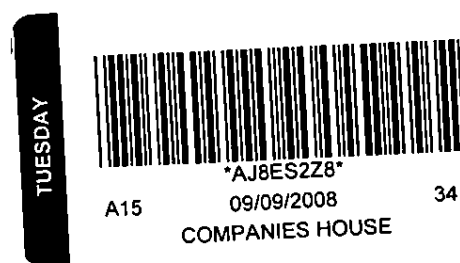


EXTRA CARE SHOPS LIMITED

FINANCIAL STATEMENTS

for the year ended
31 March 2008

Company Registration No 2898050



EXTRA CARE SHOPS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C R Skelton (Chairman)
J S Graham
R M Scribbins

SECRETARY

S J Whiffen

REGISTERED OFFICE

Abbey Park
Humber Road
Coventry
CV3 4AQ

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

EXTRA CARE SHOPS LIMITED

DIRECTORS' REPORT

The directors submit their report and the financial statements of Extra Care Shops Limited for the year ended 31 March 2008

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the operation of charity shops, selling donated and bought-in goods

BUSINESS REVIEW

The results for the company show a £nil (2007 £nil) pre-tax profit following a gift aid payment to its parent company of £422,436 (2007 £334,838)

FUTURE OUTLOOK

The external commercial environment is expected to remain competitive in 2008/09. The company will continue to search for new shop locations to further expand the business

DIRECTORS

The following directors held office in the year -

C R Skelton
D A Elliott resigned 18th April 2008
J S Graham
R M Scribbins

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are considered to relate to competition from both other charity shops and high street retailers, employee and volunteer retention and the supply of good quality donated goods for sale

KEY PERFORMANCE INDICATORS

The business measures itself against both budget and previous performance. Annual budgets which reflect the strategic forward plans of the business are prepared for all revenue and cost categories by operational cost centre. On either a weekly or period basis actual performance by cost centre and key reporting category is compared against budget and previous years on both cash and percentage movement basis. Adverse variances to both budget and previous years are highlighted for corrective action as needed.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting

SMALL COMPANIES EXEMPTION

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

EXTRA CARE SHOPS LIMITED

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



S J WHIFFEN

Secretary

15th August 2008

EXTRA CARE SHOPS LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 requirements of 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.

EXTRA CARE SHOPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXTRA CARE SHOPS LIMITED

We have audited the financial statements on pages 6 to 12

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 or other 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2008 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

5 September 2008

EXTRA CARE SHOPS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER		3,023,469	2,653,582
Supplies and services		(252,068)	(251,885)
Staff costs	1	(1,180,895)	(1,002,233)
Other operating charges		(1,168,070)	(1,065,476)
Gift Aid to parent company		(422,436)	(334,838)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		-	(850)
Interest receivable		-	850
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	-
Taxation	3	-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	-	-
		<hr/>	<hr/>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been prepared as all such gains and losses have been dealt with in the Profit and Loss Account

EXTRA CARE SHOPS LIMITED

BALANCE SHEET

At 31 March 2008

	<i>Notes</i>	2008 £	2007 £
CURRENT ASSETS			
Stock	4	-	17,866
Debtors	5	237,920	230,587
Cash at bank and in hand		60,220	63,595
		<u>298,140</u>	<u>312,048</u>
CREDITORS			
Amounts falling due within one year	6	(281,172)	(295,080)
		<u>16,968</u>	<u>16,968</u>
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Profit and loss account	8	16,966	16,966
		<u>16,968</u>	<u>16,968</u>
SHAREHOLDER'S FUNDS	9	16,968	16,968

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements on pages 6 to 12 were approved by the board of directors and authorised for issue on 15th August 2008 and are signed on its behalf by



C R SKELTON

Director

EXTRA CARE SHOPS LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

DONATED AND BOUGHT IN GOODS

The income from goods donated for sale in the company's charity shops is included when those goods are sold. No value is placed on any stock of such goods. Goods purchased for resale are valued at the lower of cost or net realisable value. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

DEFINED BENEFIT PENSION SCHEME

The company's employees are members of the Social Housing Pension Scheme (SHPS). The scheme is a multi-employer scheme and is unable to identify each employer's share of the underlying assets and liabilities. In accordance with FRS 17, the profit and loss account charge for the period represents the employer contributions payable.

LEASED ASSETS AND OBLIGATIONS

All leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1	EMPLOYEES	2008 No	2007 No
	The average monthly number of persons (including directors) employed by the company during the year was	<u>93</u>	<u>82</u>

Staff costs for the above persons	2008 £	2007 £
Wages and salaries	1,090,887	923,589
Social security costs	67,711	59,016
Other pension costs	<u>22,297</u>	<u>19,628</u>
	<u>1,180,895</u>	<u>1,002,233</u>

DIRECTORS' REMUNERATION

The total directors emoluments was

	2008 £	2007 £
Emoluments	-	-
Defined benefit pension contributions	-	-
Fees	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

	2008 Number	2007 Number
The number of directors to whom retirement benefits are accruing under defined benefit schemes was	<u>-</u>	<u>-</u>

Two directors (2007 two) are employed and paid by the company's parent undertaking. No element of their remuneration relates to their directorship of the company.

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1 EMPLOYEES (continued)

Pension costs: defined benefit

The company participates in the Social Housing Pension Scheme (SHPS) SHPS is a multi-employer defined benefit scheme, administered by the Pensions Trust The Scheme is funded and is contracted out of the state scheme

The pension scheme Trustee commissions an actuarial valuation of the Scheme every 3 years The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying at least half of the total contribution

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date Asset values are calculated by reference to market levels Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns

The company paid contributions at the rate of 14.1% during the accounting period Member contributions varied between 5.4% and 8.4% depending on their age At 31 March 2008 there were 4 active members of the Scheme Until 31 March 2007 the Scheme operated a single benefit based on 1/60th of final salary From 1 April 2007 SHPS operates three benefit structures ExtraCare has chosen that for existing employees, the benefit will be based on 1/60th final salary New employees will be based on career average revalued earnings at 1/60th rate

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers Accordingly, due to the nature of the Scheme, the charge to the statement of financial activities for the period under FRS17 represents the employer contribution payable

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit credit" method The market value of the Scheme's assets at the last valuation date was £1,278 million The valuation revealed a shortfall of assets compared to liabilities of £283 million, equivalent to a past service funding level of 82% The company has subsequently been notified of the results of the actuarial report carried out on 30 September 2007 This indicates an increase in the assets of the Scheme to £1,760 million and an decrease in the shortfall of assets compared with liabilities to £209 million A further actuarial valuation will be prepared as at 30 September 2008

The financial assumptions underlying the valuation as at 30 September 2005 were as follows

- Investment return pre retirement	7.2% per annum
- Investment return post retirement	4.8% per annum
- Rate of salary increase to 2010	5.0% per annum
- Rate of salary increase post 2010	4.0% per annum
- Rate of pension increases	2.5% per annum
- Rate of price inflation	2.5% per annum

The long-term joint contribution rate required from employers and members to meet the cost of future benefit accrual was assessed as 17.6% of pensionable salaries (14.1% career average) Following consideration of the results of the actuarial valuation it has been agreed that, with effect from 1 April 2007, the standard employer contribution rate would be increased from 11.7% to 14.1% of pensionable salaries and member contributions would also be increased by 2.3% from 3.1-6.1% to 5.4-8.4% of pensionable salaries depending on age For new employees from 1 April 2007 the employer contribution rate is 12.3% with the employee adding 4.7%-6.7% of pensionable salaries dependent on age If the valuation assumptions are borne out in practice this pattern of contributions was designed to eliminate the past service deficit by 30 September 2020

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2008 £	2007 £
	Profit on ordinary activities before taxation is stated after charging		
	Operating lease rentals		
	Land and buildings	618,556	529,446
	Auditors' remuneration - as auditors	<u>3,800</u>	<u>2,500</u>
3	TAXATION	2008 £	2007 £
	Current tax		
	UK corporation tax on profits being tax on profit on ordinary activities	<u>-</u>	<u>-</u>
	Factors affecting tax charge for the period		
	The tax assessed for the period is lower than the standard rate of corporation tax for small companies (19%) as explained below		
		2008 £	2007 £
	Profit on ordinary activities before tax	<u>-</u>	<u>-</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies (19%)	-	-
	Utilisation of tax-free band	<u>-</u>	<u>-</u>
	Current tax charge for the period	<u>-</u>	<u>-</u>
	Factors that may affect future tax charges		
	The company expects to continue to pay all taxable profits to its parent undertaking by way of gift aid		
4	STOCK	2008 £	2007 £
	Goods for resale	-	11,491
	Consumables	<u>-</u>	<u>6,375</u>
		<u>-</u>	<u>17,866</u>
5	DEBTORS	2008 £	2007 £
	Other debtors	53,681	60,026
	Prepayments	<u>184,239</u>	<u>170,561</u>
		<u>237,920</u>	<u>230,587</u>
6	CREDITORS Amounts falling due within one year	2008 £	2007 £
	Trade creditors	11,759	12,358
	Amount due to parent undertaking	155,000	198,723
	Other creditors	3,410	2,281
	Accruals	<u>111,003</u>	<u>81,718</u>
		<u>281,172</u>	<u>295,080</u>

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

7	SHARE CAPITAL	2008 £	2007 £
	Authorised 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	Allotted, issued and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
8	PROFIT AND LOSS ACCOUNT	2008 £	2007 £
	1 April	16,966	16,966
	Retained profit for the year	<u>-</u>	<u>-</u>
	31 March	<u>16,966</u>	<u>16,966</u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2008 £	2007 £
	Profit for the financial year being net addition to shareholder's funds	-	-
	Opening shareholder's funds	<u>16,968</u>	<u>16,968</u>
	Closing shareholder's funds	<u>16,968</u>	<u>16,968</u>

10 PARENT UNDERTAKING

The company is a wholly owned subsidiary of The ExtraCare Charitable Trust, a charitable company limited by guarantee incorporated in England

11 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 not to disclose any transactions with its parent undertaking and fellow subsidiary undertakings on the grounds that the company's results are included in the consolidated financial statements of the parent undertaking

12 FINANCIAL COMMITMENTS

Operating lease payments made by the company in respect of the rental of shop premises are paid to the company's parent undertaking, The ExtraCare Charitable Trust. The parent undertaking is contractually committed under non-cancellable operating leases. All financial commitments under such leases are shown in the parent company's financial statements.