Registration No: SC230949 (Scotland)

tie LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

For the year ended 31 March 2012

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tie LIMITED

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tie LIMITED

COMPANY INFORMATION

Directors	V R Emery (Chairman) D A Anderson K E Kelly (Alternate)
Secretary	A Coyle
Company Number	SC230949
Registered Office	City Chambers High Street Edinburgh EH1 1YJ
Business address	9 Lochside Avenue Edinburgh Park Edinburgh EH12 9DJ
Auditors	Geoghegans Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
Bankers	The Royal Bank of Scotland plc 36 St Andrews Square Edinburgh EH2 2YB

tie LIMITED

DIRECTORS' REPORT
for the year ended 31 March 2012

The directors present their report and financial statements for the year ended 31 March 2012.

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 results for the year show a surplus after tax of £196,000 (2011: £951,000) which have arisen from movements on the company's defined benefit pension scheme obligations as calculated under IAS19. Net assets at the year end of £1,000 equates to the company's share capital.

Key performance indicators

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

Directors

The following directors have held office since 1 April 2011 unless otherwise indicated:

V R Emery	(Chairman)
D A Anderson	(Appointed 10 August 2011)
K E Kelly	(Appointed 10 August 2011 & resigned 27 September 2011; Appointed 25 October 2012 as alternate)
B J Cox	(Resigned 5 July 2011)
K J Hogg	(Resigned 12 May 2011)
A G Jackson	(Resigned 16 May 2011)
R B Jeffrey	(Resigned 8 June 2011)
G F Mackenzie	(Resigned 27 September 2011)
I Perry	(Resigned 6 June 2011)
N Scales	(Resigned 12 May 2011)
P Strachan	(Resigned 12 May 2011)
A P M Wheeler	(Resigned 27 September 2011)

tie LIMITED

DIRECTORS' REPORT (continued)
for the year ended 31 March 2012

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

So far as the directors are aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

On behalf of the Board

[redacted]

V R Emery
Director

15 November 2012

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF tie LIMITED

We have audited the financial statements of tie Limited for the year ended 31 March 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the Notes to the Financial Statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholder 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 shareholder those matters we are required to state to them in an auditors' 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 shareholder for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

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 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 2012 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF tie 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, 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.

[redacted]

Michael Crerar (Senior Statutory Auditor)
For and on Behalf of Geoghegans, Chartered Accountants
and Statutory Auditor

15 November 2012

6 St Colme Street
Edinburgh
EH3 6AD

tie LIMITED

INCOME STATEMENT
for the year ended 31 March 2012

	Notes	2012 £	2011 £
Discontinued operations			
Revenue	5	117,492,444	63,950,818
External charges		(106,612,251)	(56,733,544)
		10,880,193	7,217,274
Staff costs	7	(4,859,324)	(4,548,531)
Pension scheme cessation liability	19	(5,004,000)	-
Depreciation	11	(13,777)	(222,658)
Capital payment amortisation	15	13,777	222,658
Other operating charges		(974,979)	(1,749,672)
		(10,838,303)	(6,298,203)
Operating surplus	6	41,890	919,071
Investment revenues	9	154,200	32,102
Surplus before tax		196,090	951,173
Tax	10	(90)	(173)
Surplus for the year		196,000	951,000

tie LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2012

	Notes	2012 £	2011 £
Surplus for the year		196,000	951,000
Actuarial gain on defined benefit pension scheme	19	326,000	733,000
Total comprehensive income		522,000	1,684,000

The accompanying notes form an integral part of these financial statements

tie LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2012

	Notes	2012 £	2011 £
Non-current assets			
Property, plant and equipment	11	636,707	788,541
Current assets			
Trade and other receivables	12	182,308	30,844,722
Cash and cash equivalents	13	-	103
		182,308	30,844,825
Total assets		819,015	31,633,366
Current liabilities			
Trade and other payables	14	(177,419)	(30,833,488)
Bank overdraft	13	(3,889)	(10,337)
		(181,308)	(30,843,825)
Net current assets		1,000	1,000
Non-current liabilities			
Retirement benefit obligations	19	-	(522,000)
Deferred income	15	(636,707)	(788,541)
		(636,707)	(1,310,541)
Total liabilities		(818,015)	(32,154,366)
Net assets/(liabilities)		1,000	(521,000)
Equity			
Share capital	16	1,000	1,000
Retained earnings		-	(522,000)
Total equity		1,000	(521,000)

The financial statements on pages 6 to 25 were approved by the board of directors and authorised for issue on 15th November 2012. They were signed on its behalf by:

[redacted]

V R Emery
Chairman

Company Registration Number: SC230949 (Scotland)

The accompanying notes form an integral part of these financial statements

tie LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2012

	Notes	Share capital £	Retained earnings £	Total equity £
At 1 April 2010		1,000	(2,206,000)	(2,205,000)
Surplus for the year		-	951,000	951,000
Actuarial gain on defined benefit scheme	19	-	733,000	733,000
Total comprehensive income		-	1,684,000	1,684,000
At 1 April 2011		1,000	(522,000)	(521,000)
Surplus for the year		-	196,000	196,000
Actuarial gain on defined benefit scheme	19	-	326,000	326,000
Total comprehensive income		-	522,000	522,000
At 31 March 2012		1,000	-	1,000

The accompanying notes form an integral part of these financial statements

tie LIMITED

CASH FLOW STATEMENT
for the year ended 31 March 2012

	Notes	2012 £	2011 £
Cash (used in)/from operating activities			
Cash generated from operations	17	(74,834)	461,155
Corporation tax paid		(21)	(173)
Net cash (used in)/from operating activities		(74,855)	460,982
Cash flows from investing activities			
Proceeds from disposal of property		-	254,000
Payments to acquire tangible assets		-	(28,902)
Interest received		81,200	102
Net cash from investing activities		81,200	225,200
Cash flows from financing activities			
Capital payments repaid on disposal of property		-	(254,000)
Capital payments received		-	28,902
Net cash used in financing activities		-	(225,098)
Net increase in cash and cash equivalents		6,345	461,084
Cash and cash equivalents at 1 April 2011		(10,234)	(471,318)
Cash and cash equivalents at 31 March 2012	13	(3,889)	(10,234)

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

1 General information

tie 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 **tie** 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 will be 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 group'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

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 are based on final pensionable salary.

In accordance with the requirements of IAS 19, the operating costs of providing these benefits are recognised in the Income Statement in the accounting period in which the benefits are earned by the employees. The expected return on the scheme assets less interest on liabilities is included in investment revenues or finance costs. Actuarial gains and losses are recognised in equity and presented in the statement of comprehensive income. The pension scheme surplus, to the extent that it is recoverable, or the deficit, is 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 their liability under the Scheme. This included a curtailment of benefits, the result of which has been 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.

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 consolidated results or assets and liabilities.

Amendments to IFRS 1	Replacement of 'fixed dates' for certain exceptions with the date of transition to IFRSs' (effective 1 July 2011)
Amendments to IFRS 1	Additional exemption for entities ceasing to suffer from severe hyperinflation (effective 1 July 2011)
Amendments to IFRS 7	Amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011)
IFRS 9	New requirements for the classification and measurement of financial assets (effective 1 January 2013)

2 Significant accounting policies (continued)

Standards and interpretations in issue not yet effective (continued)

Amendments to IAS 1	Additional disclosures to be made in the other comprehensive income section – (effective 1 July 2012)
Amendments to IAS 12	Exception to the general principles in IAS 12 – (effective 1 January 2012)
IAS 19 (as revised in 2011)	Requires recognition of changes in defined benefit obligations and in fair value of plan assets when they occur – (effective 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 planned wind-up 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.

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 liability at 31 March 2012 are set out in Note 19.

5 Revenue

An analysis of the company's revenue is as follows:	2012	2011
	£	£
Tram project	117,417,950	63,111,517
Other projects	74,494	839,301
	117,492,444	63,950,818

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

6 Surplus for the year

	2012	2011
	£	£
Surplus for the year has been arrived at after charging / (crediting):		
Loss on disposal of property, plant and equipment	-	104,249
Depreciation of tangible assets	13,777	222,658
Operating lease rentals	252,479	534,452
Capital payment amortisation	(13,777)	(222,658)

The analysis of auditors' remuneration is as follows:

Fees payable to the Company's auditors for the audit of the Company's financial statements	16,750	18,875
Fees payable to the Company's auditors for other services to the company	6,450	5,450
Total audit fees	23,200	24,325

7 Staff costs

	2012	2011
	£	£
Salaries and wages	1,942,567	4,335,039
Terminations payments	2,008,126	-
Social security costs	349,195	406,738
Other pension costs/(gains)	559,436	(193,246)
	4,859,324	4,548,531

Other pension costs of £559,436 (2011: gains of £193,246) 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:

	2012 Number	2011 Number
Technical and administration	39	77

8 Directors' remuneration

	2012	2011
	£	£
Salaries and benefits to executive directors	248,402	203,330
Fees to non-executive directors	4,385	27,000
	252,787	230,330

No share option scheme is in force.

The number of directors for whom retirement benefits were accruing under defined benefit pension schemes amounted to 1 (2011 - 1).

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

	2012	2011
	£	£
Emoluments for qualifying services	193,402	150,000
Accrued pension at the end of the year	-	4,856
Accrued lump sum at the end of the year	-	-

	2012	2011
	£	£
Compensation to director for loss of office	158,325	-

9 Investment revenues and finance costs

	2012	2011
	£	£
Investment revenues		
Bank interest receivable	346	102
Value Added Tax repayment supplement	80,854	-
Net Return on Defined Benefit Pension Scheme (see note 19)	73,000	32,000
	154,200	32,102

10 Tax

	2012	2011
	£	£
Current tax	90	173

Corporation tax is calculated at 26% (2011: 28%) of the estimated assessable profit for the year.

	2012	2011
	£	£
Current tax :		
UK corporation tax charge on surplus of the year	69	-
Under-provided in previous year	21	173
Tax charge (see below)	90	173

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

	2012	2011
	£	£
Surplus on ordinary activities before tax	196,000	951,173
Tax credit at the UK corporation tax rate of 26% (2011 - 28%)	50,960	266,328
Effects of:		
Other tax adjustments	69	(48)
Adjustment for prior years	21	173
Tax effects of IAS 19 adjustments	(50,960)	(266,280)
Current tax charge for the year	90	173

11 Property, plant and equipment

	Heritable Property £	Tenants Improvements £	Fixtures & Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2010	1,077,922	326,279	937,407	96,610	2,438,218
Additions	-	-	28,902	-	28,902
Disposals	(389,100)	-	(310,571)	-	(699,671)
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 31 March 2012	688,822	-	-	-	688,822
Depreciation					
At 1 April 2010	55,908	215,479	737,726	88,559	1,097,672
Additions	13,282	81,569	119,756	8,051	222,658
Disposals	(30,851)	-	(310,571)	-	(341,422)
At 1 April 2011	38,339	297,048	546,911	96,610	978,908
Charge for the year	13,777	-	-	-	13,777
On disposal	-	(297,048)	(546,911)	(96,610)	(940,569)
At 31 March 2012	52,116	-	-	-	52,116
Net book amount					
At 31 March 2012	636,706	-	-	-	636,706
At 31 March 2011	650,483	29,231	108,827	-	788,541

12 Trade and other receivables

	2012 £	2011 £
Trade receivables	-	61,579
Receivables from related parties	-	16,421,478
Prepayments	-	14,361,665
Other receivables	182,308	-
	182,308	30,844,722

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

13 Cash and cash equivalents

	2012 £	2011 £
Bank and cash balances	-	103
Bank overdraft	(3,889)	(10,337)
Cash and cash equivalents in the cash flow statement	(3,889)	(10,234)

14 Trade and other payables

	2012 £	2011 £
Trade and other payables	-	725,902
Corporation tax	90	-
Social security and other taxes	289	607,615
Accruals and deferred income	177,040	29,499,971
	177,419	30,833,488

15 Deferred income

	2012 £	2011 £
At 1 April	788,541	1,340,546
Capital payments written off on property, plant and equipment	(138,057)	(358,249)
Capital payments received during the year	-	28,902
Amortisation in the year	(13,777)	(222,658)
At 31 March	636,707	788,541

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

	2012 £	2011 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000

17 Cash generated from operations

	2012 £	2011 £
Surplus before tax	196,090	951,173
Adjustments for:		
Investment revenues	(154,200)	(32,102)
Difference between pension scheme current service cost and cash contribution	(123,000)	(919,000)
Loss on disposal of property, plant and equipment	-	104,249
Deferred income released in the year relating to loss on disposal	-	(104,249)
Depreciation of property, plant and equipment	13,777	222,658
Deferred income released in the year	(13,777)	(222,658)
Operating cash flows before movement in working capital	(81,110)	71
Increase in receivables	30,662,414	25,586,474
Increase in payables	(30,656,138)	(25,125,390)
Cash (used in)/from operations	(74,834)	461,155

18 Operating lease arrangements

	2012 £	2011 £
Minimum lease payments under operating lease recognised as an expense in the year	-	534,452

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2012 £	2011 £
Within one year	-	284,847
In the second to fifth years inclusive	-	-
After five years	-	-
	-	284,847

19 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 are held separately from those of the company and are controlled by independent trustees on behalf of the members. Contributions to the Fund are centrally calculated as a whole for all participating employers and they are 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 has 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 this year.

The service cost for the year has been 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 has been 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	2011
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions payment	2.3%	2.8%
Discount rate	5.2%	5.5%
Long term expected rate of return on scheme assets:		
Equities	6.1%	7.5%
Bonds	3.8%	4.9%
Property	4.2%	5.5%
Cash	3.2%	4.6%
Mortality – life expectancies from age 65:		
Males		
Current pensioners	20.4	20.8
Future pensioners	22.6	22.3
Females		
Current pensioners	22.8	24.1
Future pensioners	25.4	25.7

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2012

19 Retirement benefit scheme (continued)

Amounts recognised in the Statement of Financial Position

	2012 £'000	2011 £'000
Fair value of employer assets	8,145	7,474
Present value of employer liabilities	(7,872)	(7,926)
Present value of unfunded liabilities	(67)	(70)
Company's net pension asset/(liability) pre cessation	206	(522)
Cessation valuation charge	(5,004)	-
Cessation deficit	(4,798)	(522)

Analysis of amounts recognised in Income Statement	2012 £'000	2011 £'000
Amounts charged to / (credited to) staff costs		
Current service cost	245	671
Past service cost	-	(867)
Curtailment and settlements	308	-
Total operating charge / (credit)	553	(196)
Amount credited to investment revenues		
Expected return on employer assets	413	485
Interest on employer liabilities	(340)	(453)
Net credit	73	32
Total amounts recognised in Income Statement	480	(228)

Analysis of amount recognised in statement of comprehensive income	2011 £'000	2011 £'000
Actual return less expected return on employer assets	(665)	(125)
Changes in financial assumptions underlying the present value of the employer liabilities	991	858
Actuarial gain recognised in statement of comprehensive income	326	733

The cumulative amount of actuarial losses recognised in comprehensive income to date are £1,262,000 (2011 – £1,588,000)

19 Retirement benefit scheme (continued)

Reconciliation of the present value of employer liabilities	2012 £000	2011 £000
Present value of employer liabilities at 1 April 2011	(7,996)	(8,395)
Current service cost	(245)	(671)
Interest cost	(340)	(453)
Contributions by members	(186)	(347)
Actuarial gains	991	858
Past service gains	-	867
Loss on curtailments	(308)	-
Unfunded benefits paid	4	4
Benefits paid	141	141
Present value of employer liabilities at 31 December 2011	(7,939)	(7,996)

Reconciliation of the fair value of employer assets	2012 £000	2011 £000
Fair value of employer assets at 1 April 2011	7,474	6,189
Expected return on assets	413	485
Contributions by members	186	347
Contributions by the employer	878	719
Contributions in respect of unfunded benefits	4	4
Actuarial losses	(665)	(125)
Unfunded benefits paid	(4)	(4)
Benefits paid	(141)	(141)
Fair value of employer assets at 31 December 2011	8,145	7,474

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

	2012 £000	2011 £000
Equities	6,353	5,905
Bonds	733	598
Property	896	747
Cash	163	224
At 31 December 2011 pre cessation	8,145	7,474

Analysis of the current and previous four periods:

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of employer liabilities	(7,939)	(7,996)	(8,395)	(4,614)	(3,496)
Fair value of employer assets	8,145	7,474	6,189	4,053	3,558
Surplus/(deficit) in scheme	206	(522)	(2,206)	(561)	62
Experience gains/(losses) on assets	(665)	(125)	1,216	(376)	(336)
Experience gains/(losses) on liabilities	472	3	-	(918)	(8)

tie LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2012

19 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 2012 %	31 March 2011 %
Rate of increase in salaries	*4.6	5.1
Rate of increase in pensions payment	2.3	2.8
Discount rate	3.0	5.5

* 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 2012	31 March 2011
Actives	-	63
Deferred	62	14
Pensioner	16	8

19 Retirement benefit scheme (continued)

Results of cessation valuation	2012 £000
Liabilities:	
Deferred pensioners	(7,442)
Pensioners	(5,449)
Total liabilities	(12,891)
Asset share	8,093
Cessation (Deficit) and liability	(4,798)

20 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 tie Limited.

Five of the directors of the company subsisting during the year, namely A G Jackson (resigned 16 May 2011), G Mackenzie (resigned 27 September 2011), I Perry (resigned 6 June 2011), A P M Wheeler (resigned 27 September 2011) and D Anderson (appointed 10 August 2011) are considered to be related parties as they are members of the City of Edinburgh Council ("CEC"). The company provides services to CEC under the terns of a contractual agreement.

During the year the company invoiced service charges to CEC amounting to £100,821,399 (2011 - £63,679,719) and at the year end the amount due by CEC to the company was £Nil (2011 - £16,421,478) in respect of the provision of services. During the year the company was recharged by CEC expenses totalling £1,233,072 (2011: £Nil) and at the year end the amount due by the company to CEC was £Nil (2011: £Nil). In addition 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 £217,019(2011 - £309,225) in respect of the TRAM project and at the year end the amount due to Lothian Buses plc was £1,783 (2011 - £Nil). The company also incurred costs in relation to Edinburgh Trams Limited ("ETL"), a subsidiary of CEC, for staff costs totalling £361,419 (2011 - £269,537) 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 £73,733(2011: £29,680) in respect of the TRAM project. Richard Jeffrey was a director of Edinburgh Chamber of Commerce.