

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 March 2018**
for
Carrington Hull Associates Limited

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Carrington Hull Associates Limited

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Carrington Hull Associates Limited

Company Information for the Year Ended 31 March 2018

DIRECTORS:

C Tanner
M Y C Cho
M A Hill
K Coles - resigned 31 December 2017

REGISTERED OFFICE:

Unit 13
2 Artichoke Hill
London
E1W 2DE

BUSINESS ADDRESS:

3 Haberdasher Street
London
N1 6ED

REGISTERED NUMBER:

01343414 (England and Wales)

AUDITORS:

P and Co LLP
Statutory Auditors
Unit 13
2 Artichoke Hill
London
E1W 2DE

Carrington Hull Associates Limited

Group Strategic Report for the Year Ended 31 March 2018

The directors present their Strategic Report of the company and the group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activities of Carrington Hull Associates are composed of the manufacturing ties and shirts via two UK-based factories, wholesale, and retail. These products, in addition to Drake's-branded menswear products are sold through wholesale customers, retail outlets in London, New York, Tokyo, and Seoul, and its e-commerce platform.

BUSINESS REVIEW

The results for the year ended 31 March 2018 are set out in the income statement on page eight. For the group, it was another year of spending and growth in an effort to further increase the exposure of the brand and the number of sales channels. Turnover increased by £1,972,593 (or 21.8%) year on year to a total of £11,041,881 (2017: £9,069,288). The group increased its gross profit margin, which the directors regard as a key KPI to 39.7% (2017: 33.4%). However, the extra spend resulted in an operating loss of £492,115 (2017: loss £104,499) for the period.

Quarter two saw the opening of our permanent flagship store in New York in the heart of Soho. This came off the heels of a six-month pop-up around the corner to validate our ability to achieve sales in this location. This location has over-exceeded sales expectations for the remainder of the period.

In quarter three, the group opened an independent Drake's-branded store in Seoul, Korea with a local operator. This arrangement benefits the business since it does not require a significant financial outlay while simultaneously growing the brand's exposure.

During the period, the group also incurred extra costs through organizational changes to better suit the retail-driven model of the business. More specifically, the formation of a Merchandising department and hiring one senior person into this role. As the number of sales channels increase, the level of inventory increased as a component of the group's balance sheet, thus making it a more important set of decisions.

Carrington Hull Associates Limited

Group Strategic Report for the Year Ended 31 March 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The group's operations expose it to various financial risks that include currency risk, customer concentration risk, and key person risk.

These risks are monitored on a daily basis by dedicated personnel in an effort to limit the possible adverse effects on the financial performance of the group. Management meets weekly to review key performance indicators while meeting monthly to review more in-depth reporting on cash flow forecasts, debtor reports, work-in-progress inventory, and financial statements. The group does not use derivative financial instruments or manage interest rate costs and, as such, no hedge accounting is applied.

Currency risk

The group incurs and receives payments in foreign currencies. The exposure to foreign exchange fluctuation is mitigated by a multi-currency pricing system, multi-currency bank accounts, and to some extent working with suppliers that are paid in the foreign currency. The most significant exposure is from the Eurozone.

The Brexit vote impacted the value of the pound sterling (£), which negatively affected the group's trading in two ways: it increased the cost of raw materials coming from the Europe and it decreased the value of foreign sales.

The group does not utilize any form of foreign currency hedging as the exposure because it does not have much certainty on when it will receive foreign currency payments from customers. Instead, the group tries to match receipts and payments of foreign currencies to avoid the need to incur foreign exchange transaction costs and exchange risk.

Customer concentration risk

The group has one key customer that represents a tenth of group sales. Management recognizes the risk and has been working to increase the revenue of the other channels to reduce the reliance on a single customer. This single account has maintained its value, but has shrunk as a percentage of overall revenue with the increase in our other sales channels. Management continues to focus on its Drake's-branded sales to mitigate this risk.

Loss of key employees risk

The future success of the business depends on the skills and efforts of its employees and the ability to retain and develop these individuals. The business constantly reviews its remuneration packages to ensure they remain competitive. The business maintains development and succession planning programmes to mitigate the impact that the loss of key employees would have.

FUTURE DEVELOPMENTS

The directors anticipate that the group will trade satisfactorily in the coming year.

Additionally, the group is in the process of changing Enterprise Resource Planning that serves the whole of the business from production to inventory management to sales. Given the scope of this change, we do expect teething problems, as well as on-boarding support for all employees, resulting in additional IT support costs for the coming year. The bigger-picture benefit is it will allow the group operate more efficiently in historically manual areas of the business; for example, digitizing the wholesale order process and maintaining electronic records rather than relying on manual entry and paper.

Lastly, the group is in discussions to work with local operators in Paris and Los Angeles for shop-in-shops in each of those locations.

POST BALANCE SHEET-END EVENTS

The group anticipates further organizational changes, including the promotion of the Head of Sales to Sales Director, and reshaping departments to fulfill the visions of the new department heads.

Carrington Hull Associates Limited


Group Strategic Report for the Year Ended 31 March 2018

GOING CONCERN

The directors and shareholders have a reasonable expectation that the company group has adequate resources to continue in operational existence for the foreseeable future and they have therefore adopted a going concern basis in preparing the accounts.

The loss for the financial period amounted to £632,165 (2017: loss £130,402). Net assets amounted to £2,258,342 (2017: £2,890,507). In spite of the increased losses and higher spend, the group is doing so in a measured way to ensure that the organization and infrastructure is prepared to scale in future years.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M A Hill', is written over a horizontal dotted line.

M A Hill - Director

25 October 2018

Carrington Hull Associates Limited

Report of the Directors for the Year Ended 31 March 2018

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

C Tanner
M Y C Cho
M A Hill

Other changes in directors holding office are as follows:

K Coles - resigned 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.


Carrington Hull Associates Limited

Report of the Directors for the Year Ended 31 March 2018

AUDITORS

The group appointed P and Co. LLP as the auditor for the fiscal year ending April 30, 2014, and has appointed them in every subsequent year since.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M A Hill', written over a dotted line.

M A Hill - Director

25 October 2018

Report of the Independent Auditors to the Members of Carrington Hull Associates Limited

Opinion

We have audited the financial statements of Carrington Hull Associates Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Income Statement, the Consolidated Other Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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 group's or the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Carrington Hull Associates Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

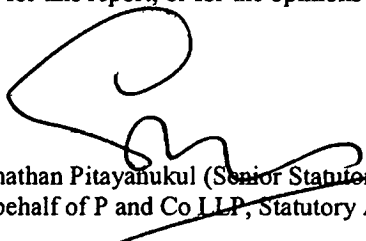
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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.

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 Report of the Auditors.

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 a Report of the Auditors 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.



Sangyai Jonathan Pitayanukul (Senior Statutory Auditor)
for and on behalf of P and Co LLP, Statutory Auditors
Unit 13
2 Artichoke Hill
London
E1W 2DE

26 October 2018

Carrington Hull Associates Limited**Consolidated Income Statement
for the Year Ended 31 March 2018**

	Notes	2018 £	2017 £
TURNOVER	3	11,041,881	9,069,288
Cost of sales		(6,657,126)	(6,040,286)
GROSS PROFIT		4,384,755	3,029,002
Administrative expenses		(4,933,578)	(3,133,638)
		(548,823)	(104,636)
Other operating income		56,708	137
OPERATING LOSS	5	(492,115)	(104,499)
Interest receivable and similar income		788	634
		(491,327)	(103,865)
Interest payable and similar expenses	6	(90,498)	(58,422)
LOSS BEFORE TAXATION		(581,825)	(162,287)
(Tax)/tax credit on loss	7	(50,340)	31,885
LOSS FOR THE FINANCIAL YEAR		(632,165)	(130,402)
Loss attributable to: Owners of the parent		(632,165)	(130,402)

The notes form part of these financial statements

Carrington Hull Associates Limited

Consolidated Other Comprehensive Income for the Year Ended 31 March 2018

	Notes	2018 £	2017 £
LOSS FOR THE YEAR		(632,165)	(130,402)
OTHER COMPREHENSIVE INCOME		-	(6,060)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(6,060)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(632,165)</u>	<u>(136,462)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(632,165)</u>	<u>(136,462)</u>

Carrington Hull Associates Limited (Registered number: 01343414)

Consolidated Balance Sheet

31 March 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	9	-	11,524
Tangible assets	10	1,129,050	797,939
Investments	11		
Interest in associate		238,424	238,424
		<u>1,367,474</u>	<u>1,047,887</u>
CURRENT ASSETS			
Stocks	12	2,345,256	1,983,867
Debtors	13	2,200,005	2,193,646
Prepayments and accrued income		96,180	99,402
Cash at bank and in hand		721,686	604,750
		<u>5,363,127</u>	<u>4,881,665</u>
CREDITORS			
Amounts falling due within one year	14	(2,622,919)	(1,754,286)
NET CURRENT ASSETS		<u>2,740,208</u>	<u>3,127,379</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,107,682</u>	<u>4,175,266</u>
CREDITORS			
Amounts falling due after more than one year	15	(1,765,709)	(1,250,000)
PROVISIONS FOR LIABILITIES	18	(83,631)	(34,759)
NET ASSETS		<u>2,258,342</u>	<u>2,890,507</u>
CAPITAL AND RESERVES			
Called up share capital	19	68,889	68,889
Share premium	20	431,332	431,332
Retained earnings	20	1,758,121	2,390,286
SHAREHOLDERS' FUNDS		<u>2,258,342</u>	<u>2,890,507</u>

The financial statements were approved by the Board of Directors on 25 October 2018 and were signed on its behalf by:



M A Hill - Director

The notes form part of these financial statements


Carrington Hull Associates Limited (Registered number: 01343414)

Company Balance Sheet

31 March 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	9	-	11,524
Tangible assets	10	602,019	578,397
Investments	11	238,594	238,594
		<u>840,613</u>	<u>828,515</u>
CURRENT ASSETS			
Stocks	12	2,184,933	1,933,572
Debtors	13	2,845,778	2,345,542
Prepayments and accrued income		70,950	99,402
Cash at bank and in hand		522,037	430,562
		<u>5,623,698</u>	<u>4,809,078</u>
CREDITORS			
Amounts falling due within one year	14	(2,479,526)	(1,961,890)
NET CURRENT ASSETS		<u>3,144,172</u>	<u>2,847,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,984,785</u>	<u>3,675,703</u>
CREDITORS			
Amounts falling due after more than one year	15	(1,765,709)	(1,250,000)
PROVISIONS FOR LIABILITIES	18	(83,631)	(34,759)
NET ASSETS		<u>2,135,445</u>	<u>2,390,944</u>
CAPITAL AND RESERVES			
Called up share capital	19	68,889	68,889
Share premium	20	431,332	431,332
Retained earnings	20	1,635,224	1,890,723
SHAREHOLDERS' FUNDS		<u>2,135,445</u>	<u>2,390,944</u>
Company's (loss)/profit for the financial year		<u>(255,499)</u>	<u>42,477</u>

The financial statements were approved by the Board of Directors on 25 October 2018 and were signed on its behalf by:


M A Hill - Director

The notes form part of these financial statements

Carrington Hull Associates Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2016	68,889	2,526,748	431,332	3,026,969
Changes in equity				
Total comprehensive income	-	(130,402)	-	(130,402)
Currency translation differences	-	(6,060)	-	(6,060)
Balance at 31 March 2017	68,889	2,390,286	431,332	2,890,507
Changes in equity				
Total comprehensive income	-	(632,165)	-	(632,165)
Balance at 31 March 2018	68,889	1,758,121	431,332	2,258,342

The notes form part of these financial statements

Carrington Hull Associates Limited

Company Statement of Changes in Equity for the Year Ended 31 March 2018

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2016	68,889	1,848,246	431,332	2,348,467
Changes in equity				
Total comprehensive income	-	42,477	-	42,477
Balance at 31 March 2017	68,889	1,890,723	431,332	2,390,944
Changes in equity				
Total comprehensive income	-	(255,499)	-	(255,499)
Balance at 31 March 2018	68,889	1,635,224	431,332	2,135,445

The notes form part of these financial statements

Carrington Hull Associates Limited

Consolidated Cash Flow Statement for the Year Ended 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	7,093	(89,654)
Interest paid		(87,471)	(64,068)
Interest element of hire purchase payments paid		(147)	-
Tax paid		(19,269)	(26,441)
Net cash from operating activities		(99,794)	(180,163)
Cash flows from investing activities			
Purchase of tangible fixed assets		(654,632)	(344,726)
Purchase of fixed asset investments		-	(238,424)
Interest received		788	634
Net cash from investing activities		(653,844)	(582,516)
Cash flows from financing activities			
New loans in year		1,313,814	1,544,268
Loan repayments in year		(440,000)	(535,000)
Repayment of obligations under HP		(3,240)	-
Net cash from financing activities		870,574	1,009,268
Increase in cash and cash equivalents		116,936	246,589
Cash and cash equivalents at beginning of year	2	604,750	396,711
Effect of foreign exchange rate changes		-	(38,550)
Cash and cash equivalents at end of year	2	721,686	604,750

The notes form part of these financial statements

Carrington Hull Associates Limited

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2018

1. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Loss for the financial year	(632,165)	(130,402)
Depreciation charges	345,845	180,668
Loss on disposal of fixed assets	199	-
Amortisation charges	11,524	19,207
Finance costs	90,498	58,422
Finance income	(788)	(634)
Taxation	50,340	(31,885)
	<u>(134,547)</u>	<u>95,376</u>
Increase in stocks	(361,389)	(1,592)
Increase in trade and other debtors	(3,138)	(270,220)
Increase in trade and other creditors	506,167	86,782
	<u>506,167</u>	<u>86,782</u>
Cash generated from operations	<u>7,093</u>	<u>(89,654)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>721,686</u>	<u>604,750</u>

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<u>604,750</u>	<u>396,711</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2018

1. STATUTORY INFORMATION

Carrington Hull Associates Limited (the 'company') and its subsidiaries (together the 'group') manufacture, wholesale and retail ties and shirts.

The company is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings.

Uniform accounting policies have been applied across the group and all intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of five years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful lives.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

The rates applicable are:

- Short term leasehold property and improvements to property	straight line over the term of the lease
- Fixtures and fittings	15% reducing balance or 25% straight line
- Motor vehicles	25% reducing balance
- Equipment	25% straight line

Investments in associates

Investments in associate undertakings are recognised at cost less provision for impairment having regard to the value of the underlying net assets.

Investments in subsidiaries

Shares and other investments in subsidiary undertakings are stated at cost less provision for impairment having regard to the value of the underlying net assets.

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

i. Functional and presentation currency

The group financial statements are presented in pound sterling (£).

The company's functional and presentation currency is pound sterling (£).

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Translation

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 March 2018**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	3,704,733	3,153,240
Europe	3,057,164	2,816,659
United States of America	2,654,238	1,678,911
Rest of world	1,625,746	1,420,478
	<u>11,041,881</u>	<u>9,069,288</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	2,852,902	2,404,009
Social security costs	215,390	184,829
Other pension costs	84,040	113,200
	<u>3,152,332</u>	<u>2,702,038</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2018	2017
Production	65	62
Administration	36	34
Sales	12	10
	<u>113</u>	<u>106</u>

	2018 £	2017 £
Directors' remuneration	304,731	230,823
Directors' pension contributions to money purchase schemes	<u>26,911</u>	<u>22,468</u>

Information regarding the highest paid director is as follows:

Aggregate emoluments include amounts paid to the highest paid director of £97,500 (2017: £97,500).

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2018 £	2017 £
Other operating leases	896,363	656,917
Depreciation - owned assets	338,714	178,592
Depreciation - assets on hire purchase contracts	7,130	2,076
Loss on disposal of fixed assets	199	-
Goodwill amortisation	11,524	19,207
Auditors' remuneration	13,800	13,500
Auditors' remuneration for non audit work	15,200	14,853
Foreign exchange differences	<u>16,506</u>	<u>(152,351)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank loan interest	90,351	58,422
Hire purchase interest	<u>147</u>	<u>-</u>
	<u>90,498</u>	<u>58,422</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	-	17,801
Overseas tax	1,468	-
Corporation tax prior year adjustment	-	23,498
Total current tax	<u>1,468</u>	<u>41,299</u>
Deferred tax:		
Origination and reversal of timing differences	50,610	(73,184)
Impact of change in tax rate	(1,738)	-
Total deferred tax	<u>48,872</u>	<u>(73,184)</u>
Tax charge/(credit) on loss	<u>50,340</u>	<u>(31,885)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Loss before tax	<u>(581,825)</u>	<u>(162,287)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(110,547)	(32,457)
Effects of:		
Expenses not deductible for tax purposes	109,205	57,614
Capital allowance in excess of depreciation	(7,228)	(85,312)
Income not taxable for tax purposes	-	(1,883)
Adjustments to tax charge in respect of previous periods	-	23,498
Unrecognised deferred tax	47,085	-
Impact of overseas tax rates	13,563	6,655
Remeasurement of deferred tax - change in UK tax rate	(1,738)	-
Total tax charge/(credit)	<u>50,340</u>	<u>(31,885)</u>

Tax effects relating to effects of other comprehensive income

	2018 Gross £	Tax £	Net £
Currency translation differences	<u>-</u>	<u>-</u>	<u>-</u>
	2017 Gross £	Tax £	Net £
Currency translation differences	<u>(6,060)</u>	<u>-</u>	<u>(6,060)</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 April 2017 and 31 March 2018	76,827	127,496	204,323
AMORTISATION			
At 1 April 2017	65,303	127,496	192,799
Amortisation for year	11,524	-	11,524
At 31 March 2018	76,827	127,496	204,323
NET BOOK VALUE			
At 31 March 2018	-	-	-
At 31 March 2017	11,524	-	11,524

Company

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 April 2017 and 31 March 2018	76,827	127,496	204,323
AMORTISATION			
At 1 April 2017	65,303	127,496	192,799
Amortisation for year	11,524	-	11,524
At 31 March 2018	76,827	127,496	204,323
NET BOOK VALUE			
At 31 March 2018	-	-	-
At 31 March 2017	11,524	-	11,524

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

10. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
At 1 April 2017	505,938	786,678	30,560	752,167	2,075,343
Additions	354,792	163,580	28,522	136,260	683,154
Disposals	-	-	(30,560)	(333,357)	(363,917)
At 31 March 2018	860,730	950,258	28,522	555,070	2,394,580
DEPRECIATION					
At 1 April 2017	282,949	469,708	24,361	500,386	1,277,404
Charge for year	139,895	111,432	7,130	87,387	345,844
Eliminated on disposal	-	-	(24,361)	(333,357)	(357,718)
At 31 March 2018	422,844	581,140	7,130	254,416	1,265,530
NET BOOK VALUE					
At 31 March 2018	437,886	369,118	21,392	300,654	1,129,050
At 31 March 2017	222,989	316,970	6,199	251,781	797,939

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2017	30,560
Additions	28,522
Disposals	(30,560)
At 31 March 2018	28,522
DEPRECIATION	
At 1 April 2017	24,361
Charge for year	7,130
Eliminated on disposal	(24,361)
At 31 March 2018	7,130
NET BOOK VALUE	
At 31 March 2018	21,392
At 31 March 2017	6,199

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

10. TANGIBLE FIXED ASSETS - continued

Company	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
COST					
At 1 April 2017	68,118	786,678	30,560	752,167	1,637,523
Additions	530	50,475	28,522	136,260	215,787
Disposals	-	-	(30,560)	(333,357)	(363,917)
At 31 March 2018	68,648	837,153	28,522	555,070	1,489,393
DEPRECIATION					
At 1 April 2017	64,671	469,708	24,361	500,386	1,059,126
Charge for year	3,580	87,869	7,130	87,387	185,966
Eliminated on disposal	-	-	(24,361)	(333,357)	(357,718)
At 31 March 2018	68,251	557,577	7,130	254,416	887,374
NET BOOK VALUE					
At 31 March 2018	397	279,576	21,392	300,654	602,019
At 31 March 2017	3,447	316,970	6,199	251,781	578,397

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2017	30,560
Additions	28,522
Disposals	(30,560)
At 31 March 2018	28,522
DEPRECIATION	
At 1 April 2017	24,361
Charge for year	7,130
Eliminated on disposal	(24,361)
At 31 March 2018	7,130
NET BOOK VALUE	
At 31 March 2018	21,392
At 31 March 2017	6,199

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

11. FIXED ASSET INVESTMENTS

Group

	Interest in associate £
COST	
At 1 April 2017 and 31 March 2018	238,424
NET BOOK VALUE	
At 31 March 2018	238,424
At 31 March 2017	238,424

Company

	Shares in group undertakings £	Interest in associate £	Totals £
COST			
At 1 April 2017 and 31 March 2018	170	238,424	238,594
NET BOOK VALUE			
At 31 March 2018	170	238,424	238,594
At 31 March 2017	170	238,424	238,594

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Drakes Retail Limited

Registered office: Unit 13, 2 Artichoke Hill, London, E1W 2DE

Nature of business: Lease holding

Class of shares:	% holding
Ordinary shares	100.00

Drake's Holdings USA, Inc.

Registered office: 401 Broadway Suite 1402, New York, NY 10013

Nature of business: Retail of men's clothing

Class of shares:	% holding
Ordinary shares	100.00

Drake's Crosby LLC

Registered office: 401 Broadway Suite 1402, New York, NY 10013

Nature of business: Lease holding

Class of shares:	% holding
Partnership ownership	100.00

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

11. FIXED ASSET INVESTMENTS - continued

Associated company

Drake's Japan Co. Limited

Registered office: 5-14-1 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Nature of business: Retail of men's clothing

Class of shares:	% holding
Ordinary shares	49.00

12. STOCKS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials	355,631	226,251	355,631	226,251
Work-in-progress	244,478	265,975	244,478	265,975
Finished goods	1,745,147	1,491,641	1,584,824	1,441,346
	<u>2,345,256</u>	<u>1,983,867</u>	<u>2,184,933</u>	<u>1,933,572</u>

13. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,862,324	1,817,062	2,331,984	2,012,350
Amounts owed by group undertakings	-	-	342,647	154,544
Amounts owed by associates	151,342	29,645	151,342	29,645
Other debtors	102,634	262,234	19,805	149,003
	<u>2,116,300</u>	<u>2,109,941</u>	<u>2,845,778</u>	<u>2,345,542</u>
Amounts falling due after more than one year:				
Other debtors	<u>83,705</u>	<u>83,705</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>2,200,005</u>	<u>2,193,646</u>	<u>2,845,778</u>	<u>2,345,542</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 16)	1,037,507	670,135	1,037,507	670,135
Hire purchase contracts (see note 17)	3,573	-	3,573	-
Trade creditors	1,095,064	660,608	1,083,558	654,344
Amounts owed to group undertakings	-	-	170,027	424,593
Tax	(9,707)	8,094	-	17,801
Social security and other taxes	81,310	85,490	81,310	85,490
VAT	38,677	14,392	31,230	12,916
Other creditors	181,360	228,011	18,676	9,055
Accruals and deferred income	195,135	31,156	53,645	31,156
Deferred government grants	-	56,400	-	56,400
	<u>2,622,919</u>	<u>1,754,286</u>	<u>2,479,526</u>	<u>1,961,890</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 16)	1,750,000	1,250,000	1,750,000	1,250,000
Hire purchase contracts (see note 17)	15,709	-	15,709	-
	<u>1,765,709</u>	<u>1,250,000</u>	<u>1,765,709</u>	<u>1,250,000</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>1,037,507</u>	<u>670,135</u>	<u>1,037,507</u>	<u>670,135</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>-</u>	<u>1,250,000</u>	<u>-</u>	<u>1,250,000</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>	<u>-</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	3,573	-
Between one and five years	15,709	-
	<u>19,282</u>	<u>-</u>

Company

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	3,573	-
Between one and five years	15,709	-
	<u>19,282</u>	<u>-</u>

Group

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	652,542	742,596
Between one and five years	1,447,227	2,059,769
In more than five years	93,333	133,333
	<u>2,193,102</u>	<u>2,935,698</u>

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>83,631</u>	<u>34,759</u>	<u>83,631</u>	<u>34,759</u>

Group

	Deferred tax
	£
Balance at 1 April 2017	34,759
Provided during year	50,610
Impact of change in tax rate	(1,738)
Balance at 31 March 2018	<u>83,631</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

18. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax. £
Balance at 1 April 2017	34,759
Provided during year	50,610
Impact of change in tax rate	(1,738)
Balance at 31 March 2018	<u>83,631</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2018 £	2017 £
68,889	Ordinary	£1	<u>68,889</u>	<u>68,889</u>

20. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 April 2017	2,390,286	431,332	2,821,618
Deficit for the year	(632,165)	-	(632,165)
At 31 March 2018	<u>1,758,121</u>	<u>431,332</u>	<u>2,189,453</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 April 2017	1,890,723	431,332	2,322,055
Deficit for the year	(255,499)	-	(255,499)
At 31 March 2018	<u>1,635,224</u>	<u>431,332</u>	<u>2,066,556</u>

Carrington Hull Associates Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2018

21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

The company has traded with the following companies in which M Y C Cho, a director of the company, has a beneficial interest.

During the year the company made sales of £110,216 (2017: 57,672) to The Armoury Group (US) Limited. At the year end the company was owed £20,723 (2017: £96,504) by The Armoury Group (US) Limited.

During the year the company made sales of £52,495 (2017: 59,784) to Armoury Group Limited. At the year end the company was owed £25,992 (2017: £72,484) by Armoury Group Limited.

During the year the company made sales of £112,448 (2017: 52,432) to Drake's Japan Co. Limited. At the year end the company was owed £95,196 (2017: £56,031) by Drake's Japan Co. Limited.

The company made an inter-company loan of £137,986 (2017: nil) to Drake's Japan Co. Limited. At the year end the outstanding loan receivable from Drake's Japan Co. Limited amounted to £137,986 (2017: nil).

22. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

The directors consider the ultimate controlling party of the company to be M Y C Cho, a director of the company. The immediate controlling party is Dolford Holdings Limited, a company incorporated in Hong Kong.