

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

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company number: 02454552

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COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:

B Rajani (Chair)
A Rawal (Resigned on 12 Feb 2019)
M Sangster
S Saraf
M Freedman (appointed 29 May 2018)
A Malde (appointed 29 May 2018)
G Schiller (appointed 29 May 2018)

REGISTERED OFFICE:

Kenton Grange
Kenton Road
Harrow
Middlesex
HA3 0YG

AUDITOR:

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

PRINCIPAL BANKERS:

Allied Irish Bank (GB)
33-35 Wembley Hill Road
Wembley
Middlesex
HA9 8AS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

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 19 shops but decided to close down one of them during the year, taking the portfolio to 18. The Board of Directors have agreed that they would not be actively looking for new sites but would rather enter a period of consolidation, the focus being on improving profitability from the existing portfolio. Even though the company has reported a loss for the year of £84k (before deductions for Head office administrative costs) (2017: Profit of £287k), the overall value generation by the company towards the work of the Hospice was £820k (2017: £867k).

2018 profit shown in the accounts is lower than in 2017 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 2018 these donations amounted to £729k (2017: £463k) and the additional gift aid recovered by the Hospice £173k (2017: £117k). Overall therefore the activities of the shops company have generated £820k (2017: £867k) towards the work of the Hospice.

The company's financial statements for the period cover the year to 31 December 2018. Sales of donated goods, on a like for like basis including the gift-aided goods, fell marginally by 2% while expenses also decreased by 2%. The shops, on a like for like basis allowing for donations for gift aid, excluding lottery, made £643k profit, a 1% decrease on 2017 of £652k. Sales of the weekly Lottery decreased by £39k (14%) as a result of reduced canvassing activities due to inability to recruit canvassers.

Strategic aims

The Hospice strategy is to increase net income from Fund Raising and Retail (excluding legacies) by £1m by 2021. As a part of that strategy, there will be a review of Shops strategy with an aim to increase net profit from Shops by 16% in 2019 and 10% annually over the following 2 years.

Dividend and transfer to reserves

As the company incurred a loss during the year, there was no gift aid of profit to its parent this year.

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.

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 (2017: nil).

Ajay Rawal was also director 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. The entire shareholding of the Company is held by the parent company.

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.

By order of the Board

G Schiller
Director
Date:

Gillian Schiller
260319

Opinion

We have audited the financial statements of St Luke's Hospice (Harrow & Brent) Charity Shops for the year ended 31 December 2018 which comprise the Profit and Loss Account, the 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 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 December 2018 and of the its loss 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 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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. This description forms part of our auditor's report.

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 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 Directors' 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.

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 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 by the company; or
- the company 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.

Use of this 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.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 26 March 2019

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
TURNOVER		1,919,376	2,287,184
Cost of sales		(1,597)	(621)
Gross profit		1,917,779	2,286,563
Administrative expenses		(2,178,813)	(2,214,544)
Other operating income - lottery		176,647	215,037
Operating (loss)/profit	2	(84,387)	287,056
Interest receivable and similar income		721	463
(Loss)/profit on ordinary activities before taxation		(83,666)	287,519
Taxation	5	-	-
(Loss)/profit for the financial year		(83,666)	287,519

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.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Retained earnings £	Total equity £
At 1 January 2017	2	12,520	12,522
Comprehensive income for the year			
Profit for the year	-	287,519	287,519
Total comprehensive income for the year	-	287,519	287,519
Gift aid to parent undertaking	-	(287,519)	(287,519)
Balance as at 31 December 2017	2	12,520	12,522
Comprehensive income for the year			
Loss for the year	-	(83,666)	(83,666)
Total comprehensive income for the year	-	(71,146)	(71,146)
Gift aid to parent undertaking	-	-	-
Balance as at 31 December 2018	2	(71,146)	(71,144)

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	6	412,817	385,290
CURRENT ASSETS			
Debtors	7	189,510	186,494
Cash at bank and in hand		315,349	666,979
		504,859	853,473
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(988,820)	(1,226,241)
NET CURRENT LIABILITIES			
		(483,961)	(372,768)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(71,144)	12,522
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	(71,146)	12,520
Shareholders' funds	11	(71,144)	12,522

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

G Schiller
Director

Gillian Schiller

260319

The notes on pages 8 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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	- assets acquired prior to 2016 – over the term of the lease - assets acquired after 2016 – shorter of 5 years or the remaining term of the lease
Equipment & fixtures	- 20% straight line
Motor vehicles	- 20% straight line

1.4 Assessment of going concern

The Directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Directors have made this assessment in respect to a period of one year from the date of approval of these accounts.

The Directors of the company have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Directors are of the opinion that the company will have sufficient resources to meet its liabilities as they fall due. With regard to the next accounting period, the year ending 31 December 2019, the most significant areas that affect the carrying value of the assets held by the company are the continuing sales of goods in the shops and receipts from the lottery.

1.5 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.

1.6 Cashflow statement

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

1.7 Leases

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

2. OPERATING (LOSS)/PROFIT

	2018	2017
	£	£
The operating (loss)/profit is stated after charging:		
Depreciation	101,794	73,460
Auditor's remuneration	3,300	3,200
Operating lease rentals:		
Land and buildings	534,921	481,096
Directors' emoluments and other benefits etc.	-	42,199
Company contributions to directors' pension schemes	-	2,093
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

3. LOTTERY	2018	2017
	£	£
A summary of the results for the period is as follows:		
Income	281,665	321,128
Prizes	(78,000)	(78,000)
Administrative expenses	(27,018)	(28,091)
	<u> </u>	<u> </u>
Total expenses	(105,018)	(106,091)
	<u> </u>	<u> </u>
Net profit	176,647	215,037
	<u> </u>	<u> </u>

4. STAFF COSTS	2018	2017
	£	£
Wages and salaries	1,087,373	1,131,915
Social security costs	73,682	84,177
Pension costs	57,282	55,289
	<u> </u>	<u> </u>
	1,218,337	1,271,381
	<u> </u>	<u> </u>

Pension costs include an amount of £9,965 (2017: £8,879) paid in respect of death in service cover for employees of the company.

	No	No.
Average number of paid employees during the year was as follows	55	58
	<u> </u>	<u> </u>
At 31 December 2018 the number of employees for whom retirement benefits were accruing is:		
Defined benefit	-	-
Defined contribution	48	58
	<u> </u>	<u> </u>

In addition to the paid staff the company relies heavily on the services of over 557 volunteers to staff its shops.

5. TAXATION

No tax liability arises as the company incurred losses during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

6. TANGIBLE FIXED ASSETS	Leasehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost				
Opening balance	1,018,840	84,344	54,231	1,157,415
Additions	128,361	960	-	129,321
Closing balance	1,147,201	85,304	54,231	1,286,736
Depreciation				
Opening balance	649,508	79,548	43,069	772,125
Charge for the year	96,840	2,104	2,850	101,794
Closing balance	746,348	81,652	45,919	873,919
Net Book Value				
At 31 December 2018	400,853	3,652	8,312	412,817
At 31 December 2017	369,332	4,796	11,162	385,290

	2018 £	2017 £
Analysis of net book value of land and buildings:		
Short leaseholds	400,853	369,332

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	2018 £	2017 £
VAT recoverable	23,953	18,903
Other debtors	10,648	16,487
Prepayments and accrued income	154,909	151,104
	189,510	186,494
	=====	=====
8. CREDITORS: amounts falling due within one year	2018 £	2017 £
Trade creditors	10,720	33,479
Amounts owed to parent undertaking	922,143	1,085,848
Other creditors	8,408	11,376
Taxation and social security	-	20,833
Accruals and deferred income	47,549	74,705
	988,820	1,226,241
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

9. SHARE CAPITAL	2018	2017
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	=====	=====
Allotted, issued and fully paid		
2 ordinary shares of £1 each	2	2
	=====	=====
10. PROFIT AND LOSS ACCOUNT	2018	2017
	£	£
Accumulated profits at start of year	12,520	12,520
Retained (loss) for the year	(83,666)	-
	-----	-----
Accumulated (losses)/profits at end of year	(71,146)	12,520
	=====	=====
11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2018	2017
	£	£
Retained loss for the financial year	(83,666)	-
	-----	-----
Net reduction to shareholders' funds	(83,666)	-
Opening shareholders' funds	12,522	12,522
	-----	-----
Closing shareholders' funds	(71,144)	12,522
	=====	=====

12. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2018	2017
	£	£
Amounts payable:		
Within 1 year	535,104	469,370
Within one to two years	528,279	462,225
Within two to five years	1,751,808	1,296,634
After five years	618,397	1,090,567
	-----	-----
	3,433,588	3,318,796
	=====	=====

13. CAPITAL COMMITMENTS

There were no capital commitments at the year-end (2017 – none).

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

As a wholly owned subsidiary, advantage has been taken of the exemption not to disclose transactions with St Luke's Hospice (Harrow & Brent) Limited.