

**MORVERN COMMUNITY TRADING COMPANY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

MORVERN COMMUNITY TRADING COMPANY LTD

COMPANY INFORMATION

Directors

Ms L J Jones
Mr R M Jones
Ms S Layton (appointed 27 October 2022)
Mr K J McLaughlin (appointed 27 October 2022)
Ms J Stuart-Smith (appointed 27 October 2022)
Mr A F G Robertson (resigned 27 October 2022)

Registered number

SC441180

Registered office

Lochaline Harbour
Morvern
Oban
Argyll
PA80 5XT

Independent auditors

EQ Audit Services LLP
Chartered Accountants & Statutory Auditors
14 City Quay
Dundee
DD1 3JA

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Directors

The directors who served during the year were:

Ms L J Jones
Mr R M Jones
Ms S Layton (appointed 27 October 2022)
Mr K J McLaughlin (appointed 27 October 2022)
Ms J Stuart-Smith (appointed 27 October 2022)
Mr A F G Robertson (resigned 27 October 2022)

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

Auditors

The auditors, EQ Audit Services LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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 30 November 2023 and signed on its behalf.



Mr R M Jones
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVERN COMMUNITY TRADING COMPANY LTD

Opinion

We have audited the financial statements of Morvern Community Trading Company Ltd (the 'Company') for the year ended 31 March 2023, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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 Company's affairs as at 31 March 2023 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVERN COMMUNITY TRADING COMPANY LTD (CONTINUED)

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 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 in relation to which 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 Directors' responsibilities statement set out on page 1, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVERN COMMUNITY TRADING COMPANY LTD (CONTINUED)

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

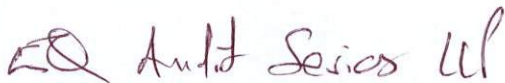
We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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. This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVERN COMMUNITY TRADING COMPANY LTD (CONTINUED)

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 Auditors' 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.



Douglas Rae (Senior statutory auditor)

for and on behalf of
EQ Audit Services LLP

Chartered Accountants
Statutory Auditors

14 City Quay
Dundee
DD1 3JA

5 December 2023

MORVERN COMMUNITY TRADING COMPANY LTD

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Turnover	205,670	165,876
Cost of sales	(128,499)	(109,162)
Gross profit	77,171	56,714
Administrative expenses	(81,293)	(56,120)
Other operating income	12,698	14,745
Operating profit	8,576	15,339
Interest payable and similar expenses	(8)	(557)
Profit before tax	8,568	14,782
Profit after tax	8,568	14,782
Retained earnings at the beginning of the year	14,772	23,910
	14,772	23,910
Profit for the year	8,568	14,782
Dividends declared and paid	-	(23,920)
Retained earnings at the end of the year	23,340	14,772

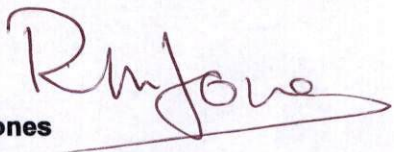
The notes on pages 9 to 13 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2023

		2023 £	2022 £
Current assets			
Stocks		4,231	11,391
Debtors: amounts falling due within one year	4	11,466	9,170
Cash at bank and in hand		36,543	18,105
		<u>52,240</u>	<u>38,666</u>
Creditors: amounts falling due within one year	5	<u>(28,800)</u>	<u>(23,794)</u>
Net current assets		<u>23,440</u>	<u>14,872</u>
Total assets less current liabilities		<u>23,440</u>	<u>14,872</u>
Net assets		<u><u>23,440</u></u>	<u><u>14,872</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		23,340	14,772
		<u>23,440</u>	<u>14,872</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 and were signed on its behalf on 30 November 2023.


Mr R M Jones
 Director

The notes on pages 9 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

Morvern Community Trading Company Ltd is a private company, limited by shares, incorporated in Scotland with registration number SC441180. The registered office is Lochaline Harbour Lochaline, Morvern, Oban, Argyll, PA80 5XT.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.3 Operating leases: the Company as lessee

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

2.4 Government grants

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

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

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

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

2.11 Creditors

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

2.12 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

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

2023	2022
No.	No.
7	6

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Debtors

	2023 £	2022 £
Trade debtors	7,284	5,957
Other debtors	1,113	400
Prepayments and accrued income	3,069	2,813
	11,466	9,170

5. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans	-	2,956
Trade creditors	1,083	608
Amounts owed to group undertakings	12,250	13,000
Other taxation and social security	4,703	1,450
Other creditors	164	-
Accruals and deferred income	10,600	5,780
	28,800	23,794

6. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	-	2,956
	-	2,956

7. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary £1 shares shares of £1.00 each	100	100

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £267 (2022 - £217). Contributions totalling £164 (2022 - £nil) were payable to the fund at the balance sheet date.

9. Related party transactions

The group has taken advantage of provisions within FRS102 and has not disclosed transactions entered into with other wholly owned members of the group.

10. Controlling party

The Company is a wholly owned subsidiary of The Morvern Community Development Company (MCDC), a company limited by guarantee incorporated in Scotland with registration number SC200325. MCDC is the ultimate controlling party and has its registered office at Lochaline Harbour, Lochaline, Morvern, Oban, Argyll, PA80 5XT.

MCDC is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2023. The results of Morvern Community Trading Company are included within the consolidated financial statements of MCDC.

11. Provisions available for audits of small entities

In keeping with many other businesses of our size and nature, we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

MORVERN COMMUNITY TRADING COMPANY LTD

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Gross profit on Fuel Pump	14,773	17,276
Gross profit on Harbour Services	60,801	39,181
Gross profit on Morvern Eco Wheels	1,597	257
Other operating income	12,698	14,745
	<u> </u>	<u> </u>
Less: overheads		
Administration expenses	(81,293)	(56,120)
	<u> </u>	<u> </u>
Operating profit	8,576	15,339
Interest payable	(8)	(557)
	<u> </u>	<u> </u>
Profit for the year	<u>8,568</u>	<u>14,782</u>

MORVERN COMMUNITY TRADING COMPANY LTD

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 Fuel pump

	2023 £	2022 £
Turnover		
Fuel Sales	136,634	120,468
Rural Fuel Rebate	4,169	4,639
	<u>140,803</u>	<u>125,107</u>
Less: Expenses		
Fuel Purchases	123,530	105,331
Fuel Pump Rent	2,500	2,500
	<u>126,030</u>	<u>107,831</u>
Gross profit on trading activity	<u>14,773</u>	<u>17,276</u>

Harbour services

	2023 £	2022 £
Turnover		
Boat Income	53,577	36,646
Showers and Laundrette Income	4,178	2,535
Miscellaneous Income	3,046	-
	<u>60,801</u>	<u>39,181</u>
Gross profit on trading activity	<u>60,801</u>	<u>39,181</u>

Morvern Eco Wheels

	2023 £	2022 £
Turnover		
Car Hire	1,578	1,588
Bike Hire	2,488	-
	<u>4,066</u>	<u>1,588</u>
Less: Expenses		
Car Expenses	1,733	1,331
Bike Expenses	736	-
	<u>2,469</u>	<u>1,331</u>
Gross profit on trading activity	<u>1,597</u>	<u>257</u>

MORVERN COMMUNITY TRADING COMPANY LTD

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Other operating income		
Net rents receivable	12,698	7,632
Government grants receivable	-	7,113
	<u>12,698</u>	<u>14,745</u>

	2023 £	2022 £
Administration expenses		
Staff salaries	21,448	17,626
Staff national insurance	-	664
Staff pension costs - defined contribution schemes	267	217
Telephone and fax	1,763	3,184
Computer costs	3,599	3,290
General office expenses	3,844	1,513
Advertising and promotion	555	498
Charity donations	85	20
Legal and professional	13	13
Audit fees	2,750	2,625
Accountancy fees	3,170	2,350
Bookkeeping	4,883	3,026
Bank charges	1,429	1,451
Sundry expenses	106	-
Rent - operating leases	2,525	2,396
Water	79	74
Light and heat	10,025	3,591
Insurances	4,946	3,436
Repairs and maintenance	19,806	10,146
	<u>81,293</u>	<u>56,120</u>

	2023 £	2022 £
Interest payable		
Bank loan interest payable	8	557
	<u>8</u>	<u>557</u>