

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
FARA ENTERPRISES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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FARA ENTERPRISES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

Mrs S M Buxton
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 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	4		273,446		292,670
CURRENT ASSETS					
Debtors	5	420,345		338,167	
Cash at bank and in hand		<u>23,811</u>		<u>93,408</u>	
		444,156		431,575	
CREDITORS					
Amounts falling due within one year	6	<u>703,091</u>		<u>709,734</u>	
NET CURRENT LIABILITIES			<u>(258,935)</u>		<u>(278,159)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,511</u>		<u>14,511</u>
CAPITAL AND RESERVES					
Called up share capital			5,000		5,000
Retained earnings			<u>9,511</u>		<u>9,511</u>
SHAREHOLDERS' FUNDS			<u>14,511</u>		<u>14,511</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 and authorised for issue on 28 October 2020 and were signed on its behalf by:

Mr R Phelan - Director

Mrs L J Dawson - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 284 (2018 - 267) .

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 January 2019	152,222	856,661	95,687	80,991	1,185,561
Additions	4,733	54,083	-	15,490	74,306
Disposals	(59,451)	-	-	-	(59,451)
At 31 December 2019	<u>97,504</u>	<u>910,744</u>	<u>95,687</u>	<u>96,481</u>	<u>1,200,416</u>
DEPRECIATION					
At 1 January 2019	98,808	654,150	74,428	65,505	892,891
Charge for year	18,803	58,903	5,315	10,509	93,530
Eliminated on disposal	(59,451)	-	-	-	(59,451)
At 31 December 2019	<u>58,160</u>	<u>713,053</u>	<u>79,743</u>	<u>76,014</u>	<u>926,970</u>
NET BOOK VALUE					
At 31 December 2019	<u>39,344</u>	<u>197,691</u>	<u>15,944</u>	<u>20,467</u>	<u>273,446</u>
At 31 December 2018	<u>53,414</u>	<u>202,511</u>	<u>21,259</u>	<u>15,486</u>	<u>292,670</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

5. **DEBTORS**

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	16,354	14,484
Amounts owed by group undertakings	61,752	49,305
Other debtors	10,502	3,625
Rental deposits and premiums	54,309	1,553
Directors' current accounts	9,974	-
VAT	51,877	30,559
Prepayments and accrued income	191,281	238,641
	<u>396,049</u>	<u>338,167</u>
Amounts falling due after more than one year:		
Directors' loan accounts	24,296	-
Aggregate amounts	<u>420,345</u>	<u>338,167</u>

6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Bank loans and overdrafts	32	-
Trade creditors	67,187	69,583
Amounts owed to group undertakings	352,917	416,606
Social security and other taxes	129,254	112,167
Other creditors	20,029	11,600
Credit notes & Gift Vouchers	38,007	25,824
Accrued expenses	95,665	73,954
	<u>703,091</u>	<u>709,734</u>

7. **LEASING AGREEMENTS**

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

	2019 £	2018 £
Within one year	1,154,799	1,466,278
Between one and five years	1,065,365	2,744,763
In more than five years	-	208,292
	<u>2,220,164</u>	<u>4,419,333</u>

8. **SECURED DEBTS**

The following secured debts are included within creditors:

	2019 £	2018 £
Owed to group undertakings	-	274,357

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.

Sue Sullivan FCA (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.