

Registration No. 10061867

AGENDA ITEM NO. 6

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EAST CAMBS TRADING COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

EAST CAMBS TRADING COMPANY LIMITED

COMPANY INFORMATION

Directors	J P Palmer (resigned 5 May 2017) P J Remington J Hill E L Grima C G J Roberts A M Bailey (appointed 15 June 2017)
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 2018

The directors present their report and the audited financial statements of the company for the year ended 31 March 2018.

Directors

The directors who served during the year were:

J P Palmer (resigned 5 May 2017)
P J Remington
J Hill
E L Grima
C G J Roberts
A M Bailey (appointed 15 June 2017)

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 2018

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 _____ 2018 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 2018 on pages 5 to 20. 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 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.

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 the loss 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.

EAST CAMBS TRADING COMPANY LIMITED

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

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.

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; or
- 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 xxx, 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.

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:

EAST CAMBS TRADING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue from services		1,077,268	294,126
Revenue from construction contracts		842,411	-
		<u>1,919,679</u>	<u>294,126</u>
Cost of sales		(1,409,091)	(148,703)
Gross profit		<u>510,588</u>	<u>145,423</u>
Administrative expenses		(677,762)	(527,971)
Operating profit		<u>(167,174)</u>	<u>(382,548)</u>
Finance costs	5	(138,156)	(23,262)
Loss before taxation		<u>(305,330)</u>	<u>(405,810)</u>
Tax on profit	6	-	-
Loss and total comprehensive income for the year		<u><u>(305,330)</u></u>	<u><u>(405,810)</u></u>

There were no recognised gains and losses from 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 9 - 20 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

REGISTERED NUMBER: 10061867

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
Current assets			
Inventories	7	3,348,472	1,340,832
Trade and other receivables	8	330,460	153,378
Cash at bank and in hand	9	34,187	50
		<u>3,713,119</u>	<u>1,494,260</u>
Current Liabilities			
Trade and other payables	10	(1,279,258)	(855,069)
		<u>2,433,861</u>	<u>639,191</u>
Total assets less current liabilities			
Non Current Liabilities			
Financial Liabilities – borrowings	10	(3,145,000)	(1,045,000)
		<u>(711,139)</u>	<u>(405,809)</u>
Net liabilities			
Equity			
Called up share capital	12	1	1
Retained earnings		(711,140)	(405,810)
		<u>(711,139)</u>	<u>(405,809)</u>

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

J Hill

Director

Date: _____ 2018

The notes on pages 9 to 20 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	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			
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>1</u>	<u>(405,810)</u>	<u>(405,809)</u>
Comprehensive income			
Loss for the year	-	(305,330)	(305,330)
Total comprehensive income	<u>-</u>	<u>(305,330)</u>	<u>(305,330)</u>
Balance as at 31 March 2018	<u>1</u>	<u>(711,140)</u>	<u>(711,139)</u>

EAST CAMBS TRADING COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash outflow from operating activities	16	<u>(1,885,233)</u>	<u>(1,754,212)</u>		
Net cash inflow from operating activities		(1,885,233)	(1,754,212)		
Cash flows from financing activities					
Interest paid		(138,156)	(23,262)		
Loans advanced		<u>2,075,000</u>	<u>1,760,000</u>		
Net cash from financing activities		<u>(1,936,844)</u>	<u>(1,736,738)</u>		
Net decrease in cash and cash equivalents		51,611	(17,474)		
Cash and cash equivalents at beginning of year		(17,474)	-		
Cash and cash equivalents at end of year	9	<u>34,137</u>	<u>(17,474)</u>		

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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. 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.

1.3 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 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 2018

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.

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.

1.6 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, 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.

1.7 Trade and other receivables

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

1.8 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.

1.9 Operating profit

Operating profit is stated before investment income and finance costs.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (continued)

1.10 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.

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 Borrowing costs

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

1.15 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.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies (continued)

1.16 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 2017

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:

- IAS 7 Statement of Cash Flows (amended 2016)
- IAS 12 Income Taxes (amended 2016)

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 2017 and have not been applied in preparing these financial statements:

- IAS 12 Income Taxes (amended 2017)
- IAS 19 Employee Benefits (amended 2018)
- IAS 23 Borrowing Costs (amended 2017)
- IFRS 3 Business Combinations (amended 2017)
- IFRS 9 Financial Instruments (amended 2017)
- IFRS 15 Revenue from Contracts with Customers (amended 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.

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.

2. Loss before income tax

	2018 £	2017 £
Other operating leases	25,904	-
Auditors' remuneration	12,000	10,000
	<u>37,904</u>	<u>10,000</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3. Employees and directors

	2018 £	2017 £
Wages and Salaries	317,789	219,048
Social security	35,313	25,763
Other pension costs	27,586	23,869
	<u>380,688</u>	<u>268,680</u>

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

	2018	2017
Directors	5	5
Administration	8	5
	<u>13</u>	<u>10</u>

4. Directors' remuneration

	2018 £	2017 £
Directors' remuneration	12,530	12,423
Directors' pension contributions to a defined benefits pension scheme	1,100	952
	<u>13,630</u>	<u>13,375</u>

During the year 1 directors (2017 – 1) was accruing benefits under defined benefit pension schemes.

5. Finance costs

	2018 £	2017 £
Loan interest payable	<u>138,156</u>	<u>23,262</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6. Income tax

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 March 2018 nor for the year ended 31 March 2017.

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:

	2018 £	2017 £
Loss per accounts	(305,330)	(405,810)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(58,013)	(81,162)
Effects of: Deferred taxation on losses for year	58,013	81,162
Tax expense	-	-

The main rate of UK corporation tax changed from 20% to 19% on 1 April 2017.

The Company has estimated tax losses of £711,000 (2017: £405,000) to carry forward against future profits.

7. Inventories

	2018 £	2017 £
Work in progress	3,348,472	1,340,832

8. Trade and other receivable

	2018 £	2017 £
Trade receivables	270,960	62,173
Other receivables	45,003	74,823
Prepayments and accrued income	14,499	16,382
	330,460	153,378

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	34,187	50
Less: bank overdrafts	-	(17,524)
	<u>34,187</u>	<u>(17,474)</u>

10. Trade and other payable

	2018 £	2017 £
Current		
Bank overdrafts	-	17,524
Trade payables	324,575	-
Other taxation and social security	51,560	10,828
Other payables	14,764	3,576
Accruals and deferred income	198,359	108,141
Amounts owed to parent undertakings	690,000	715,000
	<u>1,279,258</u>	<u>855,069</u>
Non Current:		
Amounts owed to parent undertakings	<u>3,145,000</u>	<u>1,045,000</u>

Included in creditors are amounts due to parent undertaking totalling £3,835,000 (2017: £1,760,000) 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 2018

11. 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:

	Loans and other receivables £	Financial liabilities at at amortised cost £	Total balance sheet heading £
As 31 January 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	350,150	(4,372,698)	(4,022,548)

	Loans and other receivables £	Financial liabilities at at amortised cost £	Total balance sheet heading £
As 31 January 2017			
Cash and cash equivalents	-	(17,474)	(17,474)
Trade receivables	62,173	-	62,173
Other receivables	74,823	-	74,823
Loans	-	(1,760,000)	(1,760,000)
Trade payables	-	-	-
Other payables - current	-	(111,717)	(111,717)
Total	136,996	(1,889,191)	(1,752,195)

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11. Financial Instruments (continued)

Financial risk management objectives and policies

The company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the company's business whilst managing its risks. The company does not engage in speculative transactions or hedging transactions.

The company's principal financial instruments consist of cash and cash equivalents and loans. The main purpose of these financial instruments is to finance the company's operations. The company has other financial instruments such as trade receivables and trade payables that arise directly from its operations.

The directors have overall responsibility for the establishment and oversight of the company's risk management and they recognise that financial risk management is an area in which they may need to develop specific policies should the company become exposed to further financial risks as the business develops. The directors currently ensure that the company has sufficient cash and cash equivalents to ensure there is sufficient reserves to support the business operations. The exposure to other financial instruments are limited to those generated through the operations and borrowings.

The main risks arising from the company's financial instruments are credit risk, interest rate risk and liquidity risk. The Board have also considered currency and market risk but do not believe these to be significant. This note presents information about the company's exposure to each of the main risks. The Board reviews and agrees policies for managing each of these risks as and when they arise. Further quantitative disclosures are included throughout the financial information.

There have not been any material changes in respect of the exposure to financial risks during the periods presented.

Credit risk

The company's exposure to credit risk is limited to the carrying amount of cash deposits and trade and other receivables recognised at the balance sheet date of £364,647 (2017: £153,428). The risks associated with cash deposits are limited as the banks used are reputable. The principal credit risk therefore lies with trade receivables and in order to manage credit risk, limits are set for customers based upon a combination of payment history and third party credit references.

Interest rate risk

Interest rate risk is the risk that the value of financial assets will fluctuate due to changes in market interest rates. The company's income and operating cash flows and the value of its financial assets are largely independent of changes in market interest rates. Low levels of surplus funds are invested in short term secured deposit accounts such that the company is not unduly exposed to market interest rate fluctuations.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11. Financial Instruments (continued)

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 £
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>
	Less than one year £	More than one year £	Total £
2017			
Trade and other payables	140,069	-	140,069
Borrowings	715,000	1,045,000	1,760,000
	<u>855,069</u>	<u>1,045,000</u>	<u>1,900,069</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.

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.

12. Share capital

	2018 £	2017 £
Share classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13. 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 £27,586 (2017 - £23,869).

Contributions totalling £4,565 (2017 - £3,575) were payable to the fund at the balance sheet date and are included in creditors.

14. 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.

Key management personal compensation totalled £13,630 (2017: £13,375)

15. Details of Parent Undertaking

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

16. Note to the cash flow statement

	2018 £	2017 £
(Loss) before tax	(305,330)	(405,810)
Interest expense	138,156	23,262
	<hr/>	<hr/>
	(167,174)	(382,548)
Decrease/(Increase) in inventories	(2,007,640)	(1,340,832)
Decrease/(Increase) in trade and other receivables	(177,082)	(153,378)
(Decrease)/Increase in trade and other payables	466,663	122,546
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,885,233)	(1,754,212)
	<hr/> <hr/>	<hr/> <hr/>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

17. Leasing agreement

	2018 £	2017 £
Future minimum lease payments under non-cancellable operating costs fall due as follows:		
Within 1 year	30,000	-
Between 1 and 5 years	120,000	-
After 5 years	150,000	-
	<u>300,000</u>	<u>-</u>

The company entered into a 10 year lease for £30,000 per year commencing 20 April 2017 ending 19 April 2027.

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.

EAST CAMBS TRADING COMPANY LIMITED

DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018

EAST CAMBS TRADING COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Turnover	1,919,679	294,126
Cost of sales	(1,409,091)	(148,703)
GROSS PROFIT	<u>510,588</u>	<u>145,423</u>
LESS: OVERHEADS		
Administrative expenses	(677,762)	(527,971)
OPERATING (LOSS)/PROFIT	<u>(167,174)</u>	<u>(382,548)</u>
Interest payable and expenses	(138,159)	(23,262)
(LOSS)/PROFIT FOR THE PERIOD	<u><u>(305,330)</u></u>	<u><u>(405,810)</u></u>

EAST CAMBS TRADING COMPANY LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Turnover		
Ely market management income	194,013	184,742
Project management fees and other services	241,969	-
Parks and open spaces management income	641,256	109,384
Car park construction	842,441	-
	1,919,679	294,126
	1,919,679	294,126

	2018	2017
	£	£
Cost of sales		
Cost of car park construction	741,874	12,120
Purchases	113,233	136,583
Ely market and parks and open spaces costs	553,984	-
	1,409,091	148,703
	1,409,091	148,703

	2018	2017
	£	£
Administration expenses		
Directors national insurance	530	523
Directors salaries	12,000	11,900
Directors' pension costs	1,100	952
Staff salaries	305,789	219,048
Staff national insurance	34,783	25,763
Staff pension costs	26,486	23,869
Staff training	3,270	7,845
Recruitment fees	4,580	11,500
Motor running costs	38,311	1,205
Entertainment	550	775
Hotels, travel and subsistence	4,171	3,228
Consultancy	30,296	70,503
Printing and stationery	3,952	8,846
Postage	85	147
Telephone and fax	434	1,451
Computer costs	16,015	16,470
General office expenses	1,128	1,316
Advertising and promotion	4,087	4,988
Trade subscriptions	4,781	4,096
Legal and professional	2,220	6,732
Auditors' remuneration	8,308	2,000
Equipment hire	5,347	123
Bank charges	289	361
Sundry expenses	12,286	2,113
Rent – operating leases	25,904	-
Rates	16,310	17,644
Light and heat	1,789	1,475
Water	409	-
Management charge	68,554	70,538
Insurances	9,575	11,797
Repairs and maintenance	34,423	763
	677,762	572,971
	677,762	572,971

EAST CAMBS TRADING COMPANY LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Interest payable		
Loan interest payable	<u>138,156</u>	<u>23,262</u>