Registered number: 08816199

THE TWO COUNTIES TRADING COMPANY

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 AUGUST 2023

Bishop Fleming

THE TWO COUNTIES TRADING COMPANY
REGISTERED NUMBER:08816199

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	4	**29,837**	43,483
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	**11,042**	16,081
Cash at bank and in hand		**119,781**	292,099
		130,823	308,180
Creditors: amounts falling due within one year	6	**(160,660)**	(351,663)
NET CURRENT LIABILITIES		**(29,837)**	(43,483)
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: 1 May 2024

The notes on pages 2 to 8 form part of these financial statements.

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 Two Counties Trading Company ceased trading immediately after the year end on 1 September 2023. The trading assets and trading activity of the Nurseries were transferred to The Two Counties Trust on 1 September 2023 to enable the Trading Company to be wound down and to reduce administrative costs. In the year to 31 August 2023 the Trading Company made an operating profit of £Nil (2022: £Nil).

The Directors have a reasonable expectation that the Company will be liquidated and cease to continue in operational existence within the period of at least twelve months from the date of approval of these financial statements, however the date of liquidation has not yet been decided. As a result, the Directors have prepared the financial statements on a basis other than going concern but no adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

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. ACCOUNTING POLICIES (continued)

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 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.

2.6 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.

2.7 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. ACCOUNTING POLICIES (continued)

2.8 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.

2.9 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.

2.10 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.

2.11 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.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Statement of financial position 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably they are measured at cost less impairment.

2. ACCOUNTING POLICIES (continued)

2.11 FINANCIAL INSTRUMENTS (CONTINUED)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

2. ACCOUNTING POLICIES (continued)

2.11 FINANCIAL INSTRUMENTS (CONTINUED)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

3. EMPLOYEES

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

	2023	2022
	No.	No.
Employees	**16**	18

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 2022	**67,068**	**33,459**	**1,235**	**101,762**
At 31 August 2023	**67,068**	**33,459**	**1,235**	**101,762**
DEPRECIATION				
At 1 September 2022	**37,578**	**19,734**	**967**	**58,279**
Charge for the year on owned assets	**6,707**	**6,692**	**247**	**13,646**
At 31 August 2023	**44,285**	**26,426**	**1,214**	**71,925**
NET BOOK VALUE				
At 31 August 2023	**22,783**	**7,033**	**21**	**29,837**
At 31 August 2022	29,490	13,725	268	43,483

5. DEBTORS

	2023	2022
	£	£
Trade debtors	**10,754**	15,587
Other debtors	**288**	494
	11,042	16,081

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	**372**	-
Amounts owed to group undertakings	**121,203**	338,280
Other creditors	**10,424**	8,383
Accruals and deferred income	**28,661**	5,000
	160,660	351,663

7. 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 £54,937 (2022: £47,186). Contributions totaling £7,353 (2022: £8,383) were payable to the fund at the balance sheet date and are included in creditors.

8. POST BALANCE SHEET EVENTS

As at the 1st September 2023, all the trading assets and trading activity of The Two Counties Trading Company were hived up into The Two Counties Trust (it's parent). The Two Counties Trading Company then ceased trading and the directors intend to wind the company up during this financial year.

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 2023 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 duing the year. As stated in note 2.2, these events or conditions, along with other matters set forth in note 2.2, princiapally that the Company's parent entity cannot commit to financially supporting the Company, indicate that a material uncertainity exists that may cast signficant 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 3 May 2024 by Andrew Wood FCCA (Senior statutory auditor) on behalf of Bishop Fleming LLP.