

Company Registration No. SC433176 (Scotland)

Fife Cultural Services Trading Limited
Directors' report and financial statements
for the year ended 31 March 2018

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Fife Cultural Services Trading Limited
Directors' report and financial statements
Year Ended 31 March 2018

Reference and administrative information

Directors

The Directors who were in office during the year and up to the date of signing of the financial statements were:

SR Cross – resigned 31 May 2017

B Lawrie (Chair)

Dr FC Quinault

JS Kilgour

CEM May- resigned 31 May 2017

AC Shedden

Secretary

A Chalk (resigned 20 March 2018)

K Keay (from 21 March 2018)

Registered office

Iona House
John Smith Business Park
Grantsmuir Road
Kirkcaldy
Fife
KY2 6NA

Independent Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Solicitors

Burness Paull
50 Lothian Road
Edinburgh
EH3 9WJ

Bankers

Royal Bank of Scotland
3 Falkland Gate
Kingdom Centre
Glenrothes
KY7 5NS

Company Number

SC 433176

The Directors present their report and the financial statements for the year ended 31 March 2018.

Directors' Report

Principal Activity

Fife Cultural Services Trading Limited (FCSTL) is the trading subsidiary of Fife Cultural Trust. FCSTL oversees the management and development of commercial activities of Fife Cultural Trust that are more appropriately managed outwith the Trust. Apart from encouraging general sponsorship and income generation FCSTL creates income through three main areas: retail in museums and libraries, catering in Cultural venues including Theatres and Museums, and venue and room hire. Any surplus generated through FCSTL is gift aided to Fife Cultural Trust to help it carry out its work.

Results for the year

During the year to 31 March 2018 FCSTL made an operating loss before Gift Aid of £52,562 (2017: £160,893) and made no Gift Aid payment (2017: £139,330) to Fife Cultural Trust, leaving a net liability position of £52,562(2017: £nil).

Turnover has increased as a result of taking the previously Fife Council delivered bar and catering services in-house. Operating profit has fallen in comparison with the previous year due to the reallocation of the Christmas pantomime to the parent company. This consolidates all theatre performance activity within Fife Cultural Trust and enables FCSTL to focus on the development of new revenue generating areas.

Staffing costs recharged by Fife Cultural Trust have also been reviewed, reflecting the increasing demands on staff time of the operations of the trading subsidiary.

Future Developments

The Company continues to seek opportunities to develop its retail, catering and venue hire activities. To this end, a retail manager and a catering manager have been taken on, and with effect from October, the company acquired the operation of the catering outlets at its five major theatre and museum venues from Fife Council.

Additionally, catering and retail offerings have been installed at the new Dunfermline Carnegie Library and Galleries in Dunfermline.

Directors

The directors of FCSTL are shown on page 1. Unless otherwise indicated, these directors held office throughout the year and to the date of approval of these financial statements. The exception is AC Shedden who was a director for this year of operation, but resigned prior to the signing off of the final accounts.

Directors' Report

Directors Indemnities

Third party indemnity insurance was paid by Fife Cultural Trust during the period for the benefit of the directors of FCSTL.

Disclosure of information to the 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Scott-Moncrieff will therefore continue in office.

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 4 December, and signed on its behalf by



B Lawrie
Director

Statement of Directors' responsibilities

The Directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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;
- 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.

Independent Auditor's Report to the Members of Fife Cultural Services Trading Limited

Opinion

We have audited the financial statements of Fife Cultural Services Trading Limited (the 'company') for the year ended 31 March 2018 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 United Kingdom Accounting Standards, including FRS 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 2018 and of its loss 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 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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

Independent Auditor's Report to the Members of Fife Cultural Services Trading Limited

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.

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 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 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; 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

Independent Auditor's Report to the Members of Fife Cultural Services Trading Limited

As explained more fully in the directors' responsibilities Statement set out on page 4, 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 for the audit of the financial statements is located on the Financial Reporting Councils website at:
www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's 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.

Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Scott-Moncrieff,

Exchange Place 3
Semple Street
Edinburgh

EH3 8BL
December 2018

Fife Cultural Services Trading Limited.
 Directors' report and financial statements
 Year Ended 31 March 2018

Statement of Comprehensive Income
Year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	5	934,488	796,381
Cost of sales		(751,660)	(451,077)
Gross profit		182,828	345,304
Administrative expenses		(235,390)	(184,411)
Operating profit/ (loss)		(52,562)	160,893
Profit on ordinary activities before tax relief			
Theatre tax relief		-	(21,563)
Profit/ (loss) for the year		(52,562)	139,330
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(52,562)	139,330

All results derive continuing operations.

The notes on pages 11- 17 form part of these financial statements

Fife Cultural Services Trading Limited.
 Directors' report and financial statements
 Year Ended 31 March 2018

Balance Sheet
As at 31 March 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible Assets	8	30,415	-
		<u>30,415</u>	<u>-</u>
Current assets			
Stock	9	77,439	49,268
Debtors	10	59,837	59,239
Cash at bank and in hand	11	283,217	349
		<u>420,493</u>	<u>108,856</u>
Liabilities			
Creditors: Amounts falling due within one year	12	(503,370)	(108,756)
Net current assets/liabilities		<u>(82,877)</u>	<u>100</u>
Total assets less current liabilities		<u>(52,462)</u>	<u>100</u>
Net assets		<u><u>(52,462)</u></u>	<u><u>100</u></u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account		(51,562)	-
		<u>(51,462)</u>	<u>100</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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



B Lawrie
 Chair

Registered number: SC433176

Notes on pages 11- 17 form part of the financial statements

Fife Cultural Services Trading Limited.
 Directors' report and financial statements
 Year Ended 31 March 2018

Statement of changes in equity
Year ended 31 March 2018

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2017	100	-	100
Comprehensive income for the year			
Loss for the year	-	(52,562)	(52,562)
Total comprehensive income for the year	<u>-</u>	<u>(52,562)</u>	<u>(52,462)</u>
Distribution of shares: payment under gift aid	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2018	<u><u>100</u></u>	<u><u>(52,562)</u></u>	<u><u>(52,462)</u></u>

Statement of changes in equity
For the year ended 31 March 2018

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2016	100	-	100
Comprehensive income for the year			
Profit for the year	-	139,330	139,330
Total comprehensive income for the year	<u>-</u>	<u>139,330</u>	<u>139,330</u>
Distribution of shares: payment under gift aid	<u>-</u>	<u>(139,330)</u>	<u>(139,330)</u>
At 31 March 2018	<u><u>100</u></u>	<u><u>-</u></u>	<u><u>100</u></u>

Notes to the Financial Statements

1 GENERAL INFORMATION

The principal activities of Fife Cultural Services Trading Limited (FCSTL) are the management and development of commercial activities of Fife Cultural Trust that are more appropriately managed outwith the Trust. Apart from encouraging general sponsorship and income generation FCSTL creates income through three main areas: retail in museums and libraries, catering in cultural venues including theatres and museums, and venue and room hire.

FCSTL is a United Kingdom company limited by shares. It is both incorporated and domiciled in Scotland. The address of its registered office is Iona House, John Smith Business Park, Grantsmuir Road, Kirkcaldy, Fife, KY2 6NA.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which FCSTL's transactions are denominated. They comprise the financial statements of FCSTL drawn up for the year ended 31 March 2018.

2 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' issued by the Financial Reporting Council and the Companies Act 2006.

3 ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements are prepared under historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006. The principal accounting policies are summarised below and have been applied consistently through the current and preceding year, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying FCSTL's accounting policies (see note 4).

Going concern

The financial statements have been prepared on a going concern basis. FCSTL has, up until this year, delivered healthy profits. The underlying causes of the deficit for the year to 31 March 2018 have been explored by the directors and they are confident that there are no issues in relation to the going concern nature of the company.

Notes to the Financial Statements

Turnover has increased following the transfer of bar and catering operations in house, however operating profit has fallen due to additional staffing costs now being charged to the trading subsidiary to reflect the increasing demands on staff time. There have also been a number of increased staffing costs relating to the transfer of catering activities to FCSTL.

This analysis, combined with a detailed look at forward plans to increase revenue and profitability over the next year, allow the directors to be confident regarding the Company as a going concern. Plans for next year will focus on consolidating and growing the bar and catering offer, improving the retail offer (including a pop up shop) and building capacity in the commercial and business development team to deliver both these opportunities, and to capture new revenue streams.

Cash Flow Statement

FCSTL has not presented a cash flow statement. It has taken advantage of the exemption contained in FRS 102 as the parent company, Fife Cultural Trust, has included a consolidated cash flow statement within its group financial statements for the year ended 31 March 2018 (see note 17).

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to FCSTL and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, 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 FCSTL 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.

Notes to the Financial Statements

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

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

Financial instruments

FCSTL only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks and are measured at fair value.

Prior period adjustments

Prior period adjustments have been made to the financial statements in respect of a review undertaken in 2017/18 of stock held by Fife Cultural Trust and Fife Cultural Services Trading Limited. The outcome of this review was that stock held by Fife Cultural Trust was deemed to be aligned to the activities of Fife Cultural Services Trading Limited and consequently £49,268 of stock was transferred on a retrospective basis in relation to 2016/17.

4 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying FCSTL's accounting policies.

The directors are confident that all accounting judgements made relating to this financial year are evidenced and appropriate, given that these relate to further clarifying the basis of the apportionments between the parent company and the trading subsidiary. The directors are satisfied that accounting policies are appropriate and applied consistently.

Notes to the Financial Statements

5 ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows	2018	2017
	£	£
Rendering of services	<u>934,488</u>	<u>796,381</u>

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit is stated after charging:

	2018	2017
	£	£
Auditor's remuneration: audit of these financial statements	<u>1,025</u>	<u>1,025</u>

In addition, Fife Cultural Services Trading Ltd receives support services from Fife Council free of charge. Fife Council has provided an estimated value of the services provided for the year ended 31 March 2018. The value has been included in turnover and administrative expenses and amounts to £113,764 (2017: £151,041).

7 INFORMATION REGARDING STAFF AND DIRECTORS

In 2017/18 FCSTL brought catering services, which had previously been provided by Fife Council, into the trading subsidiary operations. This included the transfer of catering staff and from October staff costs for catering were included in the trading subsidiary's costs. In 2018 this totalled £265,156 (2017: Nil)

General staff costs are recharged from Fife Cultural Trust. Recharged staff costs during the year amounted to £175,421 (2017: £253,586).

No Directors received any remuneration or payments from FCSTL during the year.

Notes to the Financial Statements

8 TANGIBLE ASSETS

	Vehicles, Plant & equipment £
Cost	
As at 1 April 2017	-
Additions	32,443
	<hr/>
As at 31 March 2018	32,443
	<hr/> <hr/>
Depreciation	
As at 1 April 2017	-
Charge in year	(2,028)
	<hr/>
As at 31 March 2018	(2,028)
	<hr/> <hr/>
Net book value	
As at 31 March 2017	-
As at 31 March 2018	30,415
	<hr/> <hr/>

9 STOCK

	2018 £	2017 £
Stock	77,439	49,268
	<hr/> <hr/>	<hr/> <hr/>

10 DEBTORS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts due from parent company	-	-
Other debtors	59,837	59,239
	<hr/>	<hr/>
	59,837	59,239
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

11 CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash at bank and in hand	283,317	349
	<u>283,317</u>	<u>349</u>

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Amounts owed to Parent Company	357,196	107,600
Trade Creditors	16,569	-
Accruals	129,605	1,156
	<u>503,370</u>	<u>108,756</u>

13 FINANCIAL ASSETS AND LIABILITIES

	2018	2017
	£	£
Financial assets		
Financial assets measured at amortised cost	341,664	17,094
Financial liabilities		
Financial liabilities measured at amortised cost	(478,514)	(108,756)
	<u>(136,850)</u>	<u>(91,662)</u>

Financial assets comprise of accrued income and other debtors due within one year and cash and bank balances.

Financial liabilities comprise amounts owed to Parent Company, trade creditors and accruals.

14 CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes to the Financial Statements

15 RESERVES

The profit and loss account includes all current period retained profits and losses.

16 TAXATION

FCSTL gift aids all available profits to Fife Cultural Trust, and has no liability to tax.

17 ULTIMATE PARENT COMPANY

FCSTL is a subsidiary of Fife Cultural Trust, a company limited by guarantee, registered in Scotland and a registered charity (number SC043442).

The largest group into which the results of the FCSTL are consolidated is Fife Council. The consolidated financial statements of Fife Council may be obtained from Fife House North Street Glenrothes Fife KY7 5LT.

18 RELATED PARTIES

FCSTL has elected to take advantage of the exemption from disclosure of transactions with group companies and investees of the group qualifying as related parties, available to wholly owned subsidiary under FRS 102 on the basis that the group financial statements are publicly available (note 15).

