

Company Registration No. 00890446

NSPCC TRADING COMPANY LIMITED

Report and Financial Statements

31 March 2002

**Deloitte & Touche
St Albans**



NSPCC TRADING COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2002

CONTENTS	Page
Officers and professional advisors	1
Directors' report	2
Statement of directors' responsibilities	3
Independent Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7 - 10

NSPCC TRADING COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2002

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Mr Giles D St R Pegram
Mr John Graham
Mr Adrian Burn, appointed September 2001
Mr Graham Wilson, resigned May 2001

SECRETARY

Miss L Coates

REGISTERED OFFICE

42 Curtain Road
London, EC2A 3NH

AUDITORS

Deloitte & Touche
St Albans

BANKERS

Barclays Bank plc
London Corporate Banking
54 Lombard Street
London, EC3V 9EX

SOLICITORS

Hempsons
33 Henrietta Street
Covent Garden
London, WC2E 8NH

NSPCC TRADING COMPANY LIMITED

DIRECTORS' REPORT

The directors submit their annual report with the audited accounts for the year ended 31 March 2002.

REVIEW OF THE BUSINESS

The main activities of the company are a mail order operation, the sale of NSPCC branded goods and other major fundraising events.

The company had a profitable year and continues to develop its activities to support the work of the National Society for the Prevention of Cruelty to Children (NSPCC).

The programme of retail shop closures is now complete, one shop being closed as planned during the year to 31 March 2002. The final shop is to remain open for the immediate future.

FUTURE PROSPECTS

The directors consider that the company is well placed to continue trading profitably.

RESULTS AND DIVIDENDS

The results for the year's trading and the state of the company's affairs at 31 March 2002 are set out in the attached accounts.

In accordance with the objects contained in the memorandum of association, the taxable profit for the year of £1,506,128 (2001: £3,173,403) has been donated under Gift Aid to the NSPCC. The directors do not recommend the payment of a dividend (2001: £ nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were those listed on page 1. None of the directors had a beneficial interest in any of the shares of the company. None of the directors had an interest in any contracts of the company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
Signed on behalf of the Board



G Pegram
Director

7th January 2003

NSPCC TRADING COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business; and
- state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper records which 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 1985. 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.

NSPCC TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of NSPCC Trading Company Ltd for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standard issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statement. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants & Registered Auditors
St Albans

12 January 2003

NSPCC TRADING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2002

	Note	2002 £	2001 £
TURNOVER	3,4	3,648,376	5,916,586
Cost of sales		(1,171,489)	(1,459,497)
GROSS PROFIT	4	<u>2,476,887</u>	<u>4,457,089</u>
Distribution costs		(191,765)	(136,452)
Administrative expenses		(803,214)	(1,198,100)
Other operating income	5	4	6,813
OPERATING PROFIT	6	<u>1,481,912</u>	<u>3,129,350</u>
Interest receivable		24,435	40,419
Interest payable	9	(90)	-
PROFIT FOR THE YEAR ON ORDINARY ACTIVITIES BEFORE COVENANT PAYMENT		<u>1,506,257</u>	<u>3,169,769</u>
Gift aid to NSPCC	2	(1,506,129)	(3,173,403)
RETAINED PROFIT/ (LOSS) FOR THE YEAR		<u>128</u>	<u>(3,633)</u>
PROFIT AND LOSS ACCOUNT brought forward		<u>26,576</u>	<u>30,209</u>
PROFIT AND LOSS ACCOUNT carried forward		<u>26,704</u>	<u>26,576</u>

Turnover and operating profit are wholly attributable to continuing activities. Other than the retained profit of £128 shown above (2001: loss £3,633), there are no other recognised gains or losses for either the current or the preceding year and no other movements in shareholders funds. Accordingly, no statement of total recognised gains and losses and no reconciliation of movements in shareholders' funds is given.

NSPCC TRADING COMPANY LIMITED

BALANCE SHEET

As at 31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	10	-	1,899
CURRENT ASSETS			
Stocks	11	64,984	102,650
Debtors	12	376,444	374,930
Cash at bank and in hand		193,296	719,866
		634,724	1,197,446
CREDITORS: Amounts falling due within one year	13	(464,933)	(834,369)
NET CURRENT ASSETS		169,791	363,077
TOTAL ASSETS LESS CURRENT LIABILITIES		169,791	364,976
Provisions for liabilities and charges	14	(142,989)	(338,300)
NET ASSETS		26,802	26,676
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account		26,704	26,576
TOTAL EQUITY SHAREHOLDERS' FUNDS		26,804	26,676

These financial statements were approved by the Board of Directors on

7th January

2003

Signed on behalf of the Board of Directors

J M Graham

J Graham
Director

NSPCC TRADING COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Depreciation

Depreciation is calculated to write off the cost of fixed assets by equal annual instalments over their expected useful lives as follows:

Leasehold properties	the shorter of the lease term or 50 years
Furniture, fittings and equipment	5 years

Leases

Rental costs under operating leases are charged to the profit and loss account as they fall due in equal annual amounts over the period of the lease term.

2. DONATIONS UNDER GIFT AID TO THE NSPCC

The company donates to the NSPCC under Gift aid the whole of its taxable profit each year. No corporation tax is therefore payable by the company.

The taxable profit cannot be ascertained until after the year end.

The amount of taxable profit which is payable to NSPCC under Gift aid differs from the profit shown in the accounts because of timing differences. These arise from the different basis of calculation of depreciation used for the purposes of taxation and for the accounts and also due to any disallowable expenditure.

3. TURNOVER

Turnover comprises invoiced goods or services supplied by the company exclusive of Value Added Tax.

4. ANALYSIS OF TURNOVER AND GROSS PROFIT BETWEEN ACTIVITIES

	Turnover		Gross Profit	
	2002	2001	2002	2001
	£	£	£	£
Mail order	1,269,405	1,223,556	666,210	607,335
Shops - discontinued operations	45,692	135,534	45,533	135,390
Shops - operations to be discontinued	-	46,425	-	46,425
Shops - continuing operations	45,882	35,682	45,882	35,663
Lotteries	536	71,098	372	53,741
One-off fundraising events	1,344,901	2,369,299	907,494	1,691,427
Sale of licensed products	9,885	18,173	9,885	18,173
Affinity cards	8,933	12,769	8,933	12,769
Other trading	923,142	2,004,050	792,578	1,856,166
	3,648,376	5,916,586	2,476,887	4,457,089

NSPCC TRADING COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2002

5. OTHER OPERATING INCOME

	2002	2001
	£	£
Other income	4	6,813
	<u>4</u>	<u>6,813</u>

6. OPERATING PROFIT

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	1,899	4,338
Auditors remuneration - audit	4,000	3,000
Auditors remuneration - other	1,470	650
Operating lease rentals - land and buildings	47,599	83,816
	<u>47,599</u>	<u>83,816</u>

7. STAFF COSTS

	2002	2001
	£	£
Total staff costs included under administrative expenses:		
Wages and salaries	342,785	445,335
Social security costs	32,793	40,423
Pension costs	43,538	52,907
	<u>419,116</u>	<u>538,665</u>

The average number of employees for the year was 23 (2001: 30). The average full time equivalent for the year was 16 (2001: 20). No employee emoluments exceeded £40,000 in the year.

8. DIRECTORS' REMUNERATION

During the year ended 31 March 2002 the directors received no remuneration for their services to the company. (2001: £ nil)

9. INTEREST PAYABLE

	2002	2001
	£	£
Group interest	90	-
	<u>90</u>	<u>-</u>

10. TANGIBLE FIXED ASSETS

	Short Leasehold	Fixtures & Fittings	Total
	£	£	£
Cost			
At 1 April 2001	16,274	55,441	71,715
Disposals in the year	-	(51,092)	(51,092)
At 31 March 2002	<u>16,274</u>	<u>4,349</u>	<u>20,623</u>
Accumulated depreciation			
At 1 April 2001	14,375	55,441	69,816
Disposals in the year	-	(51,092)	(51,092)
Charge for the year	1,899	-	1,899
At 31 March 2002	<u>16,274</u>	<u>4,349</u>	<u>20,623</u>
Net book value at 31 March 2002	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2001	<u>1,899</u>	<u>-</u>	<u>1,899</u>

NSPCC TRADING COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2002

11. STOCKS

	2002 £	2001 £
Stocks represent finished goods held for sale via the mail order operations.	64,984	102,650

12. DEBTORS: Amounts falling due within one year

	2002 £	2001 £
Trade debtors	298,204	343,627
Other debtors	22,274	4,300
Prepayments and accrued income	55,966	27,003
	<u>376,444</u>	<u>374,930</u>

13. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Deed of Covenant owed to the NSPCC	379,532	485,781
Other Amounts due to NSPCC	36,294	231,973
Trade creditors	21,609	56,788
Other creditors	-	-
Accruals and deferred income	27,498	59,827
	<u>464,933</u>	<u>834,369</u>

14. PROVISION FOR LIABILITIES AND CHARGES

The provision relates solely to shop closures and represents the costs arising from the unexpired element of shop leases after trading has ceased.

	Delapid- ations £	Shop Closure Costs £	Total £
Balance at the beginning of the year	52,000	286,300	338,300
Provided in the year	-	-	-
Utilised in the year	(25,000)	(170,311)	(195,311)
Balance at the end of the year	<u>27,000</u>	<u>115,989</u>	<u>142,989</u>

15. CALLED UP SHARE CAPITAL

Authorised, called up, allocated and fully paid:

	2002 £	2001 £
Ordinary shares of £1 each	100	100

16. OTHER FINANCIAL COMMITMENTS

Leasehold premises

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	2002 £	2001 £
Operating leases which expire:		
within one year	3,800	31,600
within two to five years	-	11,000
after five years	10,250	24,250
Total	<u>14,050</u>	<u>66,850</u>

NSPCC TRADING COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2002

17. ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking and controlling entity is the National Society for the Prevention of Cruelty to Children (NSPCC) which is a registered charity in England and Wales.

The company has taken advantage of the exemption granted under paragraph (c) of Financial Reporting Standard No.8: Related party disclosures. This does not require disclosure of transactions within group undertakings that are eliminated on consolidation.

Copies of the NSPCC's consolidated annual report can be obtained from the registered office set out on page 1.