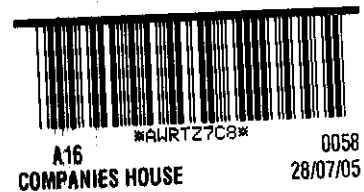


**ST. MARY'S HOSPICE
(TRADING) LIMITED**

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

**YEAR ENDED
31 MARCH 2005**

Registered No: 2696641



BDO STOY HAYWARD LLP
125 Colmore Row, Birmingham, B3 3SD

ST. MARY'S HOSPICE (TRADING) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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Directors

Mrs J Millward - Chairman
Miss E M Reed
Mr M J Cusack
Mr S Leyland
Mr M J Russell
Prof. A D Walmsley

Secretary

Mrs T L Fisher

Registered office

176 Raddlebarn Road
Selly Park
Birmingham
B29 7DA

Registered number

2696641

Auditors

BDO Stoy Hayward LLP
125 Colmore Row
Birmingham
B3 3SD

ST. MARY'S HOSPICE (TRADING) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2005

The Directors submit their report together with the audited financial statements for the year ended 31 March 2005.

Results and dividends

The trading profit for the year before taxation was £10,404.

A dividend of £Nil was paid during the year (2004: £80,000).

A payment of £40,000 was made to St Mary's Hospice Limited in respect of the year to 31 March 2005. This payment was made from profits before taxation under the Gift Aid Scheme.

Principal activities, review of business and future developments

The company's principal activities during the year continued to be the sale of donated goods, education and the hire of conference facilities. The Directors consider the results for the year to be satisfactory.

There have been no events since the balance sheet date which materially affect the position of the company.

Our charity shops continue to make a valuable contribution to funding the work of the Hospice, and we are grateful to all volunteers who give their time to work in them. Based on the success of our existing shops, the Trustees have approved a strategy to develop this aspect of the trading company's operations. A fifth shop was opened in Cotteridge in December 2004 and the Kings Heath shop commenced trading at a new site at the beginning of March 2005.

Directors

The Directors of the company during the year were:

Miss E M Reed
Mrs S Hollingsworth – (Resigned 22 September 2004)
Mrs J Millward - Chairman
Mr M J Cusack
Mr S Leyland – (Appointed 18 October 2004)
Mr M J Russell – (Appointed 19 July 2004)
Prof A D Walmsley – (Appointed 22 September 2004)

The Directors of the company have no beneficial interest in the ordinary share capital of the company.

ST. MARY'S HOSPICE (TRADING) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)**

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 and of the profit or loss of the company for that period. 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; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

By order of the Board



T L Fisher
Secretary

19 July 2005

ST. MARY'S HOSPICE (TRADING) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £	2004 £
Turnover	2	349,834	336,477
Cost of sales		36,212	42,250
Gross profit		313,622	294,227
Distribution and administrative expenses		263,926	205,478
Operating profit		49,696	88,749
Interest receivable		708	818
Profit on ordinary activities	3	50,404	89,567
Gift Aid donation to St Mary's Hospice Limited		(40,000)	-
Profit for the financial year before dividends		10,404	89,567
Dividend to St. Mary's Hospice Limited		-	(80,000)
Retained profit for the financial year		10,404	9,567
Retained profit brought forward		96,084	86,517
Retained profit carried forward		106,488	96,084

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

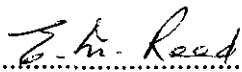
The notes on pages 5 to 9 form part of these financial statements.

ST. MARY'S HOSPICE (TRADING) LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Note	£	2005	£	£	2004	£
Fixed assets							
Tangible assets	6			68,444			48,236
Investments	7			5,100			5,100
Current assets							
Stocks	8		4,187			1,113	
Debtors	9		22,698			25,318	
Cash at bank and in hand			51,096			47,811	
			<u>77,981</u>			<u>74,242</u>	
Creditors: amounts falling due Within one year	10		<u>44,037</u>			<u>30,494</u>	
Net current assets				<u>33,944</u>			<u>43,748</u>
Total assets less current liabilities				<u>107,488</u>			<u>97,084</u>
Capital and reserves							
Called up share capital	11			1,000			1,000
Profit and loss account				106,488			96,084
Equity shareholders' funds	15			<u>107,488</u>			<u>97,084</u>

These financial statements were approved by the board on 19 July 2005.


.....
Miss E M Reed - Director


.....
Mrs J Millward - Director

The notes on pages 5 to 9 form part of these financial statements.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005**

1. Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following accounting policies have been applied:

Turnover

Turnover represents sales to outside customers net of value added tax. Turnover includes the sale of donated goods, services and bought in goods.

Depreciation

Depreciation is provided to write off the cost less estimated residual values of all fixed assets, over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

Short leasehold improvements	- over the terms of the leases or to the date of first break clause
Plant & equipment	- 20% straight line
Fixtures & fittings	- 20% straight line
Computer equipment	- 33 ¹ / ₃ % straight line
Motor vehicles	- 25% straight line

Stocks

Stocks comprises merchandising bought in goods for resale and are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by St Mary's Hospice Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

ST. MARY'S HOSPICE (TRADING) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

2. Turnover and profits

The turnover and profit is attributable to the company's principal activities within the United Kingdom.

3. Profit on ordinary activities

	2005 £	2004 £
This is stated after charging:		
Depreciation	11,037	9,478
Auditors' remuneration	2,150	2,100
Operating lease - land and buildings	52,953	45,625
Operating lease - equipment	2,778	2,728
Loss on sale of fixed assets	558	-

4. Taxation

Subject to agreement with H M Revenue & Customs, no corporation tax liability arises on these financial statements.

The corporation tax losses available for offset against future trading profits are £237,000.

5. Directors' remuneration

No Directors' received any remuneration during the course of the year (2004: Nil)

The average number of employees, including Directors, during the year was:

	2005 Number	2004 Number
Full time	-	-
Part time	7	5

ST. MARY'S HOSPICE (TRADING) LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)**

6. Tangible fixed assets	Motor Vehicles £	Short Leasehold Improvements £	Plant & Equipment £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost						
At beginning of year	6,756	50,688	16,378	48,628	8,477	130,927
Additions	-	17,318	4,221	9,313	951	31,803
Disposals	-	-	(1,277)	-	(2,943)	(4,220)
At end of year	6,756	68,006	19,322	57,941	6,485	158,510
Depreciation						
At beginning of year	6,756	20,164	14,224	34,102	7,445	82,691
Provided for the year	-	4,842	1,010	4,532	653	11,037
Disposals	-	-	(753)	-	(2,909)	(3,662)
At end of year	6,756	25,006	14,481	38,634	5,189	90,066
Net book values at 31 March 2005	-	43,000	4,841	19,307	1,296	68,444
Net book values at 31 March 2004	-	30,524	2,154	14,526	1,032	48,236

ST. MARY'S HOSPICE (TRADING) LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)**

7. Investments	2005 £	2004 £
Shares in associated company at cost	5,100	5,100

St. Mary's Hospice (Trading) Limited owns one third share in the equity of TLC Lotteries Limited, a company incorporated in England.

At 31 December 2004 the equity of TLC Lotteries Limited was £17,859. During the year to 31 December 2004, this company made a loss for the period of £1,034 after payments to the three participating charities and taxation.

8. Stocks	2005 £	2004 £
Merchandising goods	4,187	1,113

There is no material difference between the replacement cost and the value given to goods in stock.

9. Debtors		
Trade	6,551	13,335
Other	8,385	1,364
Prepayments and accrued income	7,762	10,619
	<hr/> 22,698	<hr/> 25,318

These amounts are all due within one year.

10. Creditors: amounts falling due within one year		
Amount due to holding company	31,541	18,868
Trade	7,747	6,526
Accruals and deferred income	4,749	5,100
	<hr/> 44,037	<hr/> 30,494

ST. MARY'S HOSPICE (TRADING) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

11. Share capital	Authorised		Allotted, called up and fully paid	
	2005 £	2004 £	2005 £	2004 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

12. Ultimate holding company

The ultimate holding company is St. Mary's Hospice Limited, a company limited by guarantee.

A copy of the financial statements can be obtained from St. Mary's Hospice Limited, 176 Raddlebarn Road, Selly Park, Birmingham B29 7DA.

13. Capital commitments

The company has no capital commitments at the year end (2004: £Nil).

14. Commitments under operating leases

The company has annual commitments under leases in respect of its retail outlets, as set out below:

	2005 £	2004 £
Land and buildings		
Expiring within one year	-	11,000
Two to five years	41,450	14,500
Expiring after five years	20,625	20,625
Equipment		
Within one year	-	682
Two to five years	2,922	-

The above land and buildings leases are subject to rent reviews.

15. Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit for the financial year before dividends	10,404	89,567
Dividends	-	(80,000)
Net addition to shareholders' funds	10,404	9,567
Opening shareholders' funds	97,084	87,517
Net assets	107,488	97,084

ST. MARY'S HOSPICE (TRADING) LIMITED

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of St. Mary's Hospice (Trading) Limited

We have audited the financial statements of St. Mary's Hospice (Trading) Limited for the year ended 31 March 2005 on pages 3 to 9 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and financial statement in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 specific by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 statements. It also includes an assessments of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether 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 or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ST. MARY'S HOSPICE (TRADING) LIMITED

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants
and Registered Auditors
Birmingham

19 July 2005