

AGENDA ITEM NO. 6

TITLE: EAST CAMBS TRADING COMPANY ACCOUNTS 2016/17

Meeting: Shareholder Committee

Date: 25 September 2017

Author: Company Secretary

[S118]

1.0 ISSUE

1.1 To note the East Cambs Trading Company accounts for 2016/17.

2.0 RECOMMENDATION(S)

2.1 Members are requested to note the East Cambs Trading Company accounts for 2016/17 as set out in Appendix 1.

3.0 BACKGROUND/OPTIONS

3.1 At its meeting on 7 September 2017, the Board of Directors approved the accounts for 2016/17. The accounts set out the company trading position for 2016/17.

4.0 APPENDICES

4.1 Appendix 1- East Cambs Trading Company accounts 2016/17.

Registration No. 10061867

EAST CAMBS TRADING COMPANY LTD
DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

EAST CAMBS TRADING COMPANY LTD

COMPANY INFORMATION

Directors	J P Palmer (appointed 14 March 2016) P J Remington (appointed 14 March 2016) J Hill (appointed 14 March 2016) E L Grima (appointed 14 March 2016) C G J Roberts (appointed 14 March 2016)
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 LTD

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EAST CAMBS TRADING COMPANY LTD

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 MARCH 2017

The directors present their report and the audited financial statements of the company for the period ended 31 March 2017.

Directors

The directors who served during the period were:

J P Palmer (appointed 14 March 2016)
P J Remington (appointed 14 March 2016)
J Hill (appointed 14 March 2016)
E L Grima (appointed 14 March 2016)
C G J Roberts (appointed 14 March 2016)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 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 Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware: and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any audit information and to establish that the company's auditor is aware of that information.

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 25 August 2017 and signed on its behalf.

J Hill
Director

EAST CAMBS TRADING COMPANY LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LTD

We have audited the financial statements of East Cambs Trading Company Ltd for the period ended 31 March 2017 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes. 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.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the period then ended:
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EAST CAMBS TRADING COMPANY LTD

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

Opinion on other matter 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 those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
Cambridgeshire
CB4 0WZ

Date: 31 August 2017

EAST CAMBS TRADING COMPANY LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	2017 £
CONTINUING OPERATIONS		
Revenue from services		294,126
Cost of sales		(114,873)
Gross profit		<u>179,253</u>
Administrative expenses		(561,801)
Operating profit		<u>(382,548)</u>
Interest payable and expenses	5	(23,262)
Loss before taxation		<u>(405,810)</u>
Tax on profit		-
Profit and total comprehensive income for the year		<u><u>(405,810)</u></u>

There were no recognised gains and losses from 2017 other than those included in the statement of comprehensive income.

The notes on pages 9 - 15 form part of these financial statements.

EAST CAMBS TRADING COMPANY LTD

REGISTERED NUMBER: 10061867

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 £
Current assets		
Inventories	6	1,340,832
Trade and other receivables	7	153,378
Cash at bank and in hand	8	50
		<hr/>
		1,494,260
Current Liabilities		
Trade and other payables	9	(855,069)
		<hr/>
Total assets less current liabilities		639,191
Non Current Liabilities		
Financial Liabilities – borrowings	9	(1,045,000)
		<hr/>
Net (liabilities)/ Assets		<hr/> (405,809) <hr/>
Equity		
Called up share capital	11	1
Profit and loss account		(405,810)
		<hr/>
		(405,809) <hr/>

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

J Hill

Director

Date: 25 August 2017

The notes on pages 9 to 15 form part of these financial statements.

EAST CAMBS TRADING COMPANY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

	Share Capital £	Retained earnings £	Total equity £
Balance as at 14 March 2016	-	-	-
Transactions with owners			
Shares issued	1	-	1
Total transactions with owners	<u>1</u>	<u>-</u>	<u>1</u>
Comprehensive income			
Profit/ (Loss) for the year	-	(405,810)	(405,810)
Total comprehensive income	<u>-</u>	<u>(405,810)</u>	<u>(405,810)</u>
Balance as at 31 March 2017	<u><u>1</u></u>	<u><u>(405,810)</u></u>	<u><u>(405,809)</u></u>

EAST CAMBS TRADING COMPANY LTD

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	£	2017 £
Cash flows from operating activities			
Net cash profit from operating activities	15	5,788	
		<u>5,788</u>	
Net cash inflow from operating activities			<u>5,788</u>
Net cash outflow from investing activities			<u>-</u>
Cash flows from financing activities			
Interest paid		(23,262)	
		<u>(23,262)</u>	
Net outflow from financing activities			<u>(23,262)</u>
Net decrease in cash and cash equivalents			<u>(17,474)</u>
Cash and cash equivalents at 31 March 2017	8		<u><u>(17,474)</u></u>

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1. Accounting policies

1.1 Statutory information and basis of preparation of the financial statements

East Cambs Limited is a private company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The address of the registered office is given in the company information on page 3 of these financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adapted by the European Union. They have been prepared using the historical cost convention except that as disclosed in the accounting policies below certain items.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £. East Cambs is a newly formed entity incorporated on the 14 March 2016. The reporting period is to 31 March 2017.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

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. General overheads have not been included within the work in progress figures as it is not possible to attribute them as such to individual projects. 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.

1.2 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.

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies (continued)

1.3 Going concern

The company is reliant on the continued financial support of its shareholder, 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.

1.4 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.

1.5 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 on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If inventories is 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.

1.6 Trade and other receivables

Short term receivables are measured initially at fair value, and are measured subsequently at amortised costs.. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. This definition is also used for the statement of cash flows.

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies (continued)

1.8 Operating profit

Operating profit is stated before investment income and finance costs.

1.9 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.
- Derivative assets designated at fair value are performance bonds deposited in US Dollars and their values are subject to foreign exchange fluctuations.

1.10 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.

1.11 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.

1.12 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.

1.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies (continued)

1.14 New standards and interpretations applied

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

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 January 2016 and have not been applied in preparing these financial statements:

- IAS 7 Statement of Cash Flows (amended 2016)
- IFRS 2 Share-based Payment (amended 2016)
- IFRS 12 Disclosure of Interests in Other Entities (amended 2016)
- IFRS 16 Leases (issued 2016)

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.

2 Auditor's remuneration

	2017
	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000

3 Staff costs

The aggregate payroll costs of these persons were as follows:

	2017
	£
Wages and Salaries	219,048
Social security	25,763
Other pension costs	23,869
	<u>268,680</u>

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

	2017
Directors	5
Administration	5
	<u>10</u>

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

4 Directors' remuneration

	2017 £
Directors' remuneration	12,423
Directors' pension contributions to a defined benefits pension scheme	952
	<u>13,375</u>

During the year 1 directors was accruing benefits under defined benefit pension schemes.

5 Interest payable and similar charges

	2017 £
Loan interest payable	23,262
	<u>23,262</u>

6 Inventories

	2017 £
Work in progress	1,340,832
	<u>1,340,832</u>

No amounts in relation to work in progress at the year end were recognised as an expense.

7 Trade and other receivable

	2017 £
Trade receivables	62,173
Other receivables	74,823
Prepayments and accrued income	16,382
	<u>153,378</u>

8 Cash and cash equivalents

	2017 £
Cash at bank and in hand	50
Less: bank overdrafts	(17,524)
	<u>(17,474)</u>

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

9 Trade and other payable	
Current:	2017
	£
Bank overdrafts	17,524
Other taxation and social security	10,828
Other payables	3,576
Accruals and deferred income	108,141
Amounts owed to parent	715,000
	<u>855,069</u>
Non Current:	
Amounts owed to parent	1,045,000

The company has estimated total losses of (£405,035) consisting entirely of trade losses, available for carry forward against future profits. The potential deferred tax asset arising on these losses amounted to £80,698. This has not been recognised in the financial statements due to the uncertainty over when such losses will be utilised.

10 Financial Instruments Analysis of total financial liabilities and financial assets

The table below sets out the company's IAS 39 classification of each of its financial assets and liabilities at 31 March 2017. All amounts are stated at their carrying value.

(a) At 31 March 2017

	Loans and receivables	Amortised cost	Total
	£	£	£
Cash and cash equivalents	50	-	50
Borrowings due within one year	-	31,928	31,928
Borrowings due after more than one year	-	1,760,000	1,760,000
-			
Other financial assets	-	13,996	13,996
Other financial liabilities	-	-	-
	<u>50</u>	<u>1,805,924</u>	<u>1,805,974</u>

11 Share capital	2017
	£
Share classified as equity	
Allotted, called up and fully paid	
1 Ordinary share of £1	<u>1</u>

EAST CAMBS TRADING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

11 Share capital (continued)

	2017 No.
At 14 March 2016	-
Issued during the year	1
	<hr/>
At 31 March 2017	1
	<hr/> <hr/>

12 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 £24,821.

Contributions totalling £2,318 were payable to the fund at the balance sheet date and are included in creditors.

13 Related Party Transactions

The company has taken advantage of the exemption from the requirement to disclose transactions with East Cambridgeshire District Council and connected companies due to being wholly owned in line with paragraph 25 of IAS24.

Of the transactions included in the accounts no single transaction is considered significant. Sales and recharges to East Cambridgeshire District Council totalled £243,945 and purchases and recharges totalled £408,695. A loan facility was established with East Cambridgeshire District Council for trading purposes. This was established on commercial terms and details of amounts outstanding can be found in note 9.

14 Details of Parent Undertaking

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

15 Note to the cash flow statement

	2017 £
Profit/ (Loss) before tax	(405,810)
Interest expense	23,262
	<hr/>
	(382,548)
Decrease/ (Increase) in inventories	(1,340,832)
Decrease/ (Increase) in trade and other receivables	(153,378)
(Decrease)/ Increase in trade and other payables	1,882,546
	<hr/>
Net cash profit from operating activities	5,788
	<hr/> <hr/>