

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Company number: 02454552

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:

C Buckland – resigned 7 September 2016

J Feeley

F Rahman – resigned 17 May 2016

B Rajani (Chair)

A Rawal – appointed 3 May 2017

M Redhouse – resigned 1 January 2017

M Sangster

S Saraf –appointed 22 February 2016

S Selwyn- resigned 16 June 2017

K Tighe – appointed 3 May 2017 and resigned 11 May 2017

R Webb – resigned 3 March 2017

SECRETARY:

J Feeley

REGISTERED OFFICE:

Kenton Grange

Kenton Road

Harrow

Middlesex

HA3 0YG

AUDITOR:

haysmacintyre

26 Red Lion Square

London

WC1R 4AG

PRINCIPAL BANKERS:

Allied Irish Bank (GB)

33-35 Wembley Hill Road

Wembley

Middlesex

HA9 8AS

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Company Status

The company was incorporated on 21 December 1989 as a private company limited by shares. It is registered in England and Wales, company number 02454552.

Principal activities and business review

The principal activity of the company is to generate income to fund the work of St. Luke's Hospice (Harrow & Brent) Limited (its parent company) by raising funds through a network of charity shops and operating the Hospice's Lottery.

The company started the year with 16 shops and opened 1 new shop during the year taking the portfolio to 17, with a lease for 2 further shops with solicitors at the year end.

The company continues to trade profitably with a payment of £179,746 (before deductions for Head office administrative service costs) made to the company's parent company, St. Luke's Hospice (Harrow & Brent) Limited using the gift aid scheme (2015: £452,419).

2016 profit shown in the accounts is lower than in 2015 because a higher proportion of trading was carried out under the retail gift aid scheme whereby goods are donated directly to the Hospice (a registered charity) and sold by the Company on its behalf. In 2016 these donations amounted to £604,359 (2015: £368,972) and the additional gift aid recovered by the Hospice £150,967 (2015: £92,245). Overall therefore the activities of the shops company have generated £ 935,072 (2015: £913,636) towards the work of the Hospice.

The company's financial statements for the period cover the year to 31 December 2016. Sales of donated goods, on a like for like basis including the gift-aided goods, rose by 6% while administrative expenses increased by 12%. The shops, excluding lottery, made £712,792 profit, a 2.8% decrease on 2015, on a like for like basis allowing for donations for gift aid. Premises and salary costs continued to increase with the opening of a new shop in Harlesden. The company has also implemented the London Living Wage as a minimum and increased matched pension contributions to 4% from 2%. In addition retail staff now have death in service cover in line with employees of the parent company, and Willesden Green during the year. Sales of the weekly Lottery increased by £12,199 (3.9%) as a result of increased sales of lottery tickets over the shop counter.

Strategic aims

The strategic plan continues to be doubling the income generated for the Hospice over the next 3 years, by significantly increasing the number of charity shops it operates and the new shop opened during the year is a further step in delivering this strategic plan.

Dividend and transfer to reserves

As the company has gift aided its entire taxable profit to its parent, the amount to be added to reserves is nil and no dividend payment is appropriate.

Fixed assets

Full disclosure of all matters relating to fixed assets is made in note 6 to the financial statements. Expenditure of a repairs and maintenance nature has been duly written off in the period.

Lottery Registration

After the year end an application has been made to register the lottery with the Gambling Commission. The lottery was registered with the London Borough of Harrow as a small society lottery. However as gross proceeds have exceeded the limit for a small society lottery it will in future be registered with the Gambling commission as a large society lottery.

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Going concern

The directors have prepared the financial statements on a going concern basis and consider that no disclosures relating to the charity's ability to continue as a going concern need to be made in the financial statements.

Directors and their interests

The directors during the year under review are noted on Page 1.

No director held any beneficial interest in the company (2015: nil).

C Buckland, F Rahman, and M Redhouse were also directors of St. Luke's Hospice (Harrow & Brent) Limited, the ultimate parent company, throughout the year and B Rajani was an ex officio member of the parent company board by virtue of his role as Chair of the subsidiary company. M Redhouse holds one share in this company as nominee of St. Luke's Hospice (Harrow & Brent) Limited.

Directors' Responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

haysmacintyre will be reappointed at the Annual General Meeting.

By order of the Board

B Rajani
Chairman
Date:



21/9/17

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED**

We have audited the financial statements of St Luke's Hospice (Harrow & Brent) Charity Shops Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinions on other matter 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.

In the light of our 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.

Matters on which we are required to report by exception

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 exemption in preparing the directors report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Anna Bennett (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

21/9/17

26 Red Lion Square
London
WC1R 4AG

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
TURNOVER		1,967,489	2,050,913
Cost of sales		(11,244)	(7,914)
Gross profit		1,956,245	2,042,999
Administrative expenses		(1,999,168)	(1,771,357)
Other operating income - lottery		222,280	180,279
Operating profit	2	179,357	451,921
Interest receivable and similar income		389	498
Gift aid to parent undertaking		(179,746)	(452,419)
Profit/(Loss) on ordinary activities before taxation		-	-
Taxation	5	-	-
Profit/(Loss) for the financial year		-	-

None of the company's activities was acquired or discontinued during the current and previous years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account therefore no statement of total recognised gains and losses has been presented.

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	6	307,862	254,249
CURRENT ASSETS			
Debtors	7	193,251	122,229
Cash at bank and in hand		156,608	286,721
		349,859	408,950
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(645,199)	(650,677)
NET CURRENT LIABILITIES		(295,340)	(241,727)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,522	12,522
CALLED UP SHARE CAPITAL			
Called up share capital	9	2	2
Profit and loss account	10	12,520	12,520
Shareholders' funds	11	12,522	12,522

The financial statements were approved and authorised for issue by the Board of Directors on and signed on their behalf by:

B Rajani
Director



The notes on pages 7 to 11 form part of these financial statements.

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic Of Ireland.

1.2 Turnover

Turnover represents proceeds, excluding value added tax, of purchased and donated goods sold during the year.

1.3 Tangible fixed assets

Fixed assets are stated at cost and depreciation is provided using the following rates and bases to reduce by annual instalments the cost of tangible assets over their estimated useful lives.

Leasehold properties	- straight line over the life of the lease
Equipment & fixtures	- 20% straight line
Motor vehicles	- 20% straight line

1.4 Stocks

No value is attributed to stocks of donated goods as the value is unknown until such time as it is sold. Christmas card stocks at the year-end are stated at lower of cost and market value.

1.5 Deferred taxation

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 Pensions

The Company operates a defined contribution qualifying scheme under the auto-enrolment rules. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the company. There is no liability under the scheme other than the payment of those contributions.

1.7 Cashflow statement

The company has not produced a Cashflow statement as one is prepared for the group by its parent undertaking.

1.8 Leases

Operating lease rentals are charged to the profit and loss account over the period of the lease.

2. OPERATING PROFIT

	2016	2015
	£	£
The operating profit is stated after charging:		
Depreciation	61,362	72,106
Auditor's remuneration	3,100	3,000
Operating lease rentals:		
Land and buildings	435,329	393,575
	<u>60,724</u>	<u>56,175</u>
Directors' emoluments and other benefits etc	60,724	56,175
Company contributions to directors' pension schemes	1,908	265
	<u>1,908</u>	<u>265</u>

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

3. LOTTERY	2016	2015
	£	£
A summary of the results for the period is as follows:		
Income	322,189	309,990
Prizes	(78,000)	(78,000)
Administrative expenses	(21,909)	(51,711)
Total expenses	<u>(99,909)</u>	<u>(129,711)</u>
Net profit	<u>222,280</u>	<u>180,279</u>
4. STAFF COSTS	2016	2015
	£	£
Wages and salaries	1,053,680	930,484
Social security costs	76,231	68,935
Pension costs	50,803	8,565
	<u>1,180,714</u>	<u>1,007,984</u>
Pension costs include an amount of £17,635 paid in respect of death in service cover for employees of the company.		
	<u> </u>	<u> </u>
	No	No.
Average number of paid employees during the year was as follows	<u>53</u>	<u>45</u>
At 31 December 2016 the number of employees for whom retirement benefits were accruing is:		
Defined benefit	-	-
Defined contribution	<u>55</u>	<u>42</u>

In addition to the paid staff the company relies heavily on the services of over 750 volunteers to staff its shops.

5. TAXATION

No tax liability arises as the company has transferred its taxable profits to its parent undertaking, St Luke's Hospice (Harrow & Brent) Limited (a registered charity) under gift aid.

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

6. TANGIBLE FIXED ASSETS	Leasehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost				
Opening balance	769,791	81,780	39,981	891,552
Additions	100,725	-	14,250	114,975
Closing balance	<u>870,516</u>	<u>81,780</u>	<u>54,231</u>	<u>1,006,527</u>
Depreciation				
Opening balance	529,210	68,416	39,677	637,303
Charge for the year	51,890	8,930	542	61,362
Closing balance	<u>581,100</u>	<u>77,346</u>	<u>40,219</u>	<u>698,665</u>
Net Book Value				
At 31 December 2016	<u>289,416</u>	<u>4,434</u>	<u>14,012</u>	<u>307,862</u>
At 31 December 2015	<u>240,581</u>	<u>13,364</u>	<u>304</u>	<u>254,249</u>

Analysis of net book value of land and buildings:

	2016 £	2015 £
Short leaseholds	289,416	240,581

The additions to Leasehold Property above reflect the value of tenant improvements made to the new shop added to the portfolio during the year.

7. DEBTORS: amounts falling due within one year	2016 £	2015 £
VAT recoverable	24,659	17,767
Other debtors	29,272	875
Prepayments and accrued income	139,320	103,588
	<u>193,251</u>	<u>122,229</u>
8. CREDITORS: amounts falling due within one year	2016 £	2015 £
Trade creditors	38,391	22,554
Amounts owed to parent undertaking	527,168	521,906
Other creditors	5,830	17,423
Taxation and social security	19,929	24,220
Accruals and deferred income	53,881	64,574
	<u>645,199</u>	<u>650,677</u>

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

9. SHARE CAPITAL	2016	2015
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>
10. PROFIT AND LOSS ACCOUNT	2016	2015
	£	£
Accumulated profits at start of year	12,520	12,520
Retained loss for the year	-	-
	<u> </u>	<u> </u>
Accumulated profits at end of year	12,520	12,520
	<u> </u>	<u> </u>
11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2016	2015
	£	£
Retained loss for the financial year	-	-
	<u> </u>	<u> </u>
Net reduction to shareholders' funds		
Opening shareholders' funds	12,522	12,522
	<u> </u>	<u> </u>
Closing shareholders' funds	12,522	12,522
	<u> </u>	<u> </u>

12. OPERATING LEASE COMMITMENTS

The company has the following commitments under non-cancellable operating leases:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£		£
Amounts payable				
Within 1 year	51,400	77,598		-
Within one to two years	-	33,900		-
Within two to five years	104,253	13,650	3,588	-
After five years	310,190	271,760		-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	465,843	396,908	3,588	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13. CAPITAL COMMITMENTS

There were no capital commitments at the year end.

14. ULTIMATE PARENT UNDERTAKING

The ultimate holding undertaking is St. Luke's Hospice (Harrow & Brent) Limited, a company registered in England and Wales, and a registered charity.

15. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption not to disclose transactions with St Luke's Hospice (Harrow & Brent) Limited.

ST LUKE'S HOSPICE (HARROW & BRENT) CHARITY SHOPS LIMITED
DETAILED PROFIT AND LOSS ACCOUNT – FOR THE DIRECTORS ONLY
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016		2015	
	£	£	£	£
Turnover				
Sales of purchased goods		13,302		10,339
Cost of sales		(11,244)		(7,914)
Gross profit		2,058		2,425
Sales of donated goods		1,888,446		1,983,103
Flats rental income		59,624		53,736
		<u>1,950,128</u>		<u>2,039,264</u>
Other income				
Bank interest received		389		498
Commission earned		6,117		3,735
Expenditure				
Premises costs				
Rent and rates	463,849		414,601	
Light, heat and water	45,611		43,556	
Insurance	12,019		18,239	
Repairs and maintenance	33,407		42,928	
Depreciation	60,074		66,703	
		<u>614,960</u>		<u>586,027</u>
Staff costs				
Salaries	1,180,714		1,015,616	
Training, travel, adverts and other staff costs	6,359		2,777	
		<u>1,187,073</u>		<u>1,018,393</u>
Trading costs				
Advertising	2,528		201	
Vehicle costs	11,169		14,592	
Vehicle depreciation	541		3,647	
E bay costs	4,867		-	
Consumables	61,945		65,392	
		<u>81,052</u>		<u>83,832</u>
General costs				
Telephone	18,894		12,059	
General expenses	29,622		24,157	
Legal and professional fees	40,422		19,500	
Audit fees	4,200		3,000	
Bank charges	22,944		24,388	
		<u>116,081</u>		<u>83,104</u>
Total administrative expenses		<u>(1,999,168)</u>		<u>1,771,357</u>
Profit/(Loss) before charges		(42,534)		272,140
Profit on lottery		222,280		180,279
Gift aid/Deed of Covenant		(179,746)		(452,419)
Net profit for the year before tax		-		-
Taxation		-		-
Net profit		<u>-</u>		<u>-</u>