

Company Registration No. SC187460 (Scotland)

FETTES ENTERPRISES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
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FETTES ENTERPRISES LIMITED

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FETTES ENTERPRISES LIMITED

BALANCE SHEET

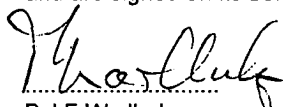
AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	4		3,463,952		3,597,377
Investments	5		2		2
			<u>3,463,954</u>		<u>3,597,379</u>
Current assets					
Stocks		213,386		204,426	
Debtors	6	145,656		230,680	
Cash at bank and in hand		143,766		47,522	
		<u>502,808</u>		<u>482,628</u>	
Creditors: amounts falling due within one year	7	(2,129,195)		(1,891,061)	
Net current liabilities			(1,626,387)		(1,408,433)
Total assets less current liabilities			<u>1,837,567</u>		<u>2,188,946</u>
Creditors: amounts falling due after more than one year	8		(2,480,640)		(2,480,640)
Net liabilities			<u>(643,073)</u>		<u>(291,694)</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss reserves			(643,075)		(291,696)
Total equity			<u>(643,073)</u>		<u>(291,694)</u>

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

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

The financial statements were approved by the board of directors and authorised for issue on 25 March 2022 and are signed on its behalf by:


P J F Worlledge
Director

Company Registration No. SC187460

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Fettes Enterprises Limited is a private company limited by shares incorporated in Scotland. The registered office is Fettes College, Carrington Road, Edinburgh, EH14 1QX.

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. The principal accounting policies adopted are set out below.

Group accounts

Under section 399 of the Companies Act 2006 the company is exempt from producing consolidated financial statements on the basis that the group is small.

1.2 Going concern

The company has generated a loss of £351,379 during the year and has net liabilities of £643,073 at 31 August 2021. The company has been affected significantly by the coronavirus pandemic, with facilities being closed as a result of lockdown measures that were implemented in the UK. The company continues to be affected by ongoing restrictions. The company has received assurances from The Governors of the Fettes Trust that it will provide financial support as necessary for a period of twelve months from the date of signing these accounts. The Governors of the Fettes Trust has prepared sensitised cash flow forecasts taking account of reduced income, reduced costs, and government support and expect to have sufficient liquid funds available. The directors are therefore confident that The Governors of the Fettes Trust has the financial resources to provide this support, and that this will allow the company to remain able to meet its liabilities and continue in operational existence for a period of at least twelve months from the approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents joining and membership fees and charges for the provision of services to members and their guests including hall letting, catering and sales of goods. Membership fees are apportioned across the period to which they relate and the unexpired portion of fees at the balance sheet date is included in deferred income.

Turnover also represents sales from the Fettes Shop and fees receivable arising from the activities of Fettes the Venue.

1.4 Tangible fixed assets

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

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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

Freehold land and buildings	50 years
IT equipment	5 years
Equipment, Fixtures and fittings	5 - 10 years

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.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 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.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank.

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' 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.

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.

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 and loans from fellow group companies, 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.

1.10 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.11 Taxation

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

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.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.12 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.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Government grants

Government grants, including those relating to the Coronavirus Job Retention Scheme, are recognised in accordance with the accruals model. Government grants are recognised as other operating income in profit or loss in the same period as the expenses are recognised to which those grants relate.

1.15 Gift Aid

Gift aid distributions to the company's parent charity, The Governors of the Fettes Trust, are accounted for as reserve movements in the period they are paid.

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Discounting of loan stock

Management has recognised certain liabilities, which constitute a financing transaction, at the present value of future cash flows, discounted at the market rate for an equivalent debt instrument. Determining the market rate of interest is a judgement made by management.

Non-impairment of tangible fixed assets

Although the company has generated a loss and has net liabilities at the balance sheet date, in the directors opinion this decline is temporary as actions to remedy this position, which the directors are confident will prove successful, are in progress. Therefore the directors are of the opinion that the temporary decline in results does not constitute an indicator of impairment of the carrying value of the tangible fixed assets of the company and therefore no formal impairment review is necessary.

Non-recognition of deferred tax liabilities

At the balance sheet date the directors have considered the potential for a deferred tax liability to exist in respect of fixed asset timing differences. The directors are comfortable that the future plans for the business will mitigate the risk that any potential deferred tax liability crystallises. Therefore no deferred tax liability is recognised within these accounts.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	38	52

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 September 2020	5,479,855	523,723	6,003,578
Additions	-	26,324	26,324
Disposals	-	(3,393)	(3,393)
At 31 August 2021	5,479,855	546,654	6,026,509
Depreciation and impairment			
At 1 September 2020	1,999,401	406,800	2,406,201
Depreciation charged in the year	117,690	40,023	157,713
Eliminated in respect of disposals	-	(1,357)	(1,357)
At 31 August 2021	2,117,091	445,466	2,562,557
Carrying amount			
At 31 August 2021	3,362,764	101,188	3,463,952
At 31 August 2020	3,480,454	116,923	3,597,377

5 Fixed asset investments

	2021 £	2020 £
Investments	2	2

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 September 2020 & 31 August 2021	2
Carrying amount	
At 31 August 2021	2
At 31 August 2020	2

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	43,912	22,695
Amounts owed by group undertakings	75,182	139,041
Other debtors	26,562	68,944
	<u>145,656</u>	<u>230,680</u>

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	69,409	79,939
Amounts owed to group undertakings	237,936	61,038
Taxation and social security	51,078	26,612
Other creditors	150,772	1,723,472
Interest free unsecured loan stock	1,620,000	1,600,000
	<u>2,129,195</u>	<u>1,891,061</u>

The loan for £1,620,000 (2020: £1,600,000) included within creditors due within one year is interest free and was due for repayment on 30 June 2021. This loan had been included in the financial statements at the present value of future cash flows discounted at market rate of interest for a similar debt instrument, but this discount has now fully unwound to the nominal value of the loan of £1,620,000.

After the balance sheet date, on 1 December 2021, the loan was repaid by the issue of 1 ordinary share for a price of £1,620,000.

8 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Secured debenture loan	<u>2,480,640</u>	<u>2,480,640</u>

Interest is charged on the secured debenture loan at 1% above the base rate. The company's bankers hold a bond and floating charge over the assets of the company and hold a standard security over the sports centre site and a guarantee by The Governors of the Fettes Trust ("the Trust"). A second ranking standard security has been granted by the company in favour of the Trust. A cross guarantee exists between the company and the Trust - the potential liability under this guarantee at 31 August 2021 is £9,692,294 (2020: £9,692,294).

FETTES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

9 Called up share capital

	2021	2020
	£	£
Ordinary share capital Issued and fully paid 2 Ordinary Shares of £1 each	2	2

10 Audit report information

As the profit and loss account has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Solomon Taylor and the auditor was Johnston Carmichael LLP.

11 Controlling entity and related party transactions

The company is a wholly owned subsidiary of the Governors of the Fettes Trust, a charity registered in Scotland, number SC017489.

Fettes Enterprises Limited undertook related party transactions with its parent undertaking. The company has taken advantage of the exemption available in accordance with section 1AC.35 of FRS102 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

The parent undertaking prepares group financial statements and copies of these can be obtained from The Bursar, Fettes College, Carrington Road, Edinburgh, EH4 1QX.

12 Pensions

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. The pension cost for the year was £25,748 (2020: £29,865) and has been charged to the profit and loss account being contributions to a group stakeholder pension scheme. Employee and employer contributions for August 2021 of £4,499 (2020: £4,465) were due to be paid to the group stakeholder pension scheme after the year end.