

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 25 March 2025

**BY:** Companies Manager – East Lothian Investments Ltd

**SUBJECT:** East Lothian Investments Ltd 2023/2024

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**1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Investments Ltd in 2023/2024.

**2 RECOMMENDATIONS**

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

**3 BACKGROUND**

- 3.1 East Lothian Investments Ltd (ELI), formerly East Lothian Economic Development Company (SC187674) - was formed in April 2001 by East Lothian Council (ELC) following the disaggregation of the Lothian Enterprise Board (LEB).

- 3.2 The aforementioned disaggregation resulted in the transfer of equity stakes in 5 East Lothian companies which, under local authority governance rules, ELC could not accept hence the requirement to form a company to take ownership of the shareholding.

ELI Ltd developed and implemented exit strategies for the investments and used the funds generated as an instrument for the development of the business base and therefore economy of East Lothian.

- 3.3 This instrument took the form of interest free loans to start-ups / businesses based within the county of East Lothian. The ceiling for loans in 2022/2023 was £25,000 although this is discretionary and a higher level could be awarded depending on economic benefits / job creation. Loans are repayable over a period of up to 60 months with an arrangement fee in 2022/2023 of 5% of the loan award to cover company overheads.
- 3.4 The company has a board of 5 directors comprising of the Leader of the Council, Economic Development spokesperson, and three private

industry sector representatives. The board act on a “*Pro Bono*” basis and do not receive payment.

### **Governance**

- 3.5 ELI is fully authorised and regulated by the FCA. A Compliance Monitoring Document (CMD) (Appendix 1), regulatory business plan, and a suite of policies are in place.
- 3.6 During the year 2023/2024 the Companies Manager and the FCA approved person and Senior Manager under the FCA Certification Regime transitioned from Richard Baty (April-June 2023) to Lisa Deegan (July 2023 onwards). The Companies Manager is supported by the Economic Development Business Development assistant.
- 3.7 The Companies Manager acts as the Company Secretary.
- 3.8 Board meetings are held on a regular basis linked to the level of loan applications. The CMD and relevant policies are reviewed and updated at each board meeting as per FCA requirements. Decisions made to award loans, the level of award and repayment period are taken by a majority with the Chair having the casting vote on any tied decision.
- 3.9 Minutes of board meetings are taken and approved at subsequent board meeting by the Chair.
- 3.10 East Lothian Investments Ltd is audited by Greaves West & Ayre (newly appointed during the period to March 2023). End of Year accounts are approved by the Board and signed off accordingly and provided to ELC. The company use Xero accounting cloud software.
- 3.11 As per FCA requirements, ELI is required to report annually on the following: - Complaints, Financial Data, Lenders, Volumes and Company organisation.
- 3.12 The company has an interest bearing and two chequing accounts with the Royal Bank of Scotland. Legal advice is provided by Addleshaw Goddard, Edinburgh.

### **Overall Lending**

- 3.13 Since formation ELI has awarded and paid 379 loans to the value of £3,550,100 which has levered in private investment of £20,881,687. The lending created 896 new jobs and protected 1,875. Loans are unsecured but for limited companies personal guarantees may be taken if the board requests. The level of bad debts written off for the period commencing from 2009 stands currently at 4.64%.

## **2023/24 Lending Activity**

- 3.14 Following transition to new Companies Manager, the fund was re-opened for applications in October 2023 for a December 2023 Decision Panel. 2 applications for funding were received in the period – 1 was approved to the value of £25,000 which levered in private funds of a further £25,000.

Sectors awarded:-

Hospitality/Events – 1

- 3.15 As at March 2023, the loan book had 29 active loans with an outstanding balance of £334,419.

## **East Lothian Gift Card -**

- 3.16 In April 2023, ELI Ltd terminated the original contractual agreement with Miconex, which was coming to term, and transferred the scheme to ELC. Breakages on historic cards of £68.5k have been retained in ELI Ltd. and included in the additional loan funding.

## **4 POLICY IMPLICATIONS**

- 4.1 None.

## **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, Economic Development Business Development Assistant and Administrator.
- 6.3 Other – none.

## 7 BACKGROUND PAPERS

7.1 2022/23 report to the Audit and Governance Committee in March 2024.

<b>AUTHOR'S NAME</b>	Lisa Deegan
<b>DESIGNATION</b>	Companies Manager
<b>CONTACT INFO</b>	<a href="mailto:Ideegan@eastlothian.gov.uk">Ideegan@eastlothian.gov.uk</a>
<b>DATE</b>	17 March 2025

Company registration number SC187674 (Scotland)

**EAST LOTHIAN INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# EAST LOTHIAN INVESTMENTS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr L C Elder Mr N Hampshire Mr J Harper Mr J McMillan Mr R Shearer
<b>Secretary</b>	Mrs L Deegan
<b>Company number</b>	SC187674
<b>Registered office</b>	John Muir House Room 2.19 Brewery Park Haddington East Lothian EH413HA
<b>Auditor</b>	Greaves West & Ayre (Haddington) 8 St. Ann's Place Haddington East Lothian EH41 4BS
<b>Business address</b>	John Muir House Room 2.19 Brewery Park Haddington East Lothian EH413HA
<b>Bankers</b>	The Royal Bank of Scotland Haddington Branch 32 Court Street Haddington EH41 3NS
<b>Solicitors</b>	Addleshaw Goddard LLP Exchange Tower 19 Canning Street Edinburgh United Kingdom EH3 8EH

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# EAST LOTHIAN INVESTMENTS LIMITED

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# EAST LOTHIAN INVESTMENTS LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 MARCH 2024*

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the company continued to be that of granting interest free loans to businesses in East Lothian with the aim of encouraging commercial activity and enterprise in the area.

#### **Directors**

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

Dr L C Elder  
Mr N Hampshire  
Mr J Harper  
Mr J McMillan  
Mr R Shearer

#### **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 surplus or deficit 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.

#### **Small companies exemption**

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



# EAST LOTHIAN INVESTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2024**

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On behalf of the board



Mr J McMillan  
**Director**

5 July 2024

# EAST LOTHIAN INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF EAST LOTHIAN INVESTMENTS LIMITED

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#### Opinion

We have audited the financial statements of East Lothian Investments Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the balance sheet 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 Financial Reporting Standard 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 2024 and of its deficit 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 the provisions available for small entities, in the circumstances set out in note 13 to the financial statements, 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.

#### 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.

#### 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.

# EAST LOTHIAN INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF EAST LOTHIAN INVESTMENTS LIMITED

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#### **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 in relation to which 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- 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;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation and employment legislation and FCA Regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, contacting the entity's solicitor for any details of non-compliance and inspecting current year legal expenditure; and
- Identified laws and regulations of particular relevance were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

# EAST LOTHIAN INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF EAST LOTHIAN INVESTMENTS LIMITED

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We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, including any fraud associated with revenue recognition, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- traced a sample of loan arrangement transactions from source documentation to nominal ledgers;
- traced a sample of gift cad breakage transactions from source documentation to nominal ledgers; and
- evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims against the company;
- reviewing correspondence with HMRC and the company's legal advisors; and
- reviewed correspondence with Financial Conduct Authority;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit.

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.

#### **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 the member 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.

**EAST LoTHIAN INVESTMENTS LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBER OF EAST LoTHIAN INVESTMENTS LIMITED**

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Stuart Millar CA  
Senior Statutory Auditor  
For and on behalf of Greaves West & Ayre (Haddington)

Date: 12/8/24.

Chartered Accountants  
Statutory Auditor

8 St. Ann's Place  
Haddington  
East Lothian  
EH41 4BS

# EAST LOTHIAN INVESTMENTS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

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		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>as restated</b>
			<b>£</b>
<b>Turnover</b>		23,708	24,668
Administrative expenses		(62,885)	(23,290)
		<u>          </u>	<u>          </u>
<b>Operating (deficit)/surplus</b>		(39,177)	1,378
Interest receivable and similar income		1,673	705
Interest payable and similar expenses		-	(130)
Other gains and losses	<b>5</b>	-	9,500
		<u>          </u>	<u>          </u>
<b>(Deficit)/surplus before taxation</b>		(37,504)	11,453
Tax on (deficit)/surplus		-	-
		<u>          </u>	<u>          </u>
<b>(Deficit)/surplus for the financial year</b>		(37,504)	11,453
		<u>          </u>	<u>          </u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

# EAST LOTHIAN INVESTMENTS LIMITED

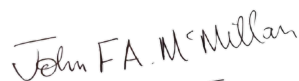
## BALANCE SHEET

AS AT 31 MARCH 2024

		2024		2023	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investment property	6		10,000		10,000
<b>Current assets</b>					
Debtors	7	292,315		400,824	
Cash at bank and in hand		226,774		168,614	
		<u>519,089</u>		<u>569,438</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(29,117)</u>		<u>(39,475)</u>	
<b>Net current assets</b>			<u>489,972</u>		<u>529,963</u>
<b>Total assets less current liabilities</b>			499,972		539,963
<b>Creditors: amounts falling due after more than one year</b>	9		<u>(3,422)</u>		<u>(5,909)</u>
<b>Net assets</b>			<u>496,550</u>		<u>534,054</u>
<b>Reserves</b>					
Non-distributable profits reserve	11		2,944		2,944
Profit and loss account			493,606		531,110
<b>Members' funds</b>			<u>496,550</u>		<u>534,054</u>

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 5 July 2024 and are signed on its behalf by:



Mr J McMillan  
Director

Company Registration No. SC187674

# EAST LOTHIAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2024**

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### **1 Accounting policies**

#### **Company information**

East Lothian Investments Limited is a private company limited by guarantee incorporated in Scotland. The registered office is John Muir House Room 2.19, Brewery Park, Haddington, East Lothian, EH413HA.

#### **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, modified to include investment properties. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover represents income released on unspent gift cards.

Turnover also represents loan arrangement fee income. This is received when a loan is taken out and held as deferred income to be recognised in turnover on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

#### **1.4 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

#### **1.5 Cash and cash equivalents**

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.

#### **1.6 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.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



# EAST LOTHIAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### **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.

#### **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.

### 2 Change in accounting policy

The recognition of interest implicit in the loans receivable has been reclassified to turnover as it had previously been recognised in interest receivable and similar income. Interest income continues to be recognised in accordance with the effective interest rate implicit in the loan arrangement fee.

This is more appropriate given that the principal activity of the company is that of granting interest free loans subject to arrangement fees.

The restatement increased turnover by £5,837 (2023: £6,054) and decreased interest receivable by the same amount, with no net effect on surplus for the financial year. It is impracticable to determine the effect on turnover and interest receivable for periods preceding those presented, however there would not be any net effect on surplus for the financial year.

### 3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# EAST LOTHIAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 3 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Investment Property valuation

Investment property is measured at fair value at each reporting date with changes in fair value recognised in profit or loss account. The Board of Directors determine the fair value of investment property using the assistance of an independent expert, DM Hall LLP. DM Hall LLP is an independent firm of Chartered Surveyors and property experts. Their valuation is prepared in accordance with RICS Valuation - Professional. The valuation methodology considers the area, selling price and comparable sales of similar properties in order to derive the Fair Value of the subject property.

##### Provision for Doubtful Debts

Provision for doubtful debt relates to the loan facilities provided to customers that may not be recovered. There remains a material loan balance within the financial statements which is assessed yearly under FRS 102 guidelines by management.

The assessment by management considers individual customers who fall behind on loan repayments or ask for special assistance. Any customers that pose a significant credit risk within the next 12-months will be included within the provision and the relevant amount of the loan deemed irrecoverable provided for.

##### Effective interest rate calculation

The effective interest rate calculation relates to the income recognised from the loan arrangement fees. The treatment of the loans provided follow FRS 102 guidelines and in accordance to section 11 apply the amortised cost method using the effective interest rate.

As a result of this loan arrangement fees are spread across the length of the loan with income recognised as interest received with the deferred element of interest income recognised on the balance sheet. The effective interest rate schedules are maintained and reviewed yearly by management to ensure they are materially accurate.

#### 4 Employees

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

	2024 Number	2023 Number
Total	-	-

#### 5 Other gains and losses

	2024 £	2023 £
Fair value gains/(losses)		
Gain on investment properties	-	9,500

# EAST LOTHIAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 6 Investment property

2024  
£

#### Fair value

At 1 April 2023 and 31 March 2024

10,000

Investment property comprises a small parcel of land owned by the company. The fair value of the investment property has been arrived at on the basis of a valuation carried out in 2023 by DM Hall Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The Directors consider this value to accurately reflect the market value of the property as at 31 March 2024.

### 7 Debtors

	2024 £	2023 £
<b>Amounts falling due within one year:</b>		
Loans receivable	92,906	147,950
Other debtors	-	13,377
	<u>92,906</u>	<u>161,327</u>
<b>Amounts falling due after more than one year:</b>		
Loans receivable	<u>199,409</u>	<u>239,497</u>
<b>Total debtors</b>	<u>292,315</u>	<u>400,824</u>

### 8 Creditors: amounts falling due within one year

	2024 £	2023 £
Other creditors	<u>29,117</u>	<u>39,475</u>

### 9 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Other creditors	<u>3,422</u>	<u>5,909</u>

### 10 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

# EAST LOTHIAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 11 Non-distributable profits reserve

	2024 £	2023 £
At the beginning of the year	2,944	-
Non distributable profits in the year	-	2,944
	<u>2,944</u>	<u>2,944</u>
At the end of the year	<u>2,944</u>	<u>2,944</u>

Non-distributable reserves relate to fair value gains in the remeasurement of investment property in excess of the asset's historical cost.

### 12 Related party transactions

During the year, the company benefitted from the provision of IT & employee services from an associated entity, East Lothian Council. The provision of IT infrastructure and remuneration in respect of the entity's "Companies Manager" and her assistant have been jointly provided to the company and to East Lothian Land Limited for a charge of £10,000 jointly (2023: £nil). This is to be paid in full by East Lothian Land Limited, for which there will be no further recharge, so there are no balances due to or by East Lothian Land Limited at the yearend (2023: £nil). Similarly, there are no balances due to or by either East Lothian Council at the yearend (2023: £nil).

### 13 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

# EAST LOTHIAN INVESTMENTS LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

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		2024	As Restated
	£	£	2023
			£
<b>Turnover</b>			
Loan Arrangement fees		5,821	6,054
Gift card income - breakage fees		17,886	18,614
		<u>23,707</u>	<u>24,668</u>
<b>Administrative Expenses</b>			
Gift card management costs	741		10,568
Subscriptions	51		-
Professional fees	1,811		1,625
Accountancy	3,606		4,362
Audit fees	8,550		7,500
Bank charges	911		1,209
Bank charges - Gift card account	-		15
Bad and doubtful debts	47,215		(1,989)
		<u>(62,885)</u>	<u>(23,290)</u>
<b>Other Operating Income</b>			
OGL - Change in fair value of investment property		-	9,500
		<u>(39,177)</u>	<u>10,878</u>
<b>Operating (Loss)/Profit</b>			
<b>Other Income</b>			
Bank interest received		1,673	705
<b>Interest Payable</b>			
Bank interest paid		-	(130)
		<u>(37,504)</u>	<u>11,453</u>
<b>Net (Loss)/Profit for the Year</b>			
		<u><u>(37,504)</u></u>	<u><u>11,453</u></u>