East Lothian Council

REPORT TO:	Audit and Governance Committee
MEETING DATE:	30 November 2021
BY:	Richard Baty, Companies Manager, East Lothian Land Ltd
SUBJECT:	East Lothian Land Ltd 2020/21

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1 PURPOSE

1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Land Ltd in 2020/21

2 RECOMMENDATIONS

2.1 That the Audit and Governance Committee note the contents of the report.

3 BACKGROUND

3.1 East Lothian Council established East Lothian Land Ltd (ELL) in 2000, a company limited by guarantee (SC208723), through the transfer of undeveloped employment land in council ownership at Macmerry (Opposite the industrial estate) in return for 100% equity in the company.

3.2 The transferred employment land at that time was viewed by the private sector as undevelopable providing insufficient return on investment.

3.3 No additional financial support was provided to the company by East Lothian Council (ELC). ELL went to the financial market to fund the development costs of the Macmerry Business Park as well as self funding through selling plots as they were serviced.

3.4 In 2016/17 the company developed the empty council building located at Brewery Park, Haddington into 10 individual offices spaces – since opening in October 2016 it has run at between 85% and 100% occupancy.

3.5 The company has a board of 4 directors comprising of two elected members, a private industry sector representative and a senior council officer. (Note – Following the retirement of Alex McCrorie, Depute Chief Executive, the senior council officer directorship became vacant from 19th March 2021)

3.6 The former Economic Development & Strategic Investments (EDSI) Business Development manager, is the Company Secretary and manager of the company. The manager is supported by the EDSI Business Development assistant.

3.7 The board act on a "*Pro Bono"* basis and do not receive payment. The Company manager and Business Development assistant undertake the work under ELC job remits.

3.8 Board meetings are held on a regular basis linked to ongoing business requirements and commercial developments. Decisions made are taken by a majority with the Chair having the casting vote on any tied outcome. Minutes of any board meetings are taken and approved at subsequent board meeting by the chair.

Financial

3.9 ELL is audited annually by Azets, Edinburgh. End of Year accounts are approved by the board and signed off accordingly and provided to ELC for group accounting purposes. (See appendix 1 End of year accounts).

3.10 ELL accountants' opinion is that the financial statements for the company give a true and fair view of the state of the company affairs as at 31st March 2021 and of its loss before taxation of £6,819 for the year then ended.

3.11 The accountants raised with the board for the financial year 2019/20 the low level of turnover and reclaiming VAT during the period. Following the advice from the auditors the company de-registered for VAT on 30th August 2020. ELL use the online cloud accounting platform – Xero. The company banks with Handelsbanken.

2020/21 Projects Considered

3.12 The directors at each board meeting are provided an update on all available land and commercial property for sale / to let. Updates are circulated monthly between board meetings. (See appendix 2 – property list extract)

3.13 The directors discuss each site and whether to progress with offers for purchase and development.

Retail / high streets in county

3.14 ELL considered the level of retail / other vacancies on town high streets with the option of intervening and buying / renting vacant properties.

3.15 ELL intend to base the option on the Town Catalyst pilot delivered in Dunbar by Economic Development, Business Gateway and Dunbar Trades association in 2018. (See appendix 3 – TC initiative)

3.16 A number of vacant properties were considered but then sold / let indicating no requirement to proceed as no market failure. (Post period note - This vacancy review is ongoing.)

Former Crookston School site, Salters Road

3.17 ELL made an approach / offer to purchase the site in April 2020 to Shepherd Commercial. .41 hectares of potential commercial development although located in the East Lothian green belt under DC1, DC2 and DC7 policies. The approach was rejected and the site subsequently sold.

Macmerry Business Park

3.18 ELL owns a strip of land at Macmerry Business Park which has a zero value on balance sheet. The site was considered as an option to develop / sell but following discussions with architect it was deemed too difficult to develop. The site may offer access for any future development to the adjacent field

Commercial Unit Spott Road industrial Estate, Dunbar

3.19 A commercial unit at Spott Road Dunbar, constructed in 2004, came on the market for sale in August 2020 – 917sqft for offers over £65,000. ELL enquired however the unit had an extremely high level of interest and was sold within a fortnight of coming onto the market.

Village Halls

3.20 ELL was asked to consider the conversion of 2 village halls into commercial outlets. Initial discussion undertaken with ELL architect but did not progress as ELC required to do further community consultation.

Di Rollo's commercial unit, Musselburgh - Joint Venture (JV)

3.21 Di Rollo's manufacturing unit of 5,105 sqft in Musselburgh came onto the market late 2020 due to the planned retirement of the company owners at offers over £475,000.

3.22 ELL Ltd was approached to enter into a possible joint venture with a food producer wishing to relocate to East Lothian due in part to the support given to food and drink sector within the county via the EL Food & Drink BID.

3.23 Joint site visit took place and discussion on best model with the company ensued but Di Rollo owners accepted an offer before any approach could be made via the JV. (Post period note – ELL still engaged with the food company and re-location to the county.)

ELC Estate Review

3.24 ELL had a brief discussion with ELC and level of council buildings required in light of home / hybrid working with the option of further commercial developments along the lines of Brewery Park Block B. No development occurred during the period but option logged with ELC.

Various

3.25 A number of other sites and buildings were raised and discussed by the board of ELL but did not come to fruition.

2020/21 Project Commenced

Tyne Close, Haddington

3.26 Tyne Close is a small industrial estate owned by ELC. In January 2019 the units at Tyne Close were deemed as unfit / unsafe for occupancy and the units became vacant. It was agreed in March 2019 by the board of ELL to enter discussions with ELC to take on a long term ground lease demolish the existing unsafe buildings and then develop the site for commercial use. The length of lease and rental level verbally agreed with ELC estates manager prior to submission of planning application.

3.27 A local architect was awarded the contract to develop site layout and submit planning application. Construction tender was developed by ELL and quotes for the project were received October 2019 to ascertain viability and financial model. The Board following review of quotes and financial model agreed to appoint a company to undertake the demolition and new build predicated on planning permission being approved.

3.28 Planning approval was granted on 31st March 2020 – number 20/00352/P. (See appendix 4 - site plan.) The site will accommodate 7 commercial units of 6 @ 45m2 and 1 @ 130 m2.

3.29 The buildings / site will be environmentally friendly, where appropriate, with the inclusion of air source heat pumps, heat battery storage units and the use of reclaimed plastic instead of tar for the car parking area. Other energy / CO_2 reduction will also be considered prior to commencement of build.

3.30 Following planning permission awarded in April 2020 ELL lawyers entered into formal negotiations with ELC on the ground lease. During the period 2020/21 the lease was not agreed / signed. Four informal notes of interest have been received to rent the units.

Future Projects

3.31 The company actively scans the market for possible developments and has an ongoing engagement with a number of possible joint ventures.

4 POLICY IMPLICATIONS

4.1 The two strategic goals of the refreshed East Lothian Council Economic Development Strategy 2012 to 22 are :-

- To increase the number of businesses in East Lothian with growth potential
- To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy.

4.2 The work East Lothian Land ltd undertakes mirrors and supports the strategic goals set out in the Economic Development Strategy with the company objectives as follows: "*To promote, support and/or effect the development of land and property within the area served by East Lothian Council, with a view to stimulate economic development and regeneration and so to assist in the creation of employment opportunities.*"

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - Companies manager, EDSI's Business Development assistant and senior ELC officer.

6.3 Other – none.

7 BACKGROUND PAPERS

7.1 Audit and Governance report 2019/20

AUTHOR'S NAME	Richard Baty
DESIGNATION	Companies manager
CONTACT INFO	Tel 07854 191597 rbaty@eastlothian.gov.uk
DATE	

Appendix 1

Company Registration No. SC208723 (Scotland)

EAST LOTHIAN LAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

EAST LOTHIAN LAND LIMITED

COMPANY INFORMATION

Directors	E Murray W Innes J McMillan
Secretary	Richard Baty
Company number	SC208723
Registered office	John Muir House Room 2.19 Brewery Park Haddington East Lothian United Kingdom EH41 3HA
Auditor	Azets Audit Services Exchange Place 3 Semple Street Edinburgh United Kingdom EH3 8BL
Business address	John Muir House Room 2.19 Brewery Park Haddington East Lothian United Kingdom EH41 3HA
Bankers	Handelsbanken 18 Charlotte Square Edinburgh United Kingdom EH2 4DF
Solicitors	Addleshaw Goddard Exchange Tower 19 Canning Street Edinburgh United Kingdom EH3 8EH

EAST LOTHIAN LAND LIMITED

CONTENTS

EAST LOTHIAN LAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company continued to be that of trading in land for development.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E Murray
W Innes
J McMillan
A McCrorie (Resigned 19 March 2021)

Statement of directors' responsibilities
The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

[redacted]

J McMillan
Director
1 September 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF EAST LOTHIAN LAND LIMITED

Opinion

We have audited the financial statements of East Lothian Land Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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.

However, not all future events or conditions can be predicted. For example, it is not possible to reliably estimate the length or severity of the COVID-19 pandemic and it is therefore difficult to evaluate all of the potential implications on the company's business, customers, suppliers and the wider economy. As such, the above statement is not a guarantee as to the company's ability to continue as a going concern.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF EAST LOTHIAN LAND LIMITED

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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.

Matters on which we are required to report by exception
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 material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.
- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report
This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

[redacted]

Paul Hutchison BSc ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services 1 September 2021

Chartered Accountants
Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
United Kingdom
EH3 8BL

EAST LOTHIAN LAND LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses	(7,798)	(12,691)
Other operating income	-	2
Operating loss	(7,798)	(12,689)
Interest receivable and similar income	979	1,791
Loss before taxation	(6,819)	(10,898)
Tax on loss	-	-
Loss for the financial year	(6,819)	(10,898)
Retained earnings brought forward	(215,885)	(204,987)
Retained earnings carried forward	(222,704)	(215,885)

EAST LOTHIAN LAND LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Debtors	3	79,226		89,934	
Cash at bank and in hand		500,670		496,781	
		579,896		586,715	
Creditors: amounts falling due within one year	4	(2,600)		(2,600)	
Net current assets			577,296		584,115
Capital and reserves					
Called up share capital	5		800,000		800,000
Profit and loss reserves			(222,704)		(215,885)
Total equity			577,296		584,115

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 1 September 2021 and are signed on its behalf by:

[redacted]

J McMillan
Director

Company Registration No. SC208723

EAST LOTHIAN LAND LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**7**		2,899		5,813
Investing activities					
Interest received		990		1,802	
Net cash generated from investing activities			990		1,802
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			3,889		7,615
Cash and cash equivalents at beginning of year			496,781		489,166
Cash and cash equivalents at end of year			500,670		496,781

1 Accounting policies

Company information

East Lothian Land Limited is a private company limited by shares incorporated in Scotland. The registered office is John Muir House Room 2.19, Brewery Park, Haddington, East Lothian, United Kingdom, EH41 3HA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

In light of recent events surrounding the COVID-19 pandemic, in common with most companies in the UK, it is difficult to predict what impact this may have on the economy as a whole, or the company's trade in particular. The directors have considered the impact of COVID-19 directly on the company. They recognise that its main debtor balance may take slightly longer to repay but do consider that this will have minimal impact on the company's ability to trade. The directors are of the opinion, that despite reporting a small loss for the year, its significant cash reserves and minimal liabilities and outgoings, mean that the company is in a strong position to face the ongoing pandemic.

The directors believe that the current strong financial position of the company, particularly given its strong cash position, will ensure the company will continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	4	4

3 Debtors

	2021	2020
	£	£
Amounts due from parent entity	78,883	89,687
Other debtors	343	247
	79,226	89,934

Debtors include an amount of £50,154 (2020 - £61,112) which is due after more than one year.

4 Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors	2,600	2,600

5 Called up share capital

Ordinary share capital	2021 Number	2020 Number	2021 £	2020 £
Issued and fully paid				
Ordinary £1 shares of £1 each	800,000	800,000	800,000	800,000

6 Parent entity

The company is controlled by East Lothian Council whose principal place of business is John Muir House, Brewery Park, Haddington, EH41 3HA. East Lothian Council is the smallest group of undertakings for which group accounts are prepared and of which the company is a member.

7 Cash generated from operations

	2021 £	2020 £
Loss for the year after tax	(6,819)	(10,898)
Adjustments for:		
Investment income	(979)	(1,791)
Movements in working capital:		
Decrease in debtors	10,697	18,497
(Decrease)/increase in creditors	-	5
Cash generated from operations	2,899	5,813

8 Analysis of changes in net funds

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	496,781	3,889	500,670

EAST LOTHIAN LAND LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

EAST LOTHIAN LAND LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020
	£	£	£	£
Administrative expenses		(7,798)		(12,691)
Other operating income				
Sundry income		-		2
Operating loss		(7,798)		(12,689)
Investment revenues				
Bank interest received	979		1,791	
		979		1,791
Loss before taxation		(6,819)		(10,898)

EAST LOTHIAN LAND LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses		
Legal and professional fees	3,660	8,966
Audit fees	2,440	2,489
Accountancy	1,562	1,072
Bank charges	136	164
	7,798	12,691

Appendix 2

	PROPERTY FOR SALE / LET - DUNBAR	3	SECTOR	DATE CAME TO MARKET	DATE UPDATED 01/11/2021
1	**SALE** Creel Restaurant Superb Harbour Restaurant, Dunbar Location: Dunbar, East Lothian, Scotland F/H Price: £218,000 NO BROCHURE - Daltons		TOURISM		x
1	**SALE** UMBERTOS ITALIAN For sale reduced to £500k from £539,950 Bruce and Co https://www.zoopla.co.uk/for-sale/commercial/details/55941091?search_identifier=0a1b94ff74c5c6c2ecc6b0b177e4a8d5		TOURISM		x
1	**UNDER OFFER** 59 High Street former TSB EH42 1 683 SQFT £97,500 ALSO TO LET £12,500 https://www.novaloca.com/retail-premises/for-sale/dunbar/194210?search=true		OFFICE		x

Appendix 3

Town Catalyst - Retail Incubator

Business Proposal

2017

Executive Summary

The Town Catalyst – Retail Incubator is a project aimed at bringing new retail and retail service business to the town centre. These businesses are vital to ensure the viability of any high street, because they attract people to the town centre who then utilise the service sector and hospitality sector which exists there.

A vibrant high street is important in many ways including:

- Reduced crime and anti-social behaviour
- Improved accessibility for the most vulnerable in society
- Improved job market for locals, leading to improvements in community cohesion, health, wellbeing and education

The retail incubator will provide a 6-month opportunity for a new or existing (but non-bricks-and-mortar) business to try their hand at opening a shop, without the usual attached risks. The risks mitigated by this approach are:

- Long lease terms
- Lack of start-up capital
- Lack of knowledge about running a bricks-and-mortar business
- Lack of marketing and customer base in geographical area.

These risks will be minimised by subsidising running costs for the business, and providing educational support and promotional marketing.

At the end of the six months, the business will assess its viability and, if positive, will take a vacant unit in the town centre. The Town Catalyst – Retail Incubator will then assist a new business, generating a natural chain of fresh, exciting, attraction businesses for the town centre. This will arrest the long spells of downturn faced by many towns and help to stimulate growth.

Need

East Lothian has a growing population. Estimated at 101,360 in 2013, it is forecast to grow at one of the fastest rates of all 32 local authorities in Scotland, according to East Lothian council. The number of households is projected to grow by 26.5% between 2012 and 2037 compared to a growth of 16.6% in Scotland.

As the world economy has shown turbulence, it is important that we not only improve local services but also re-localise services that may have been lost to town centres.

Social mobility and community cohesion are two areas which have suffered from these demographic changes. Many towns in East Lothian are used as dormitory towns for Edinburgh and as such their town centres have receded and become predominantly tourist centres.

With large retail parks in the neighbouring county, it is difficult to attract people to town centres. Sadly, anti-social behaviour, change from retail to services, and proliferation of betting and charity shops has become the trend.

Once the shops begin to disappear, it creates a domino effect. The service sector, especially food and drink, then struggles due to the downturn in foot flow, this can lead to a downward spiral that leads to empty units, often left vacant for years.

East Lothian has the lowest number of businesses per head of population of any county in Scotland. The barriers to entry are simply too daunting for many people. With the right support, we think the true entrepreneurial spirit of local communities will show through and we can redress this imbalance.

Economic Benefits

We hope that, by creating a steady flow of viable businesses in East Lothian, we can reverse town centre decline and spark a positive trend of growth that may encourage more visitors and businesses into town centres.

Filling vacant units benefits the entire high street, attracting more shoppers, and adding value to every visit. Locals and visitors from out of town alike are more likely to stop, engage, and spend when there's a variety of different businesses to choose from. A positive experience will result in return visits and word-of-mouth recommendations that will encourage others to visit.

The average day visitor spends £29.61 per person and the average staying visitor spends £57.67 per person, per day, according to the 2015 East Lothian Visitor Survey. Day visitors comprise around two-thirds of total visitors.

If the new business attracts just 3 new day visitors per week that would bring an extra £621.81 into the local economy.

Money spent on the high street with local businesses, is more likely to stay local. The people who own and run these local businesses, also live and spend locally, so the entire local economy benefits. This isn't always true with larger retailers and the international chains that dominate most retail parks.

Once all the vacant units are taken, the retail incubator will be left dormant until the need arises again.

Business Opportunity

The potential opportunity to grow the Town Catalyst – Retail Incubator from an initial pilot stage is enormous. Every town across Scotland, and indeed the UK, faces the same problems of out of town development, lack of retail and attraction businesses, and a reliance on the service sector to provide local employment opportunities.

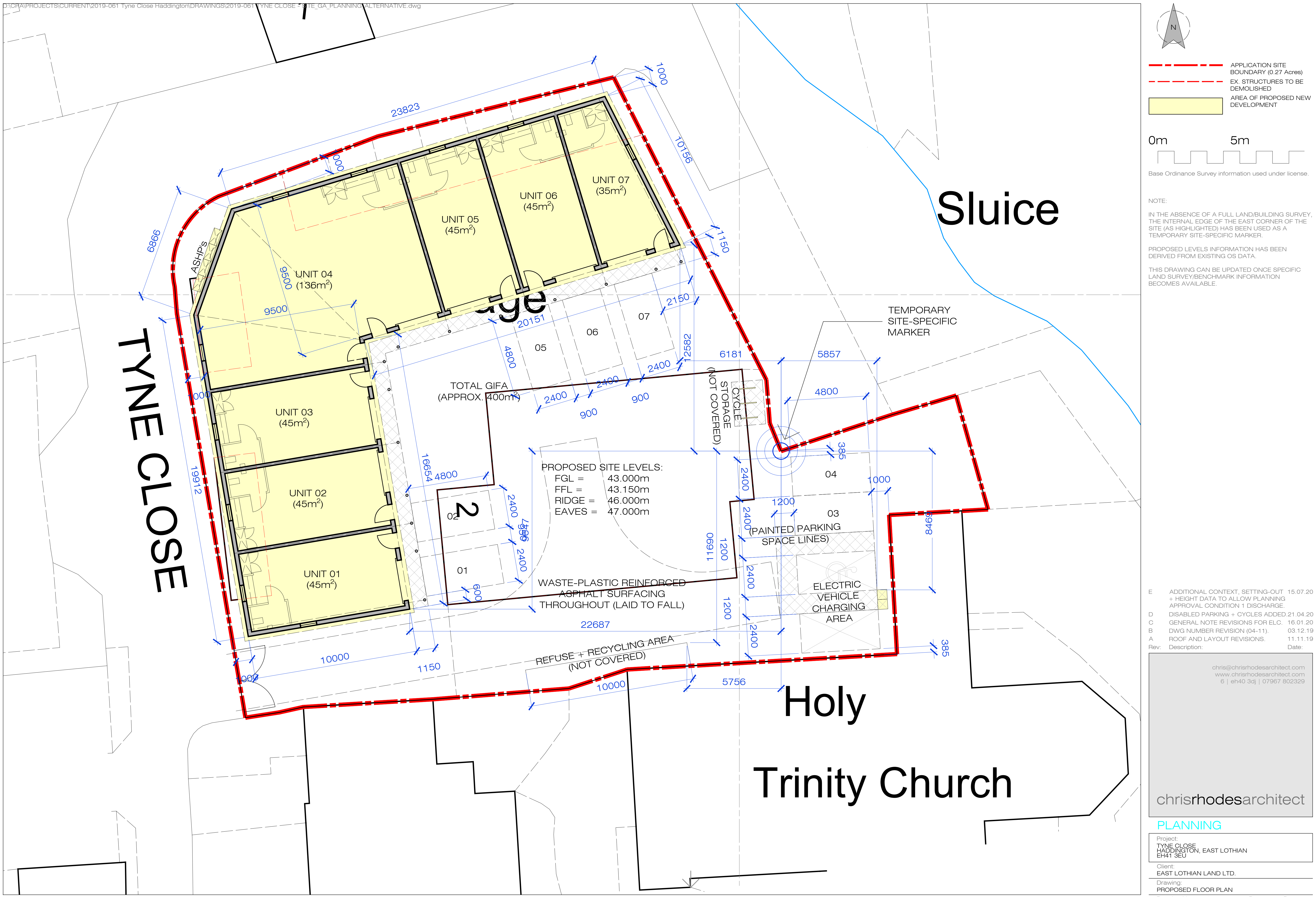
The initial pilot will be run for a period of 12 months in the town of Dunbar, which at the date of writing had five vacant units.

Funding could then be expanded across other town centres in collaboration with East Lothian Council.

The Town Catalyst – Retail Incubator already has the support of the Dunbar Trades Association, the Business Gateway, and Economic Development.

There is also further opportunity to move into purchasing high street properties to keep an income generation tool for future town ventures. With a property portfolio, the snowball effect this could have across the UK becomes even greater.

Appendix 4



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