

'AMENDING'

Ideal Shopping Direct Limited
Annual report and financial statements
For the period ended 28 December 2014

Ideal Shopping Direct Limited

**Annual report and financial
statements**

Registered number 01534758

For the period ended 28 December 2014

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Directors' report

The Directors present their report together with the audited consolidated financial statements for the period ended 28 December 2014

Principal activity

The principal activity of the group is that of distance selling to consumers through television home shopping channels and the Internet

Dividends

The Directors do not propose a final dividend in respect of the period ended 28 December 2014 (*29 Dec 13 £nil*)
There was no interim dividend (*29 Dec 13 £nil*)

Directors

Details of the Directors serving during the period and in office at the year end are set out below (including changes to the Board during the year)

M Hancox
A Sheridan
L I Jebson
A Gabriel (appointed – 17 December 2014)

Political contributions

The group incurred no political expenditure during the period (*29 Dec 13 £nil*)

Employee involvement

The group recognises its responsibilities towards keeping employees informed of matters affecting them as employees and the economic factors affecting the performance of the group. This is conducted primarily through employee meetings and internal communications to staff. 'Change' programmes are governed and coordinated by a team of sponsors that appraise employees of the objectives and progress through the internal communications process.

Disabled employees

It is group policy that training, career development and promotion opportunities should be available to all employees and this is reflected in our Equal Opportunities Policy. The group recognises its obligations towards disabled people and endeavours to provide employment where possible having regard to the physical demands of the group's operations and the abilities of the disabled person. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

Going concern

The group has adequate financial resources and a large customer base. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current difficult economic outlook.

The Directors have made appropriate enquiries and have reasonable expectations at the time of approving the financial statements that the group has adequate resources to continue in operational existence for the foreseeable future.

The Directors consider that the accounts should be prepared on the going concern basis for the following reasons:

The statement of comprehensive income, statement of financial position and statement of cash flow forecasts have been prepared for the period to December 2015.

These forecasts show that the group can operate as a going concern without the need for additional bank financing facilities.

Directors' report (*continued*)

Directors' indemnities

A qualifying third party indemnity ("QTPI"), as permitted by Section 234 of the Companies Act 2006, has been granted by the company to each of the Directors of the company. In the QTPI the company indemnifies each director against liability to third parties (excluding criminal and regulatory penalties) and agrees to pay costs as they are incurred, so long as they are reimbursed if the Director is convicted or, in an action brought by the company, judgement is given against the director.

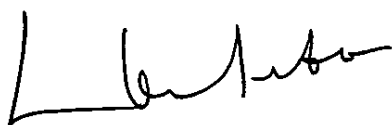
Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

By order of the board



L I Jebson
Director

Ideal Home House
Newark Road
Peterborough
PE1 5WG

22 April 2015

Strategic report

Results

Year on year underlying statistics

	FY 2014 £000	FY 2013 £000	Change £000	Change %
Sales revenue	149,138	137,062	12,076	8.8
Gross profit	62,874	53,907	8,967	16.6
%	42.2	39.3		290bps
Underlying EBITDA	11,998	5,324	6,674	125.4
On-line sales %	58.2%	55.5%	2.7%	

A detailed breakdown of this table is included in note 26

The group's trading performance was exceptionally strong against 2013, with sales growth of 8.8% to £149.1 million (29 Dec 13 £137.1 million). The gross margin of £62.9 million (29 Dec 13 £53.9 million) was ahead of the prior year in value and percentage terms, which was a very good performance. Underlying earnings before interest, taxation, depreciation and amortisation ("EBITDA") were £12.0 million (29 Dec 13 £5.3 million) for the period to 28 December 2014 (see note 26), some 125% ahead year on year.

In the final quarter of 2013 the group decided to give its activities a divisional focus and set up the Craft Retail division and the Ideal World general merchandise division. The craft division comprises, Craft TV & Web, the international sourcing of craft products, Deramores Retail Limited (DRL) and Craft Channel Productions Limited (CCPL). The Ideal World division comprises the group's general merchandise categories and the international sourcing of those products. This divisionalisation, supported by the recruitment of key trading personnel, has yielded excellent results in 2014 with growth in sales, margins, EBITDA and cash.

The group is always on the lookout for strategic acquisitions and identified CCPL in the final quarter of 2013. This is a niche Pureplay business in the craft market with a particular specialism in dies for papercrafting and the potential to develop into cake crafting. The acquisition of CCPL was completed in August 2014, with effect from the beginning of May 2014. It has already proved to be an excellent investment, generating £1.0 million EBITDA in its post-acquisition period in 2014.

The improvement in the group's overall gross margin performance was driven by the management of show scheduling, improved product intake margins and achieving better retrospective rebates from the strong sales performance.

The group's underlying overhead base increased by £2.8 million (incl. depreciation). This was primarily driven by increased staff costs to support growth and those arising from the acquisition of CCPL.

The group also incurred non-underlying costs of £3.4 million. £2.7 million was spent establishing its new US operation, a website and TV offering for Crafters. This operation will provide the group with excellent sales growth prospects over the next few years. The US Craft market is worth over \$30bn per annum and has not been served by a dedicated 24 x 7 TV and web offering. Of the remaining £0.7 million of non-underlying costs, £0.3 million relates to the amortisation of intangibles, £0.1 million to the acquisition of CCPL and the balance is in respect of restructuring costs.

Craft Retail

The group's UK Craft business has a very strong UK market presence and has enjoyed double-digit sales growth over the last 5 years. 2014 finished strongly. Sales were ahead of last year by 18.1%. TV and Web sales were very strong year on year, being 17.5% ahead, driven primarily by excellent product selections in dies and machines for crafters. This strong sales performance was also supported by improved scheduling on Craft Extra, the complimentary channel to Create & Craft, where more 'as live content' increased the year on year sales by 96.6%. In Ideal Sourcing, the group's Far Eastern procurement business, 3rd party sales were £2.1 million, circa £0.9 million down year on year, where sales improvements to HSE24, a German TV shopping channel, were more than offset by declines in business with HSTV, a wholesaler to the UK retail sector. In DRL, our Pureplay Yarn and Sewing business sales of £6.9 million were 8.8% ahead year on year driven by a strong sales performance in the UK market. CCPL generated £2.4 million of 3rd party sales to consumers, wholesale accounts and distributors.

Strategic report (continued)

Craft Retail (continued)

Craft's Gross margins at £35.0 million / 49.0% were ahead of last year on both a cash and percentage basis. The good margin performance was underpinned by TV and Web where the product line up in TV generated margins of 48.8% some 410bps ahead year on year. Product margins in Ideal Sourcing Limited were 19.1%, 100bps ahead on a comparable basis. DRL tended to be more 'promotion focussed' in FY14 to generate sales and thus resulted in gross margins at 35.5% being 170bps lower year on year. CCPL's gross margin was 38.7%.

Ideal World

Within 'Ideal World' sales were ahead of last year by £1.2 million. Gross margins at £27.8 million / 35.8% were ahead of last year on both a cash and percentage basis the latter being 270bps ahead of last year. Show scheduling has been more considered and product intake margins renegotiated with some suppliers. Gains in 'other margin items' were from better retrospective discounts and rebates arising from certain strong product performances.

In the second half of 2014 the focus on the sourcing, marketing and presentation of both new and existing products resulted in the growth of the customer numbers and their frequency of shopping.

Prospects and current trading

A number of key factors will drive the EBITDA for 2015

- The craft division will continue to innovate new products for its craft customers in the UK.
- There is significant potential for sales and profit growth, in the coming years, through Craft Retail International Limited (CRIL) the operating entity supporting our US business. This started trading in the US craft market in 2014 and is marketing craft products to US consumers from its US website and two dedicated TV channels.
- The Ideal World division is well placed to benefit from the time it has invested in developing and sourcing new products to support its sales prospects. To ensure it optimises its profitability there will also be a focus on operating costs.
- Within Ideal Shopping Direct our investment in senior trading personnel is continuing to reap rewards. All our product categories continue to focus on sales growth and margin improvement.
- We continue to invest time in developing relationships with suppliers of TV centric product in the UK, USA and Far East.
- We are well placed operationally with an established service from our call centre provider and well invested logistics and IT functions.
- In February of 2015 we restructured two of our long term broadcasting contracts with significant benefits to the group's divisional trading performance in the current financial year and beyond.
- Our sourcing business continues to procure and supply products into our product divisions, develop the supply of craft and niche fitness products into Germany and supply own label product into selective UK and overseas retail markets.
- Our Pureplay yarn and sewing ecommerce business, Deramores Retail Limited, continues to be the leading ecommerce business in its marketplace and trades extremely well.
- CCPL is expected to continue to perform impressively during 2015 and has a management team with a depth of knowledge and success in the development of products for crafters in our key craft categories.

The group has a scalable and flexible business model, with a well-structured operating infrastructure to support the group's development further through organic growth and strategic acquisitions.

Strategic report (continued)

Cash flow and balance sheet

The group finished 2014 strongly with cash balances of £10.3 million (29 Dec 13 £8.3 million), £2.0 million ahead of last year following the generation of £1.6 million cash from operations. The group has a Revolving Credit Facility of £5.0 million of which £0.8 million was being used for ancillary facilities at 28 December 2014. Consequently the group had significant headroom in its liquidity position at the end of the year.

When the public to private transaction was completed in 2011 it was the intention to complete a sale and leaseback of the group's freehold property. The commercial property market has improved since 2011, which enabled this transaction to be completed on 31 January 2014 raising net proceeds of £5.4 million. Of the proceeds raised £4.4 million was utilised to pay down a tranche of the parent company's senior debt which stood at £7.7 million at the end of 2014.

Stock is closely monitored and the balance at the end of the year was £7.6 million (net of provisions) giving the group an average stock turn of circa 11.3 times, good for the retail sector. Trade receivables of £7.8 million were broadly unchanged year on year. We provide our customers with the option of an easy-payments scheme which is not interest bearing which had a bad debt rate of 1.7%. Trade and other payables at £35.7 million were £2.3 million higher year on year. We continue to have positive relationships with our suppliers and seek to develop key supplier relationships where possible. Certain of our suppliers have seen a significant increase in their profitability as a consequence of trading with the group.

We spent £2.6 million on capital projects including £1.3 million relating to our US business and £1.3 million predominantly relating to software development. We also paid £1.0 million in tax. The acquisition of CCPL, net of cash acquired, cost £0.2 million. We also paid down £1.1 million debt associated with the group's finance leases and CCPL's third party borrowings.

To conclude, the group's trading performance in 2014 was extremely good and the directors are very positive about the group's prospects in this current financial year.

Strategic report (continued)

Risks and uncertainties

Risk	Measures In Place To Manage Risk
<p>Market</p> <p>We operate in a highly competitive retail market. With fluctuating consumer spending there is a need to offer value for money and be price competitive.</p> <p>There is increased risk of bad debt and fraud.</p>	<p>TV shopping and online sales continue to be attractive routes to market with growth prospects. We are planning to further increase the online proportion of our business to strengthen our market position.</p> <p>Part of our strategy is to continue to develop our strong market positions in niche product areas such as Craft and Gardening.</p> <p>We focus on offering a range of new, great value products and are continually improving our customer service.</p> <p>The Group has also established a website and TV offering for crafters in the US, tapping into a Craft market worth over \$30bn per annum.</p> <p>We do not hold significant 'in stock' items, due to having carefully selected long term purchase commitments, so can adapt our offer quickly.</p> <p>Our business model is extremely flexible and scalable.</p> <p>There is always the opportunity of broadening our platform presence and diversifying into additional broadcasting services such as Infomercials.</p> <p>We have low levels of customer bad debt and this is closely monitored. Our use of the 'Flexipay' promotional tool is managed and monitored closely. We also use a third party to screen for credit card fraud.</p>
<p>Access to consumers</p> <p>Access to digital television is primarily via Freeview, Sky Digital, Virgin Media and Freesat.</p> <p>The pace of technological change in TV and Internet retailing is rapid.</p>	<p>We have long term agreements with all of our platform providers and maintain good relationships with them to ensure we are made aware of capacity opportunities.</p> <p>Our Ideal World Freeview channel alone gives us access to over 23 million homes in the UK, and our new US broadcasting contracts give us access to a further 34 million homes.</p> <p>Increased marketing activity is helping us drive consumers to our TV channels and websites. We continue to upgrade our websites and improve navigation and customer web service.</p>

Strategic report (continued)

Risks and uncertainties (continued)

Risk	Measures In Place To Manage Risk
<p>Products and suppliers</p> <p>The quality of our product and service offer is paramount</p> <p>We source some products direct from the Far East (at enhanced margins) which means we bear the stock and product liability risk</p>	<p>We trade with a large number of suppliers, some on long term agreements. All suppliers are required to sign our conditions of purchase</p> <p>We have airtime partnerships with a number of branded retailers to broaden our offer without stock risk</p> <p>We manage our supply chain to minimise our stock risk and exposure</p> <p>We work with a globally recognised testing and compliance organisation, Intertek, who do all our testing on bronze, silver and gold samples. We also have full Acceptance Quality Limit testing at production stage, prior to shipment</p>
<p>Employees</p> <p>We rely on our employees to execute our strategy</p>	<p>Employees are recruited and regularly appraised against a formal job and person specification</p> <p>Formal policies cover all material aspects of employment and we are committed to high standards of health and safety at work, effective communication with employees and employee development</p>
<p>Legislation and regulation</p> <p>Our Ofcom licence requires us to comply with the Advertising Standards Authority's (ASA's) Television Advertising Standards Code and other relevant legislation</p> <p>Our activities are regulated by distance selling, consumer, data protection and environmental legislation</p>	<p>Our policy is to meet or exceed all applicable legal and regulatory requirements</p> <p>There is a good level of awareness of the ASA code throughout the business</p> <p>Managers have specific responsibility for keeping up-to-date with legislation, advising senior management of required actions and putting in place appropriate procedures</p>

Statement of directors' responsibilities in respect of the Directors' report, the Strategic report and the financial statements

The directors are responsible for preparing the Directors' report, the Strategic report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Ideal Shopping Direct Limited

We have audited the financial statements of Ideal Shopping Direct Limited for the period ended 28 December 2014 set out on pages 11 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions 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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

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 28 December 2014 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and Strategic reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



Simon Purkess (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

22 April 2015

Consolidated statement of comprehensive income
for the period ended 28 December 2014

	<i>Note</i>	Period ended 28 December 2014			Period ended 29 December 2013		
		Underlying £000	Non- underlying* £000	Total £000	Underlying £000	Non- underlying* £000	Total £000
Revenue	2	149,138	-	149,138	137,062	-	137,062
Cost of sales		(86,264)	-	(86,264)	(83,155)	-	(83,155)
Gross profit		62,874	-	62,874	53,907	-	53,907
Distribution costs		(5,246)	-	(5,246)	(5,147)	-	(5,147)
Administrative expenses		(47,951)	(3,361)	(51,312)	(45,225)	(702)	(45,927)
Operating profit	3	9,677	(3,361)	6,316	3,535	(702)	2,833
Finance expense	6	(150)	-	(150)	(140)	-	(140)
Finance income	6	26	-	26	11	-	11
Profit before taxation		9,553	(3,361)	6,192	3,406	(702)	2,704
Taxation	7			(1,321)			(704)
Profit for the period				4,871			2,000

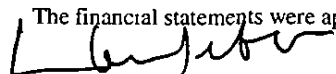
* Details of non-underlying items, which includes amortisation of acquired intangibles, are disclosed in note 3

Consolidated statement of financial position
at 28 December 2014

	<i>Note</i>	28 December 2014 £000	29 December 2013 £000
Assets			
Non-current assets			
Property, plant and equipment	8	2,295	7,558
Intangible assets	9	9,423	6,968
Goodwill	10	7,340	7,304
Deferred tax assets	12	306	312
Total non-current assets		19,364	22,142
Current assets			
Inventories	13	7,634	5,742
Trade and other receivables	14	40,143	32,324
Cash and cash equivalents	15	10,348	8,280
Total current assets		58,125	46,346
Total assets		77,489	68,488
Equity			
Share capital	23	1,072	1,072
Share premium		1,316	1,316
Merger reserve		5,169	5,169
Revaluation reserve		97	1,125
Translation reserve		(30)	-
Retained earnings		29,473	23,574
Total equity		37,097	32,256
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12	376	125
Other interest bearing loans and borrowings	16	123	643
Total non-current liabilities		499	768
Current liabilities			
Other interest bearing loans and borrowings	16	605	544
Trade and other payables	19	35,783	33,385
Provisions	18	1,694	468
Current tax liabilities		1,811	1,067
Total current liabilities		39,893	35,464
Total liabilities		40,392	36,232
Total equity and liabilities		77,489	68,488

The notes on pages 18 to 50 form and integral part of these financial statements

The financial statements were approved by the Board of Directors on 22 April 2015 and were signed on its behalf by



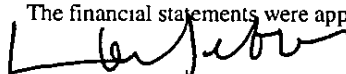
L I Jebson
Director
Company registered number. 01534758

Company statement of financial position
at 28 December 2014

	<i>Note</i>	28 December 2014 £000	29 December 2013 £000
Assets			
Non-current assets			
Property, plant and equipment	8	2,096	7,542
Intangible assets	9	5,585	6,007
Goodwill	10	5,419	5,419
Investments	11	4,359	2,782
Deferred tax assets	12	277	284
Total non-current assets		17,736	22,034
Current assets			
Inventories	13	4,369	4,624
Trade and other receivables	14	41,549	31,766
Cash and cash equivalents	15	8,826	7,405
Total current assets		54,744	43,795
Total assets		72,480	65,829
Equity			
Share capital	23	1,072	1,072
Share premium		1,316	1,316
Merger reserve		5,169	5,169
Revaluation reserve		97	1,125
Retained earnings		25,718	19,599
Total equity		33,372	28,281
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12	-	-
Other interest bearing loans and borrowings	16	116	643
Total non-current liabilities		116	643
Current liabilities			
Other interest bearing loans and borrowings	16	526	544
Trade and other payables	19	35,831	35,508
Provisions	18	1,617	391
Current tax liabilities		1,018	462
Total current liabilities		38,992	36,905
Total liabilities		39,108	37,548
Total equity and liabilities		72,480	65,829

The notes on pages 18 to 50 form and integral part of these financial statements

The financial statements were approved by the Board of Directors on 22 April 2015, and were signed on its behalf by



L I Jebson
Director

Company registered number 01534758

Consolidated statement of changes in equity
for the period ended 28 December 2014

	Share capital £000	Share premium £000	Merger reserve £000	Revaluation reserves £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 December 2012	1,072	1,316	5,169	1,319	-	21,574	30,450
Total comprehensive income for the period							
Profit or loss	-	-	-	-	-	2,000	2,000
Other comprehensive income							
Revaluation of property, plant and equipment	-	-	-	(194)	-	-	(194)
Total comprehensive income for the period	-	-	-	(194)	-	2,000	1,806
Balance at 29 December 2013	1,072	1,316	5,169	1,125	-	23,574	32,256
	Share capital £000	Share premium £000	Merger reserve £000	Revaluation reserves £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 30 December 2013	1,072	1,316	5,169	1,125	-	23,574	32,256
Total comprehensive income for the period							
Profit or loss	-	-	-	-	-	4,871	4,871
Other comprehensive income							
Translation reserve	-	-	-	-	(30)	-	(30)
Transfer revaluation reserve to retained earnings	-	-	-	(1,028)	-	1,028	-
Total comprehensive income for the period	-	-	-	(1,028)	(30)	5,899	4,841
Balance at 28 December 2014	1,072	1,316	5,169	97	(30)	29,473	37,097

Company statement of changes in equity
for the period ended 28 December 2014

Company

	Share capital £000	Share premium £000	Merger reserve £000	Revaluation reserves £000	Retained Earnings £000	Total equity £000
Balance at 31 December 2012	1,072	1,316	5,169	1 319	19,599	28,475
Total comprehensive income for the period						
Profit or loss	-	-	-	-	-	-
Other comprehensive income						
Revaluation on property, plant and equipment	-	-	-	(194)	-	(194)
Total comprehensive income for the period	-	-	-	(194)	-	(194)
Balance at 29 December 2013	1,072	1,316	5,169	1,125	19,599	28,281
	Share capital £000	Share premium £000	Merger reserve £000	Revaluation reserves £000	Retained Earnings £000	Total equity £000
Balance at 30 December 2013	1,072	1,316	5,169	1,125	19,599	28,281
Total comprehensive income for the period						
Profit or loss	-	-	-	-	5,091	5,091
Other comprehensive income						
Transfer revaluation reserve to retained earnings	-	-	-	(1,028)	1,028	-
Total comprehensive income for the period	-	-	-	(1,028)	6,119	5,091
Balance at 28 December 2014	1,072	1,316	5,169	97	25,718	33,372

Consolidated statement of cash flows
for the period ended 28 December 2014

	<i>Note</i>	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Continuing operations			
Cash flows from operating activities			
Profit for the period		4,871	2,000
Depreciation		592	616
Amortisation of intangible assets		1,729	1,360
Financial income	6	(26)	(11)
Financial expense	6	150	140
(Profit)/loss on disposal of property, plant and equipment		-	20
Income tax expense	7	1,321	704
Operating cash flows before changes in working capital and provisions		8,637	4,829
Change in			
Inventories		(1,569)	(226)
Trade and other receivables		(6,968)	(2,161)
Trade and other payables		1,384	1,929
Provisions		150	(30)
Cash generated from operations		1,634	4,341
Interest paid		(150)	(140)
Income tax paid		(1,016)	(1,356)
Net cash flows from operating activities		468	2,845
Cash flows from investing activities			
Interest received		26	11
Proceeds from sale of property, plant and equipment		5,350	-
Deferred consideration on prior acquisition		-	(400)
Acquisition of			
Property, plant and equipment		(549)	(247)
Intangible assets		(2,022)	(1,303)
Subsidiary, net of cash acquired		(188)	-
Net cash flows from investing activities		2,617	(1,939)
Cash flows from financing activities			
Foreign exchange		(32)	-
Repayment of other borrowings		(565)	-
Drawdown of other borrowings		125	-
Repayment of finance leases		(545)	(446)
Net cash flows from financing activities		(1,017)	(446)
Net movement in cash and cash equivalents		2,068	460
Cash and cash equivalents at 29 December 2013		8,280	7,820
Cash and cash equivalents at 28 December 2014	15	10,348	8,280

Company statement of cash flows
for the period ended 28 December 2014

	<i>Note</i>	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Continuing operations			
Cash flows from operating activities			
Profit for the period		5,091	-
Depreciation		550	609
Amortisation of intangible assets		1,493	1,246
Financial income	6	(22)	(11)
Financial expense	6	136	144
Loss/(profit) on disposal of property, plant and equipment		-	23
Income tax expense	7	903	123
Operating cash flows before changes in working capital and provisions		8,151	2,134
Change in			
Inventories		255	211
Trade and other receivables		(9,783)	(1,105)
Trade and other payables		321	2,603
Provisions		150	(30)
Cash generated from operations		(906)	3,813
Financial expense		(136)	(144)
Income tax paid		(340)	(676)
Net cash flows from operating activities		(1,382)	2,993
Cash flows from investing activities			
Financial income		22	11
Proceeds from sale of property, plant and equipment		5,350	-
Deferred consideration on prior acquisition		-	(400)
Acquisition of			
Property, plant and equipment		(454)	(232)
Intangible assets		(1,071)	(1,303)
Investment in subsidiary		(500)	-
Net cash flows from investing activities		3,347	(1,924)
Cash flows from financing activities			
Repayment of finance leases		(544)	(446)
Dividends received		-	-
Net cash flows from financing activities		(544)	(446)
Net movement in cash and cash equivalents		1,421	623
Cash and cash equivalents at 29 December 2013		7,405	6,782
Cash and cash equivalents at 28 December 2014	15	8,826	7,405

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Reporting entity

Ideal Shopping Direct Limited (the 'company') is a company domiciled in the United Kingdom. The address of the company's registered office is Ideal Home House, Newark Road, Peterborough, PE1 5WG. The consolidated financial statements of the company as at and for the 52 week period ended 28 December 2014 comprise the company and its subsidiaries (together referred to as the 'group'). The group is primarily involved in distance selling to consumers through television home shopping channels and the Internet.

Basis of preparation

Statement of compliance

The group's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs') and the Companies Act 2006. The company has elected to prepare its parent company financial statements in accordance with Adopted IFRS.

The accounting policies adopted in the preparation of these financial statements are consistent with previous years.

Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own Statement of Consolidated Income. The profit after taxation attributable to the company, dealt with in its own accounts, for the year ended 28 December 2014 is £5,091,000 (29 Dec 13 £303).

Going concern

The group has adequate financial resources and a large customer base. As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have reasonable expectations that the company has adequate resources to continue in operational existence for the future.

Full and detailed statement of comprehensive income, statement of financial position and cash flows forecasts have been prepared for the period to the end of 2015. These forecasts show that the company can operate as a going concern without the need for bank financing facilities.

Thus the Directors continue to adopt the going concern basis in preparing the annual financial statements.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments at fair value through profit and loss are measured at fair value,
- property, plant and equipment which fall within the company revaluation policy are measured at their revalued amount.

Functional and presentation currency

These consolidated financial statements are presented in Sterling (GBP), which is the company's functional currency. All financial information presented in GBP has been rounded to the nearest thousand.

Notes (continued)

1 Accounting policies (continued)

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Management has applied a robust, formal and auditable process in the assessment of intangible assets. In valuing an intangible asset, judgement is required in identifying the cash generating unit, the intangible asset, its remaining useful life and its implied rate of return.

Judgements made by the Directors in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Valuation of property, plant and equipment

Items of property, plant and equipment that qualify for recognition as an asset are initially measured at cost. Cost includes any expenditure that is directly attributable to the acquisition of the asset. After initial recognition, classes of assets valued under the cost model are carried at cost less any accumulated depreciation and any accumulated impairment losses. Property assets have been valued under the revaluation model and are carried at a revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses.

Trade receivables

An appropriate allowance for estimated irrecoverable trade receivables is derived where there is an identified event which, based on previous experience, is evidence of a potential reduction in the recoverability of future cash flows. This estimation is based on assumed collection rates, which, although based on the group's historical experience of customer repayment patterns, remains inherently uncertain.

Inventory

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling values, and is consequently a source of estimation uncertainty.

Deferred tax

Deferred tax assets and liabilities require management judgement, in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Notes (continued)

1 Accounting policies (continued)

Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable.

The group measures goodwill at the acquisition date as

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire, less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts relating to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Revenue recognition

Revenue represents the total invoice value (which includes postage & packaging), excluding value added tax, of goods sold. The total invoice value equates to the fair value of consideration receivable. Revenue is recognised for the sale of goods on despatch to the customer. Provision is made for the impact of anticipated returns. Agency fees are earned on sold airtime, this revenue is recognised at the point that the sold airtime is broadcast.

Non-underlying items

Non underlying items are material items which arise from unusual non-recurring or non-trading events.

They are disclosed in aggregate on the face of the statement of comprehensive income where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period.

Notes (continued)

1 Accounting policies (continued)

Segmental reporting

The group has relied upon the provision included in IFRS 8 not to include segmental information in these consolidated financial statements. The company does not have any shares or loans listed on a recognised stock exchange.

Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed for indications of impairment when events or changes in circumstances indicate that the carrying amount may not be recovered. If there are indications then a test is performed to assess its recoverable value. An impaired asset is written down to the higher of its value in use or its fair value less costs to sell.

Intangible assets

Intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful life. Carrying amounts are reduced by provisions for impairment where necessary.

Amortisation is provided on a straight-line basis, at the following rates, in order to write off the cost, less estimated residual value, of each asset, over its expected useful economic life.

Software (other than bespoke)	-	20%
Software (bespoke)	-	16.7% - 50%
Licences of channel rights	-	5% - 9%
Brand	-	10%

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software.

Directly attributable costs relating to software development include employee costs. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to impairment testing only.

In respect of directly attributable costs on software development projects, the costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the project is technically feasible so that it will be available for use,
- the group intends to complete the intangible asset and use it,
- the group has the ability to use the asset,
- the intangible asset will generate probable future economic benefits. This requires that the asset will be used in generating such benefits,
- there are adequate technical, financial and other resources to complete the development and to use the intangible asset,
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Amortisation of the asset commences when it is fully implemented or operational, and is shown within, "Administrative expenses".

Costs associated with maintaining computer software programs in use are recognised as an expense when incurred.

Notes (continued)

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment comprise freehold land and buildings, fixtures, fittings and equipment and are stated at historical cost less accumulated depreciation, except for the land and buildings which have been revalued. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on a straight-line basis, at the following rates, in order to write off the cost or valuation less estimated residual value of each asset, other than freehold land, over its expected useful economic life.

Buildings	-	2%
Motor vehicles	-	25%
Plant and equipment	-	10% - 33%

The company's policy is to obtain an independent revaluation of land and buildings every 5 years but the Board review market and asset conditions yearly. If the Board consider that circumstances have varied substantially during the period a revaluation will take place. Due to the recent sale and leaseback of the freehold land and buildings, the Board consider that the professional advice, together with the purchase offers received, are acceptable for use in assessing the valuation of these assets at the year end.

Depreciation methods, residual values and useful lives are re-assessed annually and, if necessary, changes are accounted for prospectively.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Leases in which the group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and the costs incurred in bringing inventories to their present location and condition. Net realisable value means estimated selling price less all costs incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash which are subject to an insignificant risk of change in value.

Provisions

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Notes (continued)

1 Accounting policies (continued)

Leases

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Rentals are charged to the income statement on a straight-line basis over the life of the lease.

Broadcasting service contracts are not classified as operating leases, but are disclosed separately in note 20 according to their size and significance to the business.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Taxation

Current tax is the tax currently payable based on taxable profit for the year together with any adjustments to tax payable in respect of prior years.

Deferred tax is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are provided in full, with no discounting.

Deferred tax assets are recognised only to the extent that the underlying deductible temporary differences will be able to be offset against future taxable income. Tax losses available to be carried forward are assessed for recognition as a deferred tax asset.

Current and deferred tax assets and liabilities are calculated at tax rates ruling at the statement of financial position date that are expected to apply to their respective period of realisation, provided they are enacted or substantially enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial instruments

Financial assets

Financial assets are divided into trade and other receivables and cash and cash equivalents. All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest rate method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

Impairment of trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

Notes (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of any direct issue costs.

At each reporting date all financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of comprehensive income on an accruals basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the group's monthly exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the statement of financial position date. All exchange differences are subject to the above and are included within the statement of comprehensive income for the year.

Equity and dividend payments

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares,
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue,
- "Merger reserve" represents the excess of fair value over nominal value of shares issued in consideration for the acquisition of subsidiaries where statutory merger reserve has been applied in the financial statements of the parent company
- "Revaluation reserve" represents the gains and losses due to the revaluation of certain assets and property, plant and equipment,
- "Retained earnings" represents retained profits after tax and dividends.

Dividends are recognised through equity on the earlier of their approval by the company shareholders or their payment.

Employee and retirement benefits

The group operates a defined contribution pension scheme. Contributions payable are charged to the statement of comprehensive income in the period to which they relate. These contributions are invested separately from the group's assets.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. The Directors do not expect any of these interpretations adopted by the EU to have any significant impact.

Notes (continued)

2 Revenue

The group is exempt from presenting segmental information as it does not have any debt or equity instruments which are publicly traded

All turnover and profits before taxation are derived from distance selling to customers through television home shopping channels and the internet. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographic location of the assets.

Geographical information

	Period ended 28 December 2014		Period ended 29 December 2013	
	Revenues	Non-current assets	Revenues	Non-current assets
	£000	£000	£000	£000
United Kingdom	142,545	19,364	133,373	22,942
Rest of the world	6,593	-	3,689	-
	<u>149,138</u>	<u>19,364</u>	<u>137,062</u>	<u>22,942</u>

3 Expenses and auditors remuneration

Included in profit/loss are the following

	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Depreciation of property, plant and equipment		
Owned	502	542
Leased	90	74
Amortisation of other intangible assets	1,729	1,360
Impairment loss on trade receivables	931	889
Operating lease rentals payable		
Hire of plant and machinery	129	124
Property rentals	747	210
Broadcasting service contracts	15,679	16,448
	<u>15,679</u>	<u>16,448</u>

The following auditors remuneration is not included in profit/loss as it is borne by Ideal Shopping Direct Limited's parent company Cuba Bidco Limited

Auditor's remuneration

	2014 £000	2013 £000
Audit of these financial statements	40	34
Amounts receivable by the company's auditor and its associates in respect of		
Audit of financial statements of subsidiaries of the company	38	11
Taxation compliance services	22	20
	<u>100</u>	<u>65</u>

Notes (continued)

3 Expenses and auditors remuneration (continued)

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £nil (2013 £nil).

The following items have been presented as non-underlying

	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
<i>Included in administrative expenses</i>		
Restructuring costs	261	584
Bank deposit recovery	(8)	(43)
International expansion costs	2,666	-
Amortisation of intangible assets in relation to the acquisition of LTGL (under IFRS 3)	72	72
Amortisation of intangible assets in relation to the acquisition of DRL (under IFRS 3)	114	114
Amortisation of intangible assets in relation to the acquisition of CCPL (under IFRS 3)	123	-
Acquisition costs associated with Craft Channel Productions Limited	133	(25)
Total non-underlying items	3,361	702

Included in international expansion costs above, is expenditure relating to establishing a website and TV offering for Crafters in the US. Specific costs include the setup of a call centre, marketing and professional fees

4 Staff numbers and costs

The average number of persons employed by the group during the year, analysed by category, was as follows

	Number of employees	
	Period ended 28 December 2014	Period ended 29 December 2013
Management	25	12
Operations	760	664
	785	676

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	18,334	16,739
Social security costs	1,777	1,641
Contributions to defined contribution plans	341	247
	20,452	18,627

Notes (continued)

5 Directors' remuneration

Group	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Directors' emoluments	1,176	790
Amounts receivable under long term incentive schemes	-	-
Company contributions to money purchase pension plans	18	40

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £512,573 (29 December 2013 £401,191), and no company pension contributions (29 Dec 13 £Nil) were made to a money purchase schemes on his behalf

	Number of directors	
	28 December 2014	29 December 2013
Retirement benefits are accruing to the following number of directors under Money purchase schemes	2	1

Company	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Directors' emoluments	812	658
Amounts receivable under long term incentive schemes	-	-
Company contributions to money purchase pension plans	18	33

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £332,903 (29 December 2013 £334,326), and no company pension contributions (29 Dec 13 £nil) were made to a money purchase schemes on his behalf

6 Finance income and expense

	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Recognised in profit or loss		
Finance income		
Interest income on bank deposits	26	11
Finance expense		
Interest expense in respect of financial liabilities measured at amortised cost	(150)	(140)

Notes (continued)

7 Taxation

Analysis of charge for the period

	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
<i>Current tax expense</i>		
Current period	1,825	807
Adjustments for prior periods	(388)	231
Current tax expense	1,437	1,038
<i>Deferred tax income</i>		
Origination and reversal of timing differences	(77)	(93)
Adjustments for prior periods	(39)	(241)
Deferred tax income	(116)	(334)
Tax on profit on ordinary activities	1,321	704

Reconciliation of effective tax rate

	Period ended 28 December 2014 £000	Period ended 29 December 2013 £000
Profit for the period	4,871	2,000
Total tax expense	1,321	704
Profit excluding taxation	6,192	2,704
Tax using the UK corporation tax rate of 21.5% (29 Dec 13 23.25%)	1,331	629
Adjustment in respect of prior periods	(427)	(10)
Non-deductible expenses	71	35
Deferred tax not recognised	340	-
Reduction in tax rate on deferred tax balances	6	50
Total tax expense	1,321	704

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities at 28 December 2014 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

8 Property, plant and equipment

Group

	Freehold land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost			
Balance at 31 December 2012	6,850	9,132	15,982
Additions	-	552	552
Revaluation	(767)	-	(767)
At 29 December 2013	6,083	9,684	15,767
Balance at 30 December 2013	6,083	9,684	15,767
Acquisitions through business combinations	-	216	216
Additions	-	549	549
Disposals	(5,183)	(583)	(5,766)
At 28 December 2014	900	9,866	10,766
Depreciation and impairment			
Balance at 31 December 2012	(459)	(7,707)	(8,166)
Depreciation charge for the period	(114)	(502)	(616)
Revaluations	573	-	573
Balance at 29 December 2013	-	(8,209)	(8,209)
Balance at 31 December 2013	-	(8,209)	(8,209)
Acquisitions through business combinations	-	(86)	(86)
Depreciation charge for the period	-	(592)	(592)
Disposals	-	416	416
Balance at 28 December 2014	-	(8,471)	(8,471)
Net book value			
Balance at 30 December 2012	6,391	1,425	7,816
Balance at 29 December 2013	6,083	1,475	7,558
Balance at 28 December 2014	900	1,395	2,295

Freehold land of £900,000 (29 Dec 13 £900,000) has not been depreciated

Due to the sale and leaseback of the land and buildings during the year, the Board considered that the professional advice, together with the purchase offers received, were acceptable for use in assessing the valuation of these assets as at 29 December 2013 and the land retained at 28 December 2014

Notes (continued)

8 Property, plant and equipment (continued)

Company	Freehold land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost			
Balance at 30 December 2012	6,850	8,984	15,834
Additions	-	537	537
Revaluations	(767)	-	(767)
Balance at 29 December 2013	6,083	9,521	15,604
Balance at 30 December 2013	6,083	9,521	15,604
Additions	-	454	454
Disposals	(5,183)	(583)	(5,766)
Balance at 28 December 2014	900	9,392	10,292
Depreciation and impairment			
Balance at 30 December 2012	(459)	(7,566)	(8,025)
Depreciation charge for the period	(114)	(496)	(610)
Revaluations	573	-	573
Balance at 29 December 2013	-	(8,062)	(8,062)
Balance at 30 December 2013	-	(8,062)	(8,062)
Depreciation charge for the period	-	(550)	(550)
Disposals	-	416	416
Balance at 28 December 2014	-	(8,196)	(8,196)
Net book value			
Balance at 30 December 2012	6,391	1,418	7,809
Balance at 29 December 2013	6,083	1,459	7,542
Balance at 28 December 2014	900	1,196	2,096

Freehold land of £900,000 (29 Dec 13 £900,000) has not been depreciated

Due to the sale and leaseback of the land and buildings during the year, the Board considered that the professional advice, together with the purchase offers received, are acceptable for use in assessing the valuation of these assets as at 29 December 2013 and the retained land at 28 December 2014

Notes (continued)

9 Intangible assets

Group

	Broadcasting channel rights and licences £000	Website /Brand £000	Software £000	Total £000
<i>Cost</i>				
Balance at 30 December 2012	2,490	1,264	7,991	11,745
Additions	-	-	1,720	1,720
Disposals	(687)	-	(138)	(825)
Balance at 29 December 2013	1,803	1,264	9,573	12,640
Balance at 30 December 2013	1,803	1,264	9,573	12,640
Acquisitions through business combinations	-	2,024	-	2,024
Additions	-	-	2,345	2,345
Disposals	-	-	-	-
Balance at 28 December 2014	1,803	3,288	11,918	17,009
<i>Amortisation and impairment</i>				
Balance at 30 December 2012	(590)	73	(3,800)	(4,317)
Amortisation charge for the period	(38)	(186)	(1,136)	(1,360)
Disposals	-	-	5	5
Balance at 29 December 2013	(628)	(113)	(4,931)	(5,672)
Balance at 30 December 2013	(628)	(113)	(4,931)	(5,672)
Acquisitions through business combinations	-	(184)	-	(184)
Amortisation charge for the period	(107)	(309)	(1,314)	(1,730)
Disposals	-	-	-	-
Balance at 28 December 2014	(735)	(606)	(6,245)	(7,586)
<i>Net book value</i>				
Balance at 30 December 2012	1,900	1,337	4,191	7,428
Balance at 29 December 2013	1,175	1,151	4,642	6,968
Balance at 28 December 2014	1,068	2,682	5,673	9,423

Notes (continued)

9 Intangible assets (continued)

Company

	Broadcasting channel rights and licences £000	Software £000	Total £000
<i>Cost</i>			
Balance at 30 December 2012	3,002	7,432	10,434
Additions	-	1,720	1,720
Disposals	(687)	(139)	(826)
	<hr/>	<hr/>	<hr/>
Balance at 29 December 2013	2,315	9,013	11,328
	<hr/>	<hr/>	<hr/>
Balance at 30 December 2013	2,315	9,013	11,328
Additions	-	1,071	1,071
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 28 December 2014	2,315	10,084	12,399
	<hr/>	<hr/>	<hr/>
<i>Amortisation and impairment</i>			
Balance at 30 December 2012	(590)	(3,491)	(4,081)
Amortisation charge for the period	(110)	(1,136)	(1,246)
Disposals	-	6	6
	<hr/>	<hr/>	<hr/>
Balance at 29 December 2013	(700)	(4,621)	(5,321)
	<hr/>	<hr/>	<hr/>
Balance at 30 December 2013	(700)	(4,621)	(5,321)
Amortisation charge for the period	(179)	(1,314)	(1,493)
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 28 December 2014	(879)	(5,935)	(6,814)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
Balance at 30 December 2012	2,413	3,941	6,354
	<hr/>	<hr/>	<hr/>
Balance at 29 December 2013	1,615	4,392	6,007
	<hr/>	<hr/>	<hr/>
Balance at 28 December 2014	1,436	4,149	5,585
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Goodwill

Group

Goodwill arises from the acquisition of Ideal Sourcing Limited (formerly Superstore TV Limited) in 2006, the acquisition of Lead The Good Life Limited in 2010, the acquisition of Deramores Retail Limited in 2013 and the acquisition of Craft Channel Productions Limited in 2014 (see note 21). The net carrying amounts of the goodwill can be analysed as follows

	£000
<i>Cost</i>	
Balance at 30 December 2012, 29 December 2013	8,827
Additions	36
	<hr/>
Balance at 28 December 2014	8,863
	<hr/>
<i>Impairment</i>	
Balance at 30 January 2012, 29 December 2013 and 28 December 2014	(1,523)
	<hr/>
<i>Net book value</i>	
Balance at 30 December 2012, 29 December 2013	7,304
	<hr/>
Balance at 28 December 2014	7,340
	<hr/>

Impairment review

Goodwill considered significant in comparison to the group's total carrying amount of such assets have been allocated to cash generating units ("CGUs") or groups of CGUs as follows

	28 December 2014 £000	29 December 2013 £000
Craft	1,921	1,885
Home and leisure	5,419	5,419
	<hr/>	<hr/>

The recoverable amount of both CGUs has been calculated with reference to their value in use. The key assumptions in this calculation are shown below

	2014	2013
Period on which management approved forecast are based	5 years	5 years
Growth rate applied beyond approved forecast period	5.0%	5.0%
Discount rate	12.1%	11.3%
	<hr/>	<hr/>

The compound sales growth rate of 5.0% reflects an uplift to the historic UK Tv Shopping 2010-13 CAGR of 2.2%. This uplift is anticipated following continued growth in our strong Craft division and focus on our Ideal World division. We are also monitoring a number of acquisition targets to provide further growth, as seen by Craft Channel Productions Limited, the craft and design products company we acquired in August 2014. In the light of the historic UK Home Shopping growth of 10.1% (CAGR 2010-13), 5% appears reasonable.

The post-tax discount rate of 12.1% (2013: 11.3%) was used to discount the expected cash flows of the CGUs. As each CGU is considered to have similar risks the same discount rate has been applied.

Notes (continued)

10 Goodwill (continued)

Company

Goodwill arises in the company in relation to Lead The Good Life Limited ("LTGL"). The company's trade, assets and liabilities were transferred to Ideal Shopping Direct Limited on 29 December 2013. The goodwill arises from transferring the cost of investment in LTGL to goodwill. The net carrying amounts of the goodwill can be analysed as follows:

	£000
<i>Cost and net book value</i>	
Balance at 30 December 2012 and 29 December 2013	5,419
Additions	-
	<hr/>
Balance at 28 December 2014	5,419
	<hr/>

Impairment review

Goodwill considered significant in comparison to the company's total carrying amount of such assets have been allocated to cash generating units ("CGUs") as follows:

	28 December 2014 £000	29 December 2013 £000
Home and leisure	5,419	5,419
	<hr/>	<hr/>

The recoverable amount of this CGU has been calculated with reference to its value in use. The key assumptions in this calculation are shown below:

	2014	2013
Period on which management approved forecast are based	5 years	5 years
Growth rate applied beyond approved forecast period	5.0%	5.0%
Discount rate	12.1%	11.3%
	<hr/>	<hr/>

The compound sales growth rate of 5.0% reflects an uplift to the historic UK TV Shopping 2010-13 CAGR of 2.2%. This uplift is anticipated due to the focus on our Ideal World division. In the light of the historic UK Home Shopping growth of 10.1% (CAGR 2010-13), 5% appears reasonable.

The post-tax discount rate of 12.1% (2013: 11.3%) was used to discount the expected cash flows of the CGUs. As each CGU is considered to have similar risks the same discount rate has been applied.

Notes (continued)

11 Investments

Company	Shares in subsidiary undertakings £000
<i>Cost</i>	
Balance at 30 December 2012 and 29 December 2013	3,525
Additions	1,577
Disposals	-
Balance at 28 December 2014	5,102
<i>Amounts written off</i>	
Balance at 30 December 2012, 29 December 2013 and 28 December 2014	(743)
<i>Net book value</i>	
Balance at 30 December 2012 and 29 December 2013	2,782
Balance at 28 December 2014	4,359

The company has the following investments in subsidiaries

	Country of Incorporation	Class of shares held	Held directly or indirectly	Ownership	Principal activity
Create and Craft Limited	UK	Ordinary	Directly	100%	Dormant
Ideal Home Mail Order Limited	UK	Ordinary	Directly	100%	Dormant
Ideal World Home Shopping Limited	UK	Ordinary	Directly	100%	Dormant
Wrightway Marketing Limited	UK	Ordinary	Directly	100%	Dormant
Lead the Good Life Limited	UK	Ordinary	Directly	100%	Dormant
Pets and Wildlife Limited	UK	Ordinary	Directly	100%	Dormant
Ideal Sourcing Limited	UK	Ordinary	Directly	100%	Product design, sourcing and wholesale
Craft Retail International Limited	UK	Ordinary	Directly	100%	Retail
Craft Retail Incorporated	USA	Ordinary	Indirectly	100%	Retail
Craft Channel Productions Limited *	UK	Ordinary	Directly	75%	Retail
Deramores Retail Limited*	UK	Ordinary	Directly	100%	Retail
Ideal Sourcing Shanghai Limited	China	Ordinary	Indirectly	100%	Product sourcing and wholesale

* These subsidiaries have a financial year end of 31 December

Notes (continued)

12 Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets 28 December 2014 £000	Assets 29 December 2013 £000	Liabilities 28 December 2014 £000	Liabilities 29 December 2013 £000
Intangible assets	-	-	(376)	(125)
Property, plant and equipment	139	232	-	-
Inventories	7	7	-	-
Trade receivables	137	60	-	-
Trade payables	23	13	-	-
Tax assets/(liabilities)	<u>306</u>	<u>312</u>	<u>(376)</u>	<u>(125)</u>

There are no unrecognised deferred tax assets or liabilities in either period

Movement in deferred tax during the period

	29 December 2013 £000	On acquisition £000	Recognised in income £000	28 December 2014 £000
Intangible assets	(125)	(368)	117	(376)
Property, plant and equipment	232	(15)	(78)	139
Inventories	7	-	-	7
Trade receivables	60	-	77	137
Trade payables	13	10	-	23
	<u>187</u>	<u>(373)</u>	<u>116</u>	<u>(70)</u>

Movements in deferred tax liabilities during the prior period

	1 January 2013 £000	Recognised in income £000	29 December 2013 £000
Intangible assets	(379)	254	(125)
Property, plant and equipment	121	111	232
Inventories	97	(90)	7
Trade receivables	-	60	60
Trade payables	14	(1)	13
	<u>(147)</u>	<u>334</u>	<u>187</u>

Notes (continued)

12 Deferred tax assets and liabilities (continued)

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets 28 December 2014 £000	Assets 29 December 2013 £000	Liabilities 28 December 2014 £000	Liabilities 29 December 2013 £000
Intangible assets	136	66	-	-
Property, plant and equipment	141	218	-	-
	<u>277</u>	<u>284</u>	<u>-</u>	<u>-</u>

There are no unrecognised deferred tax assets or liabilities in either period

	30 December 2013 £000	Recognised in income £000	28 December 2014 £000
Intangible assets	66	70	136
Property, plant and equipment	218	(77)	141
	<u>284</u>	<u>(7)</u>	<u>277</u>

Movements in deferred tax during the prior year

	1 January 2013 £000	Recognised in income £000	29 December 2013 £000
Intangible assets	(132)	198	66
Property, plant and equipment	104	114	218
	<u>(28)</u>	<u>312</u>	<u>284</u>

13 Inventories

	Group		Company	
	28 December 2014 £000	29 December 2013 £000	28 December 2014 £000	29 December 2013 £000
Goods for resale	<u>7,634</u>	<u>5,742</u>	<u>4,369</u>	<u>4,624</u>

In the period ending 28 December 2014, a total of £73,647,000 (£68,798,000 for the company) inventories were included in the statement of comprehensive income as an expense (29 Dec 13 £69,432,000 for the group and £76,177,000 for the company). This includes an amount of £468,000 for the group and £396,000 for the company from the write down of inventories (29 Dec 13 £332,000 for the group and £428,000 for the company).

Notes (continued)

14 Trade and other receivables

	Group		Company	
	28 December 2014 £000	29 December 2013 £000	28 December 2014 £000	29 December 2013 £000
Trade receivables	7,815	7,653	7,211	7,289
Other receivables	1,180	512	922	512
Amounts due from group undertakings	28,355	21,918	30,917	21,775
Prepayments and accrued income	2,793	2,241	2,499	2,190
	<u>40,143</u>	<u>32,324</u>	<u>41,549</u>	<u>31,766</u>

The group and company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 24

15 Cash and cash equivalents

	Group		Company	
	28 December 2014 £000	29 December 2013 £000	28 December 2014 £000	29 December 2013 £000
Cash at bank and in hand	<u>10,348</u>	<u>8,280</u>	<u>8,826</u>	<u>7,405</u>

16 Other interest bearing loans and borrowings

Group

Finance lease liabilities are payable as follows

	Minimum lease payments 28 December 2014 £000	Interest 28 December 2014 £000	Principal 28 December 2014 £000	Minimum lease payments 29 December 2013 £000	Interest 29 December 2013 £000	Principal 29 December 2013 £000
Less than one year	551	(21)	530	605	(61)	544
Between one and five years	125	(2)	123	665	(22)	643
	<u>676</u>	<u>(23)</u>	<u>653</u>	<u>1,270</u>	<u>(83)</u>	<u>1,187</u>

	28 December 2014 £000	29 December 2013 £000
Non-current liabilities		
Finance leases	<u>123</u>	<u>643</u>

Notes (continued)

16 Other interest bearing loans and borrowings (continued)

	28 December 2014 £000	29 December 2013 £000
Current liabilities		
Other loans	75	-
Finance leases	530	544
	<u> </u>	<u> </u>
Finance leases	605	544
	<u> </u>	<u> </u>

Company

Finance lease liabilities are payable as follows

	Minimum lease payments 28 December 2014 £000	Interest 28 December 2014 £000	Principal 28 December 2014 £000	Minimum lease payments 29 December 2013 £000	Interest 29 December 2013 £000	Principal 29 December 2013 £000
Less than one year	547	(21)	526	605	(61)	544
Between one and five years	118	(2)	116	665	(22)	643
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	665	(23)	642	1,270	(83)	1,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	28 December 2014 £000	29 December 2013 £000
Current liabilities		
Finance leases	526	544
	<u> </u>	<u> </u>

	28 December 2014 £000	29 December 2013 £000
Non-current liabilities		
Finance leases	116	643
	<u> </u>	<u> </u>

The terms of the finance lease are as follows

Fixed rate loan £259,000 (29 Dec 13 £406,000) Repayable in monthly instalments up to September 2016 Interest is charged at between 2.7% and 6.6% on the outstanding balance

The terms of the unsecured loan under finance lease are as follows

An unsecured fixed rate loan £383,000 (29 Dec 13 £781,000) Repayable in quarterly instalments up to October 2015 Interest is charged at 3.5% on the outstanding balance

Notes (continued)

16 Operating lease and broadcasting service contract commitments

Group and company

The group and company's non-cancellable operating lease rentals are payable as follows

	Within one year £000	Two to five years £000	More than five years £000	Total £000
28 December 2014				
Lease payments	915	2,790	7,692	11,397
Broadcasting service contract payments	14,282	46,797	46,593	107,672
29 December 2013				
Lease payments	338	876	-	1,214
Broadcasting service contract payments	15,644	42,715	59,375	117,734

Ideal Shopping Direct Limited has a number of operating leases in respect of property, equipment and services which expire between 2014 and 2026. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

Operating lease payments recognised as an expense during the period amounted to £875,000 (29 Dec 13 £334,000). Broadcasting service contract payments recognised as an expense during the period amounted to £15,679,000 (29 Dec 13 £16,448,000). No sublease income is expected as all assets held under lease agreements are used exclusively by the group.

17 Provisions

Group

	Sales returns £000	Other £000	Deferred consideration £000	Total £000
Balance at 30 December 2013	391	77	-	468
Provisions made during the period	150	-	1,076	1,226
Provisions utilised during the period	-	-	-	-
Balance at 28 December 2014	541	77	1,076	1,694

Company

	Sales returns £000	Deferred consideration £000	Total £000
Balance at 30 December 2013	391	-	391
Provisions made during the period	150	1,076	1,226
Provisions (utilised) during the period	-	-	-
Balance at 28 December 2014	541	1,076	1,617

Notes (continued)

18 Trade and other payables

	Group		Company	
	28 December 2014 £000	29 December 2013 £000	28 December 2014 £000	29 December 2013 £000
Trade payables	24,338	25,729	21,093	23,928
Other tax and social security costs	2,733	1,924	2,582	1,870
Amounts due to group undertakings	-	-	5,604	4,104
Accruals and deferred income	8,712	5,732	6,552	5,606
	<u>35,783</u>	<u>33,385</u>	<u>35,831</u>	<u>35,508</u>

19 Related party transactions

The following transactions were carried out between Ideal Shopping Direct Limited and its fellow group undertakings

	28 December 2014 £000	29 December 2013 £000
Purchases from Ideal Sourcing Limited	12,486	11,277
Recharges to Ideal Sourcing Limited	1,044	1,146
Recharges to Craft Retail International Limited	2,514	-
Purchases from Craft Channel Productions Limited	3,508	-
Recharges to Craft Channel Productions Limited	54	-
Purchases from Deramores Retail Limited	128	65
Recharges to Deramores Retail Limited	225	209
Purchases from Cuba Bidco Limited	157	156

Group	Receivables outstanding		Payables outstanding	
	28 December 2014 £000	29 December 2013 £000	28 December 2014 £000	29 December 2013 £000
Cuba Midco Limited	3,737	3,686	-	-
Cuba Bidco Limited	22,418	17,032	-	-
Deramores Retail Limited	2,200	1,200	-	-
	<u>28,355</u>	<u>21,918</u>	<u>-</u>	<u>-</u>
Company				
Ideal Sourcing Limited	1,139	727	4,909	4,041
Deramores Retail Limited	640	330	42	13
Lead The Good Life Limited	-	-	50	50
Craft Channel Productions Limited	16	-	602	-
Craft Retail International Limited	2,887	-	1	-
Craft Retail Incorporated	80	-	-	-
Cuba Midco Limited	3,737	3,686	-	-
Cuba Bidco Limited	22,418	17,032	-	-
	<u>30,917</u>	<u>21,775</u>	<u>5,604</u>	<u>4,104</u>

Notes (continued)

19 Related party transactions (continued)

The outstanding balance from Cuba Midco Limited is a loan, repayable on demand and bearing no interest, used by Cuba Midco Limited to pay administration fees on the acquisition of Ideal Shopping Direct Plc

The outstanding balance from Cuba Bidco Limited is a loan, repayable on demand and bearing no interest, used by Cuba Midco Limited to pay administration fees on the acquisition of Ideal Shopping Direct Plc

20 Acquisition of subsidiary

Group and company

On 1 May 2014 the Group obtained control of Craft Channel Productions Limited, craft products retailer by acquiring 75 percent of the shares and voting interests in the company. A put/call option for the remaining 25% share capital is exercisable in 2016.

Taking control of Craft Channel Productions Limited will enable the Group to increase profitability by the introduction of a high margin, low returns niche category, together with business growth opportunities via database, website and brand development.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	£000
<i>Consideration transferred</i>	
Cash	500
Share option consideration	1,076
	<hr/>
	1,576
	<hr/>

The fair value of the contingent consideration as at 28 December 2014 has been recognised on the balance sheet as at this point in time it is deemed the most likely outcome of the share options.

	Fair values £000
<i>Identifiable assets acquired and liabilities assumed</i>	
Property, plant and equipment	130
Intangible assets (see note 10)	1,840
Inventories	323
Trade and other receivables	851
Cash and cash equivalents	312
Deferred tax liabilities	(373)
Trade and other payables (including corporation tax)	(1,543)
	<hr/>
Total net identifiable assets	1,540
	<hr/>

Goodwill

Goodwill has been recognised as a result of the acquisition as follows.

	£000
Total consideration transferred	1,576
Less fair value of identifiable assets and liabilities	(1,540)
	<hr/>
Goodwill	36
	<hr/>

Notes (continued)

20 Acquisition of subsidiary (continued)

The goodwill is attributable mainly to the intrinsic value of future earnings potential of Craft Channel Productions Limited, the skills and experience of its management in the market place and synergies obtained by the planned integration of the Company into the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

The acquired business has generated profit after tax of £723,000, during the year.

21 Contingent assets and other contingent liabilities

There are no material contingent assets or liabilities as at 28 December 2014 or 29 December 2013 for the group or the company.

22 Capital and reserves

Share capital	Number '000	28 December 2014 £000	Number '000	29 December 2013 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £0.03 each	35,576	1,067	35,576	1,067
Deferred shares of £0.01 each	454	5	454	5
	<u>36,030</u>	<u>1,072</u>	<u>36,030</u>	<u>1,072</u>

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Ideal Shopping Direct Limited. There are no dividend or voting rights associated with the deferred shares.

Merger reserve

The merger reserve represents the excess of fair value over nominal value of shares issued in consideration for the acquisition of subsidiaries where statutory merger reserve has been applied in the financial statements of the parent company.

Revaluation reserve

Where property, plant and equipment is revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

Notes (continued)

23 Financial instruments

Fair value of financial instruments

The group and company's financial instruments consist of cash and cash equivalents (note 15), trade receivables (note 14) and trade payables (note 19). The financial instruments not disclosed in the below table are considered to have fair values consistent with their carrying amounts.

	28 December 2014		29 December 2013	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities				
Financial liabilities measured at amortised cost				
Finance leases (note 16)	642	661	1,187	1,176

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the group and company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

Ideal Shopping Direct Limited continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Ideal Shopping Direct Limited's policy is to deal only with creditworthy counterparties. Ideal Shopping Direct Limited's management considers that all the above financial assets for each of the reporting dates under review are of good credit quality, including those that are past due and are not impaired.

In respect of trade and other receivables, Ideal Shopping Direct Limited is not exposed to any significant credit risk or exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk for the group at the balance sheet date was £18,102,000 (29 Dec 13 £15,933,000) being the total of the carrying amount of financial assets, excluding equity investments, shown in the table above. The maximum exposure to credit risk for the company at the balance sheet date was £16,062,000 (29 Dec 13 £14,694,000).

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was

Group

	28 December 2014		29 December 2013	
	Gross £000	Impairment £000	Gross £000	Impairment £000
Not past due	8,070	(305)	8,002	(377)
Not more than three months	166	(116)	50	(21)
More than three months but not more than six months	-	-	-	-
	<u>8,236</u>	<u>(421)</u>	<u>8,052</u>	<u>(398)</u>

Notes (continued)

23 Financial instruments (continued)

Company

	28 December 2014		29 December 2013	
	Gross £000	Impairment £000	Gross £000	Impairment £000
Not past due	7,516	(305)	7,667	(377)
Not more than three months	116	(116)	21	(21)
	<u>7,632</u>	<u>(421)</u>	<u>7,688</u>	<u>(398)</u>

Factors considered in determining the level of receivables impairment include the age of the debt, future plans for continued trade and management views on the likelihood of repayment

The movement in the allowance for impairment in respect of trade receivables during the period was as follows

Group and company

	28 December 2014 £000	29 December 2013 £000
Balance at beginning of period	398	313
Increase in allowance	931	889
Utilisation of allowance	(908)	(804)
Balance at end of period	<u>421</u>	<u>398</u>

The allowance account for trade receivables is used to record impairment losses unless the group or company is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly

Liquidity risk analysis

Liquidity risk is the risk that the group and company will not be able to meet its financial obligations as they fall due

The group has significant cash balances and is forecast to remain cash positive and therefore the Board does not consider the liquidity risk of the group to be significant

As at 28 December 2014, the group's liabilities have contractual maturities which are summarised as follows

	Within six months £000
28 December 2014	
Trade payables	<u>35,785</u>
29 December 2013	
Trade payables	<u>33,385</u>

Notes (continued)

23 Financial instruments (continued)

As at 28 December 2014, the company's liabilities have contractual maturities which are summarised as follows

	Within six months £000
28 December 2014	
Trade payables	35,831
29 December 2013	
Trade payables	35,508

The group and company contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the statement of financial position date

Market risk financial risk management

Market risk is the risk that changes in market prices will affect the group's income or the value of its holdings of financial instruments

The group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities

The group's risk management is coordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the group's short to medium term cash flows by minimising the exposure to financial markets

The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options

Market risk – Foreign currency risk

The group and company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts

The group's exposure to currency rates arise from overseas purchases, which are primarily denominated in US Dollars and Euros

To mitigate the group's exposure to foreign currency risk, forward exchange contracts are entered into, in accordance with the group's risk management policy. Forward exchange contracts are mainly entered into for long-term foreign currency exposures, where there is not expected to be a further amount to offset against

Group foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows

	28 December 2014		29 December 2013	
	£000	£000	£000	£000
	US\$	€	US\$	€
<i>Nominal amounts</i>				
Financial assets	471	359	579	255
Financial liabilities	(1,643)	(772)	(1,242)	(516)
Short term exposure	(1,172)	(413)	(663)	(261)

Notes (continued)

23 Financial instruments (continued)

Company foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows

	28 December 2014		29 December 2013	
	£000 US\$	£000 €	£000 US\$	£000 €
<i>Nominal amounts</i>				
Financial assets	204	151	352	115
Financial liabilities	(33)	(740)	(18)	(516)
Short term exposure	171	(589)	334	(401)

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the period and equity in regards to the group's financial assets and financial liabilities and the US Dollar – Sterling exchange rate and the Euro – Sterling exchange rate

It assumes a +/- 5% change of the exchange rates for the period ended at 28 December 2014 and 29 December 2013. The sensitivity analysis is based on the group's foreign currency financial instruments held at each statement of financial position date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates

£ strengthens by 5%

	28 December 2014		29 December 2013	
	£000 US\$	£000 €	£000 US\$	£000 €
<i>Nominal amounts</i>				
Net result for the period	5,433	4,973	2,484	2,091
Equity	37,659	37,198	32,740	32,347

£ weakens by 5%

	28 December 2014		29 December 2013	
	£000 US\$	£000 €	£000 US\$	£000 €
<i>Nominal amounts</i>				
Net result for the period	4,307	4,767	1,515	1,908
Equity	36,533	36,993	31,772	32,165

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar – Sterling exchange rate and the Euro – Sterling exchange rate

It assumes a +/- 5% change of the exchange rates for the period ended at 28 December 2014 and 29 December 2013. The sensitivity analysis is based on the company's foreign currency financial instruments held at each statement of financial position date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates

£ strengthens by 5%

	28 December 2014		29 December 2013	
	£000 US\$	£000 €	£000 US\$	£000 €
<i>Nominal amounts</i>				
Net result for the period	5,136	5,192	17	90
Equity	33,416	33,473	28,298	28,370

Notes (continued)

23 Financial instruments (continued)

£ weakens by 5%

	28 December 2014		29 December 2013	
	£000	£000	£000	£000
	US\$	€	US\$	€
<i>Nominal amounts</i>				
Net result for the period	5,049	4,993	(18)	(91)
Equity	33,329	33,273	28,262	28,190

Market risk - interest rate risk profile

Ideal Shopping Direct Limited's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates.

The group monitors its actual cash position on a daily basis and updates forecasts of cash and currency requirements.

At the statement of financial position date the interest rate profile of the group's interest bearing financial instruments was

	29 December 2014	30 December 2013
	£000	£000
<i>Variable rate instruments</i>		
Financial assets	10,348	8,280

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (29 Dec 13 +/-1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the group and the company's financial instruments held at each statement of financial position date. All other variables are held constant.

	28 December 2014		29 December 2013	
	£000	£000	£000	£000
	Increase	Decrease	Increase	Decrease
<i>Nominal amounts</i>				
Net result for the period	4,974	4,767	2,082	1,917
Equity	37,956	37,389	32,339	32,173

Notes (continued)

23 Financial instruments (continued)

Capital management

The group and the company's capital management objectives are

- to ensure the group and company's ability to continue as a going concern, and
- to provide an adequate return to shareholders

These objectives are met principally by pricing products and services commensurate with the level of risk

The group and company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. Capital for the reporting periods under review is summarised below

The group and company sets the amount of capital in proportion to its overall financing structure, ie equity and financial liabilities. The group and company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group and company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The group's capital-to-overall financing ratio is calculated as follows

	29 December 2014 £000	30 December 2013 £000
Total equity	37,097	32,256
Capital and cash equivalents	(10,348)	(8,280)
Capital	26,749	23,976
Total equity	37,097	32,256
Borrowings	728	1,187
Overall financing	37,825	33,443
Capital-to-overall financing ratio	1:1.41	1:1.39

Based upon the plan prepared to support the acquisition, the objective is to maintain the capital to overall financing ratio at current levels, with profits and cash generated being remitted as dividend payments to the parent company.

Notes (continued)

23 Financial instruments (continued)

The company's capital-to-overall financing ratio is calculated as follows

	29 December 2014 £000	30 December 2013 £000
Total equity	33,372	28,281
Capital and cash equivalents	(8,826)	(7,405)
Capital	24,546	20,876
Total equity	33,372	28,281
Borrowings	728	1,187
Overall financing	34,100	29,468
Capital-to-overall financing ratio	1.1 39	1 1 41

Based upon the plan prepared to support the acquisition, the objective is to maintain the capital to overall financing ratio at current levels, with profits and cash generated being remitted as dividend payments to the parent company

24 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Ideal Shopping Limited. The directors do not consider there to be one ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Ideal Shopping Limited, incorporated in the UK. The smallest group in which they are consolidated is within this set of accounts, being Ideal Shopping Direct Limited, incorporated in the UK. No other group financial statements include the results of the company.

25 Year on year underlying statistics (Not forming part of the financial statements)

	FY 2014 £000	FY 2013 £000	Change £000	%
Sales revenue	149,138	137,062	12,076	8.8
Gross profit	62,874	53,907	8,967	16.6
Net profit before tax	6,192	2,704	3,488	
Non-underlying costs	3,361	702	2,659	
Underlying profit before tax	9,553	3,406	6,147	
Interest	124	129	(5)	
Depreciation	592	616	(24)	
Amortisation	1,729	1,173	556	
Underlying EBITDA	11,998	5,324	6,674	125.4
On-line sales %	58.2%	55.5%	2.7%	ppts