

**Company Registration No. SC433176 (Scotland)**

**Fife Cultural Services Trading Limited**  
**Directors' report and financial statements**  
**for the year ended 31 March 2020**

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### **Reference and Administrative Information**

The Directors who were in office during the year and up to the date of signing of the financial statements were:

B Lawrie (Chair)  
Dr FC Quinault  
S Scarlett  
D Bottom  
L Brown (from 14 October 2019)  
J Silcock (from 24 January 2020)

#### **Secretary**

K Keay

#### **Key Management Personnel**

Heather Stuart  
Chief Executive

Kirsty Keay  
Director of Corporate and Commercial Development

#### **Bankers**

Royal Bank of Scotland  
Glenrothes Branch  
3 Falkland Gate  
Kingdom Centre  
Glenrothes  
KY7 5NS

#### **Solicitors**

Burness Paull  
50 Lothian Road  
Edinburgh  
EH3 9WJ

#### **Registered Office**

Iona House  
John Smith Business Park  
Grantsmuir Road  
Kirkcaldy  
Fife  
Scotland  
KY2 6NA

#### **Auditor**

Azets Audit Services  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

#### **Company registration number:**

SC433176

## **Directors' Report**

The Directors present their report and the financial statements for the year ended 31<sup>st</sup> March 2020.

## **Principal Activity**

Fife Cultural Services Trading Limited (FCSTL) is the trading subsidiary of Fife Cultural Trust. FCSTL oversees the management and development of commercial activities of Fife Cultural Trust that are more appropriately managed outwith the Trust. FCSTL creates income through the following activities; catering and bar services in flagship venues and theatres; retail in flagship venues and some library sites; venue and room hire; and events and conferences. Any surplus generated through FCSTL is gift aided to Fife Cultural Trust to strengthen the delivery of cultural services across Fife.

## **Results for the Year**

During the year to 31 March 2020 FCSTL made an operating profit of £214,528 (2019: £135,893) and made a distribution under gift aid of £100,000 (2019: £65,000) to Fife Cultural Trust.

Expenses this year include investment in business development; new personnel to develop the catering and escape room provision alongside marketing services for the escape room.

The impact of COVID-19 led to turnover being slightly lower than the previous year £1,109,617 (2019 £1,139,663).

The 2019 distribution under gift aid has been reduced by £125,000 as a result of a Prior Year Restatement to derecognise cash of £67,809 and stocks of £58,877.

The effect of this restatement was to reduce the amount due to the Parent Company in 2019 from £263,460 to £138,460.

As a result of this at 31 March 2020 the company had net assets of £132,959 (2019 £18,431).

## **Key Achievements for the year**

The Trading Subsidiary encompassed a number of activities as it entered 2019-20:

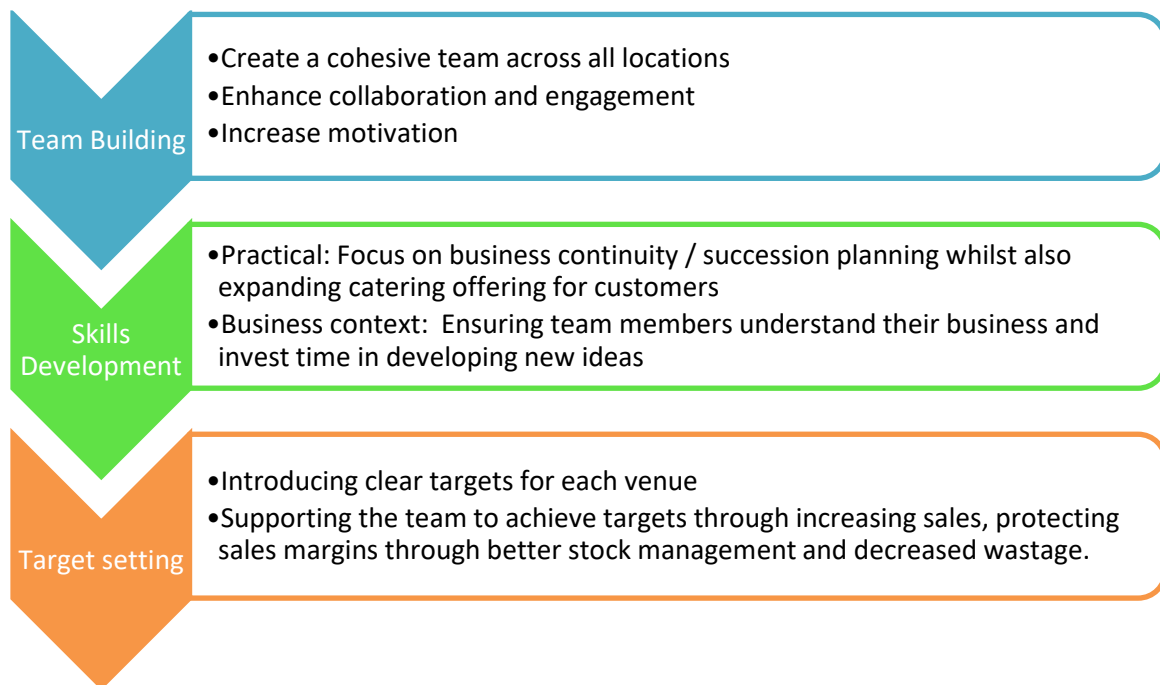
- Café / Bars
- Retail
- Events / Conferences
- Meeting room hire

During the year an additional service was added with the opening of the Cryptic Kingdom Escape Room.

The key areas for development during 2019-20 in the Trading Subsidiary were the café / bars and the escape room development and launch:

## Café / Bars

Following the integration of the Fife Council catering services into the Trust there has been a significant amount of time spent developing this area of the business across several areas:



The outcomes from this investment have included:

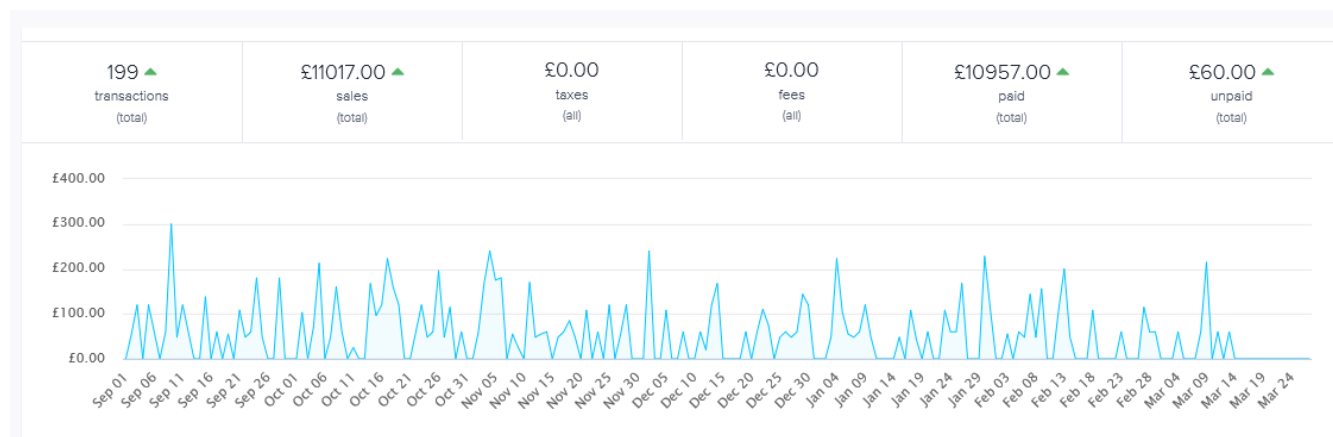
- Introduction of themed events to increase sales and build customer loyalty
- Staff development days / Training leading to menu development and increased on-site fresh cooking / baking.
- Improved daily takings at Rothes Halls; a key site
- Improved bar menu and soft drink options for customers

### Cryptic Kingdom – Escape Room

An under used space in Rothes Halls was used to create an Escape Room; a new visitor attraction / experience that was targeted at a different audience group to the usual demographic of people who engage in our services.



Since opening in September 2019 the room has been successful with regular bookings and exceptional customer reviews:



### Future Developments

A high-level strategy for the Trading Subsidiary was provided to the Board for consideration in February 2020, focusing on the following areas:



To realise these aims FCSTL has invested a lot of time in considering the future development opportunities available that would maximise income generation across the business. A key ambition for 2020-2022 was expanding operations within the MICE (Meetings, Incentive, Conference and Events) industry; seeking to utilise the Trusts existing assets in relation to meeting rooms, conferencing facilities, AV (audio visual) and technical support for events and unique spaces available for rental.

A two-year business plan has been developed with key target areas for business expansion and associated budget and investment requirements in relation to staffing resources and

capital investment. An approach was made to Fife Council for financial support for the plan, which was provided, and it was anticipated that this funding would be provided in April 2020. However, the emergence of COVID-19 and associated public health measures forced the Trust to place these plans on hold, with a view to revisiting them in late 2020 / early 2021.

### **Revised Vision 2020/21**

In the face of COVID-19 related closures FCSTL has spent the early part of the year managing options that have focused on securing the employment of our team members (accessing the Corona Virus Job Retention Scheme), and seeking financial support through business grants. Moving forward there is a focus on business diversification that will allow trading to re-commence in a manner that is in line with the Scottish Government's road map and maintains financially viable operations that can operate safely.

Considerations are being given to mobile catering options and re-designing existing sites to require lower staffing numbers, menu options that are available for takeaway, and altering venues to maximise the available space to support whatever social distancing is deemed appropriate by the Scottish Government.

### **Directors**

The directors of FCSTL are shown on page 1. Unless otherwise indicated, these directors held office throughout the year and to the date of approval for these financial statements.

### **Directors Indemnities**

Third party indemnity insurance was paid by Fife Cultural Trust during the period for the benefit of the directors of FCSTL.

### **Disclosure of information to the auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- Each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Azets Audit Services will therefore continue in office.

Fife Cultural Services Trading Limited  
Directors' report and financial statements  
Year Ended 31 March 2020

**Small Companies Note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on    October 2020 and signed on its behalf by

B Lawrie  
Director



### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Opinion**

We have audited the financial statements of Fife Cultural Services Trading Limited (the 'company') for the year ended 31 March 2020 which comprise Statement of Comprehensive Income and Retained Earnings, Balance Sheet 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 FRS 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 company's affairs as at 31 March 2020 and of its profit 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.

### **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 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 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 audit opinion.

### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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.

#### **Opinions 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 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 the knowledge and understanding of the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors 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 directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:  
[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Nick Bennett**, *Senior Statutory Auditor*

For and on behalf of Azets Audit Services, Statutory Auditor

Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh

EH3 8BL

October 2020

Fife Cultural Services Trading Limited  
Statement of Comprehensive Income and Retained Earnings  
Year Ended 31 March 2020

**Statement of Income and Retained Earnings**  
**Year ended 31 March 2020**

	Note	2020 £	Restated 2019 £
Turnover	5	1,109,617	1,139,663
Cost of sales		(778,354)	(883,350)
<b>Gross profit</b>		<b>331,263</b>	<b>256,313</b>
Administrative expenses		(116,735)	(120,420)
<b>Operating profit</b>		<b>214,528</b>	<b>135,893</b>
<b>Profit for the year</b>		<b>214,528</b>	<b>135,893</b>
Retained earnings at the beginning of the year		18,331	(52,562)
Profit for the year		214,528	135,893
Distribution under gift aid to charitable parent		(100,000)	(65,000)
<b>Retained earnings at the end of the year</b>		<b>132,859</b>	<b>18,331</b>

All results derive from continuing operations.

The notes on pages 13 - 18 form part of these financial statements

Fife Cultural Services Trading Limited.  
 Balance Sheet  
 Year Ended 31 March 2020

**Balance Sheet**  
**As at 31 March 2020**

	Note	2020 £	Restated 2019 £
<b>Fixed Assets</b>			
Tangible Assets	8	62,120	33,946
		<u>62,120</u>	<u>33,946</u>
<b>Current assets</b>			
Stock	9	58,071	64,207
Debtors	10	72,348	108,647
Cash at bank and in hand	11	27,362	82,148
		<u>157,781</u>	<u>255,002</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	12	(86,942)	(270,517)
		<u>70,839</u>	<u>(15,515)</u>
<b>Net current assets/(liabilities)</b>		<u>70,839</u>	<u>(15,515)</u>
<b>Net assets</b>		<u><u>132,959</u></u>	<u><u>18,431</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account		132,859	18,331
		<u>132,959</u>	<u>18,431</u>
		<u><u>132,959</u></u>	<u><u>18,431</u></u>

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 were approved and authorised for issue by the Board on 10 October 2020 and signed on its behalf by:

B Lawrie  
*Chair*  
**Registered number: SC433176**

Notes on pages 13 - 18 form part of the financial statements

## **Notes to the Financial Statements**

### **1 GENERAL INFORMATION**

The principal activities of Fife Cultural Services Trading Limited (FCSTL) are the management and development of commercial activities of Fife Cultural Trust that are more appropriately managed out with the Trust. FCSTL generates income through a number of activities that are centred on enhancing the customer / visitor experience such as catering, hospitality, events, and retail. Going forward FCSTL is exploring new ways of expanding activities to build on these business areas.

FCSTL is a United Kingdom company limited by shares. It is both incorporated and domiciled in Scotland. The address of its registered office is Iona House, John Smith Business Park, Grantsmuir Road, Kirkcaldy, Fife, KY2 6NA.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which FCSTL's transactions are denominated. They comprise the financial statements of FCSTL drawn up for the year ended 31 March 2020.

### **2 STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' issued by the Financial Reporting Council and the Companies Act 2006.

### **3 ACCOUNTING POLICIES**

#### **Basis of preparation of the financial statements**

The financial statements are prepared under historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006. The principal accounting policies are summarised below and have been applied consistently through the current and preceding year, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying FCSTL's accounting policies (see note 4).

#### **Going concern**

The financial statements have been prepared on a going concern basis. During the last year FCSTL has focused on improving profitability in catering / hospitality and growing existing areas of the business to enhance sustainability. In the spring of 2020, the COVID-19 virus resulted in the closure of trading activities. A new business model is being developed for implementation as soon as possible.

## Notes to the Financial Statements

### Cash Flow Statement

FCSTL has not presented a cash flow statement. It has taken advantage of the exemption contained in FRS 102 as the parent company, Fife Cultural Trust, has included a consolidated cash flow statement within its group financial statements for the year ended 31 March 2020.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to FCSTL 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 the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that FCSTL 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.

### Debtors

Short term debtors are measured at transaction price, less any impairment.

### Creditors

Short term creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### Financial instruments

FCSTL only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.



## Notes to the Financial Statements

### Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks.

## 4 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The directors are confident that all accounting judgements made relating to this financial year are evidenced and appropriate, given that these relate to further clarifying the basis of the apportionments between the parent company and the trading subsidiary. The directors are satisfied that accounting policies are appropriate and applied consistently.

## 5 ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows	2020	2019
	£	£
Rendering of services	1,109,617	1,139,663

## 6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit is stated after charging:

	2020	2019
	£	£
Auditor's remuneration: audit of these financial statements	1,025	1,025

Fife Cultural Services Trading Ltd receives support services from Fife Council free of charge. Fife Council has provided an estimated value of the services provided for the year ended 31 March 2020. The value has been included in turnover and administrative expenses and amounts to £52,395 (2019: £75,682).

**Notes to the Financial Statements**

**7 INFORMATION REGARDING STAFF AND DIRECTORS**

In 2020 staff costs totalled £403,521 (2019: £375,690). Staff costs are recharged from Fife Cultural Trust.

No Directors received any remuneration or payments from FCSTL during the year.

**8 TANGIBLE ASSETS**

	<b>Vehicles, Plant &amp; equipment £</b>
<b>Cost</b>	
As at 1 April 2019	47,374
Additions	41,944
	<u>                    </u>
As at 31 March 2020	89,318
	<u><u>                    </u></u>
<b>Depreciation</b>	
As at 1 April 2019	(13,428)
Charge in year	(13,770)
	<u>                    </u>
As at 31 March 2020	(27,198)
	<u><u>                    </u></u>
<b>Net book value</b>	
As at 31 March 2019	33,946
As at 31 March 2020	62,120
	<u><u>                    </u></u>

**9 STOCK**

	<b>2020 £</b>	<b>Restated 2019 £</b>
Stock	58,071	64,207
	<u><u>                    </u></u>	<u><u>                    </u></u>

## Notes to the Financial Statements

### 10 DEBTORS FALLING DUE WITHIN ONE YEAR

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	68,489	61,832
Other debtors and prepayments	3,859	46,815
	<u><b>72,348</b></u>	<u><b>108,647</b></u>

### 11 CASH AND CASH EQUIVALENTS

	<b>2020</b>	<b>Restated</b> <b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	27,362	82,148
	<u>27,362</u>	<u>82,148</u>

### 12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2020</b>	<b>Restated</b> <b>2019</b>
	<b>£</b>	<b>£</b>
Amounts owed to Parent Company	25,610	138,460
Trade Creditors	24,103	6,308
Accruals	35,097	92,685
Taxation and social security	2,132	33,064
	<u><b>86,942</b></u>	<u><b>270,517</b></u>

### 13 CALLED UP SHARE CAPITAL

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

### 14 RESERVES

The profit and loss account includes all current period retained profits and losses.

### 15 TAXATION

FCSTL gift aids all available profits to Fife Cultural Trust and has no liability to tax.

## **Notes to the Financial Statements**

### **16 ULTIMATE PARENT COMPANY**

FCSTL is a subsidiary of Fife Cultural Trust, a company limited by guarantee, registered in Scotland and a registered charity (number SC043442).

The largest group into which the results of the FCSTL are consolidated is Fife Council. The consolidated financial statements of Fife Council may be obtained from Fife House North Street Glenrothes Fife KY7 5LT.

### **17 RELATED PARTIES**

FCSTL has elected to take advantage of the exemption from disclosure of transactions with group companies and investees of the group qualifying as related parties, available to wholly owned subsidiary under FRS 102 on the basis that the group financial statements are publicly available.

### **18 PRIOR YEAR RESTATEMENT**

Comparative amounts relating to 2019 have been restated to derecognise cash of £67,809 and stocks of £58,877, with corresponding amounts recognised in expenditure and closing profit and loss reserves. A distribution to the charitable parent of £125,000 was cancelled as a result. The overall impact to the closing profit and loss reserves was a decrease of £1,686.