

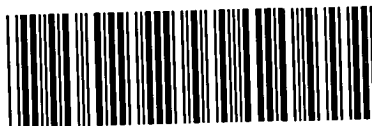
The Factory II Limited

**Amended Directors' report and unaudited accounts for
the year ended 31 March 2014**

Registered number: SC235408

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The Factory II Limited

Company information

Directors	N Forrest A Macaulay D Marshall
Secretary	D Marshall
Chartered accountants	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	Royal Bank of Scotland Balfour Street Dundee DD1 4HB
Registered office	15 Balunie Drive Dundee DD4 4HB
Registered number	SC235408

The Factory II Limited

Directors' report

The directors present their report and accounts for the year ended 31 March 2014.

Principal activities

The company's principal activity during the year continued to be the development and operation of skatepark facilities.

Directors

The directors at the date of this report are noted on page 1.

G Duff resigned as a director on 26 May 2014.

No director has a beneficial interest in the ordinary share capital of the company.

Small company provisions

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

This report was approved by the board on 5 February 2015 and signed on its behalf.



D Marshall
Director

The Factory II Limited

Chartered accountants report to board of directors on the preparation of the unaudited statutory accounts of The Factory II Limited for the year ended 31 March 2014

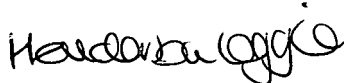
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for the approval the accounts of The Factory II Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants of Scotland, we are subject to its ethical and other professional requirements which are detailed at <http://www.icas.org.uk/accountspreparationguidance>.

This report is made solely to the Board of Directors of The Factory II Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of The Factory II Limited, and state those matters which we have agreed to state to the board of directors of The Factory II Limited, as a body, in this report in accordance with The Institute of Chartered Accountants in Scotland as detailed at <http://www.icas.org.uk/accountspreparationguidance>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Factory II Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that The Factory II Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of The Factory II Limited. You consider that The Factory II Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of The Factory II Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



Henderson Loggie
Chartered Accountants
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

5 February 2015

The Factory II Limited

Profit and loss account for the year ended 31 March 2014

	Note	2014 £	As restated 2013 £
Turnover		380,284	432,836
Cost of sales		(25,818)	(44,931)
Gross profit		354,466	387,905
Administrative expenses		(307,366)	(336,643)
Operating profit	2	47,100	51,262
Interest payable	3	(41,533)	(34,631)
Profit on ordinary activities before gift aid		5,567	16,631
Gift aid		(47,045)	(5,019)
(Loss)/profit on ordinary activities before taxation		(41,478)	11,612
Tax on profit on ordinary activities	4	-	-
(Loss)/profit for the financial year		(41,478)	11,612
		=====	=====

The profit and loss account has been prepared on the basis that all operations are continuing.

The Factory II Limited

Statement of recognised gains and losses

	2014 £	As restated 2013 £
(Loss)/profit for the financial year, as restated per note 13	(41,478)	11,612
Prior period adjustment (note 15)	(365,384)	-
Total recognised gains and losses since last annual report	<u>(406,862)</u> =====	<u>11,612</u> =====

Note of historical cost profits and losses

Reported profit on ordinary activities before gift aid	5,567	16,631
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	2,169	(6,481)
Historical cost profit on ordinary activities before gift aid	<u>7,736</u> =====	<u>10,150</u> =====
Historical cost (loss)/profit retained after gift aid	<u>(39,309)</u> =====	<u>5,131</u> =====

The Factory II Limited

Balance sheet at 31 March 2014

	Note	£	2014 £	£	As restated 2013 £
Fixed assets					
Tangible assets	5		1,565,165		1,565,941
Current assets					
Stocks		9,097		7,557	
Debtors	6	7,967		62,167	
Cash at bank and in hand		181		14,085	
			17,245	83,809	
Creditors					
Amounts falling due within one year	7	(137,207)		(85,580)	
Net current liabilities			(119,962)		(1,771)
Total assets less current liabilities			1,445,203		1,564,170
Creditors					
Amounts falling due after more than one year	8		(565,815)		(627,652)
Accruals and deferred income	10		(722,576)		(738,228)
Net assets			156,812		198,290
			=====		=====
Capital and reserves					
Called up share capital	11		100		100
Revaluation reserve	12		118,336		120,505
Profit and loss account	13		38,376		77,685
			156,812		198,290
			=====		=====

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under Section 477 of the Companies Act 2006.

Members have not required the company to obtain an audit in accordance with Section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions available to small companies subject to the small companies regime.

D. Marshall

D Marshall

Director

Approved by the board on 5 February 2015

The Factory II Limited

Notes to the accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds it is a small company.

Compliance with accounting standards

The accounts are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated).

Turnover

Turnover represents the value, net of value added tax and discounts, of the operation of skatepark facilities to the general public.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Buildings	2% straight line basis
Car park and landscaping (included as land and buildings)	10% straight line basis
Plant and machinery	20% straight line basis
Motor vehicles	25% straight line basis

Land included in land and buildings is not depreciated.

Stocks

Stock is valued at the lower of cost and net realisable value.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss accounting the period in which they become payable.

Pension costs

The company makes contributions to personal pension schemes on behalf of its employees. Contributions to the funds are charged to the profit and loss account as incurred.

The Factory II Limited

Notes to the accounts (continued)

1 Accounting policies (continued)

Taxation

The tax expense represents the corporation tax charge for the year.

The tax currently payable is based on taxable profits for the year. The company's liability for current tax is calculated using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Grants

Grants received in respect of the capital expenditure are credited to the profit and loss account over the expected useful lives of the fixed assets to which they relate. The balance of such grants is included in accruals and deferred income.

2 Operating profit

	2014 £	As restated 2013 £
This is stated after charging/(crediting):		
Depreciation of owned fixed assets	46,694	28,456
Loss on sale of fixed assets	612	-
Directors remuneration	91,378	81,726
Release of capital grants	(15,652)	(11,886)
Equipment lease charges	3,232	3,032
	=====	=====

3 Interest payable

Interest payable	41,533	34,631
	=====	=====

4 Taxation

Current tax charge	-	-
	=====	=====
Factors affecting the tax charge		
(Loss)/profit on ordinary activities before taxation	(41,478)	11,612
	=====	=====
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2013 - 20%)	(8,296)	2,322
Effects of:		
Non deductible expenses	1,071	2,191
Capital allowances in advance	-	(3014)
Depreciation in advance of capital allowances	7,821	-
Income not chargeable to tax	-	(2,377)
Losses brought forward utilised	(3,130)	(393)
Group relief given to group companies	2,534	1,271
	=====	=====
	-	-
	=====	=====

The Factory II Limited

Notes to the accounts (continued)

5 Tangible fixed assets

	Land & buildings £	Plant & machinery etc £	Motor vehicles £	Total £
Cost				
At 1 April 2013	1,497,580	215,463	7,488	1,720,531
Prior period adjustment (note 15)	27,420	-	-	27,420
At 1 April 2013 as restated	1,525,000	215,463	7,488	1,747,951
Additions	37,364	1,976	10,790	50,130
Disposals	-	-	(7,488)	(7,488)
At 31 March 2014	1,562,364	217,439	10,790	1,790,593
Depreciation				
At 1 April 2013	-	178,734	3,276	182,010
Charge for the year	36,099	7,897	2,698	46,694
On disposals	-	-	(3,276)	(3,276)
At 31 March 2014	36,099	186,631	2,698	225,428
Net book value				
At 31 March 2014	1,526,265	30,808	8,092	1,565,165
At 31 March 2013 as restated	1,525,000	36,729	4,212	1,565,941

Land of £100,000 (2013 - £100,000) is not depreciated.

The Factory II Limited

Notes to the accounts (continued)

5 Tangible fixed assets (continued)

Comparable historical cost for the land and buildings included at valuation

	£
Cost	
At 1 April 2013	1,609,675
Additions	37,364
	<hr/>
At 31 March 2014	1,647,039
	<hr/>
Depreciation based on cost	
At 1 April 2013	169,312
Charge for the year	33,930
	<hr/>
At 31 March 2014	203,242
	<hr/>
Net book value	
At 31 March 2014	1,443,797
	=====
At 31 March 2013	1,440,363
	=====

The freehold land and buildings were valued during the year to 31 March 2013 by Atholls, Chartered Surveyors, Aberdeen on a market value basis.

The Scottish Sports Council holds two standard securities over the land owned by the company. These securities are held in respect of grants which were provided towards the capital cost of the Skatepark building and Fun Factory building. These grants become repayable, if for any reason, the buildings cease to be used as a skatepark facility or play centre. The value of the grants provided amounts to £196,170.

Social Investment Scotland holds two standard securities over the land owned by the company and a bond and floating charge over the assets of the company. These securities are held in respect of grants and a loan which were provided towards the capital cost of the Skatepark building and the Fun Factory building. These grants would become repayable, if for any reason, the building ceases to be used as a skatepark facility or a soft play centre. The value of the grants provided amounts to £250,000.

Kingdom Bank holds a standard security over the land owned by the company. This security is held in respect of a loan which were provided towards the cost of the Skatepark building.

Mathew Trust holds a standard security over the land on the East Side of Douglas Road, Dundee owned by the company.

Land in relation to the above securities are detailed in note 9 of the accounts.

The Factory II Limited

Notes to the accounts (continued)

6	Debtors	2014	As restated 2013
		£	£
	Amounts owed by fellow subsidiary	7,967	62,167
		=====	=====
7	Creditors		
	Amounts falling due within one year:		
	Bank loans and overdrafts (secured)	59,413	51,503
	Amounts due to parent company	35,983	5,019
	Amounts due to fellow subsidiary	4,684	-
	Other taxes and social security costs	11,987	9,115
	Other creditors	25,140	19,943
		=====	=====
		137,207	85,580
		=====	=====
8	Creditors		
	Amounts falling due after more than one year:		
	Bank loans (secured)	565,815	627,652
		=====	=====
9	Borrowings		
	Due within one year	59,413	51,503
	Due two to five years	225,042	228,584
	Due beyond five years	340,773	399,068
		=====	=====
		625,228	679,155
		=====	=====

Kingdom Bank holds a security over the land owned by The Factory II Limited.

Kingdom Bank mortgage is payable in instalments of £1,803.83 per month over 20 years. Interest is charged at 6.70%.

Social Investment Scotland holds a standard security over the land owned by The Factory II Limited. Social Investment Scotland also holds a bond and floating charge over the assets of the company and group.

The Trustees of the Mathew Trust hold a standard security over the land owned by The Factory II Limited.

Social Investment Scotland Loan one is repayable in instalments of £3,132.88 over 10 years. Interest is charged at 7.00%.

Social Investment Scotland Loan two is payable in instalments of £521.62 per month over 5 years. Interest is charged at 0.50%.

The Mathew Trust holds a security over the land owned by The Factory II Limited.

The Mathew Trust loan is payable in instalments of £10,000 per annum over four years. The loan is interest free.

The Factory II Limited

Notes to the accounts (continued)

10	Accruals and deferred income	As restated	
		2014 £	2013 £
	At 1 April 2013 as previously stated	738,228	-
	Grants released to the profit and loss account in 2008 (note 15)		406,036
	Capital grants received in year	-	436,228
	Capital grant releases in 2008 to 2012 (note 15)	-	(32,483)
	At 1 April as restated	738,228	809,781
	Transferred to The Factory III Limited	-	(59,667)
	Release in year	(15,652)	(11,886)
	Balance as at 31 March 2014	722,576 =====	738,228 =====

The prior period adjustment reflects the reallocation of £436,228 less £59,667 transferred to The Factory III Limited of capital grants received during 2011/12 from creditors due within one year. It also includes a transfer of capital grants received prior to 2008 from retained profit of £406,036 which had been incorrectly recognised in the profit and loss account in 2008. The prior year adjustment is net of capital grant releases for the period 2008 to 2012 which amounted to £32,483.

11	Share capital	Number	As restated	
			2014 £	2013 £
	Ordinary shares of £1 each	100 =====	100 =====	100 =====

12	Revaluation reserve	As restated	
		2014 £	2013 £
	At 1 April 2013 as previously stated	120,505	(112,095)
	Negative 2008 revaluation written off to profit and loss reserve (note 15)	-	112,095
	Revaluation in August 2012 incorporated (note 15)	-	120,505
	At 1 April 2013 as restated	120,505	120,505
	Transfer to profit and loss account reserve	(2,169)	-
	At 31 March 2014	118,336 =====	120,505 =====

The Factory II Limited

Notes to the accounts (continued)

13	Profit and loss account reserve	2014	As restated 2013
		£	£
	At 1 April 2013 – as previously stated	77,685	621,193
	Prior period adjustments		
	Capital grants written off in 2008 now written back	-	(406,036)
	Capital grant releases 2008 to 2012	-	32,483
	Depreciation not applied on buildings 2008 to 2012	-	(69,372)
	2008 revaluation write down from revaluation reserve	-	(112,095)
	Unpaid share capital	-	(100)
		<u>77,685</u>	<u>66,073</u>
	(Loss)/profit for the year - as previously stated	(41,478)	54,476
	Prior period adjustments		
	Capital release in 2013	-	11,886
	Depreciation on buildings in 2013	-	(23,713)
	Gift aid to The Factory Skatepark	-	(5,019)
	Donation to Capstone Projects Limited	-	(28,867)
	Management charge income	-	2,849
		<u>(41,478)</u>	<u>11,612</u>
	Transfer from revaluation reserve	2,169	-
	At 31 March 2014	<u>38,376</u> <u>=====</u>	<u>77,685</u> <u>=====</u>
14 Reconciliation of movements in shareholders' funds			
	(Loss)/profit for the year	(41,478)	11,612
	Opening shareholders' funds	198,290	509,198
	Prior year adjustment to profit and loss reserve (note 13)	-	(555,120)
	Prior year adjustment to revaluation reserve (note 12)	-	232,600
		<u></u>	<u></u>
	Closing shareholders' funds	<u>156,812</u> <u>=====</u>	<u>198,290</u> <u>=====</u>

15 Prior period adjustments

During the audit of The Factory Skatepark consolidated accounts a number of issues were raised and as a result the accounts of The Factory II Limited have been restated as follows:

The previous period's signed accounts incorporated the land and buildings valuation dated February 2008 of £850,000, and no depreciation was provided since that date. This revaluation resulted in the creation of a negative revaluation reserve of £112,095, which should have been corrected by means of a transfer from unrestricted reserves.

Capital grant funding of £406,036 previously written off to the profit and loss account in 2008 has been written back into accruals and deferred income along with the releases previously made. Depreciation amounting to £93,085 has been applied and capital grant income releases amounting to £32,483 have been made accordingly. Capital grant funding received during the year to 31 March 2013 of £436,228, was previously included in other creditors has now been allocated to accruals and deferred income.

For certain capital grant funding, the relevant assets were not previously included within The Factory II Limited. The accounts have been restated to match the funding and assets and intercompany balances have been amended accordingly. The adjustment amounted to £59,667 as detailed in note 10.

Following the completion of the Fun Factory building during the year to 31 March 2013, the land and buildings were revalued at £1,525,000, but this valuation was not brought into the previous year's accounts. The 2013 comparatives have now been amended to incorporate this valuation, and the revaluation reserve has been increased by £120,505 including the previously restated depreciation of £93,085 which was also written back.

Unpaid share capital of £100 has been adjusted against the profit and loss account reserve.

During 2013 £28,867 was paid to Capstone Projects Limited as a donation and this was not previously recognised in the accounts. This has now been reallocated from debtors.

A management charge was applied of £2,849 in respect of salary costs recharged across the group companies to reflect actual time spent.

The gift aid donation due to be paid to The Factory Skatepark at the previous year end had not previously been provided for. This amounted to £5,019.

The movement of £16,185 between creditors due within one year and creditors due outwith one year relates to an incorrect split of capital and interest within the accounts previously reported.

The net impact of correcting these errors results in a reduction in net assets of £365,384 as shown in the table overleaf.

The Factory II Limited

Notes to the accounts (continued)

15 Prior period adjustments (continued)

	As previously reported £	Adjustments £	As restated £
Fixed assets	1,538,521	27,420	1,565,941
Stocks	7,557	-	7,557
Debtors	147,952	(85,785)	62,167
Cash at bank and in hand	14,085	-	14,085
Creditors - amounts falling due within one year	(532,974)	447,394	(85,580)
Creditors - amounts falling due outwith one year	(611,467)	(16,185)	(627,652)
Accruals and deferred income	-	(738,228)	(738,228)
	<u>563,674</u>	<u>(365,384)</u>	<u>198,290</u>
Share capital	100	-	100
Revaluation reserve	(112,095)	232,600	120,505
Profit and loss account	675,669	(597,984)	77,685
	<u>563,674</u> =====	<u>(365,384)</u> =====	<u>198,290</u> =====

16 Commitments under operating leases

	2014 £	2013 £
Office equipment		
Amounts payable next year where lease expires: Within second and fifth years	3,220 =====	3,068 =====

17 Related party transactions

The company is a wholly owned subsidiary of The Factory Skatepark, and as a parent company prepares consolidated accounts the company is exempt from the requirements of Financial Reporting Standard No. 8.

18 Ultimate controlling party

The company is a wholly owned subsidiary of The Factory Skatepark, a charitable company registered in Scotland.