

THE TWO COUNTIES TRADING COMPANY

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 AUGUST 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

	Note	2022 £	As restated 2021 £
FIXED ASSETS			
Tangible assets	4	43,483	57,129
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	16,081	24,056
Cash at bank and in hand		292,099	218,771
		308,180	242,827
Creditors: amounts falling due within one year	6	(351,663)	(299,956)
NET CURRENT LIABILITIES		(43,483)	(57,129)
TOTAL ASSETS LESS CURRENT LIABILITIES		-	-
NET ASSETS		-	-

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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

Karen Potts
Director

Date: 28 April 2023

The notes on pages 2 to 7 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. GENERAL INFORMATION

The Two Counties Trading Company is a private company limited by guarantee and incorporated in England and Wales under the Companies Act. The address of the registered office is Sutton Road, Kirkby-In Ashfield, Nottingham, Nottinghamshire, NG17 8HP. The Nature of the Company's operations and its principal activities is the provision of nursery services and lettings, along with sports centre sales from The Two Counties Trust.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Company has a net liability at 31 August 2022 of £43,483 (2021: £57,129). At the year end the Company had net amounts due to its parent entity of £338,280 (2021: £284,660).

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Future Developments section of the Directors' Report. The Directors' Report further describe the financial position of the Company.

The Directors have prepared forecasts and projections, taking account of the changes in trading activities set out in the Directors' Report, which shows that the Company can settle its liabilities as and when they fall due for payment. This is predicated on the parent entity not demanding repayment of amounts owed to it by the Company, however, due to the regulatory environment in which the parent entity operates (as a Multi Academy Trust regulated by the Education and Skills Funding Agency (ESFA) and Department for Education (DfE)), it cannot commit to providing such support to the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements. Thus they have concluded that it is reasonable to continue to prepare the financial statements on a going concern basis.

2. ACCOUNTING POLICIES (continued)

2.3 REVENUE

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 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 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.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.6 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. ACCOUNTING POLICIES (continued)

2.8 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Building improvements	-	10%	Straight Line
Fixtures and fittings	-	20%	Straight Line
Computer equipment	-	20%	Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 DEBTORS

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

2.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 CREDITORS

Short-term creditors are measured at the transaction price. 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.

2.12 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

3. EMPLOYEES

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

	2022 No.	2021 No.
	18	31
Employees		

All employees are employed by The Two Counties Trust (the "Parent"). Relevant costs are then recharged to the The Two Counties Trading Company.

4. TANGIBLE FIXED ASSETS

	Building Improvements £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2021	67,068	33,459	1,235	101,762
At 31 August 2022	67,068	33,459	1,235	101,762
DEPRECIATION				
At 1 September 2021	30,871	13,042	720	44,633
Charge for the year on owned assets	6,707	6,692	247	13,646
At 31 August 2022	37,578	19,734	967	58,279
NET BOOK VALUE				
At 31 August 2022	29,490	13,725	268	43,483
At 31 August 2021	36,197	20,417	515	57,129

5. DEBTORS

	2022 £	2021 £
Trade debtors	15,587	5,297
Other debtors	494	13,087
Prepayments and accrued income	-	5,672
	16,081	24,056

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	As restated 2021
	£	£
Trade creditors	-	5,057
Amounts owed to group undertakings	338,280	284,660
Other taxation and social security	-	3,374
Other creditors	8,383	6,862
Accruals and deferred income	5,000	3
	<u>351,663</u>	<u>299,956</u>

7. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in respect of the brought forward reserves in the Two Counties Trading Company, to ensure that historical intra-group management charges are appropriate. This has led to an impact of £506,194 on the brought forward reserves of the Company itself, but has a £NIL impact in the current year for the Company, and a £NIL impact on the consolidated Group accounts in all periods.

8. PENSION COMMITMENTS

The Company operates a defined contributions 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 £47,186 (2021: £36,913). Contributions totaling £8,383 (2021: £6,822) were payable to the fund at the balance sheet date and are included in creditors.

9. CONTROLLING PARTY

The immediate and ultimate parent entity is The Two Counties Trust, a company limited by guarantee and registered in England and Wales. The Two Counties Trust is the ultimate parent entity of the largest group for which the financial statements are prepared. Copies of the group financial statements are available from The Two Counties Trust's registered office: Sutton Road, Kirkby-In Ashfield, Nottingham, Nottinghamshire, NG17 8PH.

10. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 31 August 2022 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

Material Uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company continues to have a net liability position during the year. As stated in note 2.2, these events or conditions, along with other matters set forth in note 2.2, principally that the Company's parent entity cannot commit to financially supporting the Company, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included a review of the future plans for the Company for a period of at least twelve months from the date of approval of these financial statements.

The audit report was signed on 15 May 2023 by Andrew Wood FCCA (Senior statutory auditor) on behalf of Bishop Fleming LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.