

Edinburgh Old Town Renewal Trust
(a company limited by guarantee)

Directors' report and financial statements

Year ended 31 March 1999

Registered number SCO 134680



Directors' report and financial statements

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Directors and officers of the company

Directors:	D Lyddon CB, Acting Chairman A Amsel, Vice Chairman KIS Thomson Councillor R Cairns Councillor K Geddes G Nicholsby JD Spencely M Whitfield BEM (resigned 3 November 1998)) R Flynn (appointed 13 August 1998) N Wills (appointed 7 January 1999) J Macfarlane (appointed 23 October 1998)
Advisers to the directors:	F Lawrie, Historic Scotland J Simpson J Witcomb
Secretary:	Burness, Solicitors
Registered office:	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Auditors:	KPMG Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Solicitors:	Burness, Solicitors 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Bankers:	Bank of Scotland The Mound Edinburgh EH1 1YZ

Directors' report

The directors have pleasure in submitting the report and financial statements for the year ended 31 March 1999.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activities

The Trust was incorporated on 24 October 1991. With effect from 1 November 1991 the Trust acquired the assets and liabilities of the organisations previously known as the Edinburgh Old Town Committee for Conservation and Renewal and the Edinburgh Old Town Trust. The principal activity of the Trust is to promote changes and improvements in the Old Town of Edinburgh and its immediate vicinity.

Business review and future development

This year, the directors of the Renewal Trust agreed that the company should merge with the Edinburgh New Town Conservation Committee to form a single organisation which would manage the designated World Heritage Site.

In December 1995 UNESCO conferred World Heritage status on a defined area of central Edinburgh that encompassed the majority of the existing Old and New Town Outstanding Conservation Areas. A major factor influencing the directors' decision was the changing context of the way in which the central area of the City would be managed. A new management structure was proposed by the City of Edinburgh Council which aims to provide more effective and efficient management services over a broad front; and one to which the private sector can subscribe. This is set out in the Council's report "Managing Edinburgh's City Centre".

The Edinburgh World Heritage Trust will be one of three new city centre management companies that will be established to manage access, retail needs and the heritage environment.

The directors at the meeting of 14 October 1997, were agreeable to discussions being held to explore the parameters and functions for the management arrangements for the World Heritage Site, and were clear in their intentions that the new organisation should carry forward the ethos of the Renewal Trust. This will continue to be monitored by the Board members who now sit on the Board of the Edinburgh World Heritage Trust.

Directors' report *(continued)*

Business review and future development *(continued)*

On 1 April 1999 the new World Heritage Trust acquired the principal business of the Renewal Trust which was transferred under Transfer of Undertakings and the Protection of Employment (TUPE). This is expected to be formalised and signed by the end of the calendar year. The transfer also includes the web site and the computer model.

On 1 April 1999, the financial position of the Renewal Trust showed that a sum of £176,558 in outstanding capital grants payments relating to projects legally committed prior to 1 April 1999 should be transferred to the new organisation. The Renewal Trust has a significant portfolio of projects which will be transferred to the new organisation. There are both large projects, such as Dance Base, and small ones; these are mainly shop fronts which contribute to our partnership scheme with LEEL. A total of £562,030 of legally committed grant support for the year 1999 - 2000 was transferred to the World Heritage Trust. In addition, a capital residual sum of £30,013 was identified in the Renewal Trust's capital funds. The original sponsor of these monies, the City of Edinburgh Council, has recommended that this money should be passed to the Edinburgh World Heritage Trust as a capital grant.

In addition, a sum of £17,991 remains in the capital surplus. The original sponsor of this fund, the City of Edinburgh Council, has recommended its use for non-revenue expenditure to assist the Renewal Trust with its winding up expenses.

The Trust has established a separate company - Old Town Projects - to undertake the refurbishment of Victoria Terrace. The company is a wholly owned subsidiary of the Renewal Trust.

The contract was issued with a certificate of practical completion on 22 December 1998. The work was finished within the set budget although the programme fell behind schedule. Sufficient funds will need to be set aside to cover the retention sum (£13,338) and any miscellaneous repair work occurring during the year. Any outstanding balance will be drawn from the grant awarded to the project as yet unclaimed. These monies will need to be claimed from EWHT. The City of Edinburgh Council will adopt the Terrace on completion. The Certificate of Completion will be issued on 22 December 1999.

On 29 March 1999 Victoria Terrace was formally opened by Sir John Shaw, Deputy Governor of the Bank of Scotland.

Year 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption.

The company has addressed the impact of the Year 2000 on its business and operations by reviewing the major issues to assess exposure. Plans have been put in place to seek to ensure the elimination of these exposures prior to the Year 2000. Total estimated costs are not believed to be significant.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the directors believe that the company will achieve an acceptable state of readiness and will provide resources to deal promptly with significant failures or issues that may arise.

Directors' report *(continued)*

Results

The income and expenditure account for the year to 31 March 1999 shows a retained deficit of £5,085. After deducting the deficit at 31 March 1998 of £3,723 there is a total deficit at 31 March 1999 of £8,808.

Directors

The directors at 31 March 1999 are listed on page 1.

Auditors

In accordance with section 384 of the Companies Act 1985 a resolution for the appointment of Geoghegan & Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Burness
Secretary

15 November 1999



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Report of the auditors to the members of Edinburgh Old Town Renewal Trust

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of the deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

16 / 11 / 1999

Income and expenditure account
for the year ended 31 March 1999

	<i>Notes</i>	Continuing operations 1999 £	Discontinued operations 1999 £	Continuing operations 1998 £	Discontinued operations 1998 £
Grant income					
Conservation Grant Aid					
- The City of Edinburgh Council	<i>1</i>	-	250,000	-	250,000
Revenue funding					
- The City of Edinburgh Council		-	99,120	-	105,348
- Lothian and Edinburgh Enterprise Ltd		-	74,003	-	74,958
Other income					
Bank interest		-	22,732	-	20,641
Royalty income		-	-	-	4,946
Computer model sales		-	2,484	-	-
Miscellaneous income		-	30	-	293
Capital grants and donations - deferred income released	<i>2</i>	-	6,119	-	6,119
Contributions to specific projects	<i>3</i>	33,142	23,886	24,491	23,029
Administration fees		-	34,500	-	-
		<u>33,142</u>	<u>512,874</u>	<u>24,491</u>	<u>485,334</u>
Grant assistance to proprietors	<i>1</i>	-	250,000	-	250,000
Administrative expenses					
Salaries and staff costs	<i>5</i>	-	182,554	-	143,453
Specific projects	<i>3</i>	30,323	20,666	20,413	6,860
Promotion and advertising		-	3,926	-	4,125
Printing and publications		-	66	-	4,997
Office overheads and expenses		-	28,623	-	30,520
Travel, meetings and conferences		-	1,432	-	2,859
Professional fees		-	15,053	-	10,475
Miscellaneous		-	2,271	-	1,972
Depreciation		-	11,451	-	10,514
		<u>30,323</u>	<u>266,042</u>	<u>20,413</u>	<u>215,775</u>
		<u>30,323</u>	<u>516,042</u>	<u>20,413</u>	<u>465,775</u>
Surplus/(deficit) on ordinary activities before taxation	<i>4</i>	2,819	(3,168)	4,078	19,559
Taxation	<i>6</i>	-	(4,736)	-	(4,453)
Surplus/(deficit) for the financial year		<u>2,819</u>	<u>(7,904)</u>	<u>4,078</u>	<u>15,106</u>

Balance sheet
at 31 March 1999

	Notes	£	1999 £	1998 £
Fixed assets				
Tangible assets	7		31,649	40,153
Current assets				
Debtors	8	78,660	14,060	
Cash at bank and in hand		249,133	315,636	
		<hr/>	<hr/>	
		327,793	329,696	
Creditors: amounts falling due within one year	9	(311,367)	(308,693)	
		<hr/>	<hr/>	
Net current assets			16,426	21,003
			<hr/>	<hr/>
Total assets less current liabilities			48,075	61,156
Deferred income				
Capital grants and donations	2		(38,892)	(38,261)
Capital surplus	10		(17,991)	(26,618)
			<hr/>	<hr/>
Net liabilities			(8,808)	(3,723)
			<hr/>	<hr/>
Reserves				
Income and expenditure account	11		(8,808)	(3,723)
			<hr/>	<hr/>

These financial statements were approved by the board of directors on *14th July* 1999 and were signed on its behalf by:



D Lyddon CB
Chairman

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards and the Companies Act 1985.

These financial statements have been prepared on a going concern basis which assumes that the company will continue to operate as a subsidiary of the World Heritage Trust and that the new holding company will support it.

Company status

The company was incorporated on 24 October 1991 as the Edinburgh Old Town Renewal Trust. The company is limited by guarantee of the members and does not have share capital. Under paragraph VI of the Memorandum of Association, each member undertakes to contribute an amount not exceeding £5 in the event of the company being wound up.

Depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Fixtures and fittings	10 years
Computer equipment	5 years

Income

Income is largely derived from grants.

Capital grants and donations

Capital grants are dealt with in accordance with Statement of Standard Accounting Practice 4. They are treated as deferred income with a portion being released to revenue annually in accordance with the expected lives of the relevant assets.

Donations received towards capital purchases are treated as deferred income and released to revenue annually in accordance with the expected lives of the relevant assets.

The asset lives used are 10 years for fixtures and fittings and 5 years for computer equipment.

Leases and rents

Rentals under operating leases are charged to the income and expenditure account in the year in which they arise.

Pension costs

The company contributes to a defined contribution pension scheme run by The City of Edinburgh Council. The amount charged in the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Accounting policies *(continued)*

Taxation status

The company is not eligible to be VAT registered and is therefore not able to reclaim VAT. Bank interest receivable by the company is subject to corporation tax at 21%.

Cash flow statement

Companies entitled to the filing exemptions for small companies, under sections 246 to 249 of the Companies Act 1985, are granted exemption from the requirement to prepare a cash flow statement. The company is a small company under these sections, and accordingly a cash flow statement has not been prepared.

Notes

(forming part of the financial statements)

1 Conservation grant aid

This is the amount allocated to the company and payable as grant assistance to proprietors. Grants are financed 50% by The City of Edinburgh Council (formerly by Edinburgh District Council) and 50% by Historic Scotland (to a maximum of £250,000). The company receives grants direct from the Council to cover its contribution. In the case of the Historic Scotland, the company approves the grants but proprietors are reimbursed direct by Historic Scotland. Therefore, Historic Scotland's participation is not shown in the company's financial statements. Historic Scotland's contributions to proprietors during the year amounted to £238,000. Note 11 refers to the capital commitments made by the company.

2 Capital grants and donations - deferred income

	Grants £	Donations £	Total £
At beginning of year	20,661	17,600	38,261
Received in year	-	6,750	6,750
Released to income and expenditure account	(3,919)	(2,200)	(6,119)
	<hr/>	<hr/>	<hr/>
At end of year	16,742	22,150	38,892
	<hr/>	<hr/>	<hr/>

3 Contributions to specific projects

This amount includes contributions to specific projects as follows:

	1999 £	1998 £
Lothian and Edinburgh Enterprise Limited	16,452	8,300
Historic Scotland	12,300	10,000
Others	28,276	29,220
	<hr/>	<hr/>
	57,028	47,520
	<hr/>	<hr/>
<i>Expenditure</i>		
Specific projects	30,406	27,273
Salaries and staff costs	20,583	15,300
	<hr/>	<hr/>
	50,989	42,573
	<hr/>	<hr/>

Notes *(continued)*

4 Surplus/(deficit) on ordinary activities before taxation

<i>Surplus/(deficit) on ordinary activities before taxation is stated after charging</i>	1999	1998
	£	£

Directors' remuneration	67,380	32,250
Auditors' remuneration	4,113	4,113
Depreciation	11,451	10,514

5 Employment and personnel

Salaries and staff costs, including directors and amounts allocated to projects, promotion and advertising are as follows:

	1999	1998
	£	£
Wages and salaries	180,776	139,906
Social security costs	11,606	8,054
Other pension costs	7,428	6,027
Other staff costs	3,327	965

	203,137	154,952
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Average number of employees by activity

	1999	1998
	No	No
Executive director	1	1
Project staff	4	4
Administration	2	2
Tron Visitor Centre - full-time equivalents	3	2
	10	9

Pension contributions

The company contributes to a defined contribution pension scheme run by The City of Edinburgh Council. The pension contributions charged in the income and expenditure account for the year amounted to £6,116 (1998: £5,541). The company contributed £1,313 (1998: £486) to the employees' personal pension schemes during the year.

Notes (continued)

6 Taxation

	1999 £	1998 £
Corporation tax at 21% (1998: 21%)	4,855	4,453
Overprovision in previous year	(119)	-
	<u>4,736</u>	<u>4,453</u>
Corporation tax is payable on bank interest.	<u><u>4,736</u></u>	<u><u>4,453</u></u>

7 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>			
At beginning of year	36,483	37,538	74,021
Additions	2,947	-	2,947
	<u>39,430</u>	<u>37,538</u>	<u>76,968</u>
<i>Depreciation</i>			
At beginning of year	6,547	27,321	33,868
Charge for year	3,943	7,508	11,451
	<u>10,490</u>	<u>34,829</u>	<u>45,319</u>
<i>Net book value</i>			
At 31 March 1999	<u>28,940</u>	<u>2,709</u>	<u>31,649</u>
At 31 March 1998	<u>29,936</u>	<u>10,217</u>	<u>40,153</u>

8 Debtors

	1999 £	1998 £
Other debtors	75,788	10,950
Prepayments and accrued income	2,872	3,110
	<u>78,660</u>	<u>14,060</u>

Notes (continued)

9 Creditors: amounts falling due within one year

	1999 £	1998 £
Grant assistance to proprietors	176,558	157,231
Victoria Terrace project	46,410	124,386
Taxation and social security	4,855	7,196
Other creditors	1,110	8,389
Accruals and deferred income	52,421	11,491
Council overallocation	30,013	-
	<hr/>	<hr/>
	311,367	308,693
	<hr/>	<hr/>

Grant assistance to proprietors is the amount to be paid to proprietors in respect of grants approved by 31 March 1999. An amount of £176,558 is included in respect of grants approved at 31 March 1999 where conditions for payment have yet to be satisfied.

The Victoria Terrace project is managed by Old Town Projects Limited. Payments made on behalf of Old Town Projects Limited by the company were £77,976 (1998: £23,962).

10 Capital surplus

	1999 £	1998 £
Initial amount of surplus	165,466	165,466
Amounts utilised:		
At 31 March 1997	138,848	132,196
Utilised during year	8,627	6,652
	<hr/>	<hr/>
At 31 March 1999	147,475	138,848
	<hr/>	<hr/>
Unutilised at 31 March 1999	17,991	26,618
	<hr/>	<hr/>

A surplus of £165,466 arose in the financial year 1992/93 from an unspent allocation. It was agreed with Edinburgh District Council, the original provider of the finance, that the surplus could be used for future non-revenue projects and it has been utilised as detailed above.

Notes *(continued)*

11 Income and expenditure account

	1999	1998
	£	£
At beginning of year	(3,723)	(22,907)
(Deficit)/surplus for the year - continuing activities	2,819	4,078
- discontinued activities	(7,904)	15,106
	<hr/>	<hr/>
At end of year	(8,808)	(3,723)
	<hr/>	<hr/>

12 Commitments

- (a) Total capital commitments of £265,904 were approved during the year, to be paid in part during the year and in the following financial year. As at 31 March 1999, cumulative commitments in relation to approved projects totalled £378,893 which is due to be paid out over the period 1999/2000. These are to be funded 50% by The City of Edinburgh Council (payable through the company) and 50% by Historic Scotland (payable direct to proprietors).

- (b) Annual commitments under non-cancellable operating leases are as follows:

	1999	1998
	£	£
<i>Land and buildings</i>		
Operating leases which expire:		
Over five years	-	5,000
	<hr/>	<hr/>

The lease has been transferred to the Edinburgh World Heritage Trust.