

Reports and Financial Statements

For the year ended 31 March 2023

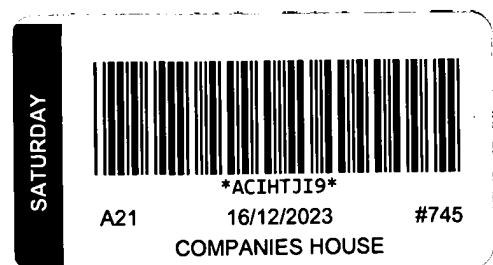
PAH Lottery Limited

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PAH Lottery Limited
West End Lane
Esher
Surrey KT10 8NA

Telephone 01372 468811



PAH Lottery Limited

Company registration number

3347939

Registered office

West End Lane
Esher
Surrey
KT10 8NA

Directors

Sean Hilton
Despina Don-Wauchope
Andrew Jennings
Darren Webb

Company Secretary

Diane Rickwood

Auditors

Mazars LLP
2nd Floor, 6 Sutton Plaza
Sutton Court Road
Sutton
Surrey SM1 4FS

Bankers

Barclays Bank Plc
Ground Floor, Tagus House
Ocean Way
Southampton
SO14 3TJ

PAH Lottery Limited

Directors' report

The directors present their report and the financial statements of the company for the year ended 31 March 2023.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

The directors have taken all the steps they deem necessary to make the auditors aware of any relevant audit information and to establish that the auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

Principal activity and review of the business

The company is a wholly owned subsidiary of Princess Alice Hospice, a company limited by guarantee, whose objects are entirely charitable and relate to the operation of the Princess Alice Hospice (the "Charity").

The principal activity of the company is the operation of a weekly lottery for the benefit of the Charity. Lottery tickets are sold singly and for subscription periods of thirteen, twenty-six or fifty-two weeks in advance. The lottery may also run special draws throughout the year, which are in addition to a player's regular subscription.

As the whole of the company's taxable profits are covenanted to the parent company, no tax is payable.

The company has achieved a profit of £277,517 (2022: £297,647) from trading in the year to 31 March 2023. The results for the year ended 31 March 2023 are shown in the statement of income and retained earnings on page 7.

Decision to outsource the lottery

Ticket sales have been in decline for the last three years. Recruiting and retaining dedicated resource to address this has proved challenging. In 2022 an external review of the lottery was commissioned

PAH Lottery Limited

Directors' report (continued)

and recommended that the lottery was outsourced to an external provider. Two Hospice lottery providers were invited to submit a proposal to take on the lottery.

After appropriate due diligence and external legal advice, Local Hospice Lottery (LHL) was selected as the preferred provider. LHL is a wholly owned subsidiary of Farleigh Hospice. It operates a society lottery that benefits numerous individual hospices and is the country's leading lottery for Hospices. The proposal was accepted by the Directors in March 2023 and recommended to the Board of the parent company Princess Alice Hospice. It was agreed by the parent company Board on 29 March 2023.

Contracts were signed in June 2023 and the lottery was transferred to LHL in August 2023. As such, these financial statements have been prepared on a basis other than that of a going concern.

The impact of uncertainties due to the Russian invasion of Ukraine

There has been no significant impact on the company from the Russian invasion of Ukraine.

Directors

The directors set out below have held office during the whole of the period from 1 April 2022 to the date of this report unless otherwise stated:

Sean Hilton
Despina Don-Wauchope
Andrew Jennings
Darren Webb

None of the directors holding office on 31 March 2023 had any interest in the shares of the company according to the register of directors' interests.

Auditors

Mazars LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006, unless the company receives notice under section 488(1) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Approved by the Board on 29 November 2023
and signed on its behalf by



Sean Hilton
Chair

PAH Lottery Limited

Independent auditor's report to the members of PAH Lottery Limited

Opinion

We have audited the financial statements of PAH Lottery Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Income and Retained Earnings, the Balance Sheet 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.

Emphasis of matter – basis of preparation

We draw attention to note 1.2 in the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1.2. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

In connection with our audit of the financial statements, 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 course of 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:

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PAH Lottery Limited

Independent auditor's report to the members of PAH Lottery Limited (Cont'd)

- 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 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.
- 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 and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

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Independent auditor's report to the members of PAH Lottery Limited (Cont'd)

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

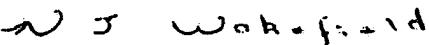
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.


Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 14 December 2023

PAH Lottery Limited

Statement of Income and retained earnings for the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover		462,932	481,250
Cost of sales		(106,530)	(104,520)
Gross profit		356,402	376,730
Administrative expenses		(78,885)	(79,083)
Operating profit	2	277,517	297,647
Profit on ordinary activities before taxation		277,517	297,647
Taxation	3	-	-
Profit for the year		277,517	297,647
Retained earnings brought forward		-	-
Profit for the year		277,517	297,647
Covenanted to Princess Alice Hospice	3	(277,517)	(297,647)
Retained earnings carried forward		-	-

The company's turnover and expenses all relate to discontinued operations.

There were no recognised gains or losses other than the result for the year.


PAH Lottery Limited

Balance sheet for the year ended 31 March 2023

	Notes	2023 £	2022 £
Current assets			
Cash at bank and in hand		252,484	263,457
Debtors & prepayments	4	2,964	3,315
		<hr/>	<hr/>
		255,448	266,772
Creditors – Amounts falling due within one year	5	(254,448)	(265,772)
		<hr/>	<hr/>
Net assets		1,000	1,000
		<hr/>	<hr/>
Represented by:-			
Called up share capital	6	1,000	1,000
Profit and loss account	7	-	-
		<hr/>	<hr/>
		1,000	1,000
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Authorised for issue and approved by the Board on 29 November 2023
and signed on its behalf by



Sean Hilton
Chair

PAH Lottery Limited

Notes to the financial statements for the year ended 31 March 2023

1. Accounting policies

1.1 General information

PAH Lottery Limited (the Company) is a private company limited by shares and incorporated in England and Wales.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006.

The financial statements are prepared under the historical cost convention.

As explained in the Director's report, the Company is a wholly owned subsidiary of Princess Alice Hospice (the Charity) with all of its profits being covenanted to the Charity. COVID-19 has not had any impact on the results for 2022/23 but single ticket sales through the shops have not recovered to their pre-pandemic level and there has continued to be attrition in regular subscribers who pay by direct debit.

For this reason, the Directors commissioned an external review of the lottery operation during the year. This recommended that the lottery should be outsourced to a third party provider. Local Hospice Lottery (LHL) was selected as the preferred provider and the transfer of business is expected to be completed by August 2023. More details can be found on pages 2 and 3 of the Directors' Report. As such, these financial statements have been prepared on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

1.3 Turnover

Turnover represents income from the sale of lottery tickets and is recognised on an accruals basis for each lottery draw.

1.4 Pension costs

Employer's contributions payable to the Group Personal Pension Scheme are charged to the profit and loss in the period.

1.5 Cash flow

The financial statements do not include a cash flow statement because the Company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under FRS102.

PAH Lottery Limited

Notes to the financial statements for the year ended 31 March 2023

2. Operating profit

	2023 £	2022 £
Operating profit is stated after charging:		
Auditors' remuneration - audit work	6,493	5,040
- non-audit work	1,980	1,620
	<u>8,473</u>	<u>6,660</u>

3. Deed of covenant and Gift Aid

As the company pays the whole of its taxable profit £277,517 (2022: £297,647) to the parent charity Princess Alice Hospice under a deed of covenant, no tax is payable.

No taxation was payable for the year (2022: nil)

4. Debtors & prepayments

	2023 £	2022 £
Prepayments	<u>2,964</u>	<u>3,315</u>

5. Creditors – Amounts falling due within one year

	2023 £	2022 £
Amount due to parent company	172,975	172,687
Other creditors	81,473	93,085
	<u>254,448</u>	<u>265,772</u>

6. Share capital

	2023 £	2022 £
Authorised		
10,000 Ordinary shares of £1	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>

PAH Lottery Limited

Notes to the financial statements for the year ended 31 March 2023

7. Profit and loss account

	2023 £	2022 £
Balance at 1 April	-	-
Profit for the year	277,517	297,647
Covenanted to parent charity	(277,517)	(297,647)
	<hr/>	<hr/>
Balance at 31 March	-	-

There are no reserves other than the profit and loss account.

8. Pension commitments

The group operates a defined contribution scheme for eligible employees with contributions payable by both the group and the relevant employees. The assets of these plans are held separately from those of the Hospice, being invested with an insurance company. The pension cost charge for the year ended 31 March 2023 was £1,415 (2022: £1,680).

9. Parent company

The company is a wholly owned subsidiary of Princess Alice Hospice, a company limited by guarantee, registered in England and Wales, whose objects are entirely charitable and relate to the operation of Princess Alice Hospice.

Princess Alice Hospice is the only group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements can be obtained from The Company Secretary, Princess Alice Hospice, West End Lane, Esher, Surrey, KT10 8NA.

10. Related party transactions

The company has taken advantage of the exemptions available in FRS 102 and has not disclosed related party transactions which are eliminated on consolidation.

The Directors of the company receive no remuneration and are not reimbursed for any expenses.

11. Post balance sheet events

The transfer of business to LHL was completed in August 2023, further details can be found on pages 2-3 of the Directors' Report and note 1.2 above.