

CHAS TRADING LIMITED

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 March 2018



Registered Number: SC155327

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The Directors submit their report and accounts of the Company for the year ended 31 March 2018.

Directors

The Directors of the Company during the year ended 31 March 2018 were:

Marianne S McJannett (Chairperson) (Resigned 16 August 2018)
Professor Gordon C A Dickson (Resigned 18 September 2017)
Peta M Hay (Appointed 18 September 2017)
George M Reid
Ian M Thomson (Resigned 18 September 2017)
Kenneth W Wilson (Resigned 18 September 2017)

Company Secretary:
Jennifer Fairbairn

None of the Directors has an interest in the shares of the Company. The parent undertaking, Children's Hospice Association Scotland (CHAS), is a company limited by guarantee.

Activities and Future Developments

The year ended 31 March 2018 saw a second year of profit for CHAS Trading, and an increase on the previous financial year as the model of working in our four shops in Kinross and Dunfermline was consolidated. Administrative costs increased by just over £29,400 in the year as the team reached their full staffing complement. Cost of sales increased this year as we saw the re-introduction of mail order for Christmas cards through a fulfilment partnership with Impress. Sales of Christmas cards also increased accordingly.

Additional income continues to be generated through auction sales and recycling, where it is not possible to sell certain donated items through our retail outlets, and volunteer led offsite book sales continue to grow. Some further income is also raised through an ongoing partnership with the Clothes Aid clothes collection organisation.

CHAS Trading's profitability is only made possible by the integral role played by volunteers across all aspects of our retail activities from van driving and sorting to pricing and customer service.

Our ongoing focus is to maintain profitability over the coming years, and in 2018/19 we look to explore additional sources of income including gift aid and commercial possibilities that the CHAS Alphabet may bring.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****Trading Results**

The gross profit for the year ended 31 March 2018 was £412,120 compared with £373,085 for the previous year. After deduction of administrative expenses, a profit of £87,794 was recorded for this financial year. Owing to a lack of distributable reserves, there were no amounts payable to CHAS under deed of covenant (2017: *£nil*). Further details are set out in the Profit and Loss Account.

Share Capital

There has been no change in share capital during the year.

Statement of Directors' Responsibilities in respect of the Directors' Report and the Accounts

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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit and 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 accounting estimates that are reasonable and prudent;
- 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 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Disclosure of Information to Auditor

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

Auditor

Saffery Champness LLP were appointed as auditors to the Company, and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

By order of the Board.



Marianne S McJannett
Chair

Registered office:
Canal Court
42 Craiglockhart Avenue
Edinburgh
EH14 1LT

25 June 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAS
TRADING LIMITED
FOR THE YEAR ENDED 31 MARCH 2018****Opinion**

We have audited the financial statements of CHAS Trading Limited for the year ended 31 March 2018 which comprise the Profit and Loss Account, the Balance Sheet, the 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 Financial Reporting Standard 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 2018 and its profit for the period 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.

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 auditors 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAS
TRADING LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****Other information**

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAS TRADING LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

- 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.

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 these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAS TRADING
LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

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.



Kenneth McDowell (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Date: 20 August 2018

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Notes</i>	<i>2018</i> £	<i>2017</i> £
TURNOVER	2	421,049	379,838
Cost of sales		(8,929)	(6,753)
		<hr/>	<hr/>
GROSS PROFIT		412,120	373,085
Administrative expenses		(324,326)	(294,898)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	87,794	78,187
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		87,794	78,187
		<hr/>	<hr/>

The notes on pages 11 to 15 form part of these financial statements.

Other than the profit for the year there have been no other recognised gains or losses.

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Notes	2018 £	2017 £
TANGIBLE FIXED ASSETS	5	20,736	28,665
CURRENT ASSETS			
Stock	6	2,043	1,309
Debtors	7	17,328	14,327
Cash at bank and in hand		12,329	3,020
		<hr/>	<hr/>
		31,700	18,656
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(563,019)	(645,698)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(531,319)	(627,042)
		<hr/>	<hr/>
NET LIABILITIES		(510,583)	(598,377)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account		(510,585)	(598,379)
		<hr/>	<hr/>
SHAREHOLDER'S FUNDS		(510,583)	(598,377)
		<hr/>	<hr/>

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

Approved by the Board on 25 June 2018



Marianne S McJannett
Chair

The notes on pages 11 to 15 form part of these accounts.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Called up share capital</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
Balance as at 1 April 2017	2	(598,379)	(598,377)
Profit for the financial year	-	87,794	87,794
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2018	2	(510,585)	(510,583)
	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018****1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

Basis of preparation

The accounts are prepared under the historical cost accounting rules and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

As it is a wholly owned subsidiary of Children's Hospice Association Scotland, CHAS Trading Limited has taken advantage of the exemption set out in section 1.12(b) of FRS 102 and therefore no cash flow statement has been prepared.

The consolidated accounts of Children's Hospice Association Scotland, within which this Company is included, can be obtained from the address given in note 11.

Going concern

The accounts have been prepared on a going concern basis notwithstanding the net liabilities of £510,583 at 31 March 2018 (2017: £598,377). The Company is dependent on the support of the parent company, Children's Hospice Association Scotland, which has indicated that, for at least twelve months from the date of approval of these financial statements, it will make available such funds as are required to enable the Company to settle its liabilities as they fall due and will not seek repayment of the amounts currently made available. Accordingly, the Directors consider it appropriate to prepare the accounts on a going concern basis.

Tangible Fixed assets

Tangible fixed assets are capitalised at cost and are depreciated in equal annual instalments over their estimated useful lives as follows:

Freehold property	50 years
Short leasehold	5 years or period of lease if shorter
Motor vehicles	3 years
Computer equipment	3 years
Furniture and fittings	10 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging £2,500 (2017: £1,500) in respect of auditor's remuneration. No profits were covenanted to a registered charity (2017: £nil). The auditor did not receive any fees for non-audit services (2017: £nil).

None of the Directors received any emoluments in respect of their services to the Company. Other than the Directors, the Company had no employees.

Administrative Expenses include £165,784 (2017: £121,350) recharged by the parent company for retail management services and a further £42,224 (2017: £39,216) for support services including senior management, finance, IT, Human Resources, Public Relations, voluntary services management and general administration. The parent company made these charges in accordance with 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)'. Administrative Expenses also include £48,750 (2017: £45,925) in respect of operating lease rentals for land and buildings.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	2018 £	2017 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	87,794	78,187
	<hr/>	<hr/>
Current tax at 19% (2017: 20%)	16,681	15,637
Utilisation of available tax losses	(16,681)	(15,637)
	<hr/>	<hr/>
Current tax on result on ordinary activities	-	-
	<hr/> <hr/>	<hr/> <hr/>

A deferred tax asset relating to tax losses of £96,344 (2017: £119,003) has not been recognised in these accounts due to the uncertainty over the timing and availability of taxable profits to utilise it.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

5 TANGIBLE FIXED ASSETS

	<i>Freehold property £</i>	<i>Short leasehold £</i>	<i>Motor Vehicles £</i>	<i>Computer equipment £</i>	<i>Furniture and fittings £</i>	<i>Total £</i>
Cost at beginning and end of year	13,161	46,664	14,779	31,213	5,675	111,492
	_____	_____	_____	_____	_____	_____
Accumulated depreciation at beginning of year	1,535	37,876	9,852	31,213	2,351	82,827
Charge for year	263	2,172	4,927	-	567	7,929
	_____	_____	_____	_____	_____	_____
Accumulated depreciation at end of year	1,798	40,048	14,779	31,213	2,918	90,756
	_____	_____	_____	_____	_____	_____
Net book value at 31 March 2018	11,363	6,616	-	-	2,757	20,736
	=====	=====	=====	=====	=====	=====
Net book value at 31 March 2017	11,626	8,788	4,927	-	3,324	28,665
	=====	=====	=====	=====	=====	=====

6 STOCKS

	<i>2018 £</i>	<i>2017 £</i>
Goods for resale	2,043	1,309
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

7 DEBTORS	2018	2017
	£	£
Due from parent company	1,883	1,683
Sundry debtors	15,275	12,644
VAT	170	-
	<hr/>	<hr/>
	17,328	14,327
	<hr/>	<hr/>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Owed to parent company	547,546	628,247
Accruals and sundry creditors	15,473	17,284
VAT	-	167
	<hr/>	<hr/>
	563,019	645,698
	<hr/>	<hr/>

The amounts owed to the parent company are secured by a bond and floating charge over the whole of the assets of CHAS Trading Limited.

9 CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and paid		
2 ordinary shares of £1 each, issued at par	2	2
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****10 COMMITMENTS**

Future minimum lease payments under property operating leases are as follows:

	2018 £	2017 £
Operating leases which expire:		
Within one year	49,800	46,034
In two to five years	79,396	27,726
	<hr/>	<hr/>
	129,196	73,760
	<hr/>	<hr/>

11 ULTIMATE PARENT COMPANY

CHAS Trading Limited is a wholly owned subsidiary undertaking of Children's Hospice Association Scotland, a registered charity incorporated in Scotland. Distributable profits of CHAS Trading Limited are paid under deed of covenant to the parent company.

The results of CHAS Trading Limited are included in the accounts of Children's Hospice Association Scotland which are available from the Company Secretary, Children's Hospice Association Scotland, Canal Court, 42 Craiglockhart Avenue, Edinburgh, EH14 1LT.