

ExtraCare Retail Limited

Financial Statements

For the year ended 31 March 2023

Company Number: 2898050



ExtraCare Retail Limited
For the year ended 31 March 2023
Contents

	Page
Officers and Professional Advisors	3
Directors' Report	4
Independent Auditor's Report	7
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Accounting Policies	14
Notes to the Financial Statements	16

ExtraCare Retail Limited
For the year ended 31 March 2023
Officers & Professional Advisors

Directors		Date of Appointment	Date of Resignation
M Kerr	Chairman until resignation		2 June 2023
M Gaunt	Chairman from appointment	2 June 2023	
A Whittingham	Managing Director		
C Skelton			
J Hamilton	Non Executive Director		
R Byrne	Non Executive Director		
G Swabel	Non Executive Director		
S Villien	Non Executive Director	2 June 2023	
K Matharu	Non Executive Director	2 June 2023	

Secretary
A Carpenter

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

Auditor
RSM UK Audit LLP
Chartered Accountants
10th Floor, 103 Colmore Row
Birmingham
B3 3AG

ExtraCare Retail Limited

For the year ended 31 March 2023

Directors' Report

The directors submit their report and financial statements of ExtraCare Retail Limited for the year ended 31 March 2023.

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 £287,370 pre-tax profit (2022: £359,825). The company operates across a network of charity shops. Sales include donated goods sold on behalf of its supporters who donate the net proceeds to The ExtraCare Charitable Trust, which attracts gift aid recovery from HMRC, as well as the sale of some bought in goods. The company charges a commission to supporters for this service and makes a donor procurement charge to The ExtraCare Charitable Trust in respect of the recruitment of these donors.

Future Outlook

The last two years have been particularly hard for retail. Stock values have been driven down by low footfall and many retailers have had to reorganise themselves to stay relevant in a rapidly changing landscape. The high inflation rates this year will present challenges for both consumers and retailers. However, this could be an opportunity for charity retail as consumers look for ways to make their pound stretch further. Charity retail is ideally placed to deliver this both through donated goods and through new goods being sold at affordable prices. We achieved our highest profit level ever during the last recession, albeit there was not quite the hike in costs being experienced this time round.

In line with the retail strategy, we will continue to change the profile of the business, closing under-performing high street shops, renegotiating leases to secure more favourable lease terms which minimise the liability to the Trust and opening new district centre shops anchored by major food retailers.

Directors

Except where stated the following directors have held office since 1 April 2022.

M Kerr (until 2 June 2023)	R Byrne
M Gaunt (from 2 June 2023)	G Swabel
A Whittingham	S Villien (from 2 June 2023)
C Skelton	K Matharu (from 2 June 2023)
J Hamilton	

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year.

These provisions remain in force at the reporting date.

ExtraCare Retail Limited

For the year ended 31 March 2023

Directors' Report

Principal Risks and Uncertainties

A focus of the retail strategy is to consolidate the business by closing down under-performing high street shops and opening district centre shops where footfall is driven by a major food retailer. This strategy is working well and these shops are a high source of donations and profit generation. However, there is evidence that the growth of district centres is slowing down as supermarket growth reduces and these opportunities may become fewer in the coming months/years. Other stock generation and sales opportunities are being reviewed, including an online offer. All risks are reviewed by the Board to ensure appropriate mitigations are applied.

Volunteers

Each shop is supported by a team of volunteers who freely give their time to improve the shopping experience of our customers and to support our paid staff in the day to day running of our shops. The Directors would like to take this opportunity to thank all of our volunteers for their valuable contribution to the business.

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. Financial and operational performance is reported to the Board on a quarterly basis.

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.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small Companies Exemption

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

By order of the Board



A Whittingham

Director

18 September 2023

ExtraCare Retail Limited

For the year ended 31 March 2023

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; and
- 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.

ExtraCare Retail Limited

For the year ended 31 March 2023

Independent Auditor's Report to the members of ExtraCare Retail Limited

Opinion

We have audited the financial statements of ExtraCare Retail Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ♦ give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ExtraCare Retail Limited

For the year ended 31 March 2023

Independent Auditor's Report to the members of ExtraCare Retail Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ♦ the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ♦ the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ExtraCare Retail Limited

For the year ended 31 March 2023

Independent Auditor's Report to the members of ExtraCare Retail Limited

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- ♦ obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- ♦ inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- ♦ discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

ExtraCare Retail Limited

For the year ended 31 March 2023

Independent Auditor's Report to the members of ExtraCare Retail Limited

Auditor's Responsibilities for the audit of the financial statements (continued)

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the completeness and cut off risk around revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied and substantive and controls testing along with data analytics procedures over revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
10th Floor, 103 Colmore Row
Birmingham
B3 3AG

Date: 28/09/23

ExtraCare Retail Limited
Statement of Comprehensive Income
For the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover		3,050,951	2,891,559
Supplies and services		(325,451)	(271,491)
Staff costs	1	(2,087,746)	(1,810,594)
Other operating charges		(1,385,066)	(1,321,330)
Other operating income		1,034,553	871,681
OPERATING PROFIT		287,241	359,825
Interest receivable		129	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	287,370	359,825
Taxation	3	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		287,370	359,825

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

ExtraCare Retail Limited
Statement of Financial Position
As at 31 March 2023

Company Number: 2898050

	Notes	2023 £	2022 £
CURRENT ASSETS			
Stocks	4	92,644	109,348
Debtors	5	446,782	421,926
Cash at bank and in hand		72,785	2,279
		612,211	533,553
CREDITORS			
Amounts falling due within one year	6	(324,839)	(212,534)
NET ASSETS		287,372	321,019
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Profit and loss account		287,370	321,017
SHAREHOLDER'S FUNDS		287,372	321,019

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies regime.

The financial statements on pages 11 to 19 were approved by the Board of Directors and authorised for issue on 18 September 2023 and are signed on its behalf by:


A Whittingham
 Director

ExtraCare Retail Limited
Statement of Changes in Equity
As at 31 March 2023

	Notes	Share Capital £	Profit and Loss Account £	Total £
Balance at 1 April 2021		2	(38,808)	(38,806)
Profit for the year		-	359,825	359,825
Distributed to The ExtraCare Charitable Trust		-	-	-
Balance at 31 March 2022		2	321,017	321,019
Profit for the year		-	287,370	287,370
Distributed to The ExtraCare Charitable Trust		-	(321,017)	(321,017)
Balance at 31 March 2023		2	287,370	287,372

ExtraCare Retail Limited

For the year ended 31 March 2023

Accounting Policies

General Information

ExtraCare Retail Limited ("the company") is a private company limited by shares incorporated in England. The registered address of the company is 7 Harry Weston Road, Binley Business Park, Binley, Coventry, CV3 2SN.

Basis of Accounting

These financial statements have been prepared in accordance with section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The financial statements have been prepared on the historical cost basis. All monetary amounts are rounded to the nearest pound sterling.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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.

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. Sales that are made on behalf of supporters of The ExtraCare Charitable Trust are not included in turnover. All turnover is derived from UK markets.

ExtraCare Retail Limited

For the year ended 31 March 2023

Accounting Policies

Stocks (including Donated and Bought in Goods)

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.

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.

Other Operating Income

The other operating income relates to a charge levied to The ExtraCare Charitable Trust in respect of the recruitment and management of donors.

Going Concern

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the company's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

In assessing going concern the Directors have given careful consideration to the potential impact of high inflation (and the rising cost of living) on the cashflows and liquidity over the next 12 month period (from the date of signing these financial statements). We continue to receive healthy levels of donated goods (our primary revenue stream) and self-imposed cost reductions allow us to maximise the profitability of our shops, whilst we navigate a changing retail landscape. Typically, when consumer spending habits change as a result of economic challenge, the charity retail sector sees more demand. Our key focus is maintaining the strong level of donated stock that we are seeing to date. Our most recent forecast outturn is that we generate a surplus in excess of our budgeted targets, supporting the Charity's objectives.

The company's accounts and cashflow forecasts take all the above factors into account and indicate that the company will have sufficient funds to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements.

ExtraCare Retail Limited
For the year ended 31 March 2023
Notes to the Financial Statements

1. EMPLOYEES

All staff are employed by the parent undertaking, The ExtraCare Charitable Trust. The details of staff and staff costs referred to below relate to the company's share of the employment costs of the relevant employees as recharged from the parent to ExtraCare Retail Limited.

	2023 Number	2022 Number
The average monthly number of persons (including directors) employed by the company during the year was:	88	91

Staff Costs for the above persons:

	2023 £	2022 £
Wages & Salaries	1,905,601	1,654,391
Social Security Costs	128,833	103,725
Other Pension Costs	53,312	52,478
	2,087,746	1,810,594

All employees are employed by the Trust and total payroll costs are recharged to Retail.

Directors remuneration:

	2023 £	2022 £
In respect of the directors of ExtraCare Retail Limited employed by the parent the following amounts were recharged:		
Emoluments	71,911	67,733
Defined benefit pension contributions	3,254	3,128
	75,165	70,861

There is one (2022: one) director remunerated partly by the Company's parent undertaking for employment activity within the parent. There is one (2022: One) director to whom retirement benefits are accruing under the defined benefit scheme.

One further director (2022: One) was employed and paid by the Company's parent undertaking. This remuneration relates to work undertaken for the Trust. A recharge is not made to ExtraCare Retail Limited.

ExtraCare Retail Limited
For the year ended 31 March 2023
Notes to the Financial Statements

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2023 £	2022 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Operating lease rentals:		
Land & buildings	733,267	736,625
Donor procurement charge to The ExtraCare Charitable Trust	(1,034,553)	(871,681)
Auditor's remuneration		
- Statutory audit	11,100	10,000
- Corporation Tax Services	2,500	2,370
	<u>733,267</u>	<u>736,625</u>

3. TAXATION

	2023 £	2022 £
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:

	2023 £	2022 £
Profit on ordinary activities before tax	287,370	359,825
Profit on ordinary activities multiplied by the standard rate of Corporation Tax for small companies 19% (2021: 19%)	54,600	68,367
Underprovision in respect of prior year	-	-
Effects of:		
Profits Gift Aided to parent (see note below)	(54,600)	(68,367)
	<u>-</u>	<u>-</u>

Where possible, taxable profits will be gift aided to the parent company as a distribution of profits within nine months from the end of the accounting year. As this is a charitable distribution, this reduces the in year tax liability.

ExtraCare Retail Limited
For the year ended 31 March 2023
Notes to the Financial Statements

4. STOCKS

	2023 £	2022 £
Goods for resale	89,123	105,363
Consumables	3,521	3,985
	92,644	109,348

5. DEBTORS

	2023 £	2022 £
Amount due from parent undertaking	203,267	150,450
Other debtors	23,553	23,855
Prepayments	219,962	247,621
	446,782	421,926

6. CREDITORS: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	19,762	39,321
Other creditors	9,259	9,544
Accruals	295,818	163,669
	324,839	212,534

7. SHARE CAPITAL

	2023 £	2022 £
Allotted, issued and fully paid: 2 ordinary shares of £1 each	2	2

ExtraCare Retail Limited
For the year ended 31 March 2023
Notes to the Financial Statements

8. PARENT UNDERTAKING

The company is a wholly owned subsidiary of The ExtraCare Charitable Trust, a charitable company and Registered Provider of social housing limited by guarantee and incorporated in England.

The registered address of The ExtraCare Charitable Trust is 7 Harry Weston Road, Binley Business Park, Binley, Coventry, CV3 2SN.

9. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 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.

Consolidated financial statements are available from <http://www.extracare.org.uk>.

10. 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.