

CEC RECOVERY LIMITED (FORMERLY TIE LIMITED)

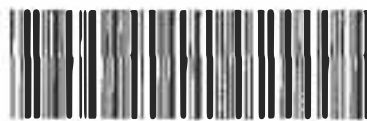
DIRECTORS' REPORT

AND

AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2013

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CEC RECOVERY LIMITED

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CEC RECOVERY LIMITED

COMPANY INFORMATION

Directors	H J Dunn C Coyle
Secretary	A Coyle
Company Number	SC230949
Registered Office	Waverley Court 4 East Market Street Edinburgh EH8 8BJ
Business address	9 Lochside Avenue Edinburgh Park Edinburgh EH12 9DJ
Auditor	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	The Royal Bank of Scotland plc 36 St Andrews Square Edinburgh EH2 2YB

CEC RECOVERY LIMITED

DIRECTORS' REPORT for the year ended 31 March 2013

The directors present their report and financial statements for the year ended 31 March 2013.

Principal activities and review of business

The principal activity of the company was previously the promotion, development, procurement, project management and implementation of certain nominated projects. The company was a "not for profit" entity.

Following a review of the Tram Project in 2011 the decision was made to return this project back to the direct control of the City of Edinburgh Council. All Tram Project contracts were novated to the City of Edinburgh Council on 9 November 2011. The Tram Project previously accounted for 99% of the company's activities, and as a result the company has effectively ceased trading from this date, subject to the transfer of other minor projects.

The company did not actively trade in the year under review and is actively pursuing the transferral of project documentation to Transport Scotland.

On 13th May 2013, the company changed its name from tie Limited to CEC Recovery Limited.

Key performance indicators

Following the decision to close the business, key performance indicators were no longer considered relevant to the company.

Directors

The directors who served during the year, and who have been appointed since, were:

V R Emery	(Resigned 8 May 2013)
D A Anderson	(Resigned 27 November 2012)
K E Kelly	(Resigned 27 November 2012)
A Coyle	(Appointed 8 May 2013)
H J Dunn	(Appointed 8 May 2013)

CEC RECOVERY LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 March 2013

Directors' responsibilities statement

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 the auditor

To the knowledge and belief so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps 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.

On behalf of the Board



H J Dunn

Director

17 December 2013

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF CEC RECOVERY LIMITED

We have audited the financial statements ("the financial statements") of CEC Recovery Limited for the year ended 31 March 2013 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify any material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its deficit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDER OF
CEC RECOVERY LIMITED (continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



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

17 December 2013

CEC RECOVERY LIMITED**INCOME STATEMENT
for the year ended 31 March 2013**

	Notes	2013 £	2012 £
Discontinued operations			
Revenue	5	(22,484)	117,492,444
External charges		<u>(1,153)</u>	<u>(106,612,251)</u>
		<u>(23,637)</u>	<u>10,880,193</u>
Staff costs	7	(1,484)	(4,859,324)
Pension scheme cessation liability	18	-	(5,004,000)
Depreciation	11	(13,777)	(13,776)
Capital payment amortisation	15	13,777	13,776
Bad debts		(4,369)	-
Other operating charges		<u>29,202</u>	<u>(974,979)</u>
		<u>23,349</u>	<u>(10,838,303)</u>
Operating surplus	6	(288)	41,890
Investment revenues	9	29	154,200
Finance costs		<u>(741)</u>	<u>-</u>
(Deficit)/Surplus before tax		(1,000)	196,090
Tax	10	<u>-</u>	<u>(90)</u>
(Deficit)/Surplus for the year		<u>(1,000)</u>	<u>196,000</u>

CEC RECOVERY LIMITED**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2013**

	Notes	2013 £	2012 £
(Deficit)/Surplus for the year		(1,000)	196,000
Actuarial gain on defined benefit pension scheme	18	<u>-</u>	<u>326,000</u>
Total comprehensive income		<u>(1,000)</u>	<u>522,000</u>

The accompanying notes form an integral part of these financial statements

CEC RECOVERY LIMITED**STATEMENT OF FINANCIAL POSITION
as at 31 March 2013**

	Notes	2013 £	2012 £
Non-current assets			
Property, plant and equipment	11	<u>622,930</u>	<u>636,707</u>
Current assets			
Trade and other receivables	12	<u>-</u>	<u>182,308</u>
		<u>-</u>	<u>182,308</u>
Total assets		<u>622,930</u>	<u>819,015</u>
Current liabilities			
Trade and other payables	14	<u>-</u>	<u>(177,419)</u>
Bank overdraft	13	<u>-</u>	<u>(3,889)</u>
		<u>-</u>	<u>(181,308)</u>
Net current assets		<u>-</u>	<u>1,000</u>
Non-current liabilities			
Deferred income	15	<u>(622,930)</u>	<u>(636,707)</u>
		<u>(622,930)</u>	<u>(636,707)</u>
Total liabilities		<u>(622,930)</u>	<u>(818,015)</u>
Net assets/(liabilities)		<u>-</u>	<u>1,000</u>
Equity			
Share capital	16	<u>1,000</u>	<u>1,000</u>
Retained earnings		<u>(1,000)</u>	<u>-</u>
Total equity		<u>-</u>	<u>1,000</u>

The financial statements on pages 6 to 25 were approved by the board of directors and authorised for issue on 17 December 2013. They were signed on its behalf by:



H J Dunn
Director

Company Registration Number: SC230949 (Scotland)

The accompanying notes form an integral part of these financial statements

CEC RECOVERY LIMITED**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2013**

	Notes	Share capital £	Retained earnings £	Total equity £
At 1 April 2011		<u>1,000</u>	<u>(522,000)</u>	<u>(521,000)</u>
Surplus for the year		-	196,000	196,000
Actuarial gain on defined benefit scheme	18	<u>-</u>	<u>326,000</u>	<u>326,000</u>
Total comprehensive income		<u>-</u>	<u>522,000</u>	<u>522,000</u>
At 1 April 2012		<u>1,000</u>	<u>0</u>	<u>1,000</u>
Deficit for the year		<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Total comprehensive income		<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
At 31 March 2013		<u>1,000</u>	<u>(1,000)</u>	<u>-</u>

The accompanying notes form an integral part of these financial statements

CEC RECOVERY LIMITED

**CASH FLOW STATEMENT
for the year ended 31 March 2013**

	Notes	2013 £	2012 £
Cash (used in)/from operating activities			
Cash generated from operations	17	4,670	(74,834)
Corporation tax paid		<u>(69)</u>	<u>(21)</u>
Net cash (used in)/from operating activities		<u>4,601</u>	<u>(74,855)</u>
Cash flows from investing activities			
Interest received		<u>29</u>	<u>81,200</u>
Net cash from investing activities		<u>29</u>	<u>81,200</u>
Cash flows from financing activities			
Finance costs		<u>(741)</u>	<u>-</u>
Net cash used in financing activities		<u>(741)</u>	<u>-</u>
Net increase in cash and cash equivalents		3,889	6,345
Cash and cash equivalents at 1 April 2011		<u>(3,889)</u>	<u>(10,234)</u>
Cash and cash equivalents at 31 March 2013	13	<u>-</u>	<u>(3,889)</u>

The accompanying notes form an integral part of these financial statements

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2013

1 General information

CEC Recovery Limited is a company domiciled in the United Kingdom.

The City of Edinburgh Council is deemed to be the ultimate controlling party by way of its 100% shareholding in Transport Edinburgh Limited, the immediate parent company of CEC Recovery Limited.

2 Significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union. Following an agreement to undertake a transfer of all assets and undertakings of the company into related undertakings, which began in 2011 and was completed in 2012, the financial statements have been prepared on a discontinuance basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Revenue recognition

Revenue is recognised to reflect completion of the company's contractual obligations. Where the substance of the contract is that a right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs. The company is a "not for profit" company and any surplus or deficit arises out of the movement on the company's pension liabilities in the year.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Heritable property	- 2% Straight line
Tenants improvements	- 25% Straight line
Motor vehicles	- 25% Straight line
Fixtures and equipment	- 25% Straight line

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2013

2 Significant accounting policies (continued)

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Deferred capital receipts

Capital receipts in respect of capital expenditure are credited to the deferred income account and then released to the income and expenditure account over the expected useful lives of the relevant assets.

Retirement benefit costs

Up until 31 December 2011 the Company was a member of the Lothian Pension Fund which is a multi-employer Local Government defined benefit pension scheme. The assets of the scheme were held separately from those of the company and pensions payable under the scheme was based on final pensionable salary.

In accordance with the requirements of IAS 19, the operating costs of providing these benefits were recognised in the Income Statement in the accounting period in which the benefits were earned by the employees. The expected return on the scheme assets less interest on liabilities was included in investment revenues or finance costs. Actuarial gains and losses were recognised in equity and presented in the statement of comprehensive income. The pension scheme surplus, to the extent that it was recoverable, or the deficit, was recognised in full and presented on the face of the Statement of Financial Position.

Following the agreement to undertake a transfer of all assets and undertakings of the company into related undertakings, the company withdrew from the Lothian Pension Scheme on 31 December 2012 and thereby crystallised its liability under the Scheme. This included a curtailment of benefits, the result of which was reflected within the Income Statement in accordance with the requirements of IAS 19.

The company also contributed to individual's personal pension schemes and contributions payable are charged to the income and expenditure account in the period to which they relate.

Taxation

The company is a 'not for profit company' and UK corporation tax is only payable on any interest receivable in excess of interest payable.

Current tax is the tax expected to be payable on any interest receivable in excess of interest payable for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

As the company is a 'not for profit' company for tax purposes, no temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes have arisen. Accordingly, no deferred tax assets or liabilities are recognised.

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

2 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised the income statement when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the expected amount recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits.

Financial liabilities and equity

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.

Trade payables

Trade payables are measured at fair value.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Standards and interpretations in issue not yet effective

The following new and revised standards and interpretations have been issued but are not yet effective and have therefore not been adopted in these financial statements. The standards and interpretations listed below are not expected to have a material impact on the Company's results or assets and liabilities.

IFRS 9 'Financial Instruments – amendment'	Effective for periods commencing on or after 1 January 2015 but will not be considered for endorsement by the EU until the remaining elements of the project have been completed.
IAS 19 'Employee Benefits'	Amended in June 2011 and is effective for periods commencing on or after 1 January 2013.
IFRS 11 'Joint Arrangements'	Effective for periods commencing on or after 1 January 2014 and replaces IAS 31 'Interests in Joint Ventures'.
Amendments to IAS 1 'Presentation of items of Other Comprehensive Income'	Effective for periods commencing on or after 1 July 2012.

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2013

2 Significant accounting policies (continued)

Standards and interpretations in issue not yet effective (continued)

IFRS 10 'Consolidated Financial Statements'	Effective for periods commencing on or after 1 January 2014.
IFRS 12 'Disclosures of Interests in Other Entities'	Effective for periods commencing on or after 1 January 2014.
IFRS 13 'Fair Value Measurement' 'Improvements to IFRSs (2011)'	Effective for periods commencing on or after 1 January 2013. This is a collection of amendments to five standards as part of the International Accounting Standards Board's (IASB) programme of annual improvements. The improvements were issued in May 2012 and are effective for periods commencing on or after 1 January 2013.

3 Financial instruments and financial risk management

The company's main financial instruments comprise bank and cash balances and short term debtors and creditors.

Capital management

As a not for profit entity, the capital base reflects only any surplus or deficit position in relation to the final salary pension scheme. The company does not commit to any expenditure without the award of a formal grant from a relevant funding provider and thus does not require a strong capital base to perform its operations.

Management of financial risk

Due to the cessation of trade of the company and agreements in place with the City Of Edinburgh Council, the Company does not consider it is subject to any financial risks.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

4 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Valuation of retirement scheme assets / liabilities

The company previously recorded in its balance sheet a liability equivalent to the company's share of the deficit on the multi-employer defined benefit pension scheme. This liability was previously determined with advice from the scheme's actuarial adviser each year and could fluctuate based on a number of factors some of which are outwith the control of management. The main factors that could impact the valuation include:

- The discount rate used to discount future liabilities back to the present date.
- The actual rates of salary increase as compared to the expected rates used in the previous valuation.
- The actual returns on investments experienced as compared to the expected rates used in the previous pension scheme valuation.
- Mortality assumptions.

However, following the agreement to undertake a transfer of all assets and undertakings of the company into related undertakings the company's pension liability was crystallised and a cessation valuation was therefore requested from the actuary.

Details of the assumptions used to determine the cessation liability are set out in note 18.

5 Revenue

An analysis of the company's revenue is as follows:

	2013	2012
	£	£
Tram project	(28,525)	117,417,950
Other projects	6,041	74,494
	<u>(22,484)</u>	<u>117,492,444</u>

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

CEC RECOVERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013**

6 (Deficit)/Surplus for the year

	2013 £	2012 £
(Deficit)/Surplus for the year has been arrived at after charging / (crediting):		
Depreciation of tangible assets	13,776	13,777
Operating lease rentals	-	252,479
Capital payment amortisation	<u>(13,776)</u>	<u>(13,777)</u>

The analysis of auditor's remuneration is as follows:

Fees payable to the Company's auditor for the audit of the Company's financial statements	2,750	16,750
Fees payable to the Company's auditor for other services to the company	-	6,450
Total audit fees	<u>2,750</u>	<u>23,200</u>

7 Staff costs

	2013 £	2012 £
Salaries and wages	(544)	1,942,567
Terminations payments	-	2,008,126
Social security costs	197	349,195
Other pension costs/(gains)	1,831	559,436
	<u>1,484</u>	<u>4,859,324</u>

Other pension costs of £1,831 (2012: costs of £559,436) exclude other finance income, the expected return on assets and actuarial gains and losses, which are reported elsewhere.

The average monthly number of employees (including executive directors and excluding seconded and contracted staff) was:

	2013 Number	2012 Number
Technical and administration	<u>-</u>	<u>39</u>

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

8 Directors' remuneration

	2013 £	2012 £
Salaries and benefits to executive directors	-	248,402
Fees to non-executive directors	-	4,385
	<u>-</u>	<u>252,787</u>

No share option scheme is in force.

The number of directors for whom retirement benefits were accruing under defined benefit pension schemes amounted to nil (2012 - 1).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2013 £	2012 £
Emoluments for qualifying services	<u>-</u>	<u>193,402</u>

	2013 £	2012 £
Compensation to director for loss of office	<u>-</u>	<u>158,325</u>

9 Investment revenues and finance costs

	2013 £	2012 £
<i>Investment revenues</i>		
Bank interest receivable	29	346
Value Added Tax repayment supplement	-	80,854
Net Return on Defined Benefit Pension Scheme (see note 18)	<u>-</u>	<u>73,000</u>
	<u>29</u>	<u>154,200</u>

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

10 Tax

	2013 £	2012 £
Current tax	<u>-</u>	<u>90</u>

Corporation tax is calculated at 24% (2012: 26%) of the estimated assessable profit for the year.

	2013 £	2012 £
Current tax :		
UK corporation tax charge on surplus of the year	-	69
Under-provided in previous year	-	21
Tax charge (see below)	<u>-</u>	<u>90</u>

The charge for the year can be reconciled to the surplus per the consolidated income statement as follows:

	2013 £	2012 £
(Deficit)/Surplus on ordinary activities before tax	<u>(1,000)</u>	<u>196,000</u>
Tax credit at the UK corporation tax rate of 24% (2012 - 26%)	(240)	50,960
Effects of:		
Other tax adjustments	240	69
Adjustment for prior years	-	21
Tax effects of IAS 19 adjustments	-	(50,960)
Current tax charge for the year	<u>-</u>	<u>90</u>

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

11 Property, plant and equipment

	Heritable Property £	Tenants Improvements £	Fixtures & Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2011	688,822	326,279	655,738	96,610	1,767,449
Additions	-	-	-	-	-
Disposals	-	(326,279)	(655,738)	(96,610)	(1,078,627)
At 1 April 2012 and 31 March 2013	<u>688,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,822</u>
Depreciation					
At 1 April 2011	38,339	297,048	546,911	96,610	978,908
Charge for the year	13,776	-	-	-	13,776
Disposals	-	(297,048)	(546,911)	(96,610)	(940,569)
At 1 April 2012 Charge for the year	<u>52,115</u> <u>13,777</u>	<u>-</u> <u>-</u>	<u>-</u> <u>-</u>	<u>-</u> <u>-</u>	<u>52,115</u> <u>13,777</u>
At 31 March 2013	<u>65,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,892</u>
Net book amount					
At 31 March 2013	<u>622,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,930</u>
At 31 March 2012	<u>636,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>636,707</u>

12 Trade and other receivables

	2013 £	2012 £
Other receivables	<u>-</u>	<u>182,308</u>
	<u>-</u>	<u>182,308</u>

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

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

13 Cash and cash equivalents

	2013 £	2012 £
Bank overdraft	-	(3,889)
Cash and cash equivalents in the cash flow statement	<u>-</u>	<u>(3,889)</u>

14 Trade and other payables

	2013 £	2012 £
Corporation tax	-	90
Social security and other taxes	-	289
Accruals and deferred income	-	177,040
	<u>-</u>	<u>177,419</u>

15 Deferred income

	2013 £	2012 £
At 1 April	636,707	788,541
Capital payments written off on property, plant and equipment	-	(138,058)
Capital payments received during the year	-	-
Amortisation in the year	<u>(13,777)</u>	<u>(13,776)</u>
At 31 March	<u>622,930</u>	<u>636,707</u>

Deferred income represents income received in relation to fixed assets acquired for use in delivery of nominated projects. Such income is credited to the deferred income account and released to the Statement of Income over the expected useful lives of the relevant assets.

16 Share capital

	2013 £	2012 £
Issued and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

CEC RECOVERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
for the year ended 31 March 2013**17 Cash generated from operations**

	2013	2012
	£	£
Surplus before tax	(1,000)	196,090
Adjustments for:		
Investment revenues	(29)	(154,200)
Finance costs	741	-
Difference between pension scheme current service cost and cash contribution	-	(123,000)
Depreciation of property, plant and equipment	13,777	13,776
Deferred income released in the year	(13,777)	(13,776)
Operating cash flows before movement in working capital	(288)	(81,110)
Decrease in receivables	182,308	30,662,414
Decrease in payables	(177,350)	(30,656,138)
Cash from/(used in) operations	<u>4,670</u>	<u>(74,834)</u>

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2013

18 Retirement benefit scheme

The company was a member of the Lothian Pension Fund which is a Local Government Pension Scheme. The Scheme provided benefits based on final pensionable pay to certain of the company's employees. The assets of the Fund were held separately from those of the company and were controlled by independent trustees on behalf of the members. Contributions to the Fund were centrally calculated as a whole for all participating employers and they were determined by a qualified actuary on the basis of triennial valuations, the most recent valuation being as at 31 March 2011.

In order to assess the value of the employer's liabilities in the Fund at 31 December 2011 (the date of closure of the scheme) the actuary rolled forward the value of the employer's liabilities calculated at the last formal funding valuation, allowing for the different financial assumptions required under IAS 19.

The service cost for the prior year was calculated by the actuary using the projected unit method of valuation as required under IAS 19. The contribution of the company was 22.8%, and for employees it is varying percentage rates of pensionable salary.

Under IAS 19, the company has chosen to reflect the full extent of any surplus or deficit on its pension fund. As at 31 December 2011, the actuaries of Lothian Pension Fund calculated the company's share of the overall scheme deficit to be a surplus of £206,000 and this figure was accounted for in the financial statements prior to recognising the cessation liability of £4,798,000.

The principal assumptions used by the actuary pre cessation were:

	2012
Rate of increase in salaries	4.6%
Rate of increase in pensions payment	2.3%
Discount rate	5.2%
Long term expected rate of return on scheme assets:	
Equities	6.1%
Bonds	3.8%
Property	4.2%
Cash	3.2%
Mortality – life expectancies from age 65:	
<u>Males</u>	
Current pensioners	20.4
Future pensioners	22.6
<u>Females</u>	
Current pensioners	22.8
Future pensioners	25.4

Expected rate of returns on assets has been determined by the employer having taken actuarial advice.

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

18 Retirement benefit scheme (continued)

Amounts recognised in the Statement of Financial Position

	2013 £'000	2012 £'000
Fair value of employer assets	-	8,145
Present value of employer liabilities	-	(7,872)
Present value of unfunded liabilities	-	(67)
	<hr/>	<hr/>
Company's net pension asset pre cessation	-	206
Cessation valuation charge	-	(5,004)
	<hr/>	<hr/>
Cessation deficit	-	(4,798)

Analysis of amounts recognised in Income Statement

	2013 £'000	2012 £'000
<u>Amounts charged to / (credited to) staff costs</u>		
Current service cost	-	245
Past service cost	-	-
Curtailment and settlements	-	308
	<hr/>	<hr/>
Total operating charge	-	553
<u>Amount credited to investment revenues</u>		
Expected return on employer assets	-	413
Interest on employer liabilities	-	(340)
	<hr/>	<hr/>
Net credit	-	73
	<hr/>	<hr/>
Total amounts recognised in Income Statement	<hr/>	<hr/>

Analysis of amount recognised in statement of comprehensive income

	2013 £'000	2012 £'000
Actual return less expected return on employer assets	-	(665)
Changes in financial assumptions underlying the present value of the employer liabilities	-	991
	<hr/>	<hr/>
Actuarial gain recognised in statement of comprehensive income	<hr/>	<hr/>

The cumulative amount of actuarial losses recognised in comprehensive income to date are £1,262,000 (2012 – £1,262,000)

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

18 Retirement benefit scheme (continued)

Reconciliation of the present value of employer liabilities

	£000
Present value of employer liabilities at 1 April 2011	(7,996)
Current service cost	(245)
Interest cost	(340)
Contributions by members	(186)
Actuarial gains	991
Past service gains	-
Loss on curtailments	(308)
Unfunded benefits paid	4
Benefits paid	141
	<u> </u>
Present value of employer liabilities at 31 December 2011 (pre cessation)	<u>(7,939)</u>

Reconciliation of the fair value of employer assets

	£000
Fair value of employer assets at 1 April 2011	7,474
Expected return on assets	413
Contributions by members	186
Contributions by the employer	878
Contributions in respect of unfunded benefits	4
Actuarial losses	(665)
Unfunded benefits paid	(4)
Benefits paid	(141)
	<u> </u>
Fair value of employer assets at 31 December 2011 (pre cessation)	<u>8,145</u>

The fair value of major categories of employer assets are as follows

	£000
Equities	6,353
Bonds	733
Property	896
Cash	163
	<u> </u>
At 31 December 2011 (pre cessation)	<u>8,145</u>

Analysis of the current and previous four periods:

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Present value of employer liabilities	-	(7,939)	(7,996)	(8,395)	(4,614)
Fair value of employer assets	-	8,145	7,474	6,189	4,053
Surplus/(deficit) in scheme	-	206	(522)	(2,206)	(561)
Experience gains/(losses) on assets	-	(665)	(125)	1,216	(376)
Experience gains/(losses) on liabilities	-	472	3	-	(918)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2013

18 Retirement benefit scheme (continued)

Basis of Preparation of Cessation Valuation

For the purposes of this valuation the Scheme Actuary adopted a 'marked to market' approach, that is, the Employer's assets have been taken into account at their market value and the liabilities have been valued by reference to market indicators (gift yields) on the cessation date. The liabilities of the active, deferred and pensioner members of the Employer on the cessation date based on the individual membership data provided. When valuing the liabilities on the cessation basis, active members are assumed to become deferred members on the cessation date.

The principal assumptions used by the actuary were:

	31 December 2011 %
Rate of increase in salaries	*4.6
Rate of increase in pensions payment	2.3
Discount rate	3.0

* As only deferred and pensioner liabilities are being valued, the salary increase assumption is not used in the calculations.

The following returns were used in the cessation calculations:

	Return %
Actual return on scheme assets for the period from 1 April 2011 to 31 December 2011	(3.7)

The following membership data was supplied by the Administering Authority in January 2012. As active members are assumed to become pensioner members on the cessation date, the cessation data used for valuation purposes was therefore:

	31 December 2011
Actives	-
Deferred	62
Pensioner	16

CEC RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2013

18 Retirement benefit scheme (continued)

Results of cessation valuation	31 December 2011 £000
Liabilities:	
Deferred pensioners	(7,442)
Pensioners	<u>(5,449)</u>
Total liabilities	<u>(12,891)</u>
Asset share	<u>8,093</u>
Cessation (Deficit) and liability	<u>(4,798)</u>

19 Related party transactions

The City of Edinburgh Council is deemed to be the ultimate controlling party by way of its 100% shareholding in Transport Edinburgh Limited, the immediate parent company of CEC Recovery Limited.

During the year the company invoiced service charges to CEC amounting to £Nil (2012 - £100,821,399), issued sales credit notes to CEC amounting to £187,797 (2012 - £nil) and at the year end the amount due by CEC to the company was £Nil (2012 - £Nil) in respect of the provision of services. During the year the company was recharged by CEC expenses totalling £Nil (201: £1,233,072) and at the year end the amount due by the company to CEC was £Nil (2011: £Nil). In addition in the prior year CEC accepted the cessation pension liability of £4,798,000 which has been accounted for as part of Revenue.

During the year the company was recharged by Lothian Buses plc, a subsidiary of CEC, for consultancy fees and expenses totalling £Nil (2012 - £217,019) in respect of the TRAM project and at the year end the amount due to Lothian Buses plc was £Nil (2012 - £1,783). The company also incurred costs in relation to Edinburgh Trams Limited ("ETL"), a subsidiary of CEC, for staff costs totalling £Nil (2012 - £361,419) in respect of the TRAM project. All costs incurred by ETL are Tram related and are reflected in these financial statements.

During the year the company was recharged by Edinburgh Chamber of Commerce for services rendered totalling £Nil (2012 - £73,733) in respect of the TRAM project. Richard Jeffrey, a former director, was also a director of Edinburgh Chamber of Commerce.

20 Subsequent events

CEC Recovery Limited in common with other parties involved in the TRAM project is considering its possible legal remedies in relation to this project.