

Charity Registration No. SC038373

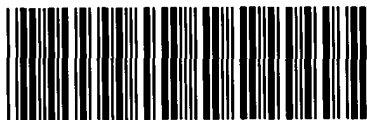
Company Registration No. SC319714 (Scotland)

FACT THREE

**ANNUAL REPORT AND
GROUP FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019

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FACT THREE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	D A Robertson D O'Herlihy S Patrick S P Phillips
Secretary	D A Robertson
Charity number	SC038373
Company number	SC319714
Registered office	1 George Square GLASGOW G2 1AL
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND
Solicitors	Dentons 1 George Square GLASGOW G2 1AL
Banker	Bank of Scotland 174 Byres Road GLASGOW G12 8SW

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FACT THREE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The trustees present their report together with the audited financial statements of the charity for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, governance and management

Fact Three is a registered charity and a company limited by guarantee. There are no shares in issue. The trustees have no financial interests in the company. The trustees who served during the period from 01 April 2018 to the date the financial statements were approved were as follows:

D A Robertson
D O'Herlihy
S Patrick
S P Phillips
O C W Thomson (resigned 4th July 2018)

The management of the charity's affairs is provided by the Board of Trustees. The Board of Trustees has responsibility for ensuring that the organisation maintains a system of financial and professional controls. They oversee business planning and business risk policy.

The day to day management of the charity's activities is principally undertaken by one of the trustees, D.A Robertson, who acts as the Project Manager.

Senior management pay is reviewed annually and trustees benchmark this where appropriate.

Recruitment of Trustees

The directors of the company are also charity trustees and under the terms of the Memorandum and Articles of Association are elected to serve for three years after which they must be re-elected.

Given the long-standing programme of work, the charity will in future years seek to supplement its membership with younger trustees with the range of skills, experience and commitment appropriate to the management of the organisation's activities.

Induction and training

Most trustees are already familiar in detail with the work of the charity and receive comprehensive management reports from the Project Manager. New trustees are invited to spend time with the Project Manager to become familiar with the current and long-term programme of work and to attend professional meetings with the advisers to the charity. Trustees are also encouraged to develop their understanding of the changing legal and accountancy background as it affects the role of charity trustees by drawing on the expertise in accountancy and charity law that is available from within their number. Additionally, the charity will send its trustees on training courses in specific areas where this is appropriate and likely to be to the benefit of the company.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Objectives and activities of the charity

The objective of the charity is to safeguard and rejuvenate Lansdowne Church as a listed building, community asset and local landmark. The focus of the charity's objectives includes the promotion for the public benefit of the preservation of buildings of historic and/or architectural significance but without limitation, Lansdowne Church and its ancillary buildings and the advancement of education and with regards to the qualities of buildings of architectural merit. Additional activities of the charity include the advancement of the arts and culture by providing appropriate performance, rehearsal and/or exhibition space for art and cultural activities as well as providing recreational facilities to members of the public, with the object of improving their conditions of life.

Achievements and Performance

Following its acquisition from the Church of Scotland of the former halls of Lansdowne Church the company proceeded with the conversion of the halls into a catering business and it is expected that this will be capable of generating revenues sufficient to enable the entire building to be taken into its ownership and given a sustainable future.

Within previous years the company completed the conversion and awarded a lease to its trading company FACT SIX Ltd with a view to establishing a viable operation before risking taking ownership of the entire building. It continues to operate the other part of the building, still in the ownership of the Church of Scotland, as a popular theatre known as Websters, using the supporting infrastructure provided by Four Acres Charitable Trust box office and theatre management team. The theatre was named Websters after the stained-glass designer Alfred Webster whose work can be found within it.

The company aimed to see a break-even position within the trading company within the financial year 2017-18 and for the trading company to generate profits and enable the company to reduce its net current liabilities by March 2018 and take on overall ownership. Challenges to that outcome emerged in 2017 with an enforced closure of the catering operation due to falling masonry from the adjacent steeple which the Church of Scotland subsequently had to repair.

Progress towards a break-even position was therefore delayed during that financial year and the trading company incurred monthly losses at Websters. Having taken on the lease of another trading business, Cottiers, there emerged a means of securing a viable future in overall trading terms and this proved to be a promising development within 2018-19. Within 2017-18 the Company had also entered into a joint loan arrangement between Four Acres Charitable Trust and the Architectural Heritage Fund which provided longer term financial stability.

Through these actions the trustees have overseen a pathway towards stabilising the consolidated financial position of the Company. This has included the transfer of a short-term loan from the Architectural Heritage Fund into a term loan and a measure of additional capital loan funding from the Architectural Heritage Fund to bring an upper level hall into use within the building and improve the entrances onto the main street.

During the financial year 2018-19 the break-even position that the company sought to achieve was reflected in the results for both aspects of the business taken together, as shown in the consolidated accounts. The income the company derives from its own rentals generated a surplus whilst the outgoings imposed upon its trading company given the challenges of the location for catering trade gave rise to trading losses in relation to food and drink.

Plans for future periods

The company completed the conversion and remains determined to establish a viable operation before taking ownership of the entire building as a sustainable venue for arts and education. The company will wish to see a break-even position within the trading company achieved within the next financial year. There are still challenges to be met and a key area is the increased footfall into Websters Theatre and Websters Playhouse. In the case of Websters Theatre the level of hires to performance companies has been sustained through the year 2018-19. For the Playhouse there is a limit to occupancy capacity due to there being a single escape staircase and the company has

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

produced plans against which capital grants could be raised to double the occupancy of that part of the building by introducing a second means of escape.

Financial Review and going concern

During the current year a group deficit of £7,220 (2018: £227,686) was reported in the year. The total funds of the group were in deficit by £83,411 (2018: £76,191).

Fund balances of the parent charity are in overall surplus at £389,986 (2018: £337,893), notwithstanding a small deficit on unrestricted funds.

The trustees recognise that the level of losses on the catering side at Websters are gradually diminishing as the popularity of the building for a wider range of additional uses has increased. During the financial year the company opened a second performance and event space named the Playhouse in the upper part of the former hall and that facility is proving increasingly popular and is contributing to the catering income generated by audience footfall.

It is the trustees' intention to continue to improve financial performance to enable the charity to restore its unrestricted funds over time to a level deemed appropriate.

Reserves Policy and risk management

The trustees have carried out a review of the charitable company's activities and the risks to which it is exposed. The trustees consider the main risks to be the operation of trading activities to generate funds to ensure a sufficient level of reserves are maintained. The trustees monitor the progress of the charity at regular trustees' meetings.

Investment powers

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit.

Related parties

Related party transactions are set out in note 22.

Auditor

Johnston Carmichael LLP were appointed as auditor to the charity and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting.

Disclosure of information to auditor

Each of the Trustees have confirmed that there is no information which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

The trustees' report was approved by the Board of Trustees.


D A Robertson
Trustee

19 DEC 2019

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2019

The trustees, who are also the directors of Fact Three for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the group and charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF FACT THREE

Opinion

We have audited the financial statements of Fact Three (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Group and Company Statement of Financial Activities, the Group and Company Balance Sheets, the Group Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2019, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report and group financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

FACT THREE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF FACT THREE

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

FACT THREE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF FACT THREE

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF FACT THREE

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the parent charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Hugh Boyle (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

20 DEC 2019
227 West George Street
GLASGOW
G2 2ND

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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GROUP STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Total 2018 £
Income from:						
Donations and Legacies	3	12,570	-	-	12,570	2,596
Other trading activities	4	1,972,168	-	-	1,972,168	1,729,721
Total income		<u>1,984,738</u>	<u>-</u>	<u>-</u>	<u>1,984,738</u>	<u>1,732,317</u>
Expenditure on:						
Charitable activities	5	109,703	-	-	109,703	89,734
Raising funds	6	1,882,255	-	-	1,882,255	1,870,269
Total expenditure		<u>1,991,958</u>	<u>-</u>	<u>-</u>	<u>1,991,958</u>	<u>1,960,003</u>
Net (expenditure) / income for the year / Net movement in funds		(7,220)	-	-	(7,220)	(227,686)
Reconciliation of funds						
Fund balances at 1 April 2018		(523,313)	173,835	273,287	(76,191)	151,495
Fund balances at 31 March 2019		<u>(530,533)</u>	<u>173,835</u>	<u>273,287</u>	<u>(83,411)</u>	<u>(76,191)</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

FACT THREE

COMPANY STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Total 2018 £
Income from:						
Donations and legacies	3	12,570	-	-	12,570	2,596
Other trading activities	4	149,226	-	-	149,226	98,550
Total income		<u>161,796</u>	<u>-</u>	<u>-</u>	<u>161,796</u>	<u>101,146</u>
Expenditure on:						
Charitable activities	5	109,703	-	-	109,703	89,734
		<u>109,703</u>	<u>-</u>	<u>-</u>	<u>109,703</u>	<u>89,734</u>
Net income/(expenditure) for the year/Net movement in funds		52,093	-	-	52,093	11,412
Reconciliation of funds						
Fund balances at 1 April 2018		(109,229)	173,835	273,287	337,893	326,481
Fund balances at 31 March 2019		<u>(57,136)</u>	<u>173,835</u>	<u>273,287</u>	<u>389,986</u>	<u>337,893</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

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GROUP BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	11		180,086		205,541
Tangible assets	11		105,610		142,552
Heritage assets	11		582,687		525,020
			<u>868,383</u>		<u>873,113</u>
Current assets					
Stocks	15	23,194		18,491	
Debtors	16	17,764		109,655	
Cash at bank and in hand		<u>104,385</u>		<u>78,758</u>	
		145,343		206,904	
Creditors: amounts falling due within one year	17	<u>(1,093,748)</u>		<u>(1,134,185)</u>	
Net current liabilities			<u>(948,405)</u>		<u>(927,181)</u>
Total assets less current liabilities			(80,022)		(54,068)
Creditors: amounts falling due after more than one year	18		<u>(3,389)</u>		<u>(22,123)</u>
Net liabilities			<u>(83,411)</u>		<u>(76,191)</u>
The funds of the charity:					
Restricted funds	19a		173,835		173,835
General Unrestricted funds			(530,533)		(523,313)
Endowment funds			<u>273,287</u>		<u>273,287</u>
			<u>(83,411)</u>		<u>(76,191)</u>

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

The accounts were approved by the Trustees on 14 Dec 2019



D A Robertson
Trustee

Company Registration No. SC319714

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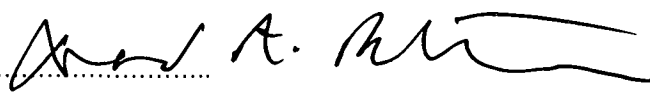
COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	12		56,035		67,661
Heritage assets	12		582,687		525,020
Investments	13		100		100
			<u>638,822</u>		<u>592,781</u>
Current assets					
Debtors	16	230,872		211,354	
Cash at bank and in hand		<u>51,607</u>		<u>14,995</u>	
		282,479		226,349	
Creditors: amounts falling due within one year	17	<u>(527,926)</u>		<u>(459,114)</u>	
Net current liabilities			<u>(245,447)</u>		<u>(232,765)</u>
Total assets less current liabilities			393,375		360,016
Creditors: amounts falling due after more than one year	18		<u>(3,389)</u>		<u>(22,123)</u>
Net assets			<u>389,986</u>		<u>337,893</u>
The funds of the charity:					
Restricted funds	19b		173,835		173,835
General unrestricted funds			(57,136)		(109,229)
Endowment funds			<u>273,287</u>		<u>273,287</u>
			<u>389,986</u>		<u>337,893</u>

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

The accounts were approved by the Trustees on 19 Dec 2019


D A Robertson
Trustee

Company Registration No. SC319714

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GROUP STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Cash flows from operating activities			
Net cash provided by operating activities	24	101,142	278,564
Cashflows from investing activities			
Purchase of tangible fixed assets		(64,714)	(74,935)
Net cash generated/used in investing activities		(64,714)	(74,935)
Financing activities			
Repayment of borrowings		(9,367)	(99,155)
Interest paid		(1,434)	(11,047)
Net cash used in financing activities		(10,801)	(110,202)
Net increase in cash and cash equivalents		25,627	93,427
Cash and cash equivalents at beginning of year		78,758	(14,669)
Cash and cash equivalents at end of year		104,385	78,758
Relating to:			
Cash at bank and in hand		104,385	78,758

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Fact Three is a charitable company limited by guarantee incorporated in Scotland. The registered office is 1 George Square, Glasgow, G2 1AL.

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"), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The disclosure requirements of FRS 102 1A have been applied where applicable.

The charitable company is a Public Benefit Entity as defined by FRS 102.

The charity has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4(1) of Schedule 1 of SI 2008 No 409 and has adapted the Companies Act formats to reflect the special nature of the charity's activities.

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The charity has taken advantage of the relevant exemptions available to qualifying entities within the Reduced Disclosure Framework of FRS 102 from the requirement to disclose certain information in relation to the individual parent charitable company, including statement of cash flows, certain information regarding financial instruments and key management personnel compensation. The consolidated group financial statements present this information for the group only.

1.2 Going concern

At the 31 March 2019, the group's balance sheet has net liabilities of £83,411 (2018: net liabilities £76,191). In considering the basis of preparation of these financial statements, the Trustees recognise that notwithstanding the positive net assets position of the parent charity, the group balance sheet has net liabilities which represent accumulated losses within the trading subsidiary FACT Six. The directors of the trading company have taken action to address the profitability of the activities undertaken within the company with a small group loss of £7k reported in the year to 31 March 2019. The net liabilities reflect the company's developmental activities with work to the property leading up to commencement of a new business. It is through this future development and projected increase in income and cash flow generation in the 12 months from the date of signing, that the directors believe it remains appropriate for the financial statements to be prepared on a going concern basis.

1.3 Basis of consolidation

The group statement of financial activities and balance sheet include the financial statements of the parent charity and its subsidiary undertakings for the year ended 31 March 2019. Intra-group income, expenditure, surpluses and deficits are eliminated fully on consolidation.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes. Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements. Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charitable company.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1.5 Income

Income is recognised when the group is entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations and grants are recognised when the group becomes entitled to the income, unless there are conditions attaching, the meeting of which is reliant on external factors outside the group's control.

Investment income is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from other trading activities represents revenue from theatre and restaurant operations. This is recognised in the period to which it relates and is measured at the fair value of the consideration receivable, net of VAT.

1.6 Expenditure

Expenditure is recognised on an accruals basis when there is a present legal or constructive obligation as a result of a past event, a transfer of economic benefits is probable, and the amount can be measured reliably. Expenditure includes any VAT which cannot be fully recovered and is reported as part of expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the parent charitable company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Raising funds expenditure comprises costs incurred in relation to fundraising activities including the operation of the charity's restaurant and theatre.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

1.7 Tangible fixed assets

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

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

Plant and equipment	10% - 20% straight line
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1.8 Intangible assets – goodwill

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful life. The period chosen for writing off goodwill is 10 years.

1.9 Heritage assets

Heritage assets that comprise of historical buildings currently undergoing restoration work are carried at historical cost and are not depreciated while this work is being carried out. Depreciation will only be charged when all such work on the buildings is completed. Other heritage assets held by the charity are deemed to have an indefinite useful life and the trustees believe their value will appreciate over time. Accordingly, these are carried at historical cost and no depreciation is charged.

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 recognised in net income/(expenditure) for the year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1.10 Impairment

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

1.11 Fixed asset investments

Fixed asset investments are initially measured at cost and are subsequently measured at cost less impairment at each reporting date. An impairment review is carried out at each reporting date.

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

1.12 Stocks

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

1.13 Cash and cash equivalents

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

1.14 Financial instruments

The charitable 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Impairment of financial assets

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including creditors and loans, are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest rate method. 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 operations 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.

Derecognition of financial liabilities

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

FACT THREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1.15 Employee benefits

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

1.16 Retirement benefits

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

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees 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.

Key sources of estimation uncertainty – group and company

Tangible fixed assets are depreciated over a period intended to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence. The carrying value of total fixed assets is £105,610 (2018 - £142,552). Depreciation in the year was £53,267 (2018 - £56,091).

Impairment of fixed assets

Tangible fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

3 Income from donations and legacies

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Donations	2,299	2,596	2,299	2,596
Grants	10,271	-	10,271	-
	<u>12,570</u>	<u>2,596</u>	<u>12,570</u>	<u>2,596</u>

Total income from donations and legacies was unrestricted in the current and prior year

FACT THREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

4 Income from other trading activities

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Restaurant and bar income	1,704,282	1,353,668	-	-
Theatre income	253,537	344,199	149,226	98,550
Other income	14,349	31,854	-	-
	<u>1,972,168</u>	<u>1,729,721</u>	<u>149,226</u>	<u>98,550</u>

Total income from other trading activities was unrestricted in the current and prior years

5 Expenditure on charitable activities – group and company

	Charitable Activities	Total 2019	Total 2018
	£	£	£
Theatre costs	63,699	63,699	25,887
	<u>63,699</u>	<u>63,699</u>	<u>25,887</u>
Share of support costs (see note 7a)	43,244	43,244	60,987
Share of governance costs (see note 7a)	2,760	2,760	2,860
	<u>109,703</u>	<u>109,703</u>	<u>89,734</u>
Analysis by fund			
Unrestricted funds	109,703	109,703	89,734
	<u>109,703</u>	<u>109,703</u>	<u>89,734</u>

6 Expenditure on raising funds – group

	Unrestricted Funds	Total 2019	Total 2018
	£	£	£
Trading activities			
Staff costs	527,297	527,297	573,834
Restaurant and bar supplies	589,863	589,863	530,738
Maintenance and running costs	699,744	699,744	694,728
Support costs (see note 7a)	60,531	60,531	64,224
Governance costs (see note 7a)	4,790	4,790	6,745
	<u>1,882,255</u>	<u>1,882,255</u>	<u>1,870,269</u>

For the year ended 31 March 2018

Unrestricted funds		1,870,269
		<u>1,870,269</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

7a Support costs – group

	Support Costs £	Governance Costs £	2019 £	2018 £
Management and administration	24,385	-	24,385	40,186
Property costs	8,073	-	8,073	7,934
Depreciation	53,267	-	53,267	56,091
Auditor remuneration	-	7,550	7,550	9,605
Repairs and maintenance	7,060	-	7,060	375
Legal and professional	5,264	-	5,264	4,432
Bank and loan interest	5,726	-	5,726	16,193
	<u>103,775</u>	<u>7,550</u>	<u>111,325</u>	<u>134,816</u>
Analysed between:				
Charitable activities	43,244	2,760	46,004	63,847
Raising funds	60,531	4,790	65,321	70,969
	<u>103,775</u>	<u>7,550</u>	<u>111,325</u>	<u>134,816</u>

7b Support costs – company

	Support Costs £	Governance Costs £	2019 £	2018 £
Management and administration	7,685	-	7,685	23,786
Property costs	8,073	-	8,073	7,934
Depreciation	13,727	-	13,727	13,412
Auditor remuneration	-	2,760	2,760	2,860
Repairs and maintenance	7,060	-	7,060	375
Legal costs	5,264	-	5,264	4,432
Bank and loan interest	1,435	-	1,435	11,048
	<u>43,244</u>	<u>2,760</u>	<u>46,004</u>	<u>63,847</u>
Analysed between:				
Charitable activities	43,244	2,760	46,004	63,847
	<u>43,244</u>	<u>2,760</u>	<u>46,004</u>	<u>63,847</u>

8 Auditors remuneration

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Audit fees	<u>7,550</u>	<u>9,605</u>	<u>2,760</u>	<u>2,860</u>
	<u>7,550</u>	<u>9,605</u>	<u>2,760</u>	<u>2,860</u>

FACT THREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

9 Trustees – group and company

No trustee received remuneration for employment by the charity or reimbursement for expenses incurred during this period. Fact Three obtained project management services from Four Acres Charitable Trust, a related party, during the year which were delivered by D.A. Robertson, a trustee of both Fact Three and Four Acres Charitable Trust.

10 Employees

Number of employees

The average monthly number of persons employed by the group during the year was:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
Restaurant and bar activities	30	30	-	-
	<u>30</u>	<u>30</u>	<u>-</u>	<u>-</u>

Employment costs

	Group		Company	
	2019 £	2018 £	2019 £	2019 £
Wages and salaries	497,434	537,109	-	-
Social security costs	26,010	32,561	-	-
Pension costs	3,853	-	-	-
	<u>527,297</u>	<u>569,670</u>	<u>-</u>	<u>-</u>

There were no employees whose annual remuneration was £60,000 or more.

FACT THREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

11 Fixed assets – group

	Heritage assets Under Restoration	Intangible assets	Tangible assets - Plant and Equipment	Total
	£	£	£	£
Cost				
At 1 April 2018	525,020	256,451	166,165	947,636
Additions	57,667	-	7,047	64,714
Disposals	-	-	-	-
At 31 March 2019	582,687	256,451	173,212	1,012,350
Depreciation and impairment				
At 1 April 2018	-	50,910	39,790	90,700
Depreciation / amortisation charged in the year	-	25,455	27,812	53,267
At 31 March 2019	-	76,365	67,602	143,967
Carrying amount				
At 31 March 2019	582,687	180,086	105,610	868,383
At 31 March 2018	525,020	205,541	126,375	856,936

In the opinion of the trustees, Lansdowne Church, which continues to be subject to ongoing restoration work by the charity, represents a heritage asset as defined in Charities SORP (FRS 102). As the asset is considered to be unique and irreplaceable in terms of its historical significance, it is carried at the historical cost of restoration work to date. No alternative valuation basis is considered to be appropriate given the nature of the asset. On completion of the restoration project, it is the intention to carry the asset on a depreciated historical basis.

FACT THREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets – company

	Heritage assets under restoration £	Tangible assets - Plant and Equipment £	Total £
Cost			
At 1 April 2018	525,020	89,413	614,433
Additions	57,667	2,101	59,768
Disposals	-	-	-
At 31 March 2019	<u>582,687</u>	<u>91,514</u>	<u>674,201</u>
Depreciation and impairment			
At 1 April 2018	-	21,752	21,752
Depreciation charged in the year	-	13,727	13,727
At 31 March 2019	<u>-</u>	<u>35,479</u>	<u>35,479</u>
Carrying amount			
At 31 March 2019	<u>582,687</u>	<u>56,035</u>	<u>638,722</u>
At 31 March 2018	<u>525,020</u>	<u>67,661</u>	<u>592,681</u>

In the opinion of the trustees, Lansdowne Church, which continues to be subject to ongoing restoration work by the charity, represents a heritage asset as defined in Charities SORP (FRS 102). As the asset is considered to be unique and irreplaceable in terms of its historical significance, it is carried at the historical cost of restoration work to date. No alternative valuation basis is considered to be appropriate given the nature of the asset. On completion of the restoration project, it is the intention to carry the asset on a depreciated historical basis.

13 Fixed asset investments

	2019 £	2018 £
Investments in subsidiaries (see note 23)	<u>100</u>	<u>100</u>

FACT THREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

13 Fixed asset investments – company (continued)

Movements in fixed asset investments

	Investments in Group Undertakings £
Cost	
At 1 April 2018 and 31 March 2019	<u>100</u>
Carrying value	
At 31 March 2019	<u>100</u>
At 31 March 2018	<u>100</u>

14 Financial instruments – group

	2019 £	2018 £
Carrying amount of financial assets		
Measured at amortised cost	<u>113,761</u>	<u>85,699</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>998,341</u>	<u>1,078,241</u>

15 Stock

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bar stock	<u>23,194</u>	<u>18,491</u>	<u>-</u>	<u>-</u>

16 Debtors: Amounts falling due within one year

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	9,376	6,941	8,934	6,941
Amounts owed by related parties	-	-	220,738	202,877
Other debtors	-	-	-	-
Prepayments and accrued income	8,388	102,714	1,200	1,536
	<u>17,764</u>	<u>109,655</u>	<u>230,872</u>	<u>211,354</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

17 Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	218,504	276,467	26,625	23,698
Other taxation and social security	98,823	78,067	16,740	6,791
Amounts due to related parties	546,039	476,508	444,432	403,878
Other creditors	10,147	682	9,936	596
Accruals & Deferred income	220,235	302,461	30,193	24,151
	<u>1,093,748</u>	<u>1,134,185</u>	<u>527,926</u>	<u>459,114</u>

Included within other creditors is loans outstanding of £9,367 for both group and company (2018 - £nil) (note 18).

18 Creditors: Amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Loans	3,389	22,123	3,389	22,123
	<u>3,389</u>	<u>22,123</u>	<u>3,389</u>	<u>22,123</u>

Maturity of debt:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
< 1 year	9,367	-	9,367	-
1 – 2 years	3,389	22,123	3,389	22,123
	<u>12,756</u>	<u>22,123</u>	<u>12,756</u>	<u>22,123</u>

19a Restricted funds - group

The funds of the group include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Movement in funds		
	Balance at 1 April 2018	Income	Balance at 31 March 2019
	£	£	£
Lansdowne	152,645	-	152,645
Alfred Webster Window	17,306	-	17,306
Pilgrim Trust	3,884	-	3,884
	<u>173,835</u>	<u>-</u>	<u>173,835</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

19b Restricted funds – company

The funds of the company include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2018 £	Movement in funds		Balance at 31 March 2019 £
		Income £	Expenditure £	
Lansdowne	152,645	-	-	152,645
Alfred Webster Window	17,306	-	-	17,306
Pilgrim Trust	3,884	-	-	3,884
	<u>173,835</u>	<u>-</u>	<u>-</u>	<u>173,835</u>

20 Restricted funds notes – group and company

The Lansdowne restricted fund relates to funds received in respect of the acquisition and renovation of Lansdowne Church, offset by relevant expenditure.

The Alfred Webster Window restricted fund relates to funds received in respect of the renovation of the stained-glass window designed by Alfred Webster within the Lansdowne Church.

21a Analysis of net assets between funds – group

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Fund balances at 31 March 2019 are represented by:				
Tangible assets	105,610	-	-	105,610
Intangible assets	180,086	-	-	180,086
Heritage assets	156,755	152,645	273,287	582,687
Current assets/(liabilities)	(969,595)	21,190	-	(948,405)
Creditors: amounts falling due after more than one year	(3,389)	-	-	(3,389)
	<u>(530,533)</u>	<u>173,835</u>	<u>273,287</u>	<u>(83,411)</u>
Fund balances at 31 March 2018 are represented by:				
Tangible assets	142,590	-	-	142,590
Intangible assets	205,541	-	-	205,541
Heritage assets	99,088	152,645	273,287	525,020
Current assets/(liabilities)	(948,409)	21,190	-	(927,219)
Creditors: amounts falling due after more than one year	(22,123)	-	-	(22,123)
	<u>(523,313)</u>	<u>173,835</u>	<u>273,287</u>	<u>(76,191)</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

21b Analysis of net assets between funds – company

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Fund balances at 31 March 2019 are represented by:				
Tangible assets	56,035	-	-	56,035
Heritage assets	156,755	152,645	273,287	582,687
Investments	100	-	-	100
Current assets/(liabilities)	(266,637)	21,190	-	(245,447)
Creditors: amounts falling due after more than one year	(3,389)	-	-	(3,389)
	<u>(57,136)</u>	<u>173,835</u>	<u>273,287</u>	<u>389,986</u>
Fund balances at 31 March 2018 are represented by:				
Tangible assets	67,661	-	-	67,661
Heritage assets	99,088	152,645	273,287	525,020
Investments	100	-	-	100
Current assets/(liabilities)	(253,955)	21,190	-	(232,765)
Creditors: amounts falling due after more than one year	(22,123)	-	-	(22,123)
	<u>(109,229)</u>	<u>173,835</u>	<u>273,287</u>	<u>337,893</u>

22 Related party transactions – group and company

Fact Three is a charitable company with its own constitution that shares common trustees with Four Acres Charitable Trust. As at 31 March 2019, a balance of £444,432 (2018: £403,878) was due by Fact Three to Four Acres Charitable Trust.

Fact Six Limited, a subsidiary of the charity, owed £101,707 to Four Acres Charitable Trust (2018: £72,530).

At the year end, £220,738 (2018: £202,877) was due to Fact Three from Fact Six Limited.

23 Investments in subsidiaries

Details of the charitable company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shareholding	% held	
				Direct	Indirect
Fact Six Limited (SC478206)	Scotland	Operating of licensed bar and restaurant	Ordinary	100%	-

The aggregate net assets and the result for the year of the subsidiary was as follows:

Name of undertaking	Profit/(Loss) - £	Net assets - £
Fact Six Limited	(59,339)	(473,323)

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NOTES TO THE FINANCIAL STATEMENTS

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24 Net cash provided by (used in) operating activities – group

	2019	2018
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(7,220)	(227,686)
Adjustments for:		
Interest paid	1,434	11,047
Depreciation and impairment of tangible fixed assets	69,544	39,952
Movements in working capital:		
Decrease/(increase) in stocks	(4,703)	453
(Increase) / Decrease in debtors	91,891	(443,979)
Increase / (Decrease) in creditors	(49,804)	898,777
Cash provided by operations	<u>101,142</u>	<u>278,564</u>