

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
FARA ENTERPRISES LIMITED

THURSDAY



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FARA ENTERPRISES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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FARA ENTERPRISES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:

Mrs S M Buxton
Mr M W Nicholson
Mr R Phelan
Ms S Drake
Ms E Ashby
Mrs L J Dawson
Ms E H A Middleton

SECRETARY:

Mr R Phelan

REGISTERED OFFICE:

Riverside Centre
63 High Street
Teddington
Middlesex
TW11 8HA

REGISTERED NUMBER:

02697467 (England and Wales)

AUDITORS:

Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Chilworth Point
1 Chilworth Road
Southampton
SO16 7JQ

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 4 | 292,670 | 389,580 |
| CURRENT ASSETS | | | |
| Debtors | 5 | 338,167 | 371,707 |
| Cash at bank and in hand | | 93,408 | 50,565 |
| | | <u>431,575</u> | <u>422,272</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 6 | <u>709,734</u> | <u>654,496</u> |
| NET CURRENT LIABILITIES | | <u>(278,159)</u> | <u>(232,224)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>14,511</u> | <u>157,356</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | | 5,000 | 5,000 |
| Retained earnings | | <u>9,511</u> | <u>152,356</u> |
| SHAREHOLDERS' FUNDS | | <u>14,511</u> | <u>157,356</u> |

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 11/02/2019 and were signed on its behalf by:


.....
Mr R Phelan - Director


.....
Mr M W Nicholson - Director

FARA ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATUTORY INFORMATION

Fara Enterprises Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for directors to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reporting amounts of revenues and expenses during the year. Actual outcomes could differ from those estimates and assumptions used. The accounting judgements and estimates that could have significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements:

Critical Judgements

- > Management determine whether financial instruments are basic or advanced and when to deal with recognising, derecognising, measuring and disclosing financial instruments. These decisions depend on an assessment made of the accounting standards.
- > Management determine whether or not a provision is required. These decisions are based on the likelihood of a cost being realised and the materiality of the amount.
- > Management determine the point of recognition of revenue. Factors taken into consideration in reaching such a decision include an assessment of whether the risks and rewards of ownership have been transferred to the customer.
- > Management determine whether leases entered into by the company either as a lessor or a lessee are an operating lease or financial lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Significant Estimates

- > To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

CHANGES IN ACCOUNTING POLICIES

The accounting policy for the treatment of the donation of profits to the parent charity has changed and as a result the entity has only recognised the donation actually paid in the year through the Statement of Changes in Equity.

REVENUE RECOGNITION

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Shop sales is the amount derived from the UK sales of donated goods, and excludes VAT. Miscellaneous income is the amount derived from the sale of used clothing, shoes, other textiles and non-textile materials that are unsellable in the shops, excluding VAT. Rents received represents income from properties subleased on an accruals basis.

FARA ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|--------------------------------|
| Short leasehold | - Over the length of the lease |
| Fixtures and fittings | - 20% on reducing balance |
| Motor vehicles | - 25% on reducing balance |
| Office equipment | - 33% on reducing balance |

Leasehold property is depreciated over the term of the lease, which varies from three to fifteen years.

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets' residual values, useful lives and depreciation methods are reviewed and if appropriate are adjusted if there is an indication of a significant change since the last reporting date.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

OPERATING LEASES

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

SHORT-TERM DEBTORS AND CREDITORS

Debtors and creditors receivable and payable within one year or upon demand are recorded at transaction price whether or not a rate of interest is charged on the balance. Any losses arising from impairment are recognised in the income statement in other operating expenses.

FINANCIAL INSTRUMENTS

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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 267 (2017 - 294).

FARA ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. TANGIBLE FIXED ASSETS

| | Short leasehold £ | Fixtures and fittings £ | Motor vehicles £ | Office equipment £ | Totals £ |
|------------------------|-------------------------|----------------------------------|------------------------|--------------------------|-------------|
| COST | | | | | |
| At 1 January 2018 | 157,222 | 861,476 | 95,687 | 76,981 | 1,191,366 |
| Additions | - | 4,453 | - | 4,260 | 8,713 |
| Disposals | (5,000) | (9,268) | - | (250) | (14,518) |
| At 31 December 2018 | 152,222 | 856,661 | 95,687 | 80,991 | 1,185,561 |
| DEPRECIATION | | | | | |
| At 1 January 2018 | 88,242 | 588,669 | 67,342 | 57,533 | 801,786 |
| Charge for year | 15,566 | 65,481 | 7,086 | 8,055 | 96,188 |
| Eliminated on disposal | (5,000) | - | - | (83) | (5,083) |
| At 31 December 2018 | 98,808 | 654,150 | 74,428 | 65,505 | 892,891 |
| NET BOOK VALUE | | | | | |
| At 31 December 2018 | 53,414 | 202,511 | 21,259 | 15,486 | 292,670 |
| At 31 December 2017 | 68,980 | 272,807 | 28,345 | 19,448 | 389,580 |

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 14,484 | 30,707 |
| Amounts owed by group undertakings | 49,305 | 41,577 |
| Other debtors | 3,625 | 6,447 |
| Rental deposits and premiums | 1,553 | 17,123 |
| VAT | 30,559 | 40,753 |
| Prepayments and accrued income | 238,641 | 235,100 |
| | <u>338,167</u> | <u>371,707</u> |

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 69,583 | 89,830 |
| Amounts owed to group undertakings | 416,606 | 385,527 |
| Social security and other taxes | 112,167 | 114,906 |
| Other creditors | 11,600 | 4,821 |
| Credit notes & Gift Vouchers | 25,824 | 12,985 |
| Accrued expenses | 73,954 | 46,427 |
| | <u>709,734</u> | <u>654,496</u> |

7. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2018 £ | 2017 £ |
|----------------------------|------------------|------------------|
| Within one year | 1,466,278 | 1,300,169 |
| Between one and five years | 2,744,763 | 3,024,615 |
| In more than five years | 208,292 | 201,233 |
| | <u>4,419,333</u> | <u>4,526,017</u> |

FARA ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. SECURED DEBTS

The following secured debts are included within creditors:

| | 2018 £ | 2017 £ |
|----------------------------|----------------|----------------|
| Owed to group undertakings | <u>274,357</u> | <u>486,002</u> |

The debt is secured by a fixed charge over all leasehold property fixtures, plant and machinery, uncalled capital, book debts and intellectual property rights and floating charges on all the company's present and future undertakings and assets.

9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Lisa Wilson ACA (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP

10. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard Section 1A for "Small Entities" applicable in the UK and Republic of Ireland', not to disclose related party transactions as the company is a wholly owned subsidiary within the group.

11. ULTIMATE CONTROLLING PARTY

At the balance sheet date, the company is under the control of the Trustees of the incorporated parent charity, FARA Foundation (Limited by Guarantee) whose registered office is 51 High Street, Walsingham, Norfolk, NR22 6BZ. FARA Foundation (Limited by Guarantee) prepare consolidated financial statements for the group.