SAVE THE CHILDREN (SALES) LIMITED

ANNUAL REPORT
31 DECEMBER 2019
Company Number: 00875945

Contents

Company Information

Legal and administrative information

Directors
S Cochrane
S Sharpe
P Ashcroft
T Davies
I Matthews (appointed 6 May 2020)
S Potter (appointed 6 May 2020)

Registered Office
1 St John's Lane
London
EC1M 4AR

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Company Number
00875945

Directors' Report

The directors present their report and the audited accounts for the year ended 31 December 2019.

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Financial results
The profit for the year amounted to £354,570 (2018: £20,552) and has been gifted to the Save the Children Fund. There were no transfers to reserves, or dividends paid or proposed (2018: nil).

Review of the business
The principal activities of the company are retail activities and commercial promotions. The company raises funds for The Save the Children Fund by means of retail activities (involving the sale of new goods) and through commercial promotions in conjunction with corporate partners. The retail turnover including income from royalties amounted to £668,382 (2018: £663,995). Total income raised through corporate partners was £397,800 (2018: £265,868).

During the year a pilot monthly children's book subscription was launched. This was anticipated to be loss making but provide future economic benefit to the Company in subsequent years. In the year the pilot contributed a loss of £18,255.

Going Concern
After making enquiries, the directors have a reasonable expectation that the company will continue to trade profitably for the foreseeable future and are satisfied with the financial position as reported at 31 December 2019. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

Directors
The directors for the year and to the date of this report were as follows:
S Cochrane
S Sharpe
P Ashcroft
T Davies
I Matthews (appointed 6 May 2020)
S Potter (appointed 6 May 2020)

Provision of information to auditors
In the case of each of the persons who are directors at the time when the directors' report is approved, the following applies: So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution for the reappointment of KPMG LLP as auditors will be submitted at the Annual General Meeting.

SAVE THE CHILDREN (SALES) LIMITED

Directors' Report

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements
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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:
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S Cochrane
Director
Date: 09-Jul-2020 | 16:30 BST

Registered Office:
1 St John's Lane
London
EC1M 4AR

Independent Auditor's Report to the Members of Save the Children (Sales) Limited

Opinion

We have audited the financial statements of Save the Children (Sales) Limited ("the company") for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Save the Children (Sales) Limited (Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Lynton Richmond

Lynton Richmond (Senior Statutory Auditor)
Date: 14 July 2020

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL

Profit and Loss Account
For the period ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	1,069,830	959,450
Cost of Sales		(366,368)	(390,235)
Gross Profit		**703,462**	**569,215**
Admin expenses		(348,892)	(548,663)
Operating Profit		**354,570**	**20,552**
Interest receivable		-	-
Profit on ordinary activities before taxation		**354,570**	**20,552**
Corporation tax	6	-	-
Profit on ordinary activities after taxation		**354,570**	**20,552**

All results derive from continuing activities.

There are no other recognised gains or losses other than those disclosed above and therefore no statement of recognised gains or losses has been presented.

Statement of Changes in Equity
For the period ended 31 December 2019

	Share Capital	Profit & Loss	Total
	£	£	£
Opening balance at 1 January 2018	250,000	-	250,000
Share issue	-	-	-
Profit for the year	-	20,552	20,552
Amount gifted to parent charity	-	(20,552)	(20,552)
Closing balance at 31 December 2018	**250,000**	-	**250,000**

	Share Capital	Profit & Loss	Total
	£	£	£
Opening balance at 1 January 2019	250,000	-	250,000
Share issue	-	-	-
Profit for the year	-	354,570	354,570
Amount gifted to parent charity	-	(354,570)	(354,570)
Closing balance at 31 December 2019	**250,000**	-	**250,000**

Balance Sheet
As at 31 December 2019

	Note	2019 £	2018 £
Current Assets			
Stock		105,559	173,599
Debtors	7	160,851	189,007
Cash at bank and in hand		24,990	25,000
		291,400	**387,606**
Current Liabilities:			
Creditors: amounts falling due within one year	8	(41,400)	(137,606)
Net assets		**250,000**	**250,000**
Share Capital:			
Authorised, allotted, issued and fully paid £1 shares	9	250,000	250,000

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements of Save the Children (Sales) Limited (registered number 00875945) were approved by the Board of Directors and signed on their behalf by:

DocuSigned by:

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S Cochrane, Director

Date: 09-Jul-2020 | 16:30 BST

The accompanying notes on page 10 to 13 form an integral part of these accounts.

Notes to the financial statements
For the period ended 31 December 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding period.

(a) Basis of preparation

Save the Children (Sales) Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and registered in England and Wales. The address of the company's registered office is given on page 2. The functional currency of Save the Children (Sales) Limited and presentation currency of the financial statements is £ sterling as this is the currency of the primary economic environment in which the company operates.

Save the Children (Sales) Limited makes use of the treasury facility of its parent charity. Hence, all receipts and payments are processed through the parent charity and recognised in Save the Children (Sales) Limited via intercompany postings.

(b) Basis of accounting

"The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The Directors have adopted the amendments to FRS 102 issued by the FRC in December 2017 relating to the tax effects of gift-aid payments from subsidiaries of charities to their charitable parents. As such a tax charge and deferred tax have not been recognised in the 2018 accounts or 2017 comparatives."

(c) Stock

Stock has been valued at the lower of cost and net realisable value. Net realisable value is based on the selling price less costs expected to be incurred in disposal.

(d) Turnover

Turnover represents the gross amounts receivable for goods sold and corporate promotions held during the year. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Income from royalties, which arises from the use of Save the Children's logo by corporate partners, is recognised over the period in which the license is provided.

(e) Expenditure

Distribution costs are allocated direct to the trading function at the time they are incurred. Administrative expenses are allocated direct where possible; otherwise, apportionments are made of the relevant cost centres in the parent charity.

(f) Cash flow statement

The company is a wholly-owned subsidiary of the Save the Children Fund and is included in the consolidated financial statements of Save the Children Fund, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

(g) Going concern

The directors believe that the company has the ability to meet its day-to-day working capital requirements.

In March 2020 the covid-19 disease was declared a pandemic by the World Health Organization. While the situation is rapidly evolving our planning process, including financial and cashflow projections, has taken into consideration the current and forecasted economic climate and its potential impact on our income and expenditure. This includes the impact from the temporary closure of all our shops from 19 March.

A significant portion of expenditure in Save the Children (Sales) Limited is allocated from relevant cost centres in the parent charity, based upon the split of income in each area between the company and the parent charity. Any fall in income will hence also reflect a fall in allocated expenditure.

Save the Children (Sales) Limited makes use of the treasury facility of its parent charity. Based upon cashflow projections of the parent charity, which incorporates the activities of Save the Children (Sales) Limited, the Directors are confident that the company can meet its liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

(h) Critical accounting judgements

No critical accounting judgements were made in the preparation of these accounts.

(i) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the financial statements (continued)
For the period ended 31 December 2019

2. TURNOVER

	2019	2018
	£	£
Retail	668,382	663,995
Corporate Partner	397,800	265,868
Other	3,648	29,588
	1,069,830	959,450

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX IS STATED AFTER CHARGING

	2019	2018
Fees payable to the auditor	£	£
Audit of financial statements	9,500	9,000
	9,500	9,000

4. EMPLOYEES

The average number of Save the Children (Sales) Limited employees (excluding Directors) during the year who were engaged in the trading activities of the Company was nil.

5. DIRECTORS REMUNERATION

The directors received no remuneration for services to the company during the year.

6. TAXATION

The company has not incurred a tax charge in the period due to its policy of gifting all profits to its parent charity each year.

Notes to the financial statements (continued)
For the period ended 31 December 2019

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	14,719	5,276
Amounts owed from parent undertakings	-	3,200
Prepayments and accrued income	145,366	178,311
Other debtors	766	2,219
	160,851	**189,007**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	828	-
Amounts owed to parent undertakings	25,145	-
Accruals, deferred income and other creditors	15,427	137,606
	41,400	**137,606**

9. SHARE CAPITAL

	2019	2018
	£	£
Authorised, allotted, issued and fully paid £1 shares	250,000	250,000
	250,000	**250,000**

10. RELATED PARTY TRANSACTIONS

There are no related party transactions which require disclosure. As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with the Save the Children Fund.

11. ULTIMATE PARENT UNDERTAKING

The company's ultimate and immediate parent is the Save the Children Fund, a charitable company registered in England and Wales, which prepares group accounts. Copies of these group accounts are available from the Save the Children Fund, 1 St John's Lane London, EC1M 4AR. The company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with the Save the Children Fund.