

Registration No. 10061867

EAST CAMBS TRADING COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019



EAST CAMBS TRADING COMPANY LIMITED

COMPANY INFORMATION

Directors	P J Remington J Hill E L Grima C G J Roberts (resigned 2 May 2019) A M Bailey D Ambrose-Smith (appointed 30 May 2019)
Company number	10061867
Registered office	The Grange Nutholt Lane Ely Cambridgeshire CB7 4EE
Auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ

EAST CAMBS TRADING COMPANY LIMITED

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EAST CAMBS TRADING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the audited financial statements of the company for the year ended 31 March 2019.

Directors

The directors who served during the year were:

P J Remington
J Hill
E L Grima
C G J Roberts
A M Bailey

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The auditors, Price Bailey LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

EAST CAMBS TRADING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on July 18th 2019 and signed on its behalf.


J Hill
Director

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LIMITED

Opinion

We have audited the financial statements of East Cambs Trading Company Limited for the year ended 31 March 2019 on pages 6-21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LIMITED

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 Director's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemptions in preparing the Director's 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 1, 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 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

EAST CAMBS TRADING COMPANY LIMITED


INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LIMITED

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 a Report of the Auditors 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.

Paul Cullen FCCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date:

 11/10/19

EAST CAMBS TRADING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue from services		1,185,584	1,077,268
Revenue from construction contracts		22,336	842,411
Revenue from property development		4,896,223	-
Grant income		520,000	-
		<u>6,624,143</u>	<u>1,919,679</u>
Cost of sales		(5,055,064)	(1,409,091)
Gross profit		<u>1,569,079</u>	<u>510,588</u>
Administrative expenses		(906,046)	(677,762)
Operating profit/(loss)		<u>663,033</u>	<u>(167,174)</u>
Interest receivable		417	-
Interest payable	5	-	(138,156)
Profit/(Loss) before taxation		<u>663,450</u>	<u>(305,330)</u>
Tax on profit	6	-	-
Profit/(Loss) and total comprehensive income for the year		<u><u>663,450</u></u>	<u><u>(305,330)</u></u>

There were no recognised gains and losses from 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 10 - 20 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

REGISTERED NUMBER: 10061867

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	7	134,190	-
Current assets			
Inventories	8	3,121,683	3,348,472
Trade and other receivables	9	255,373	330,460
Cash at bank and in hand	10	1,411,785	34,187
		<u>4,788,841</u>	<u>3,713,119</u>
Current Liabilities			
Trade and other payables	11	(350,720)	(1,279,258)
		<u>4,438,121</u>	<u>2,433,861</u>
Net Current Assets			
		4,438,121	2,433,861
Total assets less current liabilities			
		4,572,311	2,433,861
Non-Current Liabilities			
Financial Liabilities – borrowings	11	(4,620,000)	(3,145,000)
		<u>(47,689)</u>	<u>(711,139)</u>
Net liabilities			
		(47,689)	(711,139)
Equity			
Called up share capital	13	1	1
Retained earnings		(47,690)	(711,140)
		<u>(47,689)</u>	<u>(711,139)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J Hill
Director

Date: 18 JULY 2019

The notes on pages 10-21 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £	Retained earnings £	Total equity £
Balance as at 31 March 2017	1	(405,810)	(405,809)
Comprehensive income			
Loss for the year	-	(305,330)	(305,330)
Total comprehensive income	-	(305,330)	(305,330)
Balance as at 31 March 2018	1	(711,140)	(711,139)
Comprehensive income			
Profit for the year	-	663,450	663,450
Total comprehensive income	-	663,450	663,450
Balance as at 31 March 2019	1	(47,690)	(47,689)

EAST CAMBS TRADING COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash outflow from operating activities	17	<u>874,127</u>	<u>(1,885,183)</u>		
Net cash inflow from operating activities		874,127	(1,885,183)		
Cash flows from investing activities					
Purchase of fixed assets		(146,264)	-		
Cash flows from financing activities					
Interest received		417	-		
Interest paid		(135,682)	(138,156)		
Loans advanced		1,475,000	2,100,000		
Loans repaid		<u>(690,000)</u>	<u>(25,000)</u>		
Net cash from financing activities		<u>649,735</u>	<u>1,936,844</u>		
Net increase in cash and cash equivalents		1,377,598	51,661		
Cash and cash equivalents at beginning of year		34,187	(17,474)		
Cash and cash equivalents at end of year	10	<u>1,411,785</u>	<u>34,187</u>		

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Statutory information

East Cambs Trading Company Limited is a private company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The address of the registered office is The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE.

The company is primarily involved in property development and management of council services.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

1.2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for assets and liabilities at the statement of financial position date. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year is the valuation of work in progress and allocation of costs to each period.

Costs directly attributable to the projects have been included in the work in progress figure accordingly. When calculating the work in progress the directors consider the stage of completion of the project and the likelihood of all costs being recovered, applying this in accordance with applicable framework.

1.3 Compliance with accounting standards

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to reporting entities under IFRS.

The financial statements have been prepared under the historical cost convention.

1.4 Going concern

The company is reliant on the continued financial support of its sole shareholder and ultimate parent, East Cambridgeshire District Council, which is expected to continue for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

The Company provides a grounds maintenance service predominantly to local authorities and educational establishments. For larger contracts invoices are issued on a monthly basis or as the work is completed for smaller contracts. Payment is usually received within a month of the invoice being issued.

The Company also operates street markets on behalf of the local council and collects revenue from the individual stallholders. Invoices are issued on a weekly basis and payments are made via direct debits.

Revenue from a construction contract is recognised when:

- It is probably that the economic benefits associated with the contract will flow to the entity.
- The contract costs attributable to the contract can be clearly identifiable and measured reliably.

The company develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the company. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. The consideration is due when legal title has been transferred.

1.6 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	25% straight line
Leasehold improvements	16.67% straight line
Office equipment	16.67% straight line
Computer equipment	33.33% straight line

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (continued)

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase and includes labour.

At each balance sheet date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.9 Trade and other receivables

Short term receivables are measured initially at fair value, and are measured subsequently at amortised costs.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

1.11 Operating profit

Operating profit is stated before investment income and finance costs.

1.12 Financial Instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

- Cash and cash equivalents comprise cash held at bank and short term deposits
- Trade payables are not interest bearing and are stated at their nominal value
- Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve.

1.11 Trade and other payables

Short term payables are measured fair value, and subsequently at amortised cost. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.14 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position.

1.15 New IFRS standards and interpretations not yet adopted

In preparing these financial statements the Company has reviewed all new standards and interpretations.

New Standards, Interpretations and Amendments effective from 1 April 2018

The following new and revised Standards and Interpretations have been adopted in these financial statements but their adoption has not had any significant impact on the amounts reported in these financial statements:

- IFRS15 Revenue from Contracts with Customers (issued 2016)
- IFRS9 Financial Instruments (issued 2014)

The other new and revised Standards and Interpretations are not considered to be relevant to the Company's financial reporting and operations and are not detailed in these financial statements.

New Standards, Interpretations and Amendments that are not yet effective and have not been adopted early

The following new and revised Standards and Interpretations are relevant to the Company but not yet effective for the year commencing 1 April 2018 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements (amended 2018)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amended 2018)
- IAS 12 Income Taxes (amended 2017)
- IAS 19 Employee Benefits (amended 2018)
- IAS 23 Borrowing Costs (amended 2017)
- IFRS 3 Business Combinations (amended 2017 and 2018)
- IFRS 9 Financial Instruments (amended 2017)

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

The Directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

In addition, IFRS 16 Leases is effective for financial periods commencing on or after 1 January 2019 and will bring all operating leases onto the balance sheet in line with the accounting treatment for finance leases. This will increase the value of gross assets and both current and non-current liabilities but is not expected to have a material effect on the consolidated income statement or the statement of financial position.

2. Operating profit

Operating profit is stated after charging

	2019 £	2018 £
Operating leases	59,464	25,904
Depreciation of owned fixed assets	12,074	-
Auditors' remuneration	15,750	12,000

3. Employees and directors

	2019 £	2018 £
Wages and Salaries	471,551	317,789
Social security	52,693	35,313
Other pension costs	58,454	27,586
	<u>582,698</u>	<u>380,688</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Directors	5	5
Administration	11	8
	<u>16</u>	<u>13</u>

4. Directors' remuneration

	2019 £	2018 £
Directors' remuneration	12,000	12,530
Directors' pension contributions to a defined benefits pension scheme	960	1,100
	<u>12,960</u>	<u>13,630</u>

During the year 1 directors (2018 – 1) was accruing benefits under defined benefit pension schemes.

5. Finance costs

	2019 £	2018 £
Loan interest payable	-	138,156

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

6. Income tax

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 March 2019 nor the year ended 31 March 2018.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit (Loss) per accounts	663,450	(305,330)
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	126,056	(58,013)
Effects of:		
Deferred taxation on losses for prior year	(126,056)	58,013
Tax expense	-	-

The company has estimated tax losses of £54,000 (2018 £711,000) to carry forward against future profits.

7. Property, plant and equipment

	<i>Plant & Machinery</i>	<i>Leasehold Improvement</i>	<i>Office Equipment</i>	<i>Computer Equipment</i>	<i>Total</i>
Cost					
As at 1 April 2018	-	-	-	-	-
Additions	19,071	35,526	54,969	36,698	146,264
Disposals	-	-	-	-	-
As at 31 March 2019	19,071	35,526	54,969	36,698	146,264
Depreciation					
As at 1 April 2018	-	-	-	-	-
Charge for the year	533	1,402	6,916	3,223	12,074
On disposals	-	-	-	-	-
As at 31 March 2019	533	1,402	6,916	3,223	12,074
Net Book Value					
As at 31 March 2019	18,538	34,124	48,053	33,476	134,190
As at 31 March 2018	-	-	-	-	-

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

8. Inventories		
	2019	2018
	£	£
Work In progress	3,121,683	3,348,472
	<u> </u>	<u> </u>
9. Trade and other receivable		
	2019	2018
	£	£
	£	£
Trade receivables	155,307	270,960
Other receivables	73,622	45,003
Prepayments and accrued income	26,444	14,499
	<u> </u>	<u> </u>
	255,373	330,460
	<u> </u>	<u> </u>
10. Cash and cash equivalents		
	2019	2018
	£	£
	£	£
Cash at bank and in hand	1,411,785	34,187
	<u> </u>	<u> </u>
11. Trade and other payable		
	2019	2018
	£	£
Current		
Trade payables	188,824	324,575
Other taxation and social security	30,968	51,560
Other payables	81,458	14,764
Accruals and deferred income	49,470	198,359
Amounts owed to parent undertakings	-	690,000
	<u> </u>	<u> </u>
	350,720	1,279,258
	<u> </u>	<u> </u>
Non-Current:		
Amounts owed to parent undertakings	4,620,000	3,145,000
	<u> </u>	<u> </u>

Included in creditors are amounts due to parent undertaking totalling £4,620,000 (2018: £3,835,000) which are secured against the company assets up to the value of the outstanding loans.

The amounts are repayable in full within 5 years of initial drawdown. There are no set repayment terms up to this time.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12. Financial Instruments

Financial assets and liabilities

The carrying value of the company's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

	Amortised cost £	Other financial liabilities £	Total carrying amount £
As 31 March 2019			
Cash and cash equivalents	1,411,785	-	1,411,785
Trade receivables	155,307	-	155,307
Other receivables	73,622	-	88,610
Loans	-	(4,620,000)	(4,620,000)
Trade payables	-	(188,824)	(188,824)
Other payables - current	-	(130,928)	(130,928)
Total	<u>1,640,714</u>	<u>(4,939,725)</u>	<u>(3,284,050)</u>

	Amortised Cost £	Other financial liabilities £	Total carrying amount £
As 31 March 2018			
Cash and cash equivalents	34,187	-	34,187
Trade receivables	270,960	-	270,960
Other receivables	45,003	-	45,003
Loans	-	(3,835,000)	(3,835,000)
Trade payables	-	(324,575)	(324,575)
Other payables - current	-	(213,123)	(213,123)
Total	<u>350,150</u>	<u>(4,372,698)</u>	<u>(4,022,548)</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12. Financial Instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and balances at financial institutions.

The company's exposure to credit risk in the property development division is limited as title to any property sold does not pass until funds are received.

For the grounds maintenance division, the major customer is a local authority and the sole shareholder of the company so the risk is perceived to be low. The remaining customers are predominantly also local authorities.

For the markets division, the customers are individual market stall vendors and each debt is relatively small. Most vendors have been trading with the company, and its local authority predecessor for a number of years.

The company held cash and cash equivalents of £1.4 million at 31 March 2019 (£0.03 million at 31 March 2018). The cash and cash equivalents are held at NatWest Bank which is rated A- to A at leading credit rating agencies and so the company considers these to have a low credit risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

	Less than one year	More than one year	Total
	£	£	£
2019			
Trade and other payables	350,720	-	350,720
Borrowings	-	4,620,000	4,620,000
	<u>350,720</u>	<u>4,620,000</u>	<u>4,970,720</u>
2018			
Trade and other payables	589,258	-	589,258
Borrowings	690,000	3,145,000	3,835,000
	<u>1,279,258</u>	<u>3,145,000</u>	<u>4,424,258</u>

Fair values

The carrying amounts of all financial assets and liabilities of the company as disclosed in the notes to the financial information are approximately their fair values.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital with an appropriate level of leverage for the size of the business so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the company may return capital to shareholders, issue new shares or sell assets to reduce debt.

On initial application of IFRS 9, the company has not recognised any additional impairment allowance at the start or during the financial year due to the low level of credit risk it is exposed to.

13. Share capital

	2019 £	2018 £
Share classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

14. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £58,454 (2018 - £27,586).

Contributions totalling £4,528 (2018 - £4,565) were payable to the fund at the balance sheet date and are included in creditors.

15. Related Party Transactions

In line with paragraph 25 of IAS24, the company has taken advantage of the exemption from the requirement to disclose transactions with East Cambridgeshire District Council (ECDC) and connected companies due to the control exercised by ECDC by virtue of it being the only shareholder.

The company has a loan of £4,620,000 due to ECDC (2018 £3,145,000) on March 31 2021. Interest on this loan is fixed at 5.22%.

Key management personal compensation totalled £13,453 (2018: £13,630)

16. Details of Parent Undertaking

The Ultimate parent undertaking is East Cambridgeshire District Council, registered address The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

17. Note to the cash flow statement

	2019 £	2018 £
Profit / (Loss) before tax	663,450	(305,330)
Depreciation	12,074	-
Interest received	(417)	-
Interest expense	135,682	138,156
	<u>810,789</u>	<u>(167,174)</u>
Decrease/(Increase) in inventories	226,789	(2,007,640)
Decrease/(Increase) in trade and other receivables	75,087	(177,082)
(Decrease)/Increase in trade and other payables	(238,538)	466,713
Net cash outflow from operating activities	<u><u>874,127</u></u>	<u><u>(1,885,183)</u></u>

18. Leasing agreement

	2019 £	2018 £
Future minimum lease payments under non-cancellable operating costs fall due as follows:		
Within 1 year	54,255	30,000
Between 1 and 5 years	217,020	120,000
After 5 years	144,255	150,000
	<u><u>415,530</u></u>	<u><u>300,000</u></u>

18. Reserves

The following is a description of each of the reserve accounts that comprise equity shareholders' funds:

Share capital	The share capital comprises the issued ordinary shares of the company at par.
Retained earnings	Retained earnings comprise the group's cumulative accounting profits and losses since inception.