



Falkirk Community Trading Limited

report and financial statements

2021

**Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2021**

for

Falkirk Community Trading Limited

Registered number: SC400658

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Company Information

For the Year ended 31 March 2021

Directors:	Suzanne Arkinson (Chair) Christopher Morris Maureen Campbell, OBE Ased Iqbal Shona Dunsmore Andrew Roberts
Registered Office:	Suite 1A The Falkirk Stadium 4 Stadium Way Falkirk FK2 9EE
Registered Number:	SC400658 (Scotland)
Auditors:	Wylie & Bisset (Audit) Limited Chartered Accountants 168 Bath Street Glasgow G2 4TP
Bankers:	The Royal Bank of Scotland plc 2 Newmarket Street Falkirk FK1 1JX

Report of the Directors

For the Year ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

Principal Activity

The principal activity of the company in the year under review was that of the management and operation of catering services and other non-charitable activities for the parent company, Falkirk Community Trust Limited.

Directors

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

Maureen Campbell, OBE
Christopher Morris
Suzanne Arkinson
Ased Iqbal
Shona Dunsmore
Andrew Roberts

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

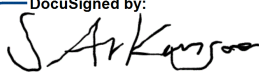
Report of the Directors

Auditors

Wylie & Bisset (Audit) Limited were appointed as auditors for 2 years covering the financial statements up to the year ended 31 March 2021. Auditors for ensuing years will be appointed subject to a tender process.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Board:

DocuSigned by:

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Suzanne Arkinson
Director

Date: 14 August 2021

Independent Auditors Report to the Members of Falkirk Community Trading Ltd

Opinion

We have audited the financial statements of Falkirk Community Trading Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Emphasis of Matter

We draw your attention to Note 2 of the financial statements, which explains that the as of 1st April 2022, the operations of Falkirk Community Trading Ltd will be transferred and undertaken by Falkirk Council. The directors have a reasonable expectation that the Council has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 Report of the Directors and Audited Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report of the Directors and Audited Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors Report to the Members of Falkirk Community Trading Ltd

Opinion 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures in response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors Report to the Members of Falkirk Community Trading Ltd

In identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following:

- *The nature of the company and the industry, control environment and business performance including key drivers for gift aid to the parent company and performance targets; and*
- *Our enquiries of management about their identification and assessment of the risks of irregularities.*

Based on our understanding of the company and the industry we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- *Regulations and legislation pertinent to the company's industry operations; and*
- *UK tax legislation.*

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- *Posting inappropriate journal entries; and*
- *Management bias in accounting estimates.*

Audit response to the risks identified.

Our procedures to respond to the risks identified included the following:

- *Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates;*
- *Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;*
- *Enquiring of management, the audit committee and legal advisors concerning actual and potential litigation and claims;*
- *Reviewing correspondence with HMRC;*
- *In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments' assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and, evaluating business rationale of any significant transactions that are unusual or outside the normal course of business.*

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would be to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.


This description forms part of our auditor's report.

Independent Auditors Report to the Members of Falkirk Community Trading Ltd

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.

Jenny Simpson (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset (Audit) Limited, Statutory Auditor

DocuSigned by:

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168 Bath Street
Glasgow
G2 4TP

DATE: 16 August 2021

Income Statement

For the Year ended 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
TURNOVER		215,543	2,135,175
Cost of sales		(155,349)	(1,738,803)
GROSS PROFIT		60,194	396,372
Administrative expenses		(34,657)	(103,303)
OPERATING PROFIT and PROFIT BEFORE TAXATION		25,537	293,069
Tax on profit	6	-	-
PROFIT FOR THE FINANCIAL YEAR		25,537	293,069

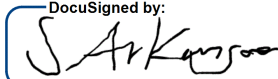
Statement of Financial Position

For the Year ended 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
CURRENT ASSETS			
Stocks		106,297	120,639
Debtors	4	18,027	236,884
Cash in hand		5,875	5,926
		<u>130,199</u>	<u>363,449</u>
CREDITORS			
Amounts falling due within one year	5	(104,661)	(70,379)
NET CURRENT ASSETS		<u>25,538</u>	<u>293,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,538</u>	<u>293,070</u>
CAPITAL AND RESERVES			
Called up share capital		1	1
Reserves		25,537	293,069
SHAREHOLDERS' FUNDS		<u>25,538</u>	<u>293,070</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 14 August 2021 and were signed on its behalf by:

DocuSigned by:

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Suzanne Arkinson
 Director

Statement of Changes in Equity

For the Year ended 31 March 2021

	Share Capital	Profit & Loss Reserve	TOTAL
Balance at 1 April 2019	1	349,521	349,522
Profit and Total Comprehensive Income for the year	-	293,069	293,069
Distribution to Parent Charity	-	(349,521)	(349,521)
Balance at 31 March 2020	1	293,069	293,070
Profit and Total Comprehensive Income for the year	-	25,537	25,537
Distribution to Parent Charity	-	(293,069)	(293,069)
Balance at 31 March 2021	1	25,537	25,538

Notes to the Financial Statements

For the Year ended 31 March 2021

1. Statutory Information

Falkirk Community Trading Limited is a private company, limited by shares, domiciled in Scotland, registration number SC400658. The registered office is Suite 1A, The Falkirk Stadium, 4 Stadium Way, Falkirk, FK2 9EE.

The company's parent is Falkirk Community Trust Limited which has the same registered office.

2. Accounting Policies

Basis of preparing the financial statements

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The financial statements of the company are consolidated in the financial statements of The Falkirk Community Trust. These consolidated financial statements are available from its registered office, Suite 1A, The Falkirk Stadium, 4 Stadium Way, Falkirk, FK2 9EE.

Going Concern

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months. As of 1st April 2022, the operations of Falkirk Community Trust Trading Ltd will be transferred and undertaken by Falkirk Council. The directors have a reasonable expectation that the Council has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in first-out method and includes the normal cost of transporting stock to its present location and condition. Cost is represented by purchase price. Net realisable value is the anticipated sales proceeds less any cost of disposal.

Notes to the Financial Statements

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are discounted where the time value of money is material.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial Instruments

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

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

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

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

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

Notes to the Financial Statements

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

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

3. Employees and Directors

The average number of employees, excluding the directors, during the year was nil (2020 - nil). Staff who work in the Trading Company facilities are deemed to be employed by the parent Charity company and are therefore not Trading Company employees.

4. Debtors: Amounts falling due within one year

	31 March 2021 £	31 March 2020 £
Trade debtors	8,290	3,331
Amounts owed from group undertakings	-	219,322
Prepayments	9,737	14,231
	<u>18,027</u>	<u>236,884</u>

5. Creditors: Amounts falling due within one year

	31 March 2021 £	31 March 2020 £
Trade creditors	6,382	28,651
Amounts owed to group undertakings	93,294	-
Amounts owed to related parties	1,531	11,449
Taxation and social security	914	24,498
Other creditors	2,540	5,781
	<u>104,661</u>	<u>70,379</u>

Notes to the Financial Statements

6. Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	31 March 2021 £	31 March 2020 £
Profit before Taxation	<u>25,537</u>	<u>293,069</u>
Expected tax charge based on the standard rate of Corporation Tax in the UK of 19% (2020: 19%)	4,852	55,683
Tax Relief on Gift Aid	<u>(4,852)</u>	<u>(55,683)</u>
Taxation Charge for the year	<u>-</u>	<u>-</u>

7. Related Party Disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with its parent company Falkirk Community Trust Limited which prepares consolidated accounts.

The company is related to Falkirk Council by virtue of Falkirk Council being the sole member, and Falkirk councillors being directors of the parent company Falkirk Community Trust Limited. Recharges for expenses paid on the company's behalf have been made in the year and the company owed £1,531 (2020 - £11,449) to Falkirk Council at 31 March 2021.

8. Post Balance Sheet Event

As of 1st April 2022, Falkirk Community Trading Ltd will be wound up, with its operations being transferred to and undertaken by Falkirk Council from that date.

Trading and Profit and Loss Account

For the Year ended 31 March 2021

	31 March 2021		31 March 2020	
	£	£	£	£
Income				
Sales		215,543		2,135,175
Cost of sales				
Materials and supplies	804		1,666	
Reusable items	12,020		228,610	
Vending machine supplies	3,217		32,368	
Catering supplies	48,501		539,648	
Staff Cost recharge	90,807		936,511	
		155,349		1,738,803
GROSS PROFIT		60,194		396,372
Establishment costs				
Utilities	1,379		5,191	
Property repairs	480		1,618	
Cleaning and laundry	3,762		5,007	
		5,621		11,816
		54,573		384,556
Administrative expenses				
Equipment – Purchases & Repairs	6,041		63,799	
Hire of equipment	6,097		1,383	
Subscriptions and licences	1,800		2,770	
Other expenses	12,558		21,015	
Auditors' remuneration	2,540		2,520	
		29,036		91,487
NET PROFIT		25,537		293,069