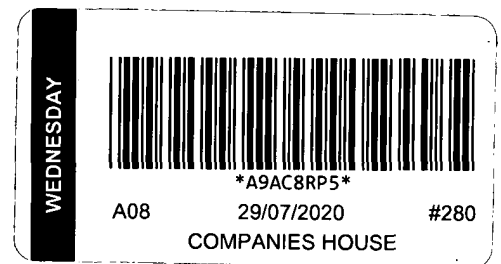


Ideal Shopping Direct Limited

**Annual report and financial
statements**

Registered number 01534758

Period ended 29 December 2019



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Strategic report

Principal activity

The principal activity of the company is that of distance selling to customers through television home shopping channels and the internet.

Basis of preparation

Notwithstanding net current liabilities of £25.0m as at 29 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The forecasts include a severe but plausible downside scenario of a fall in consumer demand of 5% in addition to the reductions already assumed in the base case forecasts, which are already cautious in light of positive trading results during the lockdown period. In such a downside scenario the company will have sufficient funds including funding from its immediate parent company, Aurelius Alpha Limited, to meet its liabilities as they fall due for that period.

Those forecasts rely on the company's immediate parent company, Aurelius Alpha Limited, not seeking repayment of the amounts currently due to the company, which at 29 December 2019 amounted to £14.9m. Aurelius Alpha Limited has confirmed that it does not intend to seek repayment of amounts provided under its revolving credit facility for the period covered by the forecasts. As with any company placing reliance on other group entities for financial means, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the directors have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Business review

Year on year underlying statistics

	FY 2019 £000	FY 2018 £000	Change £000	Change %
Sales revenue	129,703	130,387	(684)	(0.5%)
Gross profit	46,681	46,208	473	1.0%
%	36.0	35.4		+60 bps
Underlying EBITDA	3,225	(1,714)	4,939	-
On-line sales %	68.8%	67.2%		160 bps
Underlying Profit / (Loss) Before Tax	6,266	(4,314)	10,580	245.2%

Ideal Shopping Direct Limited is a leading multi-channel home shopping provider in the United Kingdom. It was acquired by the AURELIUS Group in July 2018. Its team of c.580 are based predominantly in Peterborough, UK. It purchases (and, in some cases designs and arranges manufacture) and sells lifestyle / general merchandise products and 'craft' related supplies via four UK TV channels (Ideal World, Ideal Extra, Create & Craft and Create & Craft Extra) through its call centre and website, as well as at live events. Create & Craft also broadcasts TV live to the US and streams on Amazon Fire, Roku and Apple.

Underlying profits before interest, taxation, depreciation and amortisation ("EBITDA") were £3.2 million for the 52 week period ending 29 December 2019, (52 week period ending 30 December 2018: £1.7 million loss). Underlying profits before taxation were £6.3 million, an improvement of £10.6 million on the prior year loss of (£4.3 million). Total sales decreased by 0.5% year on year to £129.7 million from £130.4 million. Gross profit was 1.0% higher year on year (£46.7 million from £46.2 million). The overhead base decreased by £4.5 million respectively 9.3% to £43.5 million.

2019 saw c. 30 new suppliers start to supply to Create & Craft which reinvigorated the company's product offering. These included some of the largest papercraft suppliers in the UK. All new suppliers dispatch directly to customers,

which reduces the company's warehouses burden, which has improved the company's working capital and trading position.

Another result of these new suppliers is the reactivation of c. 20,000 customers and c. 20,000 new customers. The marketing and discounting strategy of Create & Craft was fundamentally changed which has helped to improve product margins.

A new partnership for Ideal World with Independent Television (ITV), the largest independent channel in the UK, for up to three late night hours, 7 days a week, was trialled during the year and recently extended to run on an ongoing basis. This will continue to help drive both new suppliers and new customers to Ideal World.

In 2019 the company incurred non-underlying costs of £0.4 million relating to restructuring costs which have resulted in significant reduction in headcount from 665 to 581 with no adverse operational impacts. The trade and assets of Craft Channel Productions Limited and Ideal Sourcing Limited were both subsumed into Ideal Shopping Direct Limited during the year, £12.6m was received in distributions as a result of this, the investment in Craft Channel Productions Limited of £4.1m was written off during the year.

Prospects and current trading

The general retail environment in the UK has been a significant issue throughout 2019. However, Ideal Shopping Direct Limited has bucked the trend, increasing EBITDA year on year whilst preparing for a turnaround which sees the business set for growth in 2020.

Management believes that substantial opportunity exists to grow both sales and continue to reduce cost through further restructuring and considered investment. We expect new and innovative suppliers to continue to showcase their products with Ideal Shopping Direct Limited.

Ideal World will continue to leverage its customer base through the sourcing and promotion of innovative and importantly, branded TV centric products. It will also build awareness and customer base through its nightly ITV slots.

Create & Craft continues to benefit from its in house 'innovation hub' which efficiently innovates and develops new products and sources other products for exclusive distribution. Trials on new US broadcasting vehicles are also planned. Other territories remain an interesting opportunity along with more on-line marketing which has a trackable financial return. We have also set up a new business unit to develop B2B / wholesale opportunities with an outside agency, with minimal overhead and a business model whereby we only pay commission when we receive a retail order.

The development of an online 'marketplace' is an exciting prospect over the coming years, with systems and a new digital streaming studio in development to allow specific content to support online marketing and to put our products in front of a younger audience, who do not watch traditional TV. The management are confident that this will be successful and start to become a key contributor to the company. Increased product availability is also key to the company's success as the business turns from TV centric to engage its customers across various platforms including websites, Twitch, Mixer, Facebook, Instagram and YouTube as well as TV.

A restructured cost base saving in excess of 80 positions and subsuming three wholly owned subsidiaries (Ideal Sourcing Limited, Craft Channel Productions Limited and Craft Retail International Inc.) has significantly reduced both complexity and cost.

The coronavirus epidemic is a significant economic event and at the date of these financial statements the full range of possible effects is unknown. The directors believe the company is reasonably well placed to mitigate the impact of the epidemic. The company is continuing to trade as both an on-line retailer and as a live broadcaster, providing a valuable service to both crafters and the general public. So far, both craft and general product demand have responded positively to the country's isolation measures. The company remains both scalable and flexible and is well placed operationally with established services from its distribution, call centre and broadcasting providers.

The company's supplier base includes significant UK-based direct dispatchers. Its TV studios can work with a 'skeleton crew' and revert to pre-recorded broadcast content if required. The safety of staff remains a priority. They are working remotely wherever possible and are organised into rotational systems to maximise their safety and minimise any disruption caused by an eventual outbreak within the business. Social distancing guidelines are being followed in all our locations; additional site cleaning is taking place and N95 masks are provided for all on-site staff.

The directors monitor the situation closely and will adapt business continuity plans as required.

The company remains both scalable and flexible and is well placed operationally with established services from its distribution, call centre and broadcasting providers. Aurelius and the directors continue to be enthused by the opportunities for growth.

Cash flow and balance sheet

The company finished 2019 with cash balances of £4.3 million (*30 December 2018: £4.9 million*); a reduction of £0.6 million during the year. Cash inflows included Underlying EBITDA of £3.2 million and a decrease in working capital of £1.2 million. Outflows included £3.8 million capitalised expenditure, £0.7 million finance lease payments and £0.4 million non-underlying cash outflows (see note 3).

The company has no bank debt or covenants in place. However, it continues to benefit from a revolving credit facility from Aurelius which stood at £14.9 million at the end of 2019 leaving a headroom of £2.1 million.

The stock balance, net of provisions, at the end of the year was £6.3 million giving the company an average stock turn of circa 14.9 times.

Trade and other receivables were £11.4 million. The company provides its customers the option of making payments via Flexi-Pay (its own, unregulated product allowing payment over (up to) 4 months). During the year it also trialled and continues to offer Openpay (an external provider), which allows customers to spread the cost of their purchase across up to 12 monthly instalments at no cost. This has led to reduced debt levels.

Trade and other payables at £30.4 million were £13 million lower year on year. We maintain positive relationships with our suppliers and continue to seek to develop strategic supplier relationships where possible. The company's supplier 'incubator programme' aids young innovative businesses which currently includes a healthy pipeline.

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.</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. However, the majority of new and returning suppliers are direct dispatch in nature; the percentage of directly dispatching supplier is therefore increasing.</p> <p>Our business model is extremely flexible and scalable.</p> <p>There is a clear opportunity of broadening our platform presence and diversifying into additional geographic areas (through the DCM 'distributed content model') and broadcasting services such as Infomercials.</p> <p>We have low levels of customer bad debt and this is closely monitored. Our use of the 'Flexi-pay' promotional tool is managed and monitored closely. We also use a third party to screen for credit card fraud.</p>

<p>Global Pandemic</p> <p>The risk of on-going lockdown as a result of COVID19 or new pandemic.</p>	<p>Operationally, during COVID19 lockdown, all parts of the business have remained fully operational; on air as usual. The company continues to trade as both on an on-line retailer and as a live broadcaster although, of course, the safety of staff remains a priority. TV studios work with a 'skeleton crew' (and can revert to pre-recorded broadcast content if required). Other staff are working remotely wherever possible and are organised into rotational systems to maximise their safety and minimise any disruption caused by an eventual outbreak within the business. Social distancing guidelines are being followed in all our locations; additional site cleaning is taking place and N95 masks are provided for all on-site staff. The company's supplier base includes significant UK-based direct dispatchers and deliveries have not been materially delayed.</p> <p>The company is well placed to replicate its reaction to COVID19 if any new pandemic materialises in future and will be able to provide a valuable service to both crafters and the general public. Isolation to date has seen increased demand for both our Craft and general product as TV viewership increases.</p>
<p>Access to consumers</p> <p>Access to digital television is primarily via Freeview, Sky Digital, Virgin Media and Freesat plus Dish in the US.</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 24 million homes in the UK, and our US broadcasting contracts give us access to a further 41 million homes.</p> <p>We began a new partnership with ITV for late night hours during 2019. This is driving both new supplier and new customers to Ideal World.</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>The geopolitical economic risks to customers and suppliers has increased e.g. the impact of Brexit.</p> <p>The potential interference of pandemic upon customers' and suppliers' is higher than ever before.</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 insist that all products are tested to UK standards. Our factories are required to provide this testing to us before any goods are shipped, all testing and certificates are approved by our QA team. Each shipment then undergoes a pre-shipment inspection prior to goods being released which is reviewed by our own compliance team.</p> <p>With regard to Brexit the company has limited exposure to Europe and the board does not believe it will be impacted significantly as a result of its Far East sourcing capability.</p> <p>We regularly review our planning programmes to mitigate the effect of global pandemics and have reacted swiftly to mitigate the impact of Covid19.</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>

Strategic report (continued)

Risks and uncertainties (continued)

Risk	Measures In Place To Manage Risk
<p>Financial</p> <p><i>Availability of funding.</i></p> <p>The principal treasury risks to the company arise from exchange rate and interest rate fluctuations.</p> <p>Some of the purchases of goods for resale are denominated in foreign currencies.</p>	<p>The business has a manageable trading cash profile. It has credit in place to fund its trading requirements.</p>
<p>IT and Business continuity</p> <p>We are dependent on information technology for all aspects of our business operations.</p>	<p>The IT systems within the business are continually reviewed. Forthcoming investment will be prioritised to those areas needed to support the anticipated growth.</p> <p>We have business continuity arrangements in place which seek to protect us from single points of failure in our operations, for example by having standby transmission arrangements in the event of a broadcast communications failure. We continue to look to strengthen the business continuity planning in force.</p>
<p>Outsourcing</p> <p>We outsource our product delivery and contact centre operations.</p>	<p>We have contractual arrangements with our outsource partners which contain service levels. We monitor the performance of our outsourced partners against such service levels.</p>

The strategic report has been approved by the board of directors and has been signed on its behalf by:



Jamie Martin
Director

27th July 2020

Directors' report

The directors present their directors' report together with the audited financial statements for the financial year ending 29 December 2019.

Dividends

The directors do not propose a dividend in respect of the financial year (*period ended 30 December 2018: £Nil*).

Directors

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

Dr. C F Trautwein
J B M Martin
M S Purcell

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



Jamie Martin
Director

27th July 2020

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDEAL SHOPPING DIRECT LIMITED

Opinion

We have audited the financial statements of Ideal Shopping Direct Limited ("the company") for the period ended 29 December 2019 which comprise the Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 27th July 2020

Statement of Comprehensive income
for the period ended 29 December 2019

	Note	Period ended 29 December 2019			Period ended 30 December 2018		
		Underlying £000	Non- underlying* £000	Total £000	Underlying £000	Non- underlying* £000	Total £000
Revenue	2	129,703	-	129,703	130,387	-	130,387
Cost of sales		(83,022)	-	(83,022)	(84,179)	-	(84,179)
Gross profit		46,681	-	46,681	46,208	-	46,208
Other operating income		8,494	-	8,494	-	-	-
Distribution costs		(3,155)	-	(3,155)	(4,382)	-	(4,382)
Administrative expenses		(44,543)	(438)	(44,981)	(45,673)	(28,173)	(73,846)
Operating profit/(loss)	3	7,477	(438)	7,039	(3,847)	(28,173)	(32,020)
Finance expense	6	(1,211)	-	(1,211)	(467)	-	(467)
Profit/(loss) before taxation		6,266	(438)	5,828	(4,314)	(28,173)	(32,487)
Taxation	7			464			503
Profit/(loss) for the period				6,292			(31,984)
Total comprehensive income/(expense) for the period				6,292			(31,984)

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

The notes form an integral part of these financial statements.

Statement of financial position
at 29 December 2019

	Note	29 December 2019	30 December 2018
		£000	£000
Non-current assets			
Property, plant and equipment	8	9,155	1,633
Intangible assets	9	10,965	10,151
Investments	10	50	4,168
Deferred tax assets	11	2,133	1,453
		22,303	17,405
Current assets			
Inventories	12	6,284	8,083
Trade and other receivables	13	11,404	11,906
Cash and cash equivalents		4,309	4,880
		21,997	24,869
Current liabilities			
Other interest bearing loans and borrowings	15	(15,600)	(14,897)
Finance lease obligations	16	(993)	-
Trade and other payables	14	(30,506)	(43,089)
		(47,099)	(57,986)
Net current liabilities		(25,102)	(33,117)
Total assets less current liabilities		(2,799)	(15,712)
Non-current liabilities			
Deferred tax liability	11	-	(14)
Finance lease obligations	16	(6,656)	-
Provisions for liabilities	17	(336)	(357)
		(6,992)	(371)
Net liabilities		(9,791)	(16,083)
Capital and reserves			
Called up share capital	18	1,072	1,072
Share premium		4,316	4,316
Capital contribution		500	500
Merger reserve		5,169	5,169
Retained earnings		(20,848)	(27,140)
Shareholders' deficit		(9,791)	(16,083)

The notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27th July 2020 and were signed on its behalf by:



Jamie Martin
Director

Company registered number: 01534758

Statement of changes in equity
for the period ended 29 December 2019

	Called up share capital	Share premium	Capital contribution	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 30 December 2018	1,072	4,316	500	5,169	(27,140)	(16,083)
Profit or loss	-	-	-	-	6,292	6,292
Total comprehensive income for the period	-	-	-	-	6,292	6,292
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 29 December 2019	1,072	4,316	500	5,169	(20,848)	(9,791)

Notes

(forming part of the financial statements)

1 Accounting policies

Ideal Shopping Direct Limited (the 'Company') is a private company incorporated, domiciled and registered in England and Wales. The registered number is 01534758 and the address of the company's registered office is Ideal Home House, Newark Road, Peterborough, PE1 5WG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As at the Balance Sheet date, the Company's ultimate parent undertaking, Aurelius Equity Opportunities SE & Co KGaA, included the Company in its consolidated financial statements. The consolidated financial statements of Aurelius Equity Opportunities SE & Co KGaA are prepared in accordance with International Financial Reporting Standards and are available to the public at the Bundesanzeiger or Aurelius' homepage.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Aurelius Equity Opportunities SE & Co KGaA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Notwithstanding net current liabilities of £25.0m as at 29 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. The forecasts include a severe but plausible downside scenario of a fall in consumer demand of 5% in addition to the reductions already assumed in the base case forecasts, which are already cautious in light of positive trading results during the lockdown period. In such a downside scenario the company will have sufficient funds including funding from its immediate parent company, Aurelius Alpha Limited, to meet its liabilities as they fall due for that period. Those forecasts rely on the company's immediate parent company, Aurelius Alpha Limited, not seeking repayment of the amounts currently due to the company, which at 29 December 2019 amounted to £14.9m. Aurelius Alpha Limited has confirmed that it does not intend to seek repayment of amounts provided under its revolving credit facility for the period covered by the forecasts. As with any company placing reliance on other group entities for financial means, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the directors have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments

Investments in subsidiaries are stated at amortised cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (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.

Land and buildings	2%
Plant, equipment and vehicles	10% - 33%

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.

Under IAS 17, the Company had leases which were classified as finance leases as the Company had assumed substantially all the risks and rewards of ownership of the leased asset. Up to 30 December 2018, these leased assets acquired by way of finance lease were 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. The accounting treatment for these leases subsequent to transition to IFRS 16, and for leases entered into after 30 December 2018 are described below in the leases accounting policy.

Leases (policy applicable from 1 January 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes (continued)

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	2 - 6 years
Website/brand	10 years
Broadcasting channel rights and licences	11 – 20 years
Goodwill	indefinite life

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 company intends to complete the intangible asset and use it;
- the company 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".

Notes (continued)

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.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Notes (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

Turnover represents the total invoice value (which includes postage and packaging), excluding value added tax of goods sold. The total invoice value equates to the consideration receivable from the customer.

A contract is created when the goods or services to be provided and the related payment terms are identified and when the contract has commercial substance, and when it is probable that the consideration to be given in exchange for the goods and services to be provided will be collected.

Turnover is recognised for each performance obligation when the promised goods have been dispatched to the customer or control over them has passed to the supplier in respect of directly dispatched goods.

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.

Expenses

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement.

Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

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.

Notes (continued)

Accounting estimates and judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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 the estimate is revised and in any future periods impacted.

The key judgements and estimates employed in the financial statements are considered below.

Impairment of goodwill

On an annual basis, the Company is required to perform an impairment review to assess whether the carrying value of goodwill is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Details of assumptions used in the impairment of goodwill are detailed in note 9.

Impairment of investments

On an annual basis, the Company performs an impairment review to assess whether the carrying value of its investments in subsidiaries is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. The key assumptions in relation to the investment valuation are the Directors' best estimate of short term and long term growth rates and the discount rate used in its valuation.

Change in accounting policy:

The Company has adopted the following IFRSs in these financial statements:

IFRS 16: Leases. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.

2 Revenue

All turnover is 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.

Primary geographical markets

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
United Kingdom	128,480	129,061
Rest of the World	1,223	1,326
	<hr/>	<hr/>
	129,703	130,387
	<hr/>	<hr/>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
Depreciation of property, plant and equipment:		
Owned	799	703
Leased	868	4
Amortisation of other intangible assets	2,333	1,497
Operating lease rentals payable:		
Hire of plant and machinery	64	79
Property rentals	877	877
Broadcasting service contracts	11,755	13,583

Auditor's remuneration:

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
Audit of these financial statements	94	100
Taxation compliance services	38	38
Other tax advisory services	19	69
	151	207

Amounts receivable by the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £Nil (*period ended 30 December 2018: £Nil*).

The following items have been presented as non-underlying:

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
<i>Included in administrative expenses:</i>		
Restructuring costs	388	2,223
Corporate legal costs	50	-
Bank deposit recovery	-	(2)
Management fees	-	204
Amortisation of intangible assets in relation to the acquisitions (under IFRS 3)	-	370
Impairment of goodwill	-	1,885
One off stock provision increase	-	677
Acquisition costs	-	644
Abortive recruitment costs	-	84
Intercompany loan write off	-	23,962
Total non-underlying items	438	30,047

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	Period ended 29 December 2019	Period ended 30 December 2018
Management	7	8
Operations	548	644
	<hr/>	<hr/>
	555	652
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
Wages and salaries	15,925	16,961
Social security costs	1,508	1,713
Contributions to defined contribution plans	414	391
	<hr/>	<hr/>
	17,847	19,065
	<hr/>	<hr/>

5 Directors' remuneration

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
Directors' emoluments	659	718
Company contributions to money purchase pension plans	-	7
	<hr/>	<hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £350,000 (*period ended 30 December 2018: £293,000*), and nil company pension contributions (*period ended 29 December 2018: £7,000*) were made to a money purchase schemes on their behalf.

	Number of directors	
	Period ended 29 December 2019	Period ended 30 December 2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	1
	<hr/>	<hr/>

Notes (continued)

6 Finance expense

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
<i>Finance expense</i>		
Interest expense in respect of financial liabilities measured at amortised cost	(1,211)	(467)

7 Taxation

Analysis of charge for the period

	Period ended 29 December 2019 £000	Period ended 30 December 2018 £000
<i>Current tax expense</i>		
Current period	309	131
Adjustments in relation to prior periods	(79)	-
Current tax expense	230	131
<i>Deferred tax income</i>		
Origination and reversal of timing differences	(620)	372
Adjustments in relation to prior periods	(74)	-
Deferred tax income	(694)	372
Total tax (income)/expense	(464)	503

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantially enacted. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19%. All future corporation tax will be charged at 19%.

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	Period ended 30 December 2018 £000	Period ended 30 December 2018 £000
Profit/(loss) for the period	6,293	(31,984)
Total tax income	(465)	503
Profit/(loss) excluding taxation	5,828	(32,487)
Tax using the UK corporation tax rate of 19% (2018 19%)	1,107	(6,173)
Adjustment in respect of prior periods	(153)	-
Non taxable income	(1,354)	-
Non-deductible expenses	-	5,670
Group relief received	(65)	-
Total tax income	(465)	(503)

8 Tangible fixed assets

	Right of use assets £000	Property, plant and equipment £000	Total £000
Cost			
Balance at 30 December 2018	-	11,860	11,860
Additions	-	752	752
Recognition of right of use asset	7,885	-	7,885
Disposals	-	-	-
Transfers from Ideal Sourcing Ltd	252	812	1,064
Balance at 29 December 2019	8,137	13,424	21,561
Amortisation and impairment			
Balance at 30 December 2018	-	10,227	10,227
Amortisation charge for the period	126	806	932
Recognition of right of use asset	730	-	730
Disposals	-	-	-
Transfers	42	475	517
Balance at 29 December 2019	898	11,508	12,406
Net book value			
At 29 December 2019	7,239	1,916	9,155
At 30 December 2018	-	1,633	1,633

Notes (continued)

9 Intangible assets

	Goodwill £000	Customers £000	Broadcasting channel rights and licences £000	Website /Brand £000	Software £000	Total £000
Cost						
Balance at 30 December 2018	5,419	-	1,166	512	14,444	21,541
Additions	-	2,337	-	-	730	3,067
Transferred In	-	-	-	421	-	421
Disposals	-	-	-	-	(389)	(389)
Balance at 29 December 2019	5,419	2,337	1,166	933	14,785	24,640
Amortisation and impairment						
Balance at 30 December 2018	-	-	665	432	10,293	11,390
Amortisation charge for the period	-	842	138	72	1,281	2,333
Transferred In	-	-	129	-	-	129
Disposals	-	-	-	-	(177)	(177)
Balance at 29 December 2019	-	842	932	504	11,397	13,675
Net book value						
At 30 December 2018	5,419	-	501	80	4,151	10,151
At 29 December 2019	5,419	1,495	234	429	3,388	10,965

10 Investments in subsidiaries

	Shares in subsidiary undertakings £000
Cost	
Balance at 30 December 2018	4,168
Balance at 29 December 2019	4,168
Provisions	
Balance at 30 December 2018	-
Impairment in the year	(4,118)
Balance at 29 December 2019	(4,118)
Net book value	
At 30 December 2018	4,168
At 29 December 2019	50

Notes (continued)

10 Investments in subsidiaries (continued)

During the year the trade and assets of Craft Channel Productions Limited and Ideal Sourcing Limited were transferred to Ideal Shopping Direct Limited. This resulted in an impairment charge of £4,118k in respect to the investments held in them.

The company has the following investments in subsidiaries:

	Principal place of business/Registered office address	Class of shares held	Ownership	
			29 December 2019	30 December 2018
Create and Craft Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Ideal World Home Shopping Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Ideal Home Mail Order Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Lead The Good Life Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Pets and Wildlife Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Ideal Sourcing Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Ideal Sourcing Shanghai Limited	China/Room 2005-06, Shanghaimit Office Tower, No. 2299, Yan An Rd (W), Shanghai, China 200336	Ordinary	100%	100%
Craft Retail International Limited*	USA/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Craft Channel Productions Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Deramores Retail Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Ikan Paper Crafts Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%
Craft Channel Host Limited*	UK/Ideal Home House, Newark Road, Peterborough, PE1 5WG, UK	Ordinary	100%	100%

* Held directly

Notes (continued)

11 Deferred tax assets

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

Movement in deferred tax during the period:

	30 December 2018 £000	Recognised in income £000	29 December 2019 £000
Intangible assets	1,139	214	1,353
Property, plant and equipment	276	379	655
Provisions	2	9	11
Tax value of loss carry forwards	22	92	114
	<u>1,439</u>	<u>694</u>	<u>2,133</u>

Movements in deferred tax during the prior period:

	2 January 2018 £000	Recognised in income £000	30 December 2018 £000
Intangible assets	896	243	1,139
Property, plant and equipment	169	107	276
Provisions	2	-	2
Tax value of loss carry forwards	-	22	22
	<u>1,067</u>	<u>372</u>	<u>1,439</u>

12 Inventories

	29 December 2019 £000	30 December 2018 £000
Goods for resale	<u>6,284</u>	<u>8,083</u>

In the period ended 29 December 2019, a total of £82,254,000 inventories were included in the statement of comprehensive income as cost of sales (30 December 2018: £70,499,000). This includes an amount of £142,000 for the company from the write down of inventories (30 December 2018: £95,000).

13 Trade and other receivables

	29 December 2019 £000	30 December 2018 £000
Trade receivables	7,095	7,651
Amounts due from group undertakings	666	741
Other receivables	1,131	1,417
Prepayments and accrued income	2,512	2,097
	<u>11,404</u>	<u>11,906</u>

Notes (continued)

14 Trade and other payables

	29 December 2019 £000	30 December 2018 £000
Trade payables	17,859	17,738
Other tax and social security costs	1,380	2,433
Amounts due to group undertakings	2,053	13,459
Accruals and deferred income	8,950	8,487
Corporation tax	264	972
	<u>30,506</u>	<u>43,089</u>

15 Other interest bearing loans and borrowings

	29 December 2019 £000	30 December 2018 £000
Aurelius revolving credit facility	15,600	14,897
	<u>15,600</u>	<u>14,897</u>

Other interest bearing loans and borrowings consist of a revolving credit facility owed to the immediate parent, Aurelius Alpha Limited. The whole facility is repayable on demand and incurs an interest rate of 5%.

16 Finance lease obligations

Finance lease rentals are payable as follows:

	Within one year £000	Two to five years £000	More than five years £000	Total £000
29 December 2019				
Buildings	917	1,747	4,834	7,498
Mechanical handling equipment	76	75	-	151
	<u>993</u>	<u>1,822</u>	<u>4,834</u>	<u>7,649</u>
30 December 2018				
Buildings	-	-	-	-
Mechanical handling equipment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

17 Provisions

	Sales returns £000	Total £000
Balance 30 December 2018	357	357
Movements during the period	21	21
Balance at 29 December 2019	336	336

18 Capital and reserves

Share capital

	29 December 2019		30 December 2018	
	Number of shares	Nominal amount £000	Number of shares	Nominal amount £000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £0.03 each	35,727	1,072	35,727	1,072
	<u>35,727</u>	<u>1,072</u>	<u>35,727</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.

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.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

19 Related parties

Transactions with key management personnel

During the year, the company entered into transactions in the ordinary course of business with related parties. The company has applied exemptions available under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries and other group entities.

20 Ultimate parent company and parent company of larger group

Following the acquisition of the Company by the Aurelius Group, the immediate parent company is Aurelius Alpha Limited, a company registered in England and Wales. The Company's ultimate controlling party is Aurelius Equity Opportunities SE & Co KGaA, a company registered in Germany.