

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

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Company number: 02454552

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

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:

J Feeley (resigned 12 September 2017)
B Rajani (Chair)
A Rawal – appointed 3 May 2017
M Redhouse – resigned 1 January 2017
M Sangster
S Saraf
S Selwyn - resigned 16 June 2017
K Tighe – appointed 3 May 2017 and resigned 11 May 2017
R Webb – resigned 2 March 2017
M Freedman (appointed 29 May 2018)
A Malde (appointed 29 May 2018)
G Schiller (appointed 29 May 2018)

SECRETARY:

J Feeley – resigned 12 September 2017

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

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

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 17 shops and opened 2 new shops during the year taking the portfolio to 19. 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. The company continues to trade profitably with a payment of £287,519 (before deductions for Head office administrative costs) made to the company's parent company, St. Luke's Hospice (Harrow & Brent) Limited using the gift aid scheme (2016: £179,746).

2017 profit shown in the accounts is higher than in 2016 because a lower 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 2017 these donations amounted to £463,500 (2016: £604,359) and the additional gift aid recovered by the Hospice £116,476 (2016: £150,967). Overall therefore the activities of the shops company have generated £867,495 (2016: £935,072) towards the work of the Hospice.

The company's financial statements for the period cover the year to 31 December 2017. Sales of donated goods, on a like for like basis including the gift-aided goods, rose by 7.4% while administrative expenses increased by 10.8%. The shops, excluding lottery, made £652,458 profit, an 8.4% decrease on 2016, on a like for like basis allowing for donations for gift aid. Premises and salary costs continued to increase with the opening of two new shops in Wealdstone and Ealing Road, Wembley. The company has also implemented the London Living Wage as a minimum and increased matched pension contributions to 6% from 4%. In addition, retail staff now have death in service over in line with employees of the parent company. Sales of the weekly Lottery decreased by £15,855 (4.9%) as a result of reduced canvassing activities due to inability to recruit canvassers.

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.

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.

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

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 (2016: 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. M Redhouse held one share in this company as nominee of St. Luke's Hospice (Harrow & Brent) Limited. This has been amended so that the entire shareholding is now 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.

Auditors

haysmacintyre will be reappointed at the Annual General Meeting.

By order of the Board

G Schiller
Director
Date:

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

Opinion

We have audited the financial statements of St Luke's Hospice (Harrow & Brent) Charity Shops for the year ended 31 December 2017 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 2017 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 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.

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

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 charitable 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 charitable 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 charitable company and the charitable 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

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
TURNOVER		2,287,184	1,967,489
Cost of sales		(621)	(11,244)
Gross profit		2,286,563	1,956,245
Administrative expenses		(2,214,544)	(1,999,168)
Other operating income - lottery		215,037	222,280
Operating profit	2	287,056	179,357
Interest receivable and similar income		463	389
Profit on ordinary activities before taxation		287,519	179,746
Taxation	5	-	-
Profit for the financial year		287,519	179,746
		<u><u>=====</u></u>	<u><u>=====</u></u>

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 2017

		Share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2016		2	12,520	12,522
Comprehensive income for the year				
Profit for the year		-	179,746	179,746
Total comprehensive income for the year		-	179,746	179,746
Gift aid to parent undertaking		-	(179,746)	(179,746)
Balance as at 31 December 2016		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	287,521
Gift aid to parent undertaking		-	(287,519)	(287,519)
Balance as at 31 December 2017		2	12,520	12,522
		<u><u>=====</u></u>	<u><u>=====</u></u>	<u><u>=====</u></u>

BALANCE SHEET**AS AT 31 DECEMBER 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	6	385,290	307,862
CURRENT ASSETS			
Debtors	7	186,494	193,251
Cash at bank and in hand		666,979	156,608
		853,473	349,859
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(1,226,241)	(645,199)
NET CURRENT LIABILITIES			
		(372,768)	(295,340)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		12,522	12,522
CAPITAL AND RESERVES			
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:

G Schiller
Director

The notes on pages 8 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 2017

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 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 2018, 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 PROFIT

2017

£

2016

£

The operating profit is stated after charging:

Depreciation	73,460	61,362
Auditor's remuneration	3,200	3,100
Operating lease rentals:		
Land and buildings	481,096	435,329
Directors' emoluments and other benefits etc	42,199	60,724
Company contributions to directors' pension schemes	2,093	1,908
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

3. LOTTERY	2017	2016
	£	£
A summary of the results for the period is as follows:		
Income	321,128	322,189
Prizes	(78,000)	(78,000)
Administrative expenses	(28,091)	(21,909)
Total expenses	(106,091)	(99,909)
Net profit	215,037	222,280
	=====	=====

4. STAFF COSTS	2017	2016
	£	£
Wages and salaries	1,131,915	1,053,680
Social security costs	84,177	76,231
Pension costs	55,289	50,803
	=====	=====
	1,271,381	1,180,714
	=====	=====

Pension costs include an amount of £8,879 (2016: £17,635) 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	59	53
	=====	=====
At 31 December 2017 the number of employees for whom retirement benefits were accruing is:		
Defined benefit	-	-
Defined contribution	58	55
	=====	=====

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 2017

6. TANGIBLE FIXED ASSETS	Leasehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost				
Opening balance	870,516	81,780	54,231	1,006,527
Additions	148,324	2,564	-	150,888
Closing balance	1,018,840	84,344	54,231	1,157,415
Depreciation				
Opening balance	581,100	77,346	40,219	698,665
Charge for the year	68,408	2,202	2,850	73,460
Closing balance	649,508	79,548	43,069	772,125
Net Book Value				
At 31 December 2017	369,332	4,796	11,162	385,290
At 31 December 2016	289,416	4,434	14,012	307,862
Analysis of net book value of land and buildings:				
Short leaseholds	369,332	4,796	11,162	385,290
	=====	=====	=====	=====
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	2017 £	2016 £		
VAT recoverable	18,903	24,659		
Other debtors	16,487	29,272		
Prepayments and accrued income	151,104	139,320		
	186,494	193,251		
	=====	=====		
8. CREDITORS: amounts falling due within one year	2017 £	2016 £		
Trade creditors	33,479	38,391		
Amounts owed to parent undertaking	1,085,848	527,168		
Other creditors	11,376	5,830		
Taxation and social security	20,833	19,929		
Accruals and deferred income	74,705	53,881		
	1,226,241	645,199		
	=====	=====		

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, issued and fully paid		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>
10. PROFIT AND LOSS ACCOUNT	2017	2016
	£	£
Accumulated profits at start of year	12,520	12,520
Retained profit for the year	-	-
	<hr/>	<hr/>
Accumulated profits at end of year	12,520	12,520
	<hr/>	<hr/>
11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2017	2016
	£	£
Retained profit for the financial year	-	-
	<hr/>	<hr/>
Net reduction to shareholders' funds		
Opening shareholders' funds	12,522	12,522
	<hr/>	<hr/>
Closing shareholders' funds	12,522	12,522
	<hr/>	<hr/>

12. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2017	2016
	£	£
Amounts payable:		
Within 1 year	469,370	420,521
Within one to two years	462,225	407,370
Within two to five years	1,296,634	1,157,123
After five years	1,090,567	1,059,820
	<hr/>	<hr/>
	3,318,796	3,044,834
	<hr/>	<hr/>

13. CAPITAL COMMITMENTS

There were no capital commitments at the year end (2016 – 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

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 2017**

	2017	2016
	£	£
Turnover		
Sales of purchased goods	12,296	13,302
Cost of sales	(621)	(11,244)
Gross profit	<hr/>	<hr/>
Sales of donated goods	11,675	2,058
Flats rental income	2,214,418	1,888,446
	<hr/>	<hr/>
	55,773	59,624
	<hr/>	<hr/>
	2,281,866	1,950,128
Other income		
Bank interest received	463	389
Commission earned	4,697	6,117
Expenditure		
Premises costs	481,096	
Rent and rates	45,890	463,849
Light, heat and water	50,509	45,611
Insurance	7,797	12,019
Repairs and maintenance	59,702	33,407
Depreciation	73,460	60,074
	<hr/>	<hr/>
	718,454	614,960
Staff costs		
Salaries	1,271,381	1,180,714
Training, travel, adverts and other staff costs	30,000	6,359
	<hr/>	<hr/>
	1,301,381	1,187,073
Trading costs		
Advertising		2,528
Vehicle costs	18,590	11,169
Vehicle depreciation	2,839	541
eBay costs	14,091	4,867
Consumables	61,029	61,945
	<hr/>	<hr/>
	96,549	81,052
General costs		
Telephone	12,057	18,894
General expenses	25,306	29,622
Legal and professional fees	19,648	40,422
Audit fees	5,348	4,200
Bank charges	35,800	22,944
	<hr/>	<hr/>
	98,160	116,081
Total administrative expenses	<hr/>	<hr/>
	(2,214,544)	(1,999,168)
Profit/(Loss) before charges	72,482	(42,534)
Profit on lottery	215,037	222,280
Gift aid/Deed of Covenant	(287,519)	(179,746)
	<hr/>	<hr/>
Net profit for the year before tax	-	-
Taxation	-	-
	<hr/>	<hr/>
Net profit	-	-
	<hr/>	<hr/>