

EDINBURGH TRAMS LIMITED

Financial Statements

For the period ended 28 December 2024

Registered number SC451434

EDINBURGH TRAMS LIMITED
Financial Statements
For the period ended 28 December 2024

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Company Information

For the period ended 28 December 2024

Board of Directors:

Andrew David Neal
(Resigned 31/12/24)
George Lowder
(Resigned 31/08/24)
Mark Lea Harrison
Peter Cushing
Martin Richard Dean
Colin Angus Kerr
(Appointed 15/08/24)

**Company
Registration:**

Registered Office 55 Annandale Street
Edinburgh
EH7 4AZ

Registration 451434 in Scotland
Number

Solicitors:

CMS LLP

Bankers:

The Royal Bank of Scotland plc

Auditor:

Azets Audit Services
Chartered Accountants
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

EDINBURGH TRAMS LIMITED

Strategic Report

For the period ended 28 December 2024

Principal Activity

Edinburgh Trams has responsibility for operations and infrastructure management of the tram system on behalf of City of Edinburgh Council (CEC). It offers an award-winning, world-class, integrated, environmentally friendly, and socially inclusive mode of transport that is playing a central role in the prosperity of Edinburgh and the Lothians.

Another major landmark year for Edinburgh Tram was achieved in 2024 with our patronage levels breaking through the 12 million milestone for the first time. With the original line opening back in May 2014 covering the route from Edinburgh Airport to the City Centre and the new extension which has increased the line to Newhaven in Leith, this is our first full calendar year of full line of route to Newhaven which has contributed to the exceptional patronage figure of 12.1m for 2024.

The popularity and success of Edinburgh Trams can be best demonstrated by reviewing the patronage levels benched against previous years. In our first full calendar year of operations ie 2015, we carried just over 5m passengers. Pre-Covid this had increased to 7.4m in 2019, with 2023 seeing a high of 9.183m.

This means against 2015 our patronage has risen by over 130%, against 2019 by 62% and 31% over last years' already impressive patronage numbers. Two other major points for the year were on Saturday 8th June 2024, we recorded our highest ever daily passenger number with 74,401 carried during one of Taylor Swift's Concerts. Over the Taylor Swift Period of three concerts plus sales days, we carried over a quarter of a million passengers. Also for the first time in an operating year all 27 Trams were live on our system. This was a major accomplishment achieved with help and support from our Maintainers, Engineering, Operations and all other staff.

Edinburgh Trams recognise the fact both residents and visitors to Edinburgh have a choice of travel options when moving around the city so the fact they choose Edinburgh Trams as their travel option is hugely valued by all at trams. These statistics again confirm Edinburgh Trams prominence and the value we offer to the people of Edinburgh with continued support of all-night travel at weekends during the festival season, late services for the Royal Edinburgh Military Tattoo and continued support of free trams at Hogmanay which again promotes and gives back a welcoming contribution to the community.

The year of 2024 also saw the highest number of major events in terms of major sporting and cultural events at Murrayfield Stadium. Edinburgh Trams now sees itself as an iconic part of people's day when enjoying an event at Murrayfield. The start of the year saw France and England come to Murrayfield for the Six Nations Rugby event and then Autumn Winter Series games against Fiji, South Africa, Portugal and Australia. The year also captured the Glasgow v Edinburgh 1872 Cup game in December 2024.

Summer concerts were a major event for both Murrayfield and the city overall with the Taylor Swift ERAS Tour coming to Edinburgh as part of her worldwide tour. Although the tour dates covered three days, we witnessed an increase in the days before and after and over a quarter of a million people were carried over these days.

2024 has also witnessed an increase from the Royal Highland Centre events with major concerts with 30,000 now in attendance. To assist and support such events, Edinburgh Trams contributes with late trams from Airport and IPR as these events finish in the early hours of the morning.

Airport departures increased by 7% overall with just over 1m departures recorded from the Airport in 2024.

Online Sales continue to be progressive and encouraging as we capture advances sales. The promotion of pre-purchased sales channels, highlighting the flexibility and value for money of pre-purchase tickets such as airport tickets, zone bundles, and 3, 4, 5 Day "Tram Only" tickets continue to record immense growth.

Online sales for the year of £3.7m, are up from £1.8m in 2023. Sales in 2022 were only £0.5m.

Edinburgh Trams have continued to support the "Free Travel for the Under 22" scheme without support from the Scottish Government, as we believe it effectively promotes public transport, social inclusion, and an environmentally friendly mode of public transport. The cost to the Government of supporting this scheme would have been £604k for 2024.

ETL in conjunction with CEC will continue to lobby for trams and other Scottish light rail systems to be included. From a safety point of view, under 22 passes continue to be accepted on the basis it will lead to confusion and confrontation between pass holders and our Ticketing Services Assistants.

Tram advertising continues to provide a valuable revenue stream for Edinburgh Trams. From September 2024, the removal of support from TfE by CEC may have resulted in reduced income. On a positive, CR Smith continued with their "All Over" tram wraps in 2024 with a review due mid 2025.

The decision not to reinstate Metro newspapers in 2023 based on staffing and potential waste costs, was continued for the full year of 2024.

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Costing Review

Costs in the year overall have been controlled and in line with expectations out with Energy and Insurance costs which have risen well above other costs in terms of % increases. Edinburgh Trams performs reviews of our accounts every 4 weeks, supplying overviews and comments which are discussed with the City of Edinburgh Council transport team. Relevant points and questions raised are investigated and reported back to City of Edinburgh Council at the next 4 weekly meeting.

Salaries

The pay award to staff applicable from April 2024 was 4%. An additional offer to match Pension Contributions from staff above the 4% minimum was increased to 7.5%. This means if an employee's contributions are 4% the company contributes 4%. If an employee increases their contribution to 7.5%, the company matches to 7.5%.

Energy

Our main cost is electricity known as 'traction power' to power the trams. Edinburgh Trams electricity agreement operates in conjunction with the City of Edinburgh Council's agreement with their electricity provider to maximise savings based on volume. In line with other operators, we were once again subject to high price rises in 2024, which resulted in traction costs increasing from £2.614m in 2023 to £3.6m in 2024 an increase of 38%. In addition, we have increased our mileage by 220,000 kilometres to 1.895klm or 13.1% in 2024 v 2023. This is mainly as result of full calendar year operations of the extended line to Newhaven.

Tram Maintenance Cost

Increased mileage associated with the full calendar year of extended line to Newhaven of 13.1% has increased the costs associated with CAF who are responsible for the maintenance on the trams. ETL have now recharged CEC in full for any additional costs associated with the tram extension.

Ongoing development and testing from our Ticketing Maintainer, Flowbird, continues and we now envisage our new Account Based Ticketing project will be due to go live in 2025. Development costs to December 2024 have again been provided for in our year end accounts.

Insurance

Working in partnership with the Insurance Department at City of Edinburgh Council, we strive to keep insurance costs as low as possible. For 2024/25 our insurance renewal increased considerably on the back of overall increased patronage numbers. In comparison to 2023 costs have risen from £857k to £1.202m or an increase of 40%.

The Fatal Accident Inquiry (FAI) in relation to Saughton, has now been set for March 2025. ETL continue to fully co-operate with all external agencies in this matter.

Other costs in general were in line with expectations although as a result of increase Pre-Purchased tickets online our transaction charges were below expected costs with building work from our property maintainers also less as than expected due to reduced concrete work.

Company Fleet and Timetable – For 2024

A fleet of 27 trams operates seven days a week, serving 23 stops. For the first time since opening of the line in 2014, all 27 trams were out on line at the same time. This was a major milestone in terms of maintainers, operations and all other areas of the business, including power supply and CEC traffic working collaboratively to ensure the system could handle all trams on system at the one time.

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Our Values

At Edinburgh Trams, our corporate values are to be: Trusted, Innovative, Passionate and Smart. We share these values with Transport for Edinburgh and believe they embrace the attitudes, behaviour and characteristics expected from all our colleagues to ensure the continued success of the business. These include:

i. Good safety record.

- Ensure that health and safety is at the heart of everything we do.
- Work positively with regulators and meet all compliance standards.
- Create a robust safety culture with our colleagues.

ii. Financials in line with Stakeholders' expectations.

- Manage operating costs – Internally and Externally.
- Optimise income, utilising all potential support and revenue streams (e.g., Government support).
- Seek opportunities to support growth for future years.

iii. Strong brand, positive market perception, pillar of transport network.

- Increase demand with an attractive commercial offering service to meet demand.
- Develop strong partnerships within the city and Local\Central Government bodies.
- Continue to invest in technological solutions for the benefit of the customer.

iv. People and Recognition.

- Encourage internal career progression.
- Develop and invest in colleagues.
- Recognise and reward exceptional performance.

v. Exceed the Customers' expectations.

- Operate a safe and reliable system.
- Provide excellent customer service.
- Establish both an excellent internal and external customer service culture.

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Maintenance Support

Edinburgh Trams remains fully responsible for the management of maintenance contracts with the following contractors:

- Construcciones Y Auxiliar De Ferrocarriles S.A. (CAF) for tram maintenance.
- Flowbird Transport Ltd for ticketing equipment maintenance.
- Infracore (a consortium between Siemens Mobility Ltd and Bilfinger Construction UK) for infrastructure maintenance.

We are responsible for the full payment of maintenance costs made directly to our maintenance providers.

We continue to meet with all the Maintainers formally every four weeks to monitor their performance and agree payment in terms of their individual contracts. As part of that monitoring process, we also carry out annual audits of the Maintainers, ensuring compliance with contracts and to review their procedures for managing works, including fatigue, competence management, and safety processes.

The total fleet kms for 2024 was 1,894,659 and we have commenced preparations to increase the tram availability for 2025.

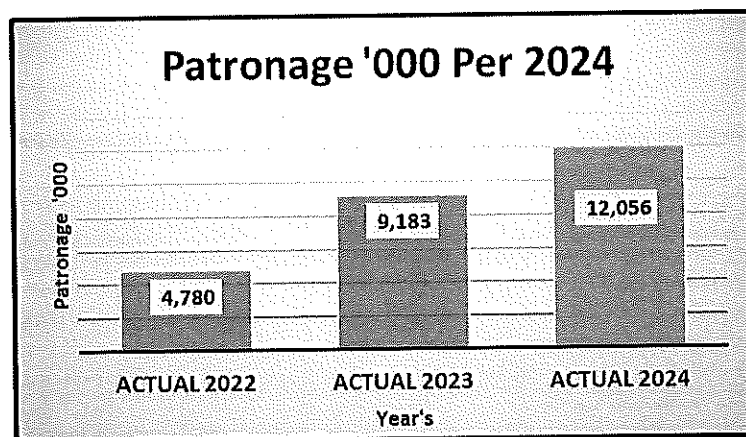
Within our planning objectives, we also monitor Key Performance Indicators to track both our own performance and that of Maintainers. After each period, we send a report to the client, CEC, containing information also collated in the annual report to the Council.

In 2022, we commenced an implementation process to introduce Leadmind to our tram fleet, which will automatically apply the brakes when significant over-speeding occurs. This was a recommendation from the RAIB Sandilands report. It has been a long, intensive and complicated project, but the Leadmind hardware is now fully installed on all trams and we are currently undergoing the final stages of testing. We envisage Leadmind to be fully implemented and operational from March 2025. We have also installed battery-powered emergency lighting on our fleet, as part of the recommendations from the RAIB Sandilands report.

We also completed the upgrading of all tram passenger information, announcements and CCTV systems on the tram fleet in 2024.

Patronage Overview

The graphical representation illustrates the increase in patronage recorded over 2022, 2023 & 2024.



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2024 Highlights

- Passenger split for year was 47% January – June and 53% July to December 2024.
- Highest daily number since commencement of service in 2014 with 74,401 passengers carried on 8th June 2024 on the Saturday of the Taylor Swift concert at Murrayfield.
- Over the year, Murrayfield Stadium hosted 11 major events from Six Nations Rugby x 2, Winter Rugby Series x 4, Taylor Swift Concert x 3, Rangers v Manchester Utd in July and the Edinburgh v Glasgow 1872 Cup game.
- In addition to the above we also supported the Royal Highland Show in June and various concerts at the Royal Highland Centre with late running trams thus promoting Edinburgh as a city to come and enjoy all year round.

Asset Management

Under the terms of the Operating Agreement as varied on 30th April 2021, CEC is responsible for the cost of Asset Renewals.

As per the Operating Agreement, Edinburgh Trams submitted the draft Annual Asset Renewals Plan which provides more detail and more accurate costings for the activities on 1st August 2024. CEC are reviewing the information provided. Once feedback is received, ETL will submit to CEC, as per the Operating Agreement, the ten-year plan that includes expected renewal activities and an estimated cost for these activities for the subsequent ten years.

As per the previous years, a process has been agreed between ETL and CEC whereby prior to generating and issuing any change documentation or purchase orders to our suppliers, we have in place a purchase order from CEC to cover the expected cost. This provides ETL with the security that any cost incurred can be re-charged and recovered quickly, minimising the impact upon our cashflow. Any changes to the plan throughout the year, including price changes are discussed and captured via an agreed change process within the four-weekly Contract Liaison Meeting. Both processes have now been embedded in both organisations and all payments or changes are agreed in a timely manner.

The key activities of the 2024/2025 Asset Renewals Plan (CEC financial year is running April to March) that were completed in 2024 were:

- The renewal of obsolete lighting units in depot offices. The replacement of the lights is driven by safety concerns that can be generated should the existing lights fail. The new lighting units installed are LEDs and connected through a smart system that allows Edinburgh Trams to achieve energy efficiencies. This project is part of a three-phased project where Phase 1 is the replacement of the depot workshop lights completed in 2022, Phase 2 is the replacement of the depot car park lights that was completed in 2023 and Phase 3 is the replacement of the depot office lights that was completed this year.
- The replacement of the Rail Sealant and Structure sealant activities were both successfully completed in 2024. Both activities are part of a multiyear programme, and this was the second year that Edinburgh Trams was Project Managing the activities. The main benefits were financial but also better control and coordination over the activities scheduled across the network. It is worth noting that the rail sealant locations that were included in the 2024 programme, were remote which was challenging and required specialised plant to allow access to the equipment.
- The Ticketing Equipment renewals. Early in the project it was identified that to achieve economies of scale and significantly improve the ticketing equipment and their offered functionalities, a decision was made to combine the existing Renewals budget and the Trams to Newhaven ticketing budget. This project is divided into four phases.
 - Phase 1 is the like for like replacement and enhancement of Platform Validators for the existing line and the development of a cloud based back office.
 - Phase 2 is the like for like replacement and enhancement of the Handheld devices used by the Ticketing Services assistants.
 - Phase 3 is the installation of all ticketing equipment on the 8 Trams to Newhaven tramstops.
 - Phase 4 is the introduction of the 'Account Based Ticketing' (ABT) system. This is an integrated fare capping system between buses and trams where customers can use contactless payments (tapping on and off with their cards) on the Platform Validators. This system will assist with integration between both modes of transport.

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The Platform Validators were installed in April 2022 and the Handheld devices were introduced in April 2023. Phase 3 was successfully completed in Q2 2023 prior to Trams to Newhaven go live. The focus now is on Phase 4 that commenced in Q2 2023, FATs and SATs were completed in 2024 and completion is scheduled in Q2 2025. This is quite a complex project as the Edinburgh Trams ABT will be integrated with the existing Lothian Buses ABT system therefore all the back-office changes are being completed in a phased and controlled manner to ensure minimum disruption on both businesses and their customers.

During 2024, the replacement of the PCs of the Ticket Vending Machines (TVMs) was also completed due to them reaching the end of their lifecycle.

- Tram modification activities that started in 2022 were also completed in 2024 by CAF. CAF is currently focusing on resolving some minor snags. The tram modifications completed were:
 - The replacement of the Passenger Information Displays (PIS/PA) and internal and external CCTV.
 - The installation of an automated braking system (Leadmind) in response to the RAIB Sandilands recommendations.
 - The installation of emergency exit lights in the single and double doors of the tram in response to the RAIB Sandilands recommendations.
 - The replacement of the depot boiler and gas fire water heater were completed due to both assets reaching the end of their lifecycle.

In terms of internal projects, due to the increased number of staff due to Trams to Newhaven, ETL invested in installing two meeting pods that can accommodate one person each. In 2023 ETL invested in refurbishing the First-Floor canteen and in 2024 the Ground Floor canteen has also been refurbished. Key changes were the increased capacity for staff to prepare their meals, by changing the kitchen set up and new furniture that increased the seating capacity to allow more staff taking breaks comfortably.

Another major project that was completed in 2024 was the installation of an aluminium over roof at the depot building. The depot roof defect was the last defect of the Infracore Contract and the Projects team identified the most cost effective solution that would address the defect and provide a robust solution in the long term. This project required support from multiple departments and caused disruption on the day to day activities of the depot, however we worked very hard and kept all the key stakeholders updated on the progress and the activities were completed on time and on budget.

Energy Efficiency & Environmental Management

Edinburgh Trams fully recognises the importance of how our operational business impacts the environment and our responsibilities that go with being a major transport operator. We are committed to protecting the environment, through the prevention of pollution and to meeting all relevant compliance obligations. As members of the Edinburgh Climate Compact, we continue to implement emission reduction measures and contribute to the ongoing success of the group.

Once again, we have undergone a BSI recertification audit, with no non-conformities raised since 2019. With all internally raised audit actions being fully closed out on the Master Action Tracker.

We have introduced the UN Sustainable Development Goals to the heads of department ahead of the new sustainability objectives being rolled out for each department in 2025.

Good progress has been made with both our own and Maintainer environmental objectives in 2024, which have been designed to both reduce our Greenhouse Gas (GHG) emissions and our overall impact on the environment.

All environmental reports were also appropriately actioned in 2024. With an overall reduction in noise complaints received from residents against the previous year.

2024 Environmental Objectives:

- Introduction of digital assessment papers and related materials for Ticket Services Assistants.
- Following our Noise and Vibration Policy (ET/EM/024) we will carry out noise and vibration surveys of the whole network.
- Assistant Safety Manager to undertake an ISO standard auditing course.
- Familiarise business with the UN Sustainable Development Goals with a view to incorporating these into

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the 2025 Environment & Sustainability objectives.

- Replacement of Depot Offices Lights with LEDs.
- Replacement of Depot Boiler, Workshop Gas Ambirads ensuring that new equipment is in line with our Environmental Compact commitments.
- Replacement of ETL internal combustion engine fleet vehicles on obsolescence with EV alternatives (rolling objective 2023 – 2030)
- Introduce sustainable branded marketing handouts.

Ongoing Environmental Objectives into 2025:

- Environmental review of Track to explore if there is any more efficiency savings by implementing coasting and breaking markers elsewhere.
- Replacement of Tram Vehicle Lights with LEDs.
- Optimize server usage through virtualization to achieve a reduction in the number of servers required thus reducing energy consumption and e-waste.
- As part of the ABT roll out, a significant environmental benefit will also be achieved in the reduction of paper tickets and less cash transactions. Edinburgh Trams will use this opportunity to reduce mileage and man hours collecting and processing cash.

The GHG metrics disclosed by the company enable stakeholders to make informed evaluations of performance, level of vulnerability to climate-related issues and progress made in effectively managing and/or adapting to these issues. GHG emissions have been calculated in line with the GHG Protocol methodology.

The table below highlights reductions relating to environmental usage on Electricity, Gas and Vehicle Mileage.

Streamlined Energy & Carbon Reporting (SECR)			
Description	2024 Usage kWh	Movement from 2023	% Incr/Decr kWh
Tram Traction	11,266,005	1,302,288	13.1%
Domestic Elec	740,073 -	28,176	-3.7%
Total Electricity	12,006,078	1,274,112	11.9%
Description	2024 Usage kWh	Variance kWh	% Decrease kWh
Gas Usage	695,597 -	30,673	-4.2%
Vehicle Mileage	2024 Mileage	Movement	% Movement
All Road Vehicles	38,236 -	2,078	-5%

Corporate & Social Responsibility

ETL continues to support the Edinburgh Climate Commission as members of the Edinburgh Climate Compact. Implementing emission reduction measures within our business and contributing to the ongoing success of the group.

We have also familiarised the heads of department with the UN Sustainable Development Goals. With new sustainability objectives based on the United Nations Sustainable Development Goals being rolled out for each department in 2025.

Zero non-conformities were raised against our ISO 14001 certified Environmental Management System by BSI, our external auditor, with all internally raised audit actions being fully closed out on the Master Action Tracker.

ETL has met 5 of 5 annual Environmental Key Performance Indicators (EKPI's). Ensuring that our FSSE tours,

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Environmental Audits and Emergency Response Drills were all completed.

We have made good progress with our internal Environmental objectives over the course of 2024, these include:
The installation of smart LED lighting throughout the Depot, which automatically turns off in rooms that are not in use and reducing our electricity use.

Going forward our Marketing department are introducing sustainable marketing materials which reduces our businesses demand for natural resources and impact on the environment.

Car charging facilities remain in operation and are used by both the company for powering our electric fleet, the Maintainers based at the depot and by our staff who benefit from a set fee per kWh used. A main benefit to staff is that they can leave their car charging while performing their day job, a great time-saving opportunity for them that has been widely welcomed.

In 2024 we also added an additional "All Electric Vehicle" to our fleet bringing our total to 3 or 60% of our vehicle support fleet.

Charities

In relation to "Charities" we continued to support the Scottish Poppy Appeal, Cash For Kids in Edinburgh and a number of other smaller charities in the year through some staff involvement.

Also, as we manage and control the tram stop at Murrayfield, we allow one recognised charity to carry out a bucket collection at each major event. In 2024 this offer was taken up by charities supporting Edinburgh areas such as Marie Curie, St Johns, NSPCC and St Columba's Hospice who have all expressed their thanks and best wishes back to all at Edinburgh Trams.

Health & Safety/Environmental Policy Statements

We recorded a month-on-month reduction of reportable incidents against those of 2023. Many of these incidents continue to be minor contacts with bus and lorry wing mirrors, with the narrow lanes on Leith Walk being a direct factor.

We recorded 36 tram contacts with other road vehicles (16 ETL Blameworthy – 20 Non ETL Blameworthy). We recorded 25 Signal Passed at Stop (SPAS) incidents. We are participating in a sector-wide working group, looking to agree a definition of SPAS that reflects the light rail challenges better.

Anti-Social behaviour (ASB) and work-related violence and aggression (WRVA) continues to impact our staff, this is predominantly abusive and disruptive children causing disturbances on board trams. We have taken the initiative in addressing the issue, with the WRVA safety committee meetings, closer liaison with Police and procurement of improved personal CCTV for front line staff. One element of ASB where we have seen a notable reduction is Tram surfing, where we have recorded only 33 attempts, of which only 3 were successful.

74% of departmental objectives have been completed and closed. Of the remaining objectives which will be carried on into 2025, we expect most to be completed in the first half of the year. With technical issues and external agencies being a factor, along with the need to prioritise the resolution of defects on the ETYN extension, to maintain a safe and reliable service. This has resulted in some objectives being pushed back.

Good progress is being made, in relation to the recommendations documented in the Sandilands accident RAIB report, Leadmind is the solution to deliver an automatic braking system in the event of overspeed, and is now in the later stages of implementation. All trams are fitted with Leadmind, and it has been switched on, but as part of the phased approach, the automatic braking is currently de-activated. Uninterrupted emergency lighting is being installed as part of the PIS/PAS/PA renewal and the FOCUS+ trial has been successfully concluded. With a view to ETL being the first to use these operationally.

The following ORR inspections were conducted on Edinburgh trams in 2024:

- Non-motorised user crossings

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- Medical fitness for safety critical employees

Both inspections received excellent initial feedback from the ORR with a written report to follow.

HR Recruitment Strategy

Recruitment has been back to normal after the increased headcount recruited for Trams to Newhaven. We have returned to usual sourcing methods, using job sites and our own website and social media methods. We no longer use the Job Centre as part of our sourcing strategy due to the fact that statistics have shown that only around 50% of hired candidates stayed for more than 3 months.

We did experience high turnover for Ticketing Assistants throughout 2024 due to shift patterns and a buoyant employment market in Edinburgh. We started New Start Interviews in 2024 to capture feedback and address any concerns. We are putting initiatives in place for 2025 to try and reduce turnover levels of Ticketing Assistants further.

We had a successful recruitment campaign for Tram Drivers, still attracting hundreds of applicants. We have successfully offered courses in the new year and have multiple candidates on hold if future courses are needed. We continue to closely monitor other transport activities that may affect our business, e.g. Scotrail recruitment campaigns, and make necessary judgement calls to ensure we have an adequate number of tram drivers for the present and the future.

Employees

With regards to staff engagement, regular updates with Union representatives are programmed to take place every 4 weeks, whereby updates on company performance, policies and matters arising are discussed. Outcomes from these discussions are posted on the Union notice board for all to view.

Applications for new positions of employment from disabled persons are considered on an equal basis. Safety Critical roles or those requiring a degree of physical capability will be reviewed for suitability. Existing employees who develop a disability during their employment are reviewed internally and dependant on their disability, may be referred to our Occupational Health provider for further assessment.

Training Regime

In 2024 the training team invested in updating the Learning Management System to add functionality that would allow Edinburgh Trams to migrate competence management databases to further remove the safety risk of human error leading to lapses in competence and employees still carrying out safety tasks. This also ensured that the RM3 maturity score grew from 2 to 3.

The Learning Management System has also supported Edinburgh Trams achieve over 95% of essential compliance:

- Tramway Track Safety
- Health & Safety Overview
- Manual Handling
- Fire Awareness
- Environmental
- DSE

Leadmind training and development was introduced mid-way through 2024 to upskill the driving workforce in the implementation of an automatic system that will slow a tram if approaching a high-risk location such as a sharp curve that has the probability of derailment. 100% of training has been delivered.

Training team delivered key campaigns in 2024 to ensure operational incidents reduced. Campaigns covered areas such as:

- ETYN Sweptpath
- Leadmind EB activation
- Overspeed's

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Mandatory Leadership & Management bite size e-learning courses were created to support new leaders within the business, this is aimed to be completed by new Managers as part of the probation period. Thus embedding Edinburgh Trams standards. Bullying & Harassment module developed to support the legislation changes that came in to force in October 2024.

Information Technology

2024 has been a challenging year across the IT sector with significant changes in the landscape. The developing prevalence of AI across a range of solutions has significant opportunities to enhance IT systems but this must be mitigated with appropriate controls and planning. Cyber threats continue to evolve as highlighted by the National Cyber Security Centre (NCSC) in its 2024 Annual Review – 'We face real and enduring threats from hostile states and cyber criminals targeting our critical national infrastructure'. This has been seen in a series of high-profile attacks in 2024 affecting those in the public transport sector such as Transport for London, Go-Ahead and Network Rail.

The IT Department have been enhancing the company's digital infrastructure throughout 2024 focusing on security and efficiency alongside enhancing functionality and delivering BAU services of the highest standard.

IT Dept 2024 Key Developments:

- Implementation of Password Manager to further strengthen company security posture.
- Development of new TOTO ticketing systems for the launch of TOTO in Q1 2025.
- Roll out of new endpoint management platform to enhance asset and patch management.
- Deployment of the Aglity mobile application to improve infrastructure asset management along with enhanced reactive and scheduled maintenance tasks conducted in the field.
- OT (Operational Technology) Audit conducted in conjunction with cyber security provider Sapphire to improve visibility of current assets and OT cyber security position.

IT Dept 2025 Future Developments:

- Implementation of a 3rd party 24/7 SOC (Security Operations Centre) to provide real-time specialist cybersecurity monitoring and incident response.
- Delivery of the TOTO solution to provide fast and easy multi-modal ticketing.
- Roll-out of sector leading endpoint XDR (Extended Detect and Response) platform.
- Vulnerability platform being deployed to provide real time scanning.
- Upgrade / refresh program for TVM hardware due to obsolescence.

Operational Performance

2024 has been the first full year of running Trams between the Airport and Newhaven. The popularity of the service continues to grow with the people of Leith voting with their feet and ultimately saw us carry 12.1 million customers in the year. Operational Performance for 2024 remained extremely strong with 98% of all scheduled journeys completed. This was achieved despite the challenges the delayed implementation of the SPRUCE signalling logic in ETYN caused us. The ensuing traffic congestion and delays to tram running times caused us to drop journeys to regulate the timetable to provide the best and safest service for our passengers. As a direct result of this we implemented a new interim timetable at the start of December 2024 adding additional capacity onto the network

The year saw us achieve a new milestone by carrying 74401 passengers on our busiest ever day on Saturday 8th June as part of the enhanced service provision for the three-night run of Taylor Swift concerts. Overall, we carried more than quarter of a million passengers during the event. Our close working relationship with our partners, both internal and external, allowed us to achieve another milestone in that we had all 27 trams out in service for the first time ever for the Scotland v Australia rugby match on 24/11/2024.

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Financial Results

	Period to 28 December 2024 £	Period to 30 December 2023 £
Revenue	28,815,444	23,805,106
Other income	166,479	95,044
Administrative expenses	(37,935,616)	(34,524,290)
Loss from operations – (operating loss)	(8,953,693)	(10,624,140)
Gain on disposal of property, plant and equipment	9,000	542
Loss before finance costs and income tax expense	(8,944,693)	(10,623,598)
Finance Costs	(1,030,150)	(1,227,338)
Loss Before income tax expense	(9,974,843)	(11,850,936)
Income tax	329,199	1,522,376
Loss for the full period	(9,645,644)	(10,328,560)

KPIs	2024	2023
Revenue	28.8m	23.8m
Other income	0.2m	0.1m
Total Revenue	29.0m	23.9m
Yr on Yr Increase	23.3%	53.2%
Loss from Operations	-8.9m	-10.6m
Loss from Operations%	-30.7%	-44.4%
Patronage	12.1m	9.18m
Yr on Yr movement	31.8%	92%
Health and Safety benchmarks		
7 out of 8 achieved in 2024 (5 out of 8 achieved in 2023)	87.5%	62.5%
Staff Turnover	21%	26%
Mileage operated	1.895klm	1.675mklm
Yr on Yr Movement	13.1%	22.3%

EDINBURGH TRAMS LIMITED

Strategic Report

For the period ended 28 December 2024

KPIs (continued)

Complaints Per 10k	0.73	1.70
Customer Service Response Times	25mins	53min
Reliability Performance	98.0%	98.3%
Tram – Peak Vehicle Requirement (PVR) Dec 2024	20	19
Special Event Trams (Match Day Utilisation)	27	22

Board Meeting Attendance x4 Workshop Attendance x1

<u>Board Member Name</u>	<u>No of Meetings</u>	<u>Meetings Attended</u>	<u>Attendance %</u>
Martin Dean (Chair)	5	5	100%
Peter Cushing	5	5	100%
Mark Lea Harrison	5	5	100%
George Lowder – Resigned Aug 2024	3	3	100%
Andrew Neal - Resigned Dec 2024	5	5	100%
Colin Kerr - Appointed Aug 2024	2	1	100%

EDINBURGH TRAMS LIMITED

Strategic Report

For the period ended 28 December 2024

Awards & Recognition

Following the successful opening of the Newhaven line, Edinburgh Trams' innovative approach to finding solutions to a range of challenges in the months leading up to the launch was acknowledged at the Scottish Transport Awards, where we scooped the 'Scottish Transport Operator of the Year' accolade. We were overjoyed that our efforts in delivering our acclaimed brand of service excellence to some of Edinburgh's most densely populated areas, as well as our commitment to developing a strong workforce to meet a higher customer demand, has positioned the business at the forefront of the public transport industry in the country.

The Global Light Rail Awards took place in October, and our Head of Safety and Projects Colin Kerr received international recognition for his contributions to the field, including supporting the Managing Director in the planning, testing and commissioning phase of the Trams to Newhaven project.

Transport ALEO Reform

In July 2020, a report was taken to the CEC Policy and Sustainability Committee, setting out the current arrangements for the management of the group of the Council's Transport ALEOs and highlighting challenges in continuing to manage existing arrangements.

Within the year a "Due Diligence" process was undertaken by Lothian Buses, with Edinburgh Trams co-operating fully with requests and submitted information requests back to the third parties appointed by Lothian Buses in a timely manner.

The Edinburgh Trams Board have now instructed our Managing Director to work with Lothian Buses to deliver this change.

The Board of Edinburgh Trams have three major points they wish taken forward under the ALEO process, which recognises the significant statutory and operating/maintaining requirements of a tramway and will enable better support for the new board.

1. The name of the new Company should not be mode specific and should promote multimodal travel.
2. The Board for this new Company should have equal representation from both bus and tram.
3. Due to the different statutory requirements and culture, both organisations should continue to operate as standalone business units with the executive directors for each reporting into the new board

With the council's decision to disband TfE during the year there is currently some uncertainty around policy decisions and representation to Transport Scotland and Scottish Government that were previously the responsibility of the CEO for TfE.

Future Developments

The Edinburgh Trams team are fully committed to ensuring that the expanded network continues to be a success and a system that residents, tourists and our employees will be proud of.

A primary focus now is on ensuring that all outstanding defects are resolved in a safe and efficient manner, which will then enable us to further enhance services and provide additional capacity across the network. The growth in ridership across the city from Newhaven to the Airport is clear to see, and we need to provide additional capacity at key times to ensure that customers continue to enjoy a positive experience.

The first half of 2025 will also see the introduction of Account Based Ticketing (ABT), bringing us in line with other operators in the city. The introduction of the tap on tap off system will also enable quicker and easier transactions for customers.

EDINBURGH TRAMS LIMITED

Strategic Report

For the period ended 28 December 2024

Working in partnership with CEC, the next step for ETL will be reviewing proposals for extending the network including Granton and the South East of the City. It has been noted that this area has the lowest car use in the city, implying that residents rely on public transport and an extended line would complement and enhance the travel needs of both Edinburgh residents and visitors.

Signed on behalf of the Edinburgh Trams Limited Board by:

A handwritten signature in black ink, appearing to be 'Lea Harrison', written over a horizontal line.

Lea Harrison
Managing Director
Edinburgh Trams

2nd May 2025

EDINBURGH TRAMS LIMITED

Directors' Report

For the period ended 28 December 2024

Directors

The directors of the company are set out on page 2.

Remuneration was paid to the following Directors:

	2024	2023
	£	£
Mark Lea Harrison	182,265	177,030
Andrew Neal*	6,270	9,184
Peter Cushing*	6,270	9,184
Martin Richard Dean (Chair)*	12,540	19,954
George Lowder	-	-
Colin Kerr	1,590	-
Aggregate emoluments and benefits	208,935	215,352

Note * - A Neal, P Cushing and M Dean all received one-off payments for additional work undertaken for ALEO role.

Results and Dividends

The results for the year are set out on page 22.

There were no dividends paid during the financial period (2023: nil).

Financial Instruments

The company has disclosed the financial instruments in note 18 of the financial statements.

The company does not have any derivative instruments at 28 December 2024.

Responsibilities of the Directors

The directors are responsible for preparing the Strategic report, the directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with UK adopted international accounting standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the UK have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

EDINBURGH TRAMS LIMITED

Directors' Report

For the period ended 28 December 2024

Disclosure of Information to Auditor

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

Date: 2ND May 2025

Martin Dean
Martin Dean
Chairperson

EDINBURGH TRAMS LIMITED

Independent Auditor's Report to the Members of Edinburgh Trams Limited

For the period ended 28 December 2024

Opinion

We have audited the financial statements of Edinburgh Trams Limited (the 'company') for the period ended 28 December 2024 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

EDINBURGH TRAMS LIMITED

Independent Auditor's Report to the Members of Edinburgh Trams Limited

For the period ended 28 December 2024

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

EDINBURGH TRAMS LIMITED

Independent Auditor's Report to the Members of Edinburgh Trams Limited

For the period ended 28 December 2024

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

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

Use of our report

This report is made solely to the company's 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.

Azets Audit Services

Allison Gibson, Senior Statutory Auditor
For and on behalf of Azets Audit Services
Statutory Auditor
Chartered Accountants
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 15th May 2025

EDINBURGH TRAMS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the period ended 28 December 2024

		Period to 28 December 2024 £	Period to 30 December 2023 £
	Note		
Continuing operations			
Revenue		28,815,444	23,805,106
Other income	3	166,479	95,044
Administrative expenses		(37,935,616)	(34,524,290)
		<hr/>	<hr/>
Operating loss before interest and income tax expenses	2	(8,953,693)	(10,624,140)
Gain on disposal of property, plant and equipment		9,000	542
Finance costs	4	(1,030,150)	(1,227,338)
		<hr/>	<hr/>
Loss before income tax expense		(9,974,843)	(11,850,936)
Income tax expense	5	329,199	1,522,376
		<hr/>	<hr/>
Loss for the year		(9,645,644)	(10,328,560)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders		(9,645,644)	(10,328,560)
		<hr/> <hr/>	<hr/> <hr/>

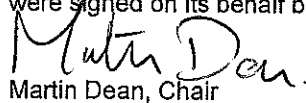
There are no other items of comprehensive income or expense in the current period or prior period and therefore no Statement of Comprehensive Income is shown.

The accompanying notes on pages 26 to 46 form part of these financial statements

EDINBURGH TRAMS LIMITED
Statement of Financial Position
As at 28 December 2024

	Note	28/12/2024 £	30/12/2023 £
Non-current assets			
Property, plant and equipment	8	32,978,219	40,414,388
Total non-current assets		<u>32,978,219</u>	<u>40,414,388</u>
Current assets			
Cash and cash equivalents	7	3,808,451	5,674,281
Trade and other receivables	9	8,103,045	7,370,772
Total current assets		<u>11,911,496</u>	<u>13,045,053</u>
Total assets		<u>44,889,715</u>	<u>53,459,441</u>
Equity and liabilities			
Contributed equity	13	56,054,001	48,054,001
Retained earnings	15	(64,248,959)	(54,603,315)
Total equity attributable to owners of the company		<u>(8,194,958)</u>	<u>(6,549,314)</u>
Liabilities			
Non-current liabilities			
Lease liabilities	12	27,579,654	35,216,841
Total non-current liabilities		<u>27,579,654</u>	<u>35,216,841</u>
Current liabilities			
Trade and other payables	10	17,840,568	17,262,363
Lease liabilities	12	7,637,187	7,454,551
Provisions	11	27,264	75,000
Total current liabilities		<u>25,505,019</u>	<u>24,791,914</u>
Total liabilities		<u>53,084,673</u>	<u>60,008,755</u>
Total equity and liabilities		<u>44,889,715</u>	<u>53,459,441</u>

The financial statements were authorised for issue by the Board of Directors on 2nd May 2025 and were signed on its behalf by:


Martin Dean, Chair

Registered number SC451434

The accompanying notes on pages 26 to 46 form part of these financial statements

EDINBURGH TRAMS LIMITED
Statement of Changes in Equity
For the period ended 28 December 2024

	Note	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2023		36,054,001	(44,274,755)	(8,220,754)
Issue of share capital		12,000,000	-	12,000,000
Comprehensive income				
Loss for the year		-	(10,328,560)	(10,328,560)
Balance at 30 December 2023		48,054,001	(54,603,315)	(6,549,314)
Issue of share capital	13	8,000,000		8,000,000
Comprehensive income				
Loss for the period	15	-	(9,645,644)	(9,645,644)
Balance at 28 December 2024		<u>56,054,001</u>	<u>(64,248,959)</u>	<u>(8,194,958)</u>

The accompanying notes on pages 26 to 46 form part of these financial statements

EDINBURGH TRAMS LIMITED

Statement of Cash Flows

For the period ended 28 December 2024

	Note	Period to 28 December 2024 £	Period to 30 December 2023 £
Cash flow from operating activities			
Loss from operations		(9,645,644)	(10,328,560)
Adjustments for:			
Depreciation	8	7,460,159	7,464,679
Finance costs	12	1,045,449	1,227,338
Changes in assets and liabilities:			
(Increase)/decrease in receivables and other financial assets		(732,272)	(755,508)
Increase/(decrease) in payables		578,204	2,410,468
(Decrease)/increase in provisions		(47,736)	(259,403)
Cash flows from operations		<u>(1,341,840)</u>	<u>(240,986)</u>
Income tax (paid)/received		<u>-</u>	<u>-</u>
Net cash flows from operating activities		<u><u>(1,341,840)</u></u>	<u><u>(240,986)</u></u>
Cash flow from investing activities:			
Purchase of property plant and equipment	8	<u>(23,990)</u>	<u>(55,045)</u>
Net cash flows from investing activities		<u><u>(23,990)</u></u>	<u><u>(55,045)</u></u>
Cash flow from financing activities			
Issue of share capital		8,000,000	12,000,000
Payments of lease liabilities	13	<u>(8,500,000)</u>	<u>(8,500,000)</u>
Net cash flows from financing activities		<u><u>(500,000)</u></u>	<u><u>3,500,000</u></u>
Net (decrease)/increase in cash and cash equivalents		(1,865,830)	3,203,969
Cash and cash equivalents at beginning of period		<u>5,674,281</u>	<u>2,470,312</u>
Cash and cash equivalents at end of period		<u><u>3,808,451</u></u>	<u><u>5,674,281</u></u>
Bank balances and cash	7	<u><u>3,808,451</u></u>	<u><u>5,674,281</u></u>

The accompanying notes on pages 26 to 46 form part of these financial statements

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies

General information

Edinburgh Trams Limited is a private limited company incorporated in Scotland. The address of its registered office and principal place of business are disclosed on page 2. The principal activities of the company are described within the Strategic Report.

The financial statements are prepared in Sterling, which is the functional currency of the company.

Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards (UK adopted IAS) and those parts of the Companies Act 2006 that are applicable.

The financial statements have been prepared on the historical cost basis, as modified for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by the company to all periods presented in these financial statements are set out below.

The financial year represents the 52 weeks ended 28 December 2024 (prior financial year 52 weeks ended 30 December 2023).

Adoption of new and revised standards

The company has adopted, where applicable, the following new and amended IFRSs as of 28 December 2024:

- Supplier Finance Arrangement (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1)

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2024 are considered to have no significant or material effect on the company's financial statements.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 28 December 2024, and with potential effect.

International Accounting Standards and Interpretations	Effective for periods beginning on or after
<ul style="list-style-type: none">• Lack of Exchangeability (Amendment to IAS 21)	1 January 2025
<ul style="list-style-type: none">• Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7);	1 January 2026
<ul style="list-style-type: none">• Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7);	1 January 2026
<ul style="list-style-type: none">• IFRS 18 Presentation and Disclosure in Financial Statements; and	1 January 2027
<ul style="list-style-type: none">• IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Directors have reviewed the requirements of the new standards and interpretations listed above and they are either not applicable or not expected to have a material impact on the company's financial statements in the period of initial application.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

a. Going concern

The Directors are of the opinion that the company has adequate resources to enable it to undertake its planned activities for a period of at least one year from the date that the financial statements are approved.

The Board can give assurance with regards to ETL remaining a "Going Concern" in respect of the operational business aspect of ETL.

ETL became the Operator and Maintainer of the Edinburgh tram system. CEC will continue to provide sufficient cash to meet all of ETL costs and have issued a letter of comfort giving assurance on this matter.

b. Current and deferred income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised. The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

c. Motor Vehicles and Plant & Equipment

Motor vehicles and plant & equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of motor vehicles and plant & equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation

Motor vehicles and plant & equipment are depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
Motor vehicles	4 years
Plant and equipment	3 – 10 years

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

d. Impairment

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

e. Leases

As a lessee

For any new contracts entered into, the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company;
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the company has the right to direct the use of the identified asset throughout the period of use. The company will assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the company recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets have been depreciated over the duration of the least term, which is 10.42 years. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the Statement of Financial Position, right-of-use assets have been included in property, plant and equipment and lease liabilities is split between non-current liabilities and current liabilities.

f. Employee entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to the balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled within one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at an amount that is considered to approximate the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to employee pension funds and are charged as expenses when incurred.

g. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and is net of bank overdrafts.

h. Revenue and other income

Revenue is derived principally from the provision of transport services in the United Kingdom. Revenue is recognised upon the delivery of the service to the customer with reference to the stage of completion of travel provided under contractual terms and when relevant shown net of refunds. The majority of revenue is generated from cash fares received from customers at the point of travel when the revenue is recognised.

All revenue recognised from the provision of transport services is based on pre-determined ticket/service prices which are publicly available at www.edinburghtrams.co.uk

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of value added tax (VAT).

i. Government grants

Grants from government bodies and similar organisations are recognised where there is reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate. No support was received in 2023 and 2024.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

j. Value added tax

Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax (VAT), except:

- i. where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised at cost.

l. Employee benefits

The company contributes to a money purchase scheme for employees, managed by Scottish Widows. Contributions to the scheme are charged to the statement of comprehensive income as they arise. Other schemes e.g. Cycle to Work and Kiddie Vouchers are operated under the HMRC guidelines.

m. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Critical judgement

As detailed in note 11, the company has provided for claims where it is considered more likely than not that the company will be required to settle such claims.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

Key sources of estimation uncertainty

i. Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

ii. Depreciation

When setting depreciation policy, specifically the right-of-use assets held, there is an element of estimation.

n. Financial instruments

Classification

The company classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Recognition and measurement

Loans and receivables are subsequently carried at amortised cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

o. Share capital

Ordinary shares are classified as equity.

p. Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

1. Summary of significant accounting policies (continued)

q. Trade and other receivables

Trade receivables are obligations to receive payment for goods or services that have been sold in the ordinary course of business to customers. Accounts receivable are classed as current debtors if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are classed as non-current assets. Trade receivables are recognised net of a provision for bad or doubtful debts (if applicable).

IFRS 9 requires an expected credit loss ("ECL") model which requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The main financial asset that is subject to the expected credit loss model is trade receivables, which consist of billed receivables arising from contracts.

Given the nature of the receivables we have considered the ECL to not be applicable.

r. Dividends

Dividends are recognised when declared during the financial year.

s. Current and non-current classification

Assets and liabilities are presented in Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at the least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

2. Loss on ordinary activities

	Period to 28 December 2024 £	Period to 30 December 2023 £
The loss is stated after charging		
Auditor's remuneration:		
Audit services	35,875	30,000
Non-audit services	6,330	7,100
Infrastructure maintenance	6,753,687	6,687,467
Depreciation and other amounts written off tangible fixed assets:		
Owned	56,319	60,839
Right-of-use assets	7,403,840	7,403,840
	<u>7,466,061</u>	<u>7,512,246</u>

3. Other income

	Period to 28 December 2024 £	Period to 30 December 2023 £
Other sundry income	166,479	95,044
	<u>166,479</u>	<u>95,044</u>

4. Finance Costs

	Period to 28 December 2024 £	Period to 30 December 2023 £
Lease charges	1,030,150	1,227,338
	<u>1,030,150</u>	<u>1,227,338</u>

5. Income tax

	Period to 28 December 2024 £	Period to 30 December 2023 £
Current tax:		
Group relief receivable	-	(953,520)
Adjustment in respect of prior periods	(329,199)	(568,856)
Tax on (loss) for the period	<u>(329,199)</u>	<u>(1,522,376)</u>

The effective tax rate for the period ended 28 December 2024 is calculated at 25% (2023: 23.52%) of the estimated assessable (loss)/profit for the year.

The company has trade losses carried forward of £35,926,560 (2023: £27,360,606) which has prudently not been recognised in the accounts.

EDINBURGH TRAMS LIMITED
Notes to the Financial Statements
For the period ended 28 December 2024

5. Income tax (continued)

The charge for the period can be reconciled to the (loss)/profit per the income statement as follows:

	Period to 28 December 2024 £	Period to 31 December 2023 £
(Loss)/profit for the period before taxation	(9,974,843)	(11,850,936)
Tax on (loss)/profit for the period at the effective rate of 25% (2023 – 23.52%)	(2,493,711)	(2,787,405)
Effects of:		
Expenses not deductible for tax purposes	1,527	(7,937)
Fixed asset differences	-	(118)
Other differences	290	185
Group relief surrendered	-	953,520
Group relief claimed	-	(953,520)
Adjustments in respect of prior periods	(329,199)	167,177
Remeasurement of deferred tax for changes in tax rates	-	(43,557)
Deferred tax not recognised	2,491,894	1,149,279
Tax for the year	(329,199)	(1,522,376)

6. Employee benefits expense

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

	Period to 28 December 2024 Number	Period to 30 December 2023 Number
Admin and support	294	274
Events staff	33	18
	327	292

The aggregate payroll costs of these persons were as follows:

	Period to 28 December 2024 £	Period to 30 December 2023 £
Wages and salaries	10,304,084	8,956,627
Social security costs	1,004,917	877,945
Other pension costs	537,955	429,379
	11,846,956	10,263,951

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

6. Employee benefits expense (continued)

Directors' remuneration costs disclosed below exclude employer's national insurance costs of £25,441 (2023: £21,982).

Employer's national insurance costs in respect of the highest paid director totalled £24,943 (2023: £21,982). The directors of Edinburgh Trams Limited are also considered to be the company's key management personnel.

Five directors (2023: four) were paid through Edinburgh Trams Limited. Further details are provided below and in the directors' report. One director received remuneration from Transport for Edinburgh Limited, the immediate parent company, details of which can be found in the financial statements of Transport for Edinburgh Limited.

Directors' remuneration:

	Period to 28 December 2024 £	Period to 30 December 2023 £
Aggregate emoluments and benefits	208,935	215,352
Aggregate pension contributions	34,208	26,375
	<u>243,143</u>	<u>241,727</u>
Highest paid directors emoluments and benefits	182,265	177,030
Pension contributions	34,208	26,375
	<u>216,473</u>	<u>203,405</u>

7. Cash and Cash Equivalents

	28/12/2024 £	30/12/2023 £
Cash at bank and in hand	<u>3,808,451</u>	<u>5,674,281</u>

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

8. Property, plant and equipment

	Right-of-use Passenger Vehicles and Related Infrastructure	Motor Vehicles	Plant & Equipment	Total
Cost or valuation	£	£	£	£
At 30 December 2023	77,353,861	117,634	543,693	78,015,188
Additions	-	23,990	-	23,990
Disposals	-	(23,168)	-	(23,168)
At 28 December 2024	77,353,861	118,456	543,693	78,016,010
Accumulated depreciation				
At 30 December 2023	(37,019,202)	(67,704)	(513,894)	(37,600,800)
Charge for period	(7,403,840)	(30,481)	(25,838)	(7,460,159)
Disposals	-	23,168	-	23,168
At 28 December 2024	(44,423,042)	(75,017)	(539,732)	(45,037,791)
Net book value at 28 December 2024	32,930,819	43,439	3,961	32,978,219

	Right-of-use Passenger Vehicles and Related Infrastructure	Motor Vehicles	Plant & Equipment	Total
Cost or valuation	£	£	£	£
At 1 January 2023	77,353,861	70,229	543,693	77,967,783
Additions	-	55,045	-	55,045
Disposals	-	(7,640)	-	(7,640)
At 30 December 2023	77,353,861	117,634	543,693	78,015,188
Accumulated depreciation				
At 1 January 2023	(29,615,362)	(54,738)	(473,661)	(30,143,761)
Charge for period	(7,403,840)	(20,606)	(40,233)	(7,464,679)
Disposals	-	7,640	-	7,640
At 30 December 2023	(37,019,202)	(67,704)	(513,894)	(37,600,800)
Net book value at 30 December 2023	40,334,659	49,930	29,799	40,414,388

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

9. Trade and other receivables

	28/12/2024	30/12/2023
	£	£
Trade receivables	211,208	362,223
Other receivables	242,684	117,389
Prepayments and accrued income	600,633	466,801
VAT recoverable	2,272,162	2,059,985
Amounts owed by group undertakings	4,446,375	3,433,202
Corporation tax recoverable	329,983	931,172
	<u>8,103,045</u>	<u>7,370,772</u>

Analysed as:

	28/12/2024	30/12/2023
	£	£
Current	8,103,045	7,370,772
	<u>8,103,045</u>	<u>7,370,772</u>

The company considers the fair value of receivables to be in line with carrying values.

10. Trade and other payables

	28/12/2024	30/12/2023
	£	£
Trade and other payables	1,095,502	1,260,310
Taxation and social security	278,124	290,294
Accruals and deferred income	1,557,683	2,004,624
Amounts owed to group undertakings	14,909,259	13,707,135
	<u>17,840,568</u>	<u>17,262,363</u>

Current liabilities aged as:

	28/12/2024	30/12/2023
	£	£
Less than three months	<u>17,840,568</u>	<u>17,262,363</u>

The company considers the fair value of payables to be in line with carrying values.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

11. Provisions

	28/12/2024	30/12/2023
	£	£
<i>Insurance claims</i>		
At the beginning of the period	50,000	9,403
Charge for the period	120,993	50,000
Paid during the period	(242,873)	(9,403)
At the end of period	(71,880)	50,000
	<u>28/12/2024</u>	<u>30/12/2023</u>
	£	£
<i>Legal claims</i>		
At the beginning of the period	25,000	325,000
Charge for the period	-	25,000
Released during the period	-	(60,000)
Paid during the period	-	(240,000)
At the end of period	25,000	25,000
	<u>28/12/24</u>	<u>30/12/23</u>
	£	£
<i>ETYN Provision</i>		
At the beginning of the period	-	-
Charge for the period	74,144	-
Released during the period	-	-
Paid during the period	-	-
At the end of period	74,144	-
	<u>27,264</u>	<u>75,000</u>
Total provisions		

Insurance claims

Edinburgh Trams Limited's insurance liability exposure is limited to £120,000 in any given calendar year.

Under the terms of the Operating Agreement between CEC and Edinburgh Trams Limited, the latter is required to reimburse the former up to a maximum of £120,000 per annum in respect of claims within all policy excesses. This will include any claims for injury to cyclists where the cause of the injury is a result of negligence on the part of Edinburgh Trams Limited only.

Legal claims

Settlement of any legal claims or such like out with insurance is dependent on negotiation and potentially, litigation with third parties, the time frame of which is not known at this stage of reporting. Further disclosure has not been included within the financial statements as it is considered that this may prejudice the position of Edinburgh Trams Limited.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

12. Lease Liabilities

As a lessee

The company has a lease for the use of the trams and related infrastructure with The City of Edinburgh Council. The lease will run until the 31 May 2029 with an option to renew the lease after that date. Lease payments are renegotiated every five years. The lease restricts the company from entering into any sub-lease agreements.

Information about leases for which the company is a lessee is presented below.

i. Right-of-use assets

The company classifies its right-of-use assets in a consistent manner to property, plant and equipment. Further information regarding right-of-use assets can be found in note 8.

ii. Lease liabilities

Lease liabilities included in the Statement of Financial Position at 28 December 2024 are analysed as follows:

	28/12/2024 £	30/12/2023 £
Current	7,637,187	7,454,551
Non-current	27,579,654	35,216,841
	<u>35,216,841</u>	<u>42,671,392</u>

The lease liability is secured on the related underlying assets. The undiscounted maturity analysis of the lease liability as at 28 December 2024 is as follows:

	28/12/2024 £	30/12/2023 £
Within one year	8,500,000	8,500,000
Between two and five years	29,063,014	34,000,000
More than five years	-	3,563,014
Total undiscounted liabilities period end	<u>37,563,014</u>	<u>46,063,014</u>

For interest expense in relation to leasing liabilities, refer to finance costs (note 4).

Total cash outflows in respect of leasing liabilities in the year to 28 December 2024 is £8,500,000.

The company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The expense payment of these leases is £1,802 (2023: £1,802).

EDINBURGH TRAMS LIMITED
Notes to the Financial Statements
For the period ended 28 December 2024

13. Share capital

<i>Allotted, called up and fully paid</i>	Ordinary shares of £1 each £
At 01 January 2023	36,054,001
Issue of share capital	12,000,000
At 30 December 2023	48,054,001
Issue of share capital	8,000,000
At 28 December 2024	<u>56,054,001</u>

14. Pension – defined contribution

As explained in the accounting policies, employees of the company can participate in a pension scheme which is managed by Scottish Widows. This is a defined contribution scheme.

The charge to the Profit and Loss Account represents the contributions payable relating to the accounting period. Pension payments are now settled upon at start of month as opposed to 19th of month to maximise investments benefit for all staff included in scheme.

	£
Contributions to Scottish Widows Pension charged to the profit and loss account	537,955
Amount outstanding at the balance sheet date	-

15. Reserves

	Retained Earnings £
At 01 January 2023	(44,274,755)
Loss for the period	(10,328,560)
At 30 December 2023	(54,603,315)
Loss for the period	(9,645,644)
At 28 December 2024	<u>(64,248,959)</u>

16. Ultimate parent undertaking

Edinburgh Trams Limited is a wholly owned subsidiary company of Transport for Edinburgh Limited. By virtue of its controlling interest in the parent's equity capital, The City of Edinburgh Council is the ultimate controlling party. Group accounts are available to the public from the Director of Finance, Waverley Court, Edinburgh EH8 8BG.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

17. Related parties

The following transactions were carried out with related parties:

	28/12/2024 £	30/12/2023 £
a) Reimbursement of expenses incurred: City of Edinburgh Council (ultimate parent)	5,728,970	4,187,397
b) Sale of goods and services: Lothian Buses Limited (fellow subsidiary)	10,355	11,220
c) Purchases of goods and services: City of Edinburgh Council (ultimate parent)	16,660,800	13,638,715
Transport for Edinburgh (parent)	39,031	61,998
Lothian Buses Limited (fellow subsidiary)	108,969	108,409
UK TRAM Limited (director in common)	33,900	33,900
d) Year end balances arising from purchase/sales of goods and services: Receivables: City of Edinburgh Council (ultimate parent)	4,227,248	3,271,177
Lothian Buses Limited (fellow subsidiary)	219,127	739,353
Edinburgh Bus Tours (fellow subsidiary)	-	376,192
Edinburgh International Conference Centre Limited (related company)	305,672	-
LPFI Limited (related company)	23,532	-
Payables: Lothian Buses Limited (fellow subsidiary)	12,136	9,052
City of Edinburgh Council (ultimate parent)	14,850,285	13,698,083
Transport for Edinburgh (parent)	46,838	-

All transactions are conducted on an arm's length basis.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

18. Financial risk management

Financial instruments consist mainly of deposits with banks, short-term investments, lease obligations and accounts receivable and payable. Financial instruments do not include prepayments, VAT recoverable, taxation and social security.

The main purpose of non-derivative financial instruments is in respect to the company's trading activities and to raise finance for company operations. The company does not have any derivative instruments at 28 December 2024.

The totals for each category of financial instruments, measured in accordance with IFRS 9 as detailed in the accounting policies to these financial statements, are as follows:

		28/12/2024	30/12/2023
		£	£
Financial assets			
Cash and cash equivalents	7	3,808,451	5,674,281
Trade and other receivables	9	4,900,267	3,912,814
Total financial assets		<u>8,708,718</u>	<u>9,587,095</u>
Current financial liabilities			
Trade and other payables	10	17,562,444	16,972,069
Lease liabilities	12	7,637,187	7,454,551
Provisions	11	27,264	75,000
Non-current financial liabilities			
Lease liabilities	12	27,579,654	35,216,841
Total financial liabilities		<u>52,805,549</u>	<u>59,718,461</u>

Financial risk management policies

The company's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Regular management meetings and production of internal financial reports ensure any risk factors that arise are addressed at the earliest opportunity.

Financial risk exposures and management

The main risks that the company are exposed to through its financial instruments are credit risk, liquidity risk and market risk. These are managed as follows:

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Credit risk is managed on a company basis and reviewed regularly by senior management. It arises from exposures to customers.

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

18. Financial risk management (continued)

a. Credit risk (continued)

Senior management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and institutions with an acceptable credit rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet Edinburgh Trams Limited strict credit policies may only purchase in cash or using recognised credit cards.

The credit risk for all counter parties included in trade and other receivables at 28 December 2024 is not rated.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- ensuring that adequate unutilised borrowing facilities are maintained.
- Payment settlement in place with main creditor i.e. CEC

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows as presented in the table (to settle financial liabilities) reflects the earliest contractual settlement dates.

		Within 1 Year 2024	1 to 5 Years 2024	Total 2024
Financial liabilities due for payment				
Trade and other payables	10	(17,840,568)	-	(17,840,568)
Lease obligations	12	(7,637,187)	(27,579,654)	(35,216,841)
Provisions	11	(27,264)	-	(27,264)
		<u>(25,505,019)</u>	<u>(27,579,654)</u>	<u>(53,084,673)</u>
Total expected outflows				
Financial assets – cash flows realisable				
Cash and cash equivalents	7	3,808,451	-	3,808,451
Trade, term and loan receivables	9	8,103,045	-	8,103,045
		<u>11,911,496</u>	<u>-</u>	<u>11,911,496</u>
Total anticipated inflows				
Net outflow of financial instruments		<u>(13,593,523)</u>	<u>(27,579,654)</u>	<u>(41,173,177)</u>

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

18. Financial risk management (continued)

b. Liquidity risk (continued)

		Within 1 Year 2023	1 to 5 Years 2023	Restated Total 2023
Financial liabilities due for payment				
Trade and other payables	10	(17,262,363)	-	(17,262,363)
Lease obligations	12	(7,454,551)	(35,216,841)	(42,671,392)
Provisions	11	(75,000)	-	(75,000)
Total expected outflows		<u>(24,791,914)</u>	<u>(35,216,841)</u>	<u>(60,008,755)</u>
Financial assets – cash flows realisable				
Cash and cash equivalents	7	5,674,281	-	5,674,281
Trade, term and loan receivables	9	7,370,772	-	7,370,772
Total anticipated inflows		<u>13,045,053</u>	<u>-</u>	<u>13,045,053</u>
Net outflow of financial instruments		<u>(11,746,861)</u>	<u>(35,216,841)</u>	<u>(46,963,702)</u>

c. Market risk

The overall objective of the company is to secure shareholder value through the effective management and deployment of tram assets over the long term. Key market variables which affect this outcome include; passenger numbers, traction costs and inflation, along with general macro-economic factors.

19. Movements in liabilities arising from financing activities

The changes in the company's liabilities arising from financing activities can be classified as follows:

	Current lease liabilities £	Non-current lease liabilities £	Total £
30 December 2023	7,454,551	35,216,841	42,671,392
Cash-flows			
Repayment of lease liabilities	(8,500,000)	-	(8,500,000)
Non-cash			
Interest on lease liabilities	1,045,449	-	1,045,449
Reclassification	7,637,187	(7,637,187)	-
28 December 2024	<u>7,637,187</u>	<u>27,579,654</u>	<u>35,216,841</u>

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 28 December 2024

19. Movements in liabilities arising from financing activities (continued)

	Current lease liabilities £	Non-current lease liabilities £	Total £
1 January 2023	7,276,282	42,671,392	49,947,674
Cash-flows			
Repayment of lease liabilities	(8,500,000)	-	(8,500,000)
Non-cash			
Interest on lease liabilities	1,223,718	-	1,223,718
Reclassification	7,454,551	(7,454,551)	-
30 December 2023	<u>7,454,551</u>	<u>35,216,841</u>	<u>42,671,392</u>

20. Other commitments

There are no contingent assets or liabilities as at 28 December 2024 (2023: nil).

21. Post balance sheet events

On 25 March 2025 a payment of £10.5m was received from Transport for Edinburgh Limited in respect of the purchase of B Shares in Edinburgh Trams Limited.

