

EXTRA CARE SHOPS LIMITED

FINANCIAL STATEMENTS

for the year ended
31 March 2012

Company Registration No 2898050



EXTRA CARE SHOPS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C R Skelton (Chairman)
A J Whittingham (Managing Director)
A S Harding
C D Sullivan
R M Scribbins
P J Bainbridge

SECRETARY

S J Whiffen

REGISTERED OFFICE

7 Harry Weston Road
Binley Business Park
Binley
Coventry
CV3 2SN

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 2012

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 (2011 £nil) pre-tax profit following a gift aid payment to its parent company of £1,236,107 (2011 £659,639)

FUTURE OUTLOOK

The external commercial environment is expected to remain competitive in 2012/13. The company will continue to search for new shop locations to further expand the business

DIRECTORS

Except where stated the following directors have held office since 1 April 2011 -

C R Skelton
A J Whittingham
A S Harding
C D Sullivan
R M Scribbins
P J Bainbridge
S T Carson (resigned 5 March 2012)

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 has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

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

14 September 2012

EXTRA CARE SHOPS LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

Baker Tilly UK Audit LLP

MIKE HUGGINS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

25 September 2012

EXTRA CARE SHOPS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2012

	<i>Notes</i>	2012 £	2011 £
TURNOVER		4,793,530	4,605,362
Supplies and services		(445,261)	(411,839)
Staff costs	1	(1,822,459)	(1,721,298)
Other operating charges			
-Exceptional Item	2	(3,530,264)	-
-Other		(1,729,439)	(1,812,586)
		<hr/>	<hr/>
Total other operating charges		(5,259,703)	(1,812,586)
		<hr/>	<hr/>
Other operating income	2	3,970,000	-
		<hr/>	<hr/>
OPERATING PROFIT		1,236,107	659,639
Gift aid to parent company		(1,236,107)	(659,639)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	-
Taxation	3	-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	-	-
		<hr/> <hr/>	<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 2012

Company Registration Number: 2898050

	<i>Notes</i>	2012 £	2011 £
CURRENT ASSETS			
Stock	4	101,547	66,650
Debtors	5	123,423	446,374
Cash at bank and in hand		87,516	138,297
		<u>312,486</u>	<u>651,321</u>
CREDITORS			
Amounts falling due within one year	6	(295,518)	(634,353)
		<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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements on pages 6 to 14 were approved by the board of directors and authorised for issue on 14 September 2012 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). One employee is also a member of a growth plan operated by SHPS. The schemes are multi-employer schemes and are unable to identify each employer's share of the underlying assets and liabilities. In accordance with FRS17, the profit and loss 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 value, net of Value Added Tax, of goods sold and services provided to customers. All turnover is derived from UK markets.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on expected selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

Assets whereby the significant risks and rewards of the asset are not retained by the company and are purchased with a view to subsequent sale are classified as stock until sold.

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1	EMPLOYEES	2012 No	2011 No
	The average monthly number of persons (including directors) employed by the company during the year was	<u>138</u>	<u>134</u>
	Staff costs for the above persons	2012 £	2011 £
	Wages and salaries	1,704,660	1,600,971
	Social security costs	105,695	104,713
	Other pension costs	<u>12,104</u>	<u>15,614</u>
		<u>1,822,459</u>	<u>1,721,298</u>
	DIRECTORS' REMUNERATION	2012 £	2011 £
	In respect of the directors of Extra Care Shops Limited		
	Emoluments	109,584	89,147
	Defined benefit pension contributions	<u>5,813</u>	<u>5,252</u>
		<u>115,397</u>	<u>94,399</u>
	The number of directors to whom retirement benefits are accruing under	2012 Number	2011 Number
	defined benefit schemes was	<u>1</u>	<u>1</u>

Two directors (2011 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 2012

1 EMPLOYEES (continued)

Pension costs: defined benefit

a) Social Housing Pension Scheme (SHPS)

The ExtraCare Charitable Trust (the charity), which includes relevant members of its trading subsidiary Extra Care Shops Limited, participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.

b) The Pension Trusts's Growth Plan

The charity also participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1 EMPLOYEES (continued)

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The charity paid no contributions during the accounting period. The member paid contributions at the rate of 4.27% during the accounting period.

As at the balance sheet date there was one active member of the Plan employed by the charity. The charity has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% p.a.
Rate of return pre retirement	7.6
Rate of return post retirement	
Active/Deferred	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions, such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1 EMPLOYEES (continued)

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2012 £	2011 £
	Profit on ordinary activities before taxation is stated after charging/(crediting)		
	Operating lease rentals		
	Land and buildings	1,035,203	979,789
	Exceptional item - cost of disposal of building	3,520,264	-
	Exceptional item - disposal proceeds of building	(3,970,000)	-
	Auditors' remuneration - statutory audit	7,200	5,150

The two exceptional items above relate to the purchase and subsequent disposal of 7 Harry Weston Road, Coventry, CV3 2SN.

3	TAXATION	2012 £	2011 £
	Current tax		
	UK corporation tax on profits being tax on profit on ordinary activities	-	-

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 (21%) as explained below.

	2012 £	2011 £
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies (21%)	-	-

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.

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

4	STOCK	2012 £	2011 £
	Goods for resale	71,789	60,784
	Consumables	29,758	5,866
		<u>101,547</u>	<u>66,650</u>
5	DEBTORS	2012 £	2011 £
	Trade debtors	9,505	9,181
	Amounts due by parent company	65,106	-
	Other debtors	18,195	119,982
	Prepayments	30,617	317,211
		<u>123,423</u>	<u>446,374</u>
6	CREDITORS Amounts falling due within one year	2012 £	2011 £
	Trade creditors	26,821	20,550
	Amount due to parent undertaking	-	391,128
	Other creditors	8,364	9,935
	Accruals	260,333	212,740
		<u>295,518</u>	<u>634,353</u>
7	SHARE CAPITAL	2012 £	2011 £
	Allotted, issued and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
8	PROFIT AND LOSS ACCOUNT	2012 £	2011 £
	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	2012 £	2011 £
	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

EXTRA CARE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

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.