Thomas Pink Limited

Annual Report and Financial Statements

for the year ended 31 December 2019

Registered number: 01995666

Thomas Pink Limited

Annual Report and Financial Statements

Contents

Thomas Pink Limited

Officers and professional advisors

Directors

C C Zanardi-Landi
M M Alvarez-Pereyre
G Cardon

Secretary

M M Alvarez-Pereyre

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11-12 Clifford Street
London
W1S 2LL

Bankers

HSBC
Level 30
8 Canada Square
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E14 5HQ

Auditor

Constantin
Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Thomas Pink Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

State of affairs and future prospects

The results of the Company for the year, and the state of the Company's affairs at 31 December 2019 are shown in the financial statements and notes thereto on pages 13 to 28.

The directors consider that the principle key performance indicators of the Company are its Revenue and Operating result, which are shown on page 10. The key assets of the business including the Pink Shirtmaker brand, remain secure at the year end and can be leveraged to produce future growth.

After the brand was relaunched mid-November 2018, the year 2019 was the first full year of the strategic transition for Pink Shirtmaker. Sales performance came below 2018 levels as the repositioning of the brand evolved the client base with a consequent loss of a portion of the pre-relaunch existing client base and a need to progressively reconquer new clients on a more upscale segment, which has proven slower than expected given the increasingly challenging retail environment in the key markets Pink Shirtmaker is operating in. As a result, turnover for 2019 is reported as £11,859,000 (2018 £15,417,000).

In order to always adapt to an ever-changing retail environment and meet its client expectations, the Company delivered in 2019 the following initiatives:

i. Continue to elevate the brand to the highest levels of product quality, while bringing a strong value proposition providing unparalleled quality at accessible price points.

ii. Deliver exceptional client experience in store, and online

iii. Continue to assess store profitability, resulting in the closure of all unprofitable doors and a stronger mix of online and wholesale sales.

As a result of the increased provisions for inventory resulting from a reduced store footprint for the Brand moving forward and the consequent need for less inventory holdings, the Gross margin was negatively impacted to -4.5% (2018: 93.9%). Before inventory provisions however, the gross margin was healthy and held at comparable levels experienced in 2018.

As a consequence of inventory provisions and the one-off costs related to the closure of non-profitable doors, the Company's operating losses increased to £41,122,000 (2018: loss £23,870,000).

The operating loss for the year was transferred to reserves, resulting in an increase in the net deficit to £90,675,000 (2018: net deficit £49,532,000).

The UK economy is expected to remain challenging and potentially volatile while the Brexit situation settles in 2020 and 2021, and the UK embarks on new trade negotiations worldwide. However, the Company's continued product innovation, its focus on customer service and its ongoing investment online that has seen a new platform successfully launched early 2020 are expected to drive growth in the business going forward.

Thomas Pink Limited

Strategic report

Business review

Thomas Pink Limited sells high-quality men's shirts, together with ties, suits and other complementary products mostly through retail stores and the internet. Throughout the year, the Company continued to use its substantial knowledge of designing, sourcing and marketing the best shirts across a range of price points. The Pink Shirtmaker brand is accessible through many channels, all of which are operated to provide the highest service levels to its customers around the world. Shirting, being the Company's area of expertise, continued to adapt to meet client needs together with further development to product ranges. In contrast to many competitors, a real Bespoke offering is provided in the major stores.

Retail on the UK high street remains challenging overall as does the continuous trend to more casual business dress.

The overall distribution network, including directly operated retail as well as pre-existing franchise and wholesale areas of the business have been strongly restructured to meet the needs of the market and this direction will likely continue in 2020.

Principal risk factors and uncertainties

Operating results of the Company and its liquidity are significantly influenced by a number of risk factors, many of which are not within the Company's control. These factors, which are not ranked in any particular order, include:

Currency risk
The Company purchases products and services in currencies other than Sterling, particularly Euros. Further, the underlying costs of key suppliers to the Company are often in currencies other than Sterling, often Euros. Accordingly, exchange rate fluctuations can affect the profitability of the Company directly, or indirectly through pressure on buying margins.

The Company's requirement for these key currencies is hedged through related companies in France, Ireland and the USA, which are generators of Euro and US Dollars respectively. Currency holdings are managed in collaboration with the parent group.

The overall strength of the international economy
A significant portion of the Company's customers are business-oriented, and often travel internationally. External factors affecting the international economy can therefore have a significant impact on the Company.

Seasonality and lead times
The high design content and relatively low volumes bought by the Company results in extended lead times for the supply of product. The Company operates in a market that is influenced by seasonal product and thus faces an increased impact from unexpected events after the seasonal purchasing commitments have been placed.

Competition
The Company faces intense competition from an increasing number of market participants and product offerings. Within this environment, the positioning of the Company's products depends upon the image of its brand and reputation and the exemplary quality and innovative content of its products.

Qualified personnel
The Company's business is largely a service business in which the ability of its employees to develop and maintain relationships with customers and suppliers is essential to the Company's success. Moreover, the value of the business is supported by its employees' deep understanding of the Thomas Pink brand and the know-how to create the highest quality products in key categories. Thus, the retention of its key specialists and members of management is essential to maintaining the value of the business.

Counterfeiting
The Thomas Pink brand and production methods can be counterfeited or copied. Products may be distributed in parallel retail networks without the Company's consent.

Thomas Pink Limited

Strategic report (continued)

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk and liquidity risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the directors consider currency risk to be the principal financial risk.

Future development

The business model adjustment that was initiated in 2019 to rebalance the Brand towards less dependency on loss making brick and mortar doors, the transition of its online operations to a new and highly performant platform as well as its evolved and much more agile cost structure are in line with the market potential going forward.

Events after the balance sheet date

The consequences of the Covid-19 global health crisis on retail will naturally strongly impact the Company's sales in 2020 but the Directors are confident that the business model adjustments that were put in place in 2019 have prepared the Company to face the challenge in the best possible way.

Approved by the Board of Directors and signed on its behalf by:

G Cardon
Director

22 September 2020

Directors' report

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2019.

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report including future developments, events after the balance sheet date and financial risk management, the details of which can be found on pages 2 to 4 and form part of this report by cross reference.

Principal activities

The principal activity of the Company during the year was the sale of high-quality men's and ladies' shirts, together with ties and fashion accessories and suits, through its retail outlets, the internet and to franchise partners.

Dividends

The directors do not recommend the payment of a dividend for 2019 (2018: £nil).

Directors

The directors who served the Company during the year and to the date of this report were as follows:

C C Zanardi-Landi
M M Alvarez-Pereyre
G Cardon

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Company is part of the LVMH Group, which operates under an "Automatic Short-Term Cash-Pooling System", whereby various companies within the LVMH Group, pool their cash operations in order to rationalise the management of available funds and financial requirements. The effect of which is that the Company does not operate an external third-party overdraft.

The directors, having taken into consideration the profitability and financial position of the Company, have prepared the financial statements on a going concern basis. The directors have noted the continued tough economic environment in the UK and worldwide, however, they believe that the actions and investments undertaken to date, will provide significant growth opportunities in the coming years. Accordingly, the directors consider that the going concern basis of accounting is appropriate for preparing the financial statements.

This coupled with the letter of support provided by its parent company means the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements, in particular it retains the ongoing support of the ultimate parent company.

Employees

It remains the policy of the Company to provide employees with information on matters of concern to them and to keep them informed about the progress and performance of the Company and, where applicable, of the group. This is achieved through formal and informal staff meetings and bi-annual meetings of the Health and Safety Committee.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Thomas Pink Limited

Directors' report (continued)

Auditor

Each of the directors at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Constantin have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Approved by the Board of Directors and signed on its behalf by:

G Cardon
Director

22 September 2020

Independent auditor's report to the members of Thomas Pink Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Thomas Pink Ltd (the 'company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 23, which include a statement of 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Thomas Pink 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 auditor's 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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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. This description forms part of our auditor's report.

Independent auditor's report to the members of Thomas Pink Limited (continued)

Report on other legal and regulatory requirements

Opinions 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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 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.

P. Smith

Peter Smith (Senior Statutory Auditor)
For and on behalf of Constantin
Chartered Accountants and Statutory Auditors
25 Hosier Lane
London
EC1A 9LQ

22 September 2020

Income statement

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	5	12,226	15,417
Cost of sales		(12,772)	(935)
Gross (loss) / profit		(546)	14,482
Distribution costs		(18,915)	(20,212)
Administrative expenses		(20,623)	(17,748)
Operating loss		(40.084)	(23,478)
Finance costs	6	(1,038)	(392)
Loss before taxation		(41,122)	(23,870)
Tax	10	-	-
Loss for the financial year	11	(41,122)	(23,870)

Revenue and operating loss are all derived from continuing operations.

There are no recognised gains or losses other than the loss of £41,122,000 attributable to the shareholders for the year ended 31 December 2019 (2018: Loss £23,870,000). Accordingly, no statement of comprehensive income has been prepared.

The notes on pages 13 to 28 form an integrated part of the financial statements.

Thomas Pink Limited

Statement of financial position
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	12	-	841
Property, plant and equipment	13	1,839	2,289
Right of use assets	14	4,730	-
Investments	15	-	-
Rent deposits		740	739
		7,309	3,869
Current assets			
Inventories	16	551	4,235
Trade and other receivables	17	6,252	10,801
Cash and bank balances		480	182
		7,283	15,218
Creditors: amounts falling due within one year	18	(92,479)	(65,613)
Net current liabilities		(85,196)	(50,395)
Total assets less current liabilities		(77,887)	(46,526)
Creditors: amounts falling due after more than one year	19	(12,788)	(3,006)
Net liabilities		(90,675)	(49,532)
Equity			
Share capital	21	120	120
Retained earnings		(90,795)	(49,652)
Total equity		(90,675)	(49,532)

The financial statements of Thomas Pink Limited (registered number 01995666) were approved by the board of directors and authorised for issue on 22 September 2020.

The notes on pages 13 to 28 form an integrated part of the financial statements.

They were signed on its behalf by:

G Cardon
Director

Thomas Pink Limited

Statement of changes in equity
For the year ended 31 December 2019

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018	120	(25,782)	(25,662)
Loss for the year	-	(23,870)	(23,870)
Total comprehensive income for the year	-	(23,870)	(23,870)
Balance at 31 December 2018	120	(49,652)	(49,532)
IFRS16 restatement	-	(21)	(21)
Loss for the year	-	(41,122)	(41,122)
Total comprehensive income for the year	-	(41,143)	(41,143)
Balance at 31 December 2019	120	(90,795)	(90,675)

Notes to the financial statements
For the year ended 31 December 2019

1. General information

Thomas Pink Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is included in the group accounts of LVMH Moët Hennessy - Louis Vuitton SE. The group accounts of LVMH Moët Hennessy - Louis Vuitton SE are available to the public and can be obtained as set out in note 22. The registered office address of the parent company preparing consolidated accounts is 22 Avenue Montaigne, 75008 Paris, France.

The Company has applied FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

2. Significant accounting policies

Basis of accounting

These financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions

Where relevant, equivalent disclosures have been given in the group accounts of LVMH Moët Hennessy - Louis Vuitton SE. The group accounts of LVMH Moët Hennessy - Louis Vuitton SE are available to the public and can be obtained as set out in note 22.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

2. Significant accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Company is part of the LVMH Group, which operates under an "Automatic Short-Term Cash-Pooling System", whereby various companies within the LVMH Group, pool their cash operations in order to rationalise the management of available funds and financial requirements. The effect of which is that the Company does not operate an external third-party overdraft.

The directors, having taken into consideration the profitability and financial position of the Company, have prepared the financial statements on a going concern basis. The directors have noted the continued tough economic environment in the UK and worldwide, however, they believe that the actions and investments undertaken to date, will provide growth opportunities in the coming years.

The Company retains the continued support from the ultimate parent company LVMH Moët Hennessy-Louis Vuitton SE. The ultimate parent company has provided a letter of financial support that allows the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue mainly comprises direct sales to customers and such sales are principally made through retail outlets. These sales are recognised at the time of purchase by retail customers. Wholesale and franchise sales are recognised when title is transferred to third party Partners, generally on shipment of products from company facilities. Franchise sales also include royalties based on the Partners' retail sales for the period. Turnover is presented net of all forms of discount and value added tax.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on sales or other measures are recognised by reference to the underlying contract.

IFRS 16 Leases

IFRS 16 Leases came into effect on 1 January 2019.

The Company has applied the modified retrospective approach, where the cumulative effect of applying IFRS 16 is recognised in retained earnings with no restatement to prior years. The leases on transition were recognised under 'modified retrospective B' on transition, whereby the right-of-use asset was equal to the lease liability at 1 January 2019, being the present value of the remaining future minimum lease payments at the date of initial application, including any early termination or extension options if they were deemed reasonably certain to be adopted.

For new leases entered into after 1 January 2019, the right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

Right-of-use assets are depreciated over the life of the lease to which they relate.

Where leases have a non-lease component that is separately identifiable, this has been excluded from the right-of-use asset and the cost taken to the income statement.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Leases (continued)

Depreciation is charged to the consolidated income statement to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised.

Where the lease contains an extension option or a termination option which is exercisable by the Company, as lessee, an assessment is made as to whether the Company is reasonably certain to exercise the extension option, or not exercise the termination option, considering all relevant facts and circumstances that create an economic incentive. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Company's operations.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index, discounted using the incremental borrowing rate ('IBR'). The IBR rates are updated biannually and are applied to new leases.

Finance charges are recognised in the consolidated income statement over the period of the lease.

The company has elected to adopt two exemptions proposed by the standard. The company has not recognised right-of-use assets and lease liabilities for short-term leases (less than 12 months' duration) and low-value assets (usually less than £4,000).

The company applied the practical expedient available under IFRS 16 to recognise leases ending within 12 months of the transition date as a short-term lease at the date of transition.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the expected term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. 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 unpaid 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 fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

2. Significant accounting policies (continued)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Critical judgements - Determining lease term
Where the company is a lessee, judgement is required in determining the lease term where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities.

Critical judgements - Incremental borrowing costs
The determination of applicable incremental borrowing rates at the commencement of lease contracts also requires judgement. The Company determines its incremental borrowing rates by obtaining interest rates from the parent company, LVMH Moët Hennessy-Louis Vuitton SE.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Group relief
The company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of this group that such losses will not be paid for by the recipient Company.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Significant accounting policies (continued)

Property, plant and equipment

All fixed assets are initially recorded at cost, less depreciation and provision for any impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold premises and improvements	-	the period of the lease
Fixtures and fittings	-	3 to 7 years
Motor vehicles	-	4 years
Computer equipment	-	3 years

Computer development costs including the cost of external consultants are capitalised as part of computer equipment. The cost of time spent by the Company's own staff is written off as incurred.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over 5 years. This estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provision is made for obsolete, slow moving or defective items, where appropriate.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Loss-making stores

Within the store portfolio of the Company, some locations have generated a loss in the year to 31 December 2019. The Company expects some of these stores to make further losses in the coming year. The Company is confident that the recent and future changes to its product offer, initiated in 2019 and developed further in 2020, will result in a rebalance with the Brand being less dependent on loss making brick and mortar doors. As a result, no impairment has been made which is the directors' best estimate at the date of these financial statements. The transition of its online operations to a new and highly performant platform, as well as its evolved and much more agile cost structure, are in line with the market potential going forward.

Key sources of estimation uncertainty

The directors believe that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. 2019 Significant event

During 2019 the Company reviewed the overall distribution network, including directly operated retail as well as pre-existing franchise and wholesale areas of the business, have been strongly restructured. The Company will continue to assess store profitability, resulting in the closure of all unprofitable doors and a stronger mix of online and wholesale sales. Any associated restructuring plans will lead to a downsizing of the Company's operations

Notes to the financial statements (continued)
For the year ended 31 December 2019

5. Revenue

Turnover and profit on ordinary activities before tax is wholly derived from the Company's principal continuing activity.

An analysis of the Group's revenue by geographical market is set out below.

	2019 £'000	2018 £'000
Revenue:		
United Kingdom	11,074	13,360
Rest of World	1,152	2,057
	12,226	15,417

6. Finance costs

	2019 £'000	2018 £'000
Interest to group companies	906	437
Interest from group companies	(69)	(45)
Lease interest payable	202	-
	1,039	392

7. Auditor's remuneration

Fees payable to Constantin for the audit of the Company's annual accounts were £47,710 (2018: £43,000).

Audit fees include £3,620 (2018: £3,550) of Thomas Pink Holdings Limited audit fees, paid by Thomas Pink Limited.

Fees payable to Constantin for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

Notes to the financial statements (continued)

For the year ended 31 December 2019

8. Staff costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Sales	97	131
Administration	67	59
Warehouse	18	19
	182	209

Their aggregate remuneration comprised:

	2019 £'000	Restated 2018 £'000
Wages and salaries	11,455	12,685
Social security costs	1,509	1,277
Share based payments	382	106
Pensions costs	548	256
	13,894	14,214

The share based payments cost has been restated to reflect the correct in year cost; the charge in 2018 reflected the provision.

9. Directors' emoluments

	2019 £'000	2018 £'000
Wages and salaries	2,084	1,976
Taxable benefits	36	28
Annual incentives	522	339
Long term incentive plan	1,071	-
Pension costs	-	-
	3,713	2,343

During 2018 and 2019 some of the directors exercised share options.

The amounts in respect of the highest paid director are as follows:

	2019 £'000	2018 £'000
Remuneration	2,809	1,573

The directors of the Company are also directors of Thomas Pink Holdings Limited. The directors received total remuneration, where they served during 2019, as detailed above, all of which was paid by the Company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

Notes to the financial statements (continued)
For the year ended 31 December 2019

10. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019 £'000	2018 £'000
Current tax:		
Adjustment in respect of prior period (current & inter-co)	-	-
Overseas tax charge	-	-
Tax on profit on ordinary activities	-	-

b) Factors affecting current tax charge

The differences are reconciled below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax at the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(41,122)	(23,870)
Tax loss on ordinary activities at standard CT rate of 19.00% (2018: 19.00%)	(7,813)	(4,535)
Effects of:		
Fixed asset difference	86	84
Expenses not deductible for tax purposes	160	506
Other differences	1	-
Group relief surrendered	-	3,725
Chargeable gains	114	-
Deferred tax not recognised	7,452	220
Total current tax charge	-	-

A potential deferred tax asset of £11,351,000 (2018: £6,193,000) relating to losses, fixed asset and short-term timing differences has not been recognised on the grounds that it is not deemed recoverable in the foreseeable future.

Notes to the financial statements (continued)
For the year ended 31 December 2019

11. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

		2019	Restated 2018
		£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's accounts	(note 7)	44	43
Staff costs	(note 8)	13,894	14,214
Amortisation of intangible fixed assets	(note 12)	438	38
Loss on disposal of intangible fixed assets	(note 12)	931	-
Depreciation of property, plant and equipment	(note 13)	2,074	1,382
Impairment of tangible fixed assets	(note 13)	757	-
Loss on disposal of tangible fixed assets	(note 13)	882	1,468
Right of Use asset: depreciation	(note 14)	2,259	-
Right of Use asset: impairment	(note 14)	8,408	-
Investments: impairment	(note 15)	1	-
Operating lease rentals		-	2,609
Foreign exchange (income)/loss		(8)	69
Thomas Pink Ireland Limited impairment		(84)	1,911

12. Intangible assets

	Store Design Concept £'000	Total £'000
Cost		
At 1 January 2019	879	879
Additions	528	528
Disposals	(1,407)	(1,047)
At 31 December 2019	-	-
Amortisation		
At 1 January 2019	38	38
Charge for the year	438	398
Disposals	(476)	(436)
At 31 December 2019	-	-
Carrying amount		
At 31 December 2019	-	-
At 1 January 2019	841	841

Notes to the financial statements (continued)
For the year ended 31 December 2019

13. Property, plant and equipment

	Leasehold premises and improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2019	3,328	2,986	218	7,028	13,560
Additions	1,212	160	-	1,891	3,263
Disposals	(673)	(278)	(120)	(4,142)	(5,213)
At 31 December 2019	3,867	2,868	98	4,777	11,610
Accumulated depreciation					
At 1 January 2019	2,670	2,827	218	5,556	11,271
Depreciation charge for the year	303	114	-	1,657	2,074
Disposals	(535)	(207)	(120)	(3,469)	(4,331)
Impairment	644	113	-	-	757
At 31 December 2019	3,082	2,847	98	3,744	9,771
Carrying amount					
At 31 December 2019	785	21	-	1,033	1,839
At 1 January 2019	658	159	-	1,471	2,289

14. Right of Use Assets

	Point of sale £'000	Office buildings £'000	Other £'000	Total £'000
Cost				
At 1 January 2019	-	-	-	-
Additions	10,833	2,421	2,093	15,397
At 31 December 2019	10,833	2,421	2,093	15,397
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation charge for the year	1,337	695	227	2,259
Impairment	4,826	1,725	1,857	8,408
At 31 December 2019	6,163	2,420	2,084	10,667
Carrying amount				
At 31 December 2019	4,720	1	9	4,730
At 1 January 2019	-	-	-	-

Notes to the financial statements (continued)
For the year ended 31 December 2019

15. Investments

	2019 £'000
At 1 January 2019	-
Additions	1
At 31 December 2019	1
Provision for impairment	
At 1 January 2019	-
Provision in the year	1
At 31 December 2019	1
Net book value	
At 31 December 2019	-
At 31 December 2018	-

Thomas Pink Limited holds 1% of the issued share capital of Thomas Pink Mexico, S. DE R.L. DE C.V., a company incorporated in Mexico, whose principal activity is the retailer of shirts, ties & accessories.

16. Inventories

	2019 £'000	2018 £'000
Raw materials	33	291
Finished goods and goods for resale	518	3,944
	551	4,235

As at 31 December 2019, a provision of £5.9m has been made to the carrying value of inventory, in recognition of the closure of unprofitable stores.

The directors consider that the replacement cost of stock is not significantly different from the cost stated above.

Notes to the financial statements (continued)
For the year ended 31 December 2019

17. Trade and other receivables

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amounts receivable for the sale of goods	144	1,037
Amounts owed by group undertakings	4,075	4,704
Other receivables	492	1,334
Prepayments and accrued income	1,541	3,726
	6,252	10,801

Amounts due from group undertakings are unsecured, interest free and are repaid in accordance with the terms specified in the governing distribution agreements.

18. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade payables	581	1,440
Amounts owed to group undertakings	73,768	45,007
Overdraft	5,925	9,203
Other taxation and social security	381	663
Accruals and deferred income	9,646	9,300
Lease liabilities	2,178	-
	92,479	65,613

Amounts due to group undertakings are unsecured, interest free and are repaid in accordance with the terms specified in the governing distribution agreements.

19. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Accruals and deferred income	1,707	3,006
Lease liabilities	11,081	-
	12,788	3,006

Notes to the financial statements (continued)
For the year ended 31 December 2019

20. Lease liabilities

	Minimum lease payments	
	2019	2018
Maturity analysis	£'000	£'000
Year 1	2,178	-
Year 2	2,143	-
Year 3	1,574	-
Year 4	1,362	-
Year 5	1,386	-
Onwards	4,616	-
	13,259	-

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £'000	2018 £'000
Current liabilities	2,178	-
Non-current liabilities	11,081	-
	13,259	-

The Company does not face a significant liquidity risk with regard to its lease liabilities.

21. Share capital

	2019 £'000	2018 £'000
Authorised:		
'A' ordinary shares of £1 each	975	975
'B' non-voting ordinary shares of £1 each	25	25
	1,000	1,000
Issued and fully paid:		
120,000 (2018: 120,000) 'A' ordinary shares	120	120

22. Controlling party

The Company's immediate parent undertaking is Thomas Pink Holdings Limited.

The directors regard LVMH Moët Hennessy-Louis Vuitton SE, a company incorporated in France, as the ultimate parent undertaking and controlling party. LVMH Moët Hennessy-Louis Vuitton SE is the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are drawn up.

Copies of the financial statements are available from 22 Avenue Montaigne, 75008 Paris, France.

Notes to the financial statements (continued)

For the year ended 31 December 2019

23. Events after the reporting date

The World Health Organisation declared the Coronavirus disease a public health emergency of international concern on 30 January 2020 and recognised it as a pandemic on 11 March 2020.

The disease started to have a significant impact on the UK and its economy in March 2020, with lockdown commencing on 23 March.

All stores were closed on 20 March 2020. Four stores did not reopen and the leases were terminated. Our flagship store opened on 15 June 2020 with significantly reduced footfall. The UK retail environment remains under severe pressure.