

Company Registration No. SC235408 (Scotland)

The Factory II Limited

Unaudited financial statements

for the year ended 31 March 2019

Pages for filing with Registrar

The Factory II Limited

Contents

	Page
Balance sheet	1 - 2
Notes to the financial statements	3 - 10

The Factory II Limited

Balance sheet

as at 31 March 2019

		2019	2018
	Notes	£	£
Fixed assets			
Tangible assets	3	-	1,271,223
Investment properties	4	1,600,000	450,000
		<u>1,600,000</u>	<u>1,721,223</u>
Current assets			
Stocks		-	6,336
Debtors	5	55,328	49,361
Cash at bank and in hand		5,054	587
		<u>60,382</u>	<u>56,284</u>
Creditors: amounts falling due within one year	6	<u>(436,649)</u>	<u>(429,683)</u>
Net current liabilities		<u>(376,267)</u>	<u>(373,399)</u>
Total assets less current liabilities		<u>1,223,733</u>	<u>1,347,824</u>
Creditors: amounts falling due after more than one year	7	(1,078,209)	(1,147,521)
Net assets		<u>145,524</u>	<u>200,303</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss reserves		145,523	200,302
Total equity		<u>145,524</u>	<u>200,303</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Factory II Limited

Balance sheet (continued)

as at 31 March 2019

The financial statements were approved by the board of directors and authorised for issue on 23 December 2019 and are signed on its behalf by:

D Marshall
Director

Company Registration No. SC235408

The Factory II Limited

Notes to the financial statements

for the year ended 31 March 2019

1 Accounting policies

Company information

The Factory II Limited is a private company limited by shares incorporated in Scotland. The registered office is 15 Balunie Drive, Dundee, DD4 8PS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, of the operation of skatepark facilities to the general public.

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line basis & 10% straight line basis
Plant and machinery	10% straight line basis & 20% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

The Factory II Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

1 Accounting policies (continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises finished goods only.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Factory II Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Factory II Limited**Notes to the financial statements (continued)****for the year ended 31 March 2019****1 Accounting policies (continued)****1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Government grants

Grants towards capital expenditure are credited to a deferred capital grant account and released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are recognised within the profit and loss account in the period in which it relates.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 0 (2018 - 14).

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 April 2018	1,342,173	254,017	1,596,190
Additions	1,176	-	1,176
Disposals	-	(252,041)	(252,041)
Transfers	(1,343,349)	-	(1,343,349)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	-	1,976	1,976
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
At 1 April 2018	114,315	210,652	324,967
Depreciation charged in the year	27,940	6,045	33,985
Eliminated in respect of disposals	-	(214,721)	(214,721)
Transfers	(142,255)	-	(142,255)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	-	1,976	1,976
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 March 2019	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,227,858	43,365	1,271,223
	<hr/>	<hr/>	<hr/>

The Factory II Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

3 Tangible fixed assets (continued)

If revalued tangible fixed assets and investment properties, as detailed in note 4 and 5, were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	1,732,641	1,731,465
Accumulated depreciation	(326,488)	(292,339)
Carrying value	<u>1,406,153</u>	<u>1,439,126</u>

4 Investment property

	2019 £
Fair value	
At 1 April 2018	450,000
Transfers	1,201,094
Revaluations	(51,094)
At 31 March 2019	<u>1,600,000</u>

Investment property comprises the Fun Factory, Balunie Drive, Dundee. The fair value of the investment property has been arrived at based on the directors' valuation at 31 March 2019.

The Scottish Sports Council holds two standard securities over the land owned by the group. These securities are held in respect of grants which were provided towards the capital cost of the Skatepark building. This grant 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.

The Royal Bank of Scotland plc holds a standard security over the land and buildings owned by the group, in addition to a bond and floating charge over the assets of the group and a guarantee for £730,000. The security is held in respect of a loan provide in the year.

Loans in relation to the above securities are detailed in note 8 of the financial statements.

The Factory II Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

5 Debtors	2019	2018
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	34,470	34,470
Other debtors	12,172	14,891
	46,642	49,361
Deferred tax asset	8,686	-
	55,328	49,361
6 Creditors: amounts falling due within one year	2019	2018
	£	£
Bank loans (secured)	22,711	42,648
Trade creditors	629	-
Amounts due to group undertakings	411,815	369,556
Other taxation and social security	194	10,897
Other creditors	1,300	6,582
	436,649	429,683
7 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Bank loans (secured)	405,894	412,687
Other creditors	672,315	734,834
	1,078,209	1,147,521
Amounts included above which fall due after five years are as follows:		
Payable by instalments	236,211	243,090

The Royal Bank of Scotland Plc holds a standard security over the land and buildings owned by the company, in addition to a bond and floating charge over the assets of the company and a guarantee for £730,000.

The Royal Bank of Scotland Plc loan is payable in instalments of £5,403.23 per month over 7 years, followed by a final balance payment. Interest is charged at 4.5%

The Factory II Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

8 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	6,493
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

9 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1 ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>

Called-up share capital represents the nominal value of shares that have been issued.

10 Reserves

Profit and loss account includes all current and prior period retained distributable profit and losses.

11 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2018
	£	£
Within one year	-	4,496
	<u> </u>	<u> </u>

12 Related party transactions

Remuneration of key management personnel

	2019	2018
	£	£
Aggregate compensation	-	92,390
	<u> </u>	<u> </u>

The Factory II Limited

Notes to the financial statements (continued)

for the year ended 31 March 2019

12 Related party transactions (continued)

The Factory II Limited is a wholly owned subsidiary of The Factory Skatepark, a charitable company registered in Scotland. The results of The Factory II Limited are included in the consolidated financial statements of The Factory Skatepark which are available from 15 Balunie Drive, Dundee, DD4 8PS.

The company has taken advantage of the exemption available in FRS102 Section 33.11 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company, or any wholly owned subsidiary undertaking of the group.

During the year, Factory II Limited paid donations of £Nil (2018 - £6,500) and accountancy fees of £Nil (2018 - £2,678) to and on behalf of Capstone Projects. Derek Marshall is a trustee of Capstone Projects.

Dundee Social Enterprise Network, a charity in which Derek Marshall is Chair, were recharged costs of £Nil (2018 - £6,105) for rents and related expenses.

Dundee Foodbank, a charity which Derek Marshall is Treasurer, were recharged travel and accommodation costs of £964 (2018 - £292).

Strathmore Christian Fellowship, a charity in which Derek Marshall is a Trustee, were recharged for travel and food costs of £Nil (2018 - £433).

Derek Marshall was a director of Voluntary Action Scotland. During the year Factory II Limited received £Nil (2018 - £232) as reimbursement of costs paid on its behalf.

Derek Marshall is a director of Coffee Exchange Kirriemuir Limited. During the year Factory II Limited received £Nil (2018 - £5,515) as reimbursement of costs paid on its behalf and paid accountancy fees of £Nil (2018 - £1,338) on behalf of the company.

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