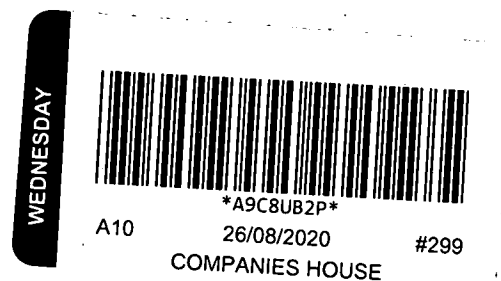


Gateway Crafts Limited
Unaudited Financial Statements
31 December 2019



LEATHERS LLP
Chartered accountants
First Floor
2 Collingwood Street
Newcastle upon Tyne
NE1 1JF

Gateway Crafts Limited
Financial Statements
Year Ended 31 December 2019

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Gateway Crafts Limited

Officers and Professional Advisers

The board of directors

S Chandler
PR Holmes
C Cuthill

Company secretary

PR Holmes

Registered office

St Nicholas Church
Market Place
Durham
DH1 3NJ

Accountants

Leathers LLP
Chartered accountants
First Floor
2 Collingwood Street
Newcastle upon Tyne
NE1 1JF

Bankers

The Co-operative Bank Plc
Olympic House
6 Olympic Court
Montford Street
Salford
M5 2QP

Gateway Crafts Limited

Directors' Report

Year Ended 31 December 2019

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2019.

Principal activities

The main activity of the company continues to be the retailing, in a fair and just manner, of a wide range of ceramics, wood carvings, jewellery, accessories, food products and hand-made paper, the majority of which originate from developing countries. The Company trades under the name Gateway World Shop. The main "stakeholders" in Gateway World Shop are the producers and suppliers whose livelihoods Gateway endeavours to support.

The shop is managed by Hazel Dobson and staffed by a number of contracted and other support staff. The directors would like to record their thanks to all of the staff for their commitment and support through the year.

Gateway is also well supported by St Nicholas Church in many practical ways and, once again, the directors are grateful for this ongoing support. Gateway has operated under a twenty five year licence from the church which expired in July 2018. However, the licence has been extended unchanged temporarily while the church considers various strategic options for its ministry. The directors are grateful for this extension and look forward to continuing the discussions regarding the future.

Since Gateway Crafts Limited is below the turnover level at which an audit is mandatory, one has not been performed. However, as in previous years, Leathers LLP, Chartered Accountants' services have been used in the compilation of these financial statements.

Results

Sales turnover at £95.3k was down over £7k from the previous year. Gross margin at £41.9k was also down from £46.9k in 2018, with a lower gross margin on sales percentage (44% versus 46%). Distribution costs (mostly wages) at £38.9k are £3.2k higher than 2018; this is a combination of salary increases and double-heading some roles as we prepare our succession planning. Administrative expenses at £4.9k were £1.7k lower than 2018, the main reasons being lower staff travel costs as less producer fairs were attended. Before tax, the loss for the year was £1.9k (2018: profit of £4.7k). Gateway Crafts Limited was not required to pay corporation tax in the year (2018: £0.9k) but received a refund of £0.3k due to carry back relief against the 2018 tax charge.

2020 trading and outlook

The results for the first three months of 2020 were almost in line with 2019. However, in line with almost all other retailers, Gateway Crafts Ltd was required to close at the end of March due to the coronavirus and will not re-open until the second half of the year. Staff were furloughed and the government support has been received for this. In addition, we have received a £10k Small Business Fund Grant. This level of support means that our cash position is currently healthy and, while we will need to make adaptations to the way the shop is configured, we are confident that trading will resume before the busy last quarter of the year (Gateway makes most of its profits in the run up to Christmas) and we will end the year in a good cash position.

Directors

The directors who served the company during the year were as follows:

S Chandler
PR Holmes
C Cuthill
K Sygrove
J Lamb

(Resigned 2 July 2019)
(Resigned 31 January 2019)

Gateway Crafts Limited

Directors' Report *(continued)*

Year Ended 31 December 2019

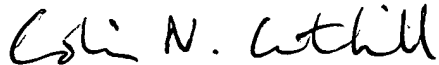
Dividends

The directors do not recommend the payment of a dividend.

Small company provisions

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

This report was approved by the board of directors on 11th August 2020 and signed on behalf of the board by:



C Cuthill (Chairman)
Director

Registered office:
St Nicholas Church
Market Place
Durham
DH1 3NJ

Gateway Crafts Limited

Chartered Accountant's Report to the Board of Directors on the Preparation of the Unaudited Statutory Financial Statements of Gateway Crafts Limited

Year Ended 31 December 2019

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Gateway Crafts Limited for the year ended 31 December 2019, which comprise the statement of income and retained earnings, statement of financial position and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/membership/regulations-standards-and-guidance.

This report is made solely to the Board of Directors of Gateway Crafts Limited, as a body, in accordance with the terms of our engagement letter dated 29 June 2016. Our work has been undertaken solely to prepare for your approval the financial statements of Gateway Crafts Limited and state those matters that we have agreed to state to you, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Gateway Crafts Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Gateway Crafts Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Gateway Crafts Limited. You consider that Gateway Crafts Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Gateway Crafts Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Leathers LLP

LEATHERS LLP
Chartered accountants

First Floor
2 Collingwood Street
Newcastle upon Tyne
NE1 1JF

25/08/2020

Gateway Crafts Limited
Statement of Income and Retained Earnings
Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover		95,331	102,389
Cost of sales		<u>(53,417)</u>	<u>(55,417)</u>
Gross profit		41,914	46,972
Distribution costs		<u>(38,894)</u>	<u>(35,716)</u>
Administrative expenses		<u>(4,927)</u>	<u>(6,597)</u>
Other operating income		<u>22</u>	<u>-</u>
Operating (loss)/profit		(1,885)	4,659
(Loss)/profit before taxation	5	(1,885)	4,659
Tax on (loss)/profit		<u>331</u>	<u>(887)</u>
(Loss)/profit for the financial year and total comprehensive income		<u>(1,554)</u>	<u>3,772</u>
Retained earnings at the start of the year		24,308	20,536
Retained earnings at the end of the year		<u>22,754</u>	<u>24,308</u>

All the activities of the company are from continuing operations.

The notes on pages 8 to 11 form part of these financial statements.

Gateway Crafts Limited
Statement of Financial Position
31 December 2019

	Note	2019 £	£	2018 £
Fixed assets				
Tangible assets	6		31	122
Investments	7		100	100
			<u>131</u>	<u>222</u>
Current assets				
Stocks		11,296		14,100
Debtors	8	1,625		1,245
Cash at bank and in hand		35,228		37,983
		<u>48,149</u>		<u>53,328</u>
Creditors: amounts falling due within one year	9	<u>6,502</u>		<u>10,218</u>
Net current assets			<u>41,647</u>	<u>43,110</u>
Total assets less current liabilities			<u>41,778</u>	<u>43,332</u>
Net assets			<u>41,778</u>	<u>43,332</u>
Capital and reserves				
Called up share capital			2	2
Share premium account			19,022	19,022
Profit and loss account			<u>22,754</u>	<u>24,308</u>
Shareholders funds			<u>41,778</u>	<u>43,332</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

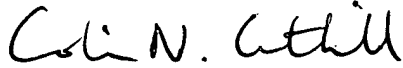
The statement of financial position
continues on the following page.
The notes on pages 8 to 11 form part of these financial statements.

Gateway Crafts Limited

Statement of Financial Position *(continued)*

31 December 2019

These financial statements were approved by the board of directors and authorised for issue on 11th August 2020, and are signed on behalf of the board by:



C Cuthill (Chairman)
Director

Company registration number: 02674600

The notes on pages 8 to 11 form part of these financial statements.

Gateway Crafts Limited

Notes to the Financial Statements

Year Ended 31 December 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is St Nicholas Church, Market Place, Durham, DH1 3NJ.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis

The financial statements are prepared in sterling, which is the functional currency of the entity. The financial statements have been prepared on the historical cost basis for this individual entity, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The Directors have considered the impact of the Covid-19 pandemic on the business and the carrying values of the assets and liabilities in the financial statements at the reporting date. Due to the economic uncertainty at the date of signing the accounts, the Directors cannot determine the likely impact that Covid-19 may have on the business going forward with any certainty.

At the time of signing the accounts, the Directors have made their best assessment in light of current events and no adjustments have been made to the carrying values; they cannot in light of the current uncertainty state that carrying values will not be effected. The Directors will continue to monitor the situation carefully in the coming weeks and months.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of estimation means the actual outcomes could differ from those estimates. There are no judgements and estimates that have a significant effect on the financial statements.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Gateway Crafts Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Shop Fittings	- 10% straight line
Office Equipment	- 25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Gateway Crafts Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 6 (2018: 5).

5. Profit before taxation

Profit before taxation is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	<u>91</u>	<u>91</u>

6. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2019 and 31 December 2019	<u>5,545</u>	<u>950</u>	<u>6,495</u>
Depreciation			
At 1 January 2019	5,507	866	6,373
Charge for the year	<u>8</u>	<u>83</u>	<u>91</u>
At 31 December 2019	<u>5,515</u>	<u>949</u>	<u>6,464</u>
Carrying amount			
At 31 December 2019	<u>30</u>	<u>1</u>	<u>31</u>
At 31 December 2018	<u>38</u>	<u>84</u>	<u>122</u>

Gateway Crafts Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

7. Investments

	Investments £
Cost	
At 1 January 2019 and 31 December 2019	<u>100</u>
Impairment	
At 1 January 2019 and 31 December 2019	<u>-</u>
Carrying amount	
At 31 December 2019	<u>100</u>
At 31 December 2018	<u>100</u>

Fixed asset investments represent 100 ordinary £1 shares in Traidcraft plc, stated at cost. Shares in Traidcraft plc are not actively traded on the open market, therefore the market value is not readily available.

8. Debtors

	2019 £	2018 £
Other debtors	<u>1,625</u>	<u>1,245</u>

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	1,282
Corporation tax	-	887
Social security and other taxes	4,665	6,055
Other creditors	<u>1,837</u>	<u>1,994</u>
	<u>6,502</u>	<u>10,218</u>

10. Related party transactions

During the year a charitable donation of £nil (2018: £nil) was made to Gateway Development Trust limited, the charity that controls the company. 50% of the shares in Gateway Crafts Limited are held by H Dobson by way of a bare trust on behalf of Gateway Development Trust Limited.

11. Controlling party

In the directors' opinion, the company's ultimate parent company and controlling party is Gateway Development Trust Limited, a company incorporated in England whose registered office is St Nicholas Church, Market Place, Durham, DH1 3NJ.

Gateway Crafts Limited
Management Information
Year Ended 31 December 2019

The following pages do not form part of the financial statements.

Gateway Crafts Limited
Detailed Income Statement
Year Ended 31 December 2019

	2019 £	2018 £
Turnover	95,331	102,389
Cost of sales		
Opening stock	14,100	14,833
Purchases	<u>50,613</u>	<u>54,684</u>
	64,713	69,517
Closing stock	<u>11,296</u>	<u>14,100</u>
	53,417	55,417
Gross profit	<u>41,914</u>	<u>46,972</u>
Overheads		
Distribution costs	38,894	35,716
Administrative expenses	<u>4,927</u>	<u>6,597</u>
	43,821	42,313
Other operating income	22	—
Operating (loss)/profit	<u>(1,885)</u>	<u>4,659</u>
(Loss)/profit before taxation	<u><u>(1,885)</u></u>	<u><u>4,659</u></u>

Gateway Crafts Limited

Notes to the Detailed Income Statement

Year Ended 31 December 2019

	2019 £	2018 £
Distribution costs		
Wages and salaries	36,547	31,926
Social security costs	1,252	2,361
Other distribution costs	920	1,254
Advertising	175	175
	<u>38,894</u>	<u>35,716</u>
Administrative expenses		
Rates and insurance	794	823
Travel, subsistence and research	43	619
Telephone and stationery	421	747
Fees and subscriptions	578	548
Sundry expenses	218	80
Charitable donations	—	500
Refunds	44	8
Accountancy fees	1,360	1,560
Depreciation of tangible assets	91	91
Bank charges	1,378	1,621
	<u>4,927</u>	<u>6,597</u>
Other operating income		
Donations	<u>22</u>	<u>—</u>