

Registered number: 01781094

**SUNSPEL LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 JANUARY 2018**

THURSDAY



A18 \*A7HRSKDS\* 01/11/2018 #95  
COMPANIES HOUSE

## **SUNSPEL LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	N M Brooke C D Hazlehurst
<b>Company secretary</b>	N M Brooke
<b>Registered number</b>	01781094
<b>Registered office</b>	Norman House Friar Gate Derby DE1 1NU
<b>Independent auditors</b>	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

## **SUNSPEL LIMITED**

### **CONTENTS**

	<b>Page</b>
<b>Strategic Report</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 3</b>
<b>Independent Auditors' Report</b>	<b>4 - 6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9 - 21</b>

## **SUNSPEL LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018**

#### **Principal activity**

The company's principal activity during the year was the manufacture, wholesale and retail of men's and women's knitted and woven underwear, leisurewear and sports shirts.

#### **Business review**

The company performed well during the year, growing turnover from £9.6m to £10.5m (+10%). Growth was spread across all channels with online +20% on the prior year.

Continued growth led the company to outsource its warehousing and fulfilment to a 3rd party partner in 2017. This has transformed operational efficiency and scalability.

The company's EBITDA before exceptionals increased to £540k in the year (+5%). This despite continued investment in headcount and infrastructure.

The Directors are happy with the strength of the company's balance sheet as at year ended 31 January 2018.

#### **Principal risks and uncertainties**

The principal risks and uncertainties for the company include those associated with brexit, including fluctuating exchange rates, potential delays and tariffs on imports, and reduced consumer spending.

The company looks to mitigate the exchange rate risk by having natural hedges in place through the operation of foreign currency bank accounts and foreign wholesale and online receipts. The remaining risk is managed through the use of forward currency contracts.

#### **Financial key performance indicators**

The key performance indicators monitored by the company include:

Turnover – the company achieved an increase of 9.9% in the year

Stock level – the average stock level for the year was £2.0m (2017: £1.9m)

Stock turn – increased in the year by 9.8%

Profit – EBITDA before exceptionals increased by 4.9% in the year to £540k

This report was approved by the board and signed on its behalf.

**N M Brooke**  
Director



Date:

28/10/2018

## **SUNSPEL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2018**

The directors present their report and the financial statements for the year ended 31 January 2018.

#### **Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £170,521 (2017: £238,693).

No dividends were paid during the current or prior year.

#### **Directors**

The directors who served during the year were:

N M Brooke  
C D Hazlehurst

**SUNSPEL LIMITED**

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

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Post balance sheet events**

On 7 May 2018 Sunspel Mercer St. LLC, an indirect subsidiary of the company, was incorporated in the United States of America.

This report was approved by the board and signed on its behalf.

**N M Brooke**  
Director



Date:

28/10/2018

## **SUNSPEL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNSPEL LIMITED**

#### **Opinion**

We have audited the financial statements of Sunspel Limited (the 'company') for the year ended 31 January 2018, which comprise the profit and loss account, the balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

## **SUNSPEL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNSPEL LIMITED (CONTINUED)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## SUNPEL LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNPEL LIMITED (CONTINUED)

#### Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

*PKF Cooper Parry Group Limited*

Alison Fovargue (Senior Statutory Auditor)

for and on behalf of

**PKF Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: *29 October 2018.*

**SUNSPEL LIMITED**

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

	Note	2018 £	As restated 2017 £
<b>Turnover</b>	1.3,3	10,538,134	9,592,149
<b>Cost of sales</b>		(4,069,273)	(3,839,503)
<b>Gross profit</b>		<u>6,468,861</u>	<u>5,752,646</u>
Distribution costs		(876,857)	(387,351)
Administrative expenses		(5,394,916)	(5,044,257)
<b>Operating profit</b>	4	197,088	321,038
Interest payable and expenses		(353)	-
<b>Profit before tax</b>		<u>196,735</u>	<u>321,038</u>
Tax on profit	7	(26,214)	(82,345)
<b>Profit after tax</b>		<u><u>170,521</u></u>	<u><u>238,693</u></u>
Retained earnings at the beginning of the year		3,222,911	2,984,218
Profit for the year		<u>170,521</u>	<u>238,693</u>
<b>Retained earnings at the end of the year</b>		<u><u>3,393,432</u></u>	<u><u>3,222,911</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 9 to 21 form part of these financial statements.

**SUNSPEL LIMITED**  
**REGISTERED NUMBER:01781094**


**BALANCE SHEET**  
**AS AT 31 JANUARY 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	8	1,124,471	1,190,207
Investments	9	57,139	57,139
		<u>1,181,610</u>	<u>1,247,346</u>
<b>Current assets</b>			
Stocks	10	2,380,524	2,086,122
Debtors: amounts falling due within one year	11	1,906,206	1,505,664
Cash at bank and in hand		696,177	534,877
		<u>4,982,907</u>	<u>4,126,663</u>
Creditors: amounts falling due within one year	12	(2,309,078)	(1,765,436)
<b>Net current assets</b>		<u>2,673,829</u>	<u>2,361,227</u>
<b>Total assets less current liabilities</b>		<u>3,855,439</u>	<u>3,608,573</u>
<b>Creditors:</b> amounts falling due after more than one year	13	(67,667)	-
<b>Provisions for liabilities</b>			
Deferred tax	15	(114,264)	(105,586)
<b>Net assets</b>		<u><u>3,673,508</u></u>	<u><u>3,502,987</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	20,727	20,727
Share premium account	17	259,349	259,349
Profit and loss account	17	3,393,432	3,222,911
		<u><u>3,673,508</u></u>	<u><u>3,502,987</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**N M Brooke**  
Director

Date:

  
24/10/2018

The notes on pages 9 to 21 form part of these financial statements.

## **SUNSPEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

Sunspel Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

These financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 January 2018 (2017: year ended 31 January 2017).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are discussed in note 2.

The following principal accounting policies have been applied:

##### **1.2 Exemptions**

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the group accounts of Thomas A. Hill Limited. The group accounts of Thomas A. Hill Limited are available to the public and can be obtained as set out in note 20.

The company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with wholly owned group companies.

##### **1.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

###### **Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## SUNSPEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

#### 1. Accounting policies (continued)

##### 1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the profit and loss account during the period in which they relate to. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 15% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 15% straight line
Computer equipment	- 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount of the cash-generating unit to which the asset belongs.

##### 1.5 Valuation of investments

Investments are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

##### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

## **SUNSPEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018**

#### **1. Accounting policies (continued)**

##### **1.7 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks, other third parties and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

##### **1.8 Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### **1.9 Foreign currency translation**

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

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

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

##### **1.10 Leasing and hire purchase**

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.11 Pensions**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet.

## **SUNSPEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018**

#### **1. Accounting policies (continued)**

##### **1.12 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

##### **1.13 Current and deferred taxation**

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

##### **1.14 Reclassification of expenses**

Certain prior year cost of sales have been reviewed in the year and reclassified to administrative expenses, as the directors have concluded that this better reflects the true economic nature of these costs.

This has resulted in a decrease in cost of sales of £223,146, and a subsequent increase in administrative expenses of the same amount. There is no impact on net profit or net assets.

## **SUNSPEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018**

#### **2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

In preparing these financial statements, the directors have made the following judgements:

##### **Impairment of non-current assets**

The company assesses the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

##### **Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all tangible fixed asset classes and have concluded that the asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

##### **Carrying value of stocks**

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

##### **Recoverability of trade debtors**

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.



## SUNSPEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

#### 2. Judgments in applying accounting policies (continued)

##### Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

##### Leasing

The company determine whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and a liability to be recognised in the balance sheet.

##### Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due.

Management estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

#### 3. Turnover

The whole of the turnover is attributable to the company's principal activity and originated in the UK.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	6,309,945	5,754,606
Rest of Europe	1,695,826	1,443,718
Rest of the World	2,532,363	2,393,825
	<u>10,538,134</u>	<u>9,592,149</u>

#### 4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	285,131	264,809
Fees payable to the company's auditor	17,500	17,000
Exchange differences	79,912	(36,932)
Operating lease rentals	<u>500,471</u>	<u>486,196</u>

**SUNSPEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**5. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,511,072	2,266,027
Social security costs	188,630	141,271
Pension costs	45,880	43,480
	<u>2,745,582</u>	<u>2,440,778</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Production	34	40
Administration and sales	70	62
	<u>104</u>	<u>102</u>

**6. Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	177,883	126,004
	<u>177,883</u>	<u>126,004</u>

**SUNSPEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**7. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	30,706	60,043
Adjustments in respect of previous periods	(13,170)	102
	<u>17,536</u>	<u>60,145</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	8,678	10,363
Adjustments in respect of previous periods	-	11,837
	<u>26,214</u>	<u>82,345</u>
<b>Taxation on profit on ordinary activities</b>		
	<u><u>26,214</u></u>	<u><u>82,345</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.16% (2017: 20.00%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	196,735	321,038
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017: 20.00%)	37,695	64,208
<b>Effects of:</b>		
Fixed asset differences	17,241	22,659
Expenses not deductible for tax purposes	1,635	12,090
Adjustments to tax charge in respect of prior periods	(13,170)	11,939
Adjustment to deferred tax rate	(1,101)	(8,053)
Group relief claimed	(16,086)	(20,498)
<b>Total tax charge for the year</b>	<u><u>26,214</u></u>	<u><u>82,345</u></u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**SUNSPEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**8. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
At 1 February 2017	71,732	155,401	-	1,782,173	183,238	2,192,544
Additions	-	-	87,798	112,347	19,250	219,395
At 31 January 2018	<u>71,732</u>	<u>155,401</u>	<u>87,798</u>	<u>1,894,520</u>	<u>202,488</u>	<u>2,411,939</u>
<b>Depreciation</b>						
At 1 February 2017	38,208	140,986	-	657,631	165,512	1,002,337
Charge for the year	1,365	1,780	1,829	259,215	20,942	285,131
At 31 January 2018	<u>39,573</u>	<u>142,766</u>	<u>1,829</u>	<u>916,846</u>	<u>186,454</u>	<u>1,287,468</u>
<b>Net book value</b>						
At 31 January 2018	<u>32,159</u>	<u>12,635</u>	<u>85,969</u>	<u>977,674</u>	<u>16,034</u>	<u>1,124,471</u>
At 31 January 2017	<u>33,524</u>	<u>14,415</u>	<u>-</u>	<u>1,124,542</u>	<u>17,726</u>	<u>1,190,207</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Motor vehicles	<u>85,969</u>	<u>-</u>
	<u>85,969</u>	<u>-</u>

# SUNSPEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 9. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 February 2017	172,883
At 31 January 2018	<u>172,883</u>
<b>Impairment</b>	
At 1 February 2017	115,744
At 31 January 2018	<u>115,744</u>
<b>Net book value</b>	
At 31 January 2018	<u><u>57,139</u></u>
At 31 January 2017	<u><u>57,139</u></u>

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Sunspel GmbH	Ordinary	100 %	Sales of men and womenswear in Germany
Sunspel US, Inc.	Ordinary	100 %	Sales of men and womenswear in the USA
Sunspel-Boxer Limited	Ordinary	100 %	Dormant
Kane & Raymond Limited*	Ordinary	100 %	Dormant
Yammerton Grange Limited*	Ordinary	100 %	Dormant
Sunspel (Services) Limited *	Ordinary	100 %	Dormant

\* Indirectly owned subsidiary undertakings

Name	Registered office
Sunspel GmbH	Alte Schöenhauser Straße 41, 10178 Berlin
Sunspel US, Inc.	326 Stockholm St. #1L, Brooklyn, NY 11237

All other subsidiaries have the same registered office as Sunspel Limited, as shown on the company information page.

**SUNSPEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**10. Stocks**

	2018 £	2017 £
Raw materials and consumables	245,617	199,952
Work in progress	100,199	104,774
Finished goods	2,034,708	1,781,396
	<u>2,380,524</u>	<u>2,086,122</u>

Stock recognised in cost of sales during the year as an expense was £4,237,152 (2017: £3,856,798).

An impairment loss of £68,942 (2017: £98,096) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**11. Debtors**

	2018 £	2017 £
Trade debtors	735,621	674,742
Amounts owed by group undertakings	774,466	483,316
Other debtors	77,398	71,659
Prepayments and accrued income	318,721	275,947
	<u>1,906,206</u>	<u>1,505,664</u>

An impairment loss of £41,237 (2017: £26,000) was recognised in administrative expenses against trade debtors during the year due to bad and doubtful debts.

**12. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	1,082,588	913,985
Amounts owed to group undertakings	25,086	25,086
Corporation tax	30,706	60,043
Other taxation and social security	239,784	275,682
Net obligations under finance lease and hire purchase contracts	10,253	-
Other creditors	142,250	136,281
Accruals and deferred income	778,411	354,359
	<u>2,309,078</u>	<u>1,765,436</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

**SUNSPEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**13. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	67,667	-
	<u>67,667</u>	<u>-</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

**14. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	10,253	-
Between 1-5 years	67,667	-
	<u>77,920</u>	<u>-</u>

**15. Deferred taxation**

	2018 £	2017 £
At beginning of year	105,586	83,386
Charged to the profit and loss account	8,678	22,200
<b>At end of year</b>	<u>114,264</u>	<u>105,586</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	115,752	105,890
Short term timing differences	(1,488)	(304)
	<u>114,264</u>	<u>105,586</u>

# SUNSPEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 16. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
20,727 Ordinary shares of £1 each	20,727	20,727

### 17. Reserves

#### Share premium account

The share premium account includes any premiums received on the issue of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

#### Profit and loss account

This reserve represents all current and prior period accumulated profit and losses, less dividends paid.

### 18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £45,880 (2017: £43,480). Contributions totalling £4,851 (2017: £3,857) were payable to the fund at the balance sheet date and are included in creditors.

### 19. Commitments under operating leases

At 31 January 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	400,689	416,929
Later than 1 year and not later than 5 years	2,000,225	2,398,354
	<u>2,400,914</u>	<u>2,815,283</u>

### 20. Controlling party

Sunspel Limited is a wholly owned subsidiary of Thomas A. Hill Limited, the immediate and ultimate parent company, and is registered in England and Wales. The consolidated financial statements of Thomas A. Hill Limited, in which the results of the company are included, are available from Companies House, Cardiff, CF14 3UZ.

In the opinion of the directors there is no ultimate controlling party.