	18

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
G1 3BX
United Kingdom

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 2020. 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, incorporated 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.

Results and Dividend

The Company sold a plot of land within the Western Harbour development area during the year.

The profit for the year after taxation amounted to £797k (2019 – loss of £279k). No dividends were paid in 2020 or 2019. The Directors propose that the profit for the year be transferred to reserves.

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 UK's exit from the European Union as well as the ongoing coronavirus pandemic and this is considered further below. In addition to this the Directors monitor market conditions and risk to ensure that maximum shareholder value is obtained from the development area at Western Harbour.

Going Concern

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 business activities, financial performance, cashflows, borrowings and liquidity position together with the Group's facilities, liquidity and assessment summarised below and on the following page.

To fund the completion of the expansion of Tilbury2 and Port of Dundee, 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, £90m of which was deferred until July 2020.

This takes the Group lending facilities to £995m, with the earliest maturity being £60m and \$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 (currently unutilised) 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, repayment of which begins in 2022 and completes in 2025.

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Going Concern (continued)

The Group's current five year plan was approved by the Board of Directors in December 2020 with this year's approval process cognisant of the risks and opportunities that could impact the delivery of the plan in relation to the ongoing potential effect of the COVID-19 pandemic and the UK's exit from Europe.

The Group handles a broad range of basic commodities, across a number of sectors, for a large number of customers. This breadth is important in meeting unexpected and serious levels of business disruption. From the platform of a resilient level of trading in 2020 and continued tight control over capital expenditure and discretionary spend, various sensitivities have been applied to the 2021 budget, with a central case which sees 2021 as a continued period of recovery, noting that it is anticipated that certain markets will take longer to return to normal levels.

In addition, the budget was stress tested assuming a more dramatic and prolonged reduction in volumes and earnings. Whilst the impact of current economic headwinds remain challenging, 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 with a number of further mitigating actions including delay in capex spend and deferral of discretionary dividend payments within the control of the Company.

The Directors have adopted the going concern basis in preparing these financial statements after assessing the principal risks and having considered the continued impact of a severe but plausible downside scenario for COVID-19 at a Group level. 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 has 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 intermediate parent company, Forth Ports Limited.

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.

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Financial and Capital Risk Management (continued)

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.

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.

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 Annual Report and the financial statements in accordance with applicable law and regulations.

EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Directors' Responsibilities Statement (continued)

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with 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 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.

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:



Pamela Smyth
Company Secretary
27 April 2021

EDINBURGH FORTHSDIDE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH FORTHSDIDE 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the '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

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.

EDINBURGH FORTHSDIE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDINBURGH FORTHSDIE DEVELOPMENTS LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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. 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED (continued)

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

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 have 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.

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED (continued)

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 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.

Stephen Pratt

Stephen Pratt CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
27 April 2021

EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Revenue	1	1,451	1
Cost of sales		(194)	(43)
Gross profit/(loss)		1,257	(42)
Administrative expenses		(100)	(122)
Operating profit/(loss)	2	1,157	(164)
Finance costs	3	(173)	(184)
Profit/(loss) before tax		984	(348)
Tax on (profit)/loss	5	(187)	69
Profit/(loss) for the year attributable to equity shareholders		797	(279)

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 FORTHSLIDE DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
ASSETS			
Non-current assets			
Deferred tax asset	6	-	-
		-	-
Current assets			
Inventories	7	3,752	3,261
Trade and other receivables	8	1	1
		3,753	3,262
Total assets		3,753	3,262
LIABILITIES			
Current liabilities			
Trade and other payables	9	(3,470)	(3,776)
Total liabilities		(3,470)	(3,776)
Net assets/(liabilities)		283	(514)
EQUITY			
Ordinary shares	10	0	0
Retained earnings/(accumulated losses)		283	(514)
Total equity		283	(514)

The financial statements on pages 10 to 22 were approved and authorised for issue by the Board of Directors on 27 April 2021 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 2020**

	Ordinary Shares £000	(Accumulated losses)/ Retained Earnings £000	Total Equity £000
Balance at 1 January 2019	0	(235)	(235)
Loss for the year and total comprehensive expense	-	(279)	(279)
Balance at 31 December 2019	0	(514)	(514)
Profit for the year and total comprehensive income	-	797	797
Balance at 31 December 2020	0	283	283

EDINBURGH FORTHSLIDE 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 international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the going concern basis, under the historical cost convention.

A summary of the more significant 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 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 pages 2 and 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 FORTHSDIE DEVELOPMENTS LIMITED

ACCOUNTING POLICIES (continued)

New Accounting Standards

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
Amendment to IFRS 16 'Leases' – Covid-19 related rent concessions	This amendment provides an optional practice expedient for lessees for assessing whether a rent concession related to Covid-19 is a lease modification. As the Company is a lessor of properties, rather than a lessee, there is no impact of this amendment.
Amendments to IFRS 3 - Definition of a business	This amendment revises the definition of a business with the aim of simplifying the definition. This may have an impact on any future business combinations when there is a required assessment as to whether a business, or asset/group of assets, has been acquired.
Amendments to IAS 1 and IAS 8 - Definition of material	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 – this is acknowledged but again has not had any impact on the financial statements.
Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7	These amendments provide certain reliefs in connection with interest rate benchmark reform in relation to hedge accounting – as the Group does not apply hedge accounting, this had no impact. Should there be any changes to the contractual terms of the group's borrowing arrangements, these will be dealt with at the time the contractual change occurs and in a prospective manner.

EDINBURGH FORTH SIDE DEVELOPMENTS LIMITED

ACCOUNTING POLICIES (continued)

New Accounting Standards (continued)

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 UK:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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.

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.

EDINBURGH FORTHSLIDE DEVELOPMENTS LIMITED

ACCOUNTING POLICIES (continued)

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 31st 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 ('ECLs') 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.

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.

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

ACCOUNTING POLICIES (continued)

Current and Deferred Taxation (continued)

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 2020

1. Revenue

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

	2020 £000	2019 £000
Revenue		
Property sales	1,450	-
Rental	1	1
Total revenue (at a point in time)	1,451	1

2. Operating profit/(loss)

Services provided by the Company's auditor

Fees in relation to the audit of the Company are settled by the Company's parent, Forth Ports Limited. This amounted to £4k in the year (2019 - £4k). No non-audit services were provided by the Company's auditor in the year (2019 - none).

3. Finance costs

	2020 £000	2019 £000
Interest payable to intermediate parent company (Note 11)	171	182
Interest payable to group company (Note 11)	2	2
	173	184

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% (2019 - 2.34%), therefore, there is no residual risk from a movement in LIBOR.

4. Directors and key management compensation

Key management remuneration is incurred and paid by the Company's intermediate parent company - Forth Ports Limited. No Directors received remuneration directly through the Company during the year (2019 - £nil). The Directors received total remuneration of £1,971k from the Group during the year (2019: £2,222k), but it is not practicable to allocate this between their services as executives of each Company within the Group. There are no other employees of the Company (2019 - none) and the total recharged by the Company's intermediate parent, Forth Ports Limited, amounted to £101k (2019 - £108k) (Note 11).

EDINBURGH FORTHSDIE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Taxation

	2020 £000	2019 £000
(a) Analysis of tax charge/(credit) for the year		
Current tax – charge/(credit) for the year	187	(72)
Adjustment to tax in respect of prior years	-	(1)
Total current tax	187	(73)
Deferred tax		
Charge for the year	-	5
Adjustment to tax in respect of prior years	-	(1)
Total Deferred Tax (Note 6)	-	4
Total taxation charge/(credit)	187	(69)

The tax for the year is equal to (2019 – lower than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). Any differences are explained below:

	2020 £000	2019 £000
(b) Factors affecting tax credit for the year		
Profit/(loss) before tax	984	(348)
Profit/(loss) multiplied by rate of corporation tax in the UK of 19% (2019 – 19%)	187	(66)
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)
Total taxation charge/(credit)	187	(69)

The Finance Act (No 2) 2015 set the UK corporate income tax rate for financial years 2019 at 19% and 2020 at 18%, and Finance Act 2016 subsequently reduced the rate for financial year 2020 from 18% to 17%. However, it was announced at the Budget on 11 March 2020 and enacted in Finance Act 2020 that the UK corporate tax rate shall not be reduced from financial year 2020 and shall remain at 19% from 1 April 2020, therefore these are the rates substantively enacted at the balance sheet date.

As recently announced in the 2021 Budget on 3 March 2021, the corporate income tax rate shall increase to 25% from financial year 2023. This rate change is expected to be enacted later in the year.

Current tax charges/(credits) have been group relieved by the availability of (losses)/profits in fellow subsidiaries for the years ended 31 December 2020 and 2019.

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Deferred tax asset

	2020 £000	2019 £000
Deferred tax asset:		
Short term timing differences	-	-
	-	-
Deferred tax asset - reconciliation:		
At 1st January	-	4
Amount charged to income statement (Note 5)	-	(4)
At 31 December	-	-

7. Inventories

	2020 £000	2019 £000
Stock of land and work in progress	3,752	3,261

There were additions to stock during the year of £598k (2019 – £1,234k) with disposals of £107k (2019 – £nil). It is estimated that, of the stock of land and work in progress, £3,752k (2019 - £3,123k) will not be fully utilised within the next twelve months.

8. Trade and other receivables

	2020 £000	2019 £000
Prepayments and accrued income	1	1

The fair value of other receivables is equal to the carrying value noted above.

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Trade and other payables

	2020 £000	2019 £000
Trade payables	2	2
Other payables	2	-
Accruals and deferred income	108	106
Amount due to intermediate parent undertaking (Note 11)	3,358	3,587
Amount due to group companies (Note 11)	-	81
	<u>3,470</u>	<u>3,776</u>

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

	2020 £000	2019 £000
Authorised		
1,000 (2019: 1,000) ordinary £1 shares	1	1
Allotted, called up and fully paid		
1 (2019 - 1) ordinary £1 shares	0	0

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

11. Related party transactions

Total payroll recharges from Forth Ports Limited ("FP") amounted to £101k (2019 - £108k) all of which was expensed in the Income Statement.

The Company settled interest on inter-company borrowings to FP of £171k (2019 - £182k) and to FP Newhaven Two Limited of £2k (2019 - £2k). The Company paid £24k (2019 - £23k) to FP for insurance during the year.

The balance due at the year-end was £nil for Forth Property Developments (2019 - £30k), £nil for FP Newhaven Two Limited (2019 - £37k), £nil for Forth Properties Limited (2019 - £1k), £nil for Edinburgh Forthside Investments Limited (2019 - £13k) and £3,358k for FP (2019 - £3,587k).

EDINBURGH FORTHSIDE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.