

## Radley Retail Limited

Directors' report and financial statements for the 52 week period ended 29 April 2018

Registered No: 02572572



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**Company information**

DIRECTORS	J Stead J Worden N Vance (Appointed 6 July 2017)
REGISTERED OFFICE	3 <sup>rd</sup> Floor McBeath House, 310 Goswell Road, London, EC1V 7LW
REGISTERED NUMBER	02572572
BANKERS	Barclays Bank plc, 1 Churchill Place, London, E14 5HP  Wells Fargo Bank N.A. 420 Montgomery Street San Francisco CA 94009
SOLICITORS	Willkie Farr & Gallagher (UK) LLP, CityPoint, 1 Ropemaker Street, London, EC2Y 9AW
AUDITORS	Ernst & Young LLP, Bedford House, 16 Bedford Street, Belfast, BT2 7DT

**STRATEGIC REPORT**

**for the 52 week period ended 29 April 2018**

The directors present their strategic report and the financial statements for the 52 week period ended 29 April 2018.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activities of the company during the year was the retailing of own branded handbags, luggage and fashion accessories through a combination of its own retail stores and a number of staffed and unstaffed concessions in the United Kingdom.

On a like-for-like basis, Radley's retail turnover (including ecommerce, reported in Radley+Co Limited) was up 3.8% year-on-year. This included strong performance particularly from the website, from our concessions in John Lewis stores, and our factory outlets. High street retail stores were broadly level.

Radley Retail's total sales performance (excluding ecommerce) during FY18 was up £0.7m. Two stores (Trafford Centre and Birmingham Bullring) were relocated to improved locations within the respective malls during the year and updated with the latest store format. John Lewis opened two new department stores in Oxford and Westfield, White City in which we opened new concessions, and three underperforming sites were closed during the year which reduced sales by £0.4m.

The EBITDA of the company, its parent Radley + Co Limited and its new co-subsiidiaries Radley Japan KK and Radley Hong Kong Limited represent the total trading performance of the Group and should always be viewed in union. These are shown below, including consolidation adjustments relevant to these entities:

	<i>52 weeks ended 29 April 2018</i>	<i>52 weeks ended 30 April 2017</i>
	<i>£000</i>	<i>£000</i>
Radley Retail Limited	3,507	2,403
Radley + Co Limited	4,465	1,670
Radley Japan KK	(1,320)	(711)
Radley Hong Kong Limited	-	(3)
Consolidation adjustments	(550)	-
	<u>6,102</u>	<u>3,359</u>

**STRATEGIC REPORT**

**for the 52 week period ended 29 April 2018 (continued)**

*PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS (Continued)*

The company's key financial performance indicators are as follows:

	52 week period ended 29 April 2018 £	52 week period ended 30 April 2017 £
Turnover	41,389,750	40,765,930
Operating Profit	2,768,485	1,715,017
Profit after tax	10,407,768	1,269,699
Shareholders' funds	21,777,958	26,070,190

Please note that profit after tax in 2018 benefitted from an £8.0m group relief adjustment relating to prior years.

**CHIEF EXECUTIVE OFFICER'S STATEMENT**

*Justin Stead, Radley group CEO, said of the performance of the Radley group:*

Our UK business was well managed in a tough, pre-Brexit environment, with positive like-for-like sales in our own retail outlets, from our website [radley.co.uk](http://radley.co.uk), as well as our concessions in John Lewis department stores. Our investment in FY17 to prepare for significant growth and to lay the foundations for US market penetration paid off. We achieved stellar growth in the US through our wholesale and home shopping partners and our own dedicated website, [radleylondon.com](http://radleylondon.com). Radley is now also selling very successfully in Australia within our major department store partner, Myer, with further expansion planned for FY19. Globally our Ecommerce offering provided strong growth across the UK, Europe, Asia and Australia. We also launched as a TMall Global seller in China, and the initial sales trajectory is very exciting.

The group delivered record sales of £85.9m, up 17.3% on the previous 12 month period, driven by our highest ever international sales of £17.8m, up 96% on the prior year; in addition our investments in ECommerce delivered record online sales of £12.6m, up 15% on the prior year.

We redefined our brand D.N.A. with a focus on London, and with the aim of putting a handbag on the arm of every woman of spirit and substance. Our product is evolving successfully, with more fast-track and fashion forward ranges while we have updated our classics and put greater focus into the occasion wear category. With success in new geographies and channels, we have focussed on leveraging our operations and streamlining processes to support our business as it evolves. We have also strengthened the management team to ensure we have the depth of experience to capitalise on these new opportunities.

During the year ahead we will continue to capitalise on our initial brand success in the US through organic growth with existing partners, and extend our reach with additional routes to market. There is a clear opportunity for China to be a key growth market, initially with TMall. We will extend our global coverage with a key home shopping partner to bring the Radley London brand into millions of more homes. We will continue to focus on developing our global digital & multichannel strategy, and will introduce 'endless aisle' technology to our UK web and store customers for the first time. In the UK we will optimise our bricks and mortar portfolio by developing iconic stores in attractive locations with a brand new contemporary full price retail concept. Our retail portfolio will reflect the constant shifts on the high street landscape and where necessary we will exit non-strategic stores whilst seizing new opportunities that are complementary to the brand. We are also actively securing new sourcing partners and manufacturers to expand our production capacity, introduce new technologies and drive product innovation.

**STRATEGIC REPORT**

**for the 52 week period ended 29 April 2018 (continued)**

In summary, we are confident that excellent growth opportunities exist and we are ideally positioned to continue to deliver significant EBITDA growth year on year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

*Financial risk management*

The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of currency exposure and the related finance costs.

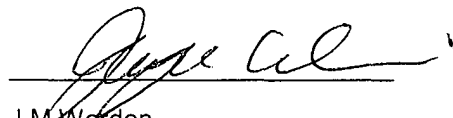
*Exchange rate risk*

The company has a strategy of using a variety of exchange rate option instruments to protect against future adverse movements in exchange rates.

*Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

On behalf of the Board

  
J M Worden  
Director

Date: 18.10.18

**DIRECTORS' REPORT**

**for the 52 week period ended 29 April 2018**

The directors present their report and financial statements for the 52 week period ended 29 April 2018.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £10,407,768 (2017: £1,269,699). The directors do not recommend a final dividend (2017: £nil), making a total dividend of £14,700,000 (2017: £Nil) for the year.

**DIRECTORS**

The directors who served the company during the year were as follows:

J Stead

J Worden

N Vance (appointed 6th July 2017)

**DISABLED EMPLOYEES**

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions.

**EMPLOYEE INVOLVEMENT**

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**EVENTS SINCE THE BALANCE SHEET DATE**

There have been no events to report since the balance sheet date.

**STRATEGIC REPORT**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

**DIRECTORS' REPORT**

**for the 52 week period ended 29 April 2018 (continued)**

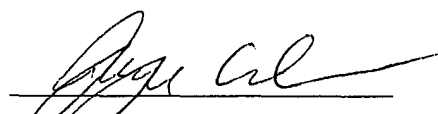
**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 3 to 4. The company has adequate bank facilities as well as its cash balances which are available to fund its operations together with long-term and long-running contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**AUDITORS**

Ernst and Young LLP were appointed as auditors in a previous year. The company has opted under an elective regime to dispense with the obligation to appoint auditors annually.

On behalf of the Board



J.M. Worden  
Director

Date: 18.10.18



**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**for the 52 week period ended 29 April 2018**

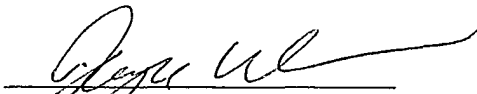
The directors are responsible for preparing the Strategic report, Director's Report and the financial statements in accordance with applicable law and regulations.

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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102'). 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

On behalf of the Board



J.M Worden  
Director

Date: 18.10.18

**Independent Auditor's report to the members of Radley Retail Limited**

**Opinion**

We have audited the financial statements of *Radley Retail Limited* for the period ended 29 April 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 20, 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 FRS 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 company's affairs as at 29 April 2018 and of its profit for the period 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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 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.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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

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**Independent Auditor's report to the members of Radley Retail Limited (continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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 set out on page 8, 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.

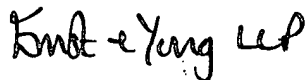
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**Independent Auditor's report to the members of Radley Retail Limited (continued)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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



Ruth E Logan (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast  
Date: 22nd October 2018

# Statement of Comprehensive Income

for the 52 week period ended 29 April 2018

	Note	52 weeks ended 29 April 2018 £	52 weeks ended 30 April 2017 £
<b>Turnover</b>	3	41,388,750	40,765,932
Cost of sales		(16,956,031)	(16,261,310)
<b>Gross profit</b>		<u>24,432,719</u>	<u>24,504,622</u>
Distribution costs		(977,796)	(1,072,897)
Administrative expenses		(20,686,438)	(21,716,708)
<b>Operating profit</b>	4	<u>2,768,485</u>	<u>1,715,017</u>
Interest Payable and similar charges		(38,307)	-
Net gain/(loss) on financial assets at fair value through Profit and loss		5,437	(262,404)
<b>Profit on ordinary activities before taxation</b>		<u>2,735,615</u>	<u>1,452,613</u>
Tax on profit on ordinary activities	7	<u>7,672,153</u>	<u>(182,914)</u>
<b>Profit for the financial year</b>		<u>10,407,768</u>	<u>1,269,699</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><u>10,407,768</u></u>	<u><u>1,269,699</u></u>

All amounts relate to continuing operations.

**RADLEY RETAIL LIMITED**

**Statement of changes in equity**  
for the 52 week period ended 29 April 2018

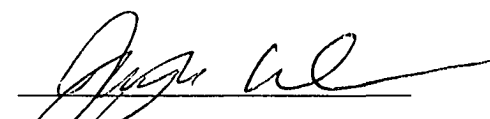
	<i>Called up share capital (note 16) £</i>	<i>Profit and loss account £</i>	<i>Total Equity £</i>
At 1 May 2016	10,000	24,790,491	24,800,491
Profit for the 52 weeks ended 30 April 2017	-	1,269,699	1,269,699
At 30 April 2017	10,000	26,060,190	26,070,190
Profit for the 52 weeks ended 29 April 2018	-	10,407,768	10,407,768
Dividends Paid (Note 17)		(14,700,000)	(14,700,000)
At 29 April 2018	10,000	21,767,958	21,777,958

# Statement of financial position at 29 April 2018

		29 April 2018	30 April 2017
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	8	1,650,530	1,879,736
		<u>1,650,530</u>	<u>1,879,736</u>
<b>Current assets</b>			
Stocks	9	3,521,232	3,373,174
Debtors	10	19,998,144	30,768,187
Cash at bank and in hand		1,571,352	2,486,004
		<u>25,090,728</u>	<u>36,627,365</u>
<b>Creditors: amounts falling due within one year</b>	11	(4,179,648)	(11,618,026)
<b>Net current assets</b>		<u>20,911,080</u>	<u>25,009,339</u>
<b>Total assets less current liabilities</b>		<u>22,561,610</u>	<u>26,889,075</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(492,911)	(522,885)
<b>Provisions for liabilities</b>	13	(290,741)	(296,000)
		<u></u>	<u></u>
<b>Net assets</b>		<u>21,777,958</u>	<u>26,070,190</u>
<b>Capital and reserves</b>			
Called up share capital	16	10,000	10,000
Profit and loss account		21,767,958	26,060,190
<b>Shareholders' funds</b>		<u>21,777,958</u>	<u>26,070,190</u>

The notes on pages 15 to 27 form part of these financial statements.

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

  
J M Worden  
Director

Date: 18.10.18

Registered No: 02572572

**Notes to the financial statements**

**For the period ended 29 April 2018**

**1. STATEMENT OF COMPLIANCE**

Radley Retail Limited is a private company limited by shares, domiciled and incorporated in United Kingdom. The Registered Office is C/O Radley, 3<sup>rd</sup> Floor McBeath House, 310 Goswell Road, London, EC1V 7LW.

The financial statements of Radley Retail Limited were authorised for issue by the Board of Directors on 18 October 2018. The financial statements have been prepared in accordance with FRS 102.

**2. ACCOUNTING POLICIES**

**2.1 *Basis of preparation and accounting convention***

These financial statements are prepared under the historical cost convention and in accordance with FRS 102. The company's financial statements are presented in Pounds Sterling (£) and all values are rounded to the nearest Pound, except where otherwise indicated. The principal accounting policies adopted by the company are set out in note 2.5. The financial statements are prepared on a going concern basis.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 week period ended 29 April 2018.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- i) a reconciliation of the number of shares outstanding at the beginning and end of the year;
- ii) preparation of a statement of cash flows;
- iii) disclosure of key management personnel compensation in total and;
- iv) certain disclosures in relation to basic financial instruments.

**2.2 *Going Concern***

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 3 to 4. The company has adequate bank facilities as well as its cash balances which are available to fund its operations together with long-term and long-running contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**2.3 *Judgements and key sources of estimation uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for turnovers and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.



**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**2. ACCOUNTING POLICIES (Continued)**

**2.4 Judgements and key sources of estimation uncertainty (continued)**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

*Development expenditure*

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

*Operating lease commitments*

The company has entered into leases for the use of property. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly how the lease shall be accounted for in the financial statements.

The following are the company's key sources of estimation uncertainty

*Taxation*

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

**2.5 Significant accounting policies**

**i) Impairment of non-financial assets**

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss. An impairment loss recognised for all assets, excluding goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

## Notes to the financial statements (continued)

For the period ended 29 April 2018

### 2. ACCOUNTING POLICIES (Continued)

#### 2.5 Significant accounting policies (continued)

##### ii) *Tangible assets*

Tangible assets are stated at cost less depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	–	over the period of the lease
Plant and machinery	–	20% - 33% straight-line
Fixtures and fittings	–	15% straight-line

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Impairment losses are recognised in the income statement as incurred.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition

##### iii) *Turnover*

Turnover comprises turnover recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### *Sale of goods*

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on despatch), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### iv) *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**2. ACCOUNTING POLICIES (Continued)**

**2.4 Significant accounting policies (continued)**

**v) Financial Instruments**

Short term debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Amounts owed to group undertakings which are classified as basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Amounts owed to group undertakings that are payable within one year are not discounted.

*Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**vi) Income taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**2. ACCOUNTING POLICIES (Continued)**

**2.4 Significant accounting policies (continued)**

*vi) Income taxes (continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

*vii) Foreign currencies*

The company's functional and presentation currency is the sterling (£). Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

*viii) Leasing and hire purchase*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

*Operating leases*

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

*ix) Operating lease incentives*

Lease incentives, including rent free periods and fit-out contributions, are credited to the income statement on a straight line basis over the remaining lease period.

**Notes to the financial statements (continued)**  
For the period ended 29 April 2018

**3. TURNOVER**

The turnover and operating profit for the year was derived from the company's principal continuing activity.

A geographical analysis of turnover by destination is as follows:

	52 weeks ended 29 April 2018 £	52 weeks ended 30 April 2017 £
United Kingdom	41,388,750	40,558,126
Ireland	-	207,806
	<u>41,388,750</u>	<u>40,765,932</u>

**4. OPERATING PROFIT**

This is stated after charging:

	52 weeks ended 29 April 2018 £	52 weeks ended 30 April 2017 £
Depreciation of tangible assets owned by the company	639,337	561,052
Operating lease rentals		
– plant and machinery	46,260	48,168
– other operating leases	3,611,023	3,702,939
Foreign exchange differences	<u>(5,437)</u>	<u>502,103</u>

**5. AUDITORS' REMUNERATION**

Audit fees for the company are borne by another group company (2017 – same).

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**6. STAFF COSTS****6.1 Staff costs**

	52 weeks ended 29 April 2018 £	52 weeks ended 30 April 2017 £
Wages and salaries	3,682,484	3,716,854
Social security costs	200,340	218,664
Other pension costs	35,316	17,132
	<u>3,918,140</u>	<u>3,952,650</u>

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

	52 weeks ended 29 April 2018 No.	52 weeks ended 30 April 2017 No.
Selling and distribution	<u>336</u>	<u>370</u>
	<u>336</u>	<u>370</u>

**6.2 Directors' remuneration**

The directors of the company, who are also directors of other subsidiary undertakings of Laddie Topco Limited, received total remuneration including pension contributions of £268,227 in respect of qualifying services for Radley Retail Limited. In addition, one director of the company was paid £75,426 in respect of qualifying services for this and other group companies but it is impractical to do an allocation.

The remuneration including pension contributions paid in respect of the highest paid director amounted to £104,767.

For 2017 the total remuneration including pension contributions for directors of Radley Retail Limited and other group undertakings for whom qualifying services included those for Radley Retail Limited was £686,320. In addition, one director of the company was paid £151,899k in respect of qualifying services for this and other group companies but it was impractical to do an allocation.

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**7. TAX****(a) Tax on profit on ordinary activities**

The tax charge is made up as follows:

	52 weeks ended 29 April 2018 £	52 weeks ended 30 April 2017 £
<i>Current tax:</i>		
UK Corporation tax at 19% (2017: 19.92%)	345,764	88,496
Adjustments in respect of prior years	13,399	(14,552)
	<u>359,163</u>	<u>73,944</u>
Group Relief prior year adjustment	(8,003,948)	-
<i>Total Current Tax</i>	<u>(7,644,785)</u>	<u>73,944</u>
<i>Deferred tax:</i>		
(Decrease)/Increase in deferred tax provision	(23,446)	84,860
Adjustments in respect of prior periods	(3,922)	22,104
Effect of rate change	-	2,006
Total deferred tax	<u>(27,368)</u>	<u>108,970</u>
Tax on profit on ordinary activities	<u>(7,672,153)</u>	<u>182,914</u>

**(b) Factors affecting total tax (credit)/charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.92%). The differences are explained below:

	52 weeks ended 29 April 2018 £	52 weeks ended 30 April 2017 £
Profit on ordinary activities before tax	<u>2,735,615</u>	<u>1,452,613</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19 % (2017: 19.92%)	519,767	289,361
Effects of:		
Disallowed expenses and non-taxable income	51,493	95,818
Effect of rate change	2,759	(12,571)
Group Relief for no payment	(251,700)	(197,246)
Adjustments to tax charge in respect of prior years	(7,994,471)	7,552
Total tax charge for the year (note 7(a))	<u>(7,672,153)</u>	<u>182,914</u>

During the year the group of which this company is a part of, completed a legal entity rationalisation exercise which included a set off of intercompany balances. The movement in group relief receivable within this company has been reflected as an adjustment to tax charge in respect of prior years within the tax charge for the year.

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**7. TAX (Continued)***(c) Factors that may affect future tax charges*

Deferred tax has been calculated at 17% as at 29 April 2018 reflecting the rate which was substantively enacted at the balance sheet date. It is expected that the main rate of corporation tax will reduce to 17% from 1 April 2020.

*(d) Deferred tax*

	£
At 1 May 2017	184,801
Movement in the year	<u>27,368</u>
At 28 April 2018	<u>212,169</u>

The deferred tax asset is made up as follows:

	29 April 2018 £	30 April 2017 £
Decelerated capital allowances	150,759	126,841
Short term timing differences	<u>61,410</u>	<u>57,960</u>
	<u>212,169</u>	<u>184,801</u>

The deferred tax asset has been recognised on the basis it will reverse in the future.



**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**8. TANGIBLE ASSETS**

	<i>Long term leasehold property</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
<i>Cost:</i>				
At 1 May 2017	4,400,437	240,015	3,931,927	8,572,379
Additions	27,961	1,300	386,966	416,227
Disposals	(119,759)	(1,050)	(182,386)	(303,195)
At 29 April 2018	<u>4,308,639</u>	<u>240,265</u>	<u>4,136,507</u>	<u>8,685,411</u>
<i>Depreciation</i>				
At 1 May 2017	3,203,005	178,670	3,310,967	6,692,642
Charge for the year	369,249	19,507	250,581	639,337
On Disposals	(116,588)	(443)	(180,067)	(297,098)
At 29 April 2018	<u>3,455,666</u>	<u>197,734</u>	<u>3,381,481</u>	<u>7,034,881</u>
<i>Carrying amount</i>				
At 29 April 2018	<u>852,973</u>	<u>42,531</u>	<u>755,026</u>	<u>1,650,530</u>
At 30 April 2017	<u>1,197,432</u>	<u>61,345</u>	<u>620,960</u>	<u>1,879,737</u>

**9. STOCKS**

	<i>29 April 2018</i> £	<i>30 April 2017</i> £
Finished goods and goods for resale	<u>3,521,232</u>	<u>3,373,174</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the period were £16,956,032 (2017 - £16,261,310) for the company.

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**10. DEBTORS**

	29 April 2018	30 April 2017
	£	£
Trade debtors	470,218	789,024
Amounts owed by group undertakings*	17,291,378	28,063,803
Other debtors	38,292	48,691
Prepayments and accrued income	1,986,088	1,681,869
Deferred tax asset (note 7(d))	212,168	184,800
	<u>19,998,144</u>	<u>30,768,187</u>

\*Includes an amount of £5,437(credit) for the fair value of foreign exchange contracts, (2017: £189,910 (credit))

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	29 April 2018	30 April 2017
	£	£
Trade creditors	1,519,114	1,604,103
Amounts owed to group undertakings	1,858,174	9,476,910
Corporation tax payable	401,315	42,152
Other taxation and social security costs	-	711
Other creditors	8,333	-
Accruals	392,712	494,150
	<u>4,179,648</u>	<u>11,618,026</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	29 April 2018	30 April 2017
Other creditors	492,911	522,885
	<u>492,911</u>	<u>522,885</u>

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**13. PROVISIONS FOR LIABILITIES**

	Other
At 1 May 2017	296,000
Profit and loss account movement	(5,259)
At 29 April 2018	<u>290,741</u>

Other provisions relate to dilapidations on closure and relocation of stores.

**14. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>Land and Buildings</i>	
	<i>30 April</i>	
	<i>29 April 2018</i>	<i>2017</i>
	£	£
Not later than one year	3,447,100	3,458,062
Later than one year and not later than five years	6,467,058	8,615,988
Later than five years	1,305,812	1,319,599
	<u>11,219,970</u>	<u>13,393,649</u>

**15. CONTINGENT LIABILITIES**

In the normal course of the business the company is involved in various legal cases and claims. The Directors take independent legal advice on these matters. Where the company anticipate making financial settlement appropriate provision is made in the financial statements. However a contingent liability exists where financial settlement in legal cases and claims is considered to be greater than remote but less than probable.

**Notes to the financial statements (continued)**

For the period ended 29 April 2018

**16. ISSUED SHARE CAPITAL AND RESERVES**

<i>Allotted, called up and fully paid</i>	<i>29 April 2018</i>		<i>30 April 2017</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

Nature and purpose of reserves

*Share capital*

Share capital represents the nominal value of the allotted, called up and fully paid shares.

*Profit and loss account*

Profit and loss account represents the distributable reserves of the company.

**17. DIVIDENDS**

Declared and paid during the year

	<i>2018</i>	<i>2017</i>
	<i>£</i>	<i>£</i>
Equity dividends on ordinary shares £1,470 per share	14,700,000	-

**18. EVENTS AFTER REPORTING PERIOD**

There have been no events to report since the balance sheet date.

**19. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted by FRS102 section 33 "Related party disclosures" not to disclose related party transactions with other wholly owned group companies.

**20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is Radley & Co. Limited, a company incorporated in the United Kingdom. The financial statements of the company are consolidated in the consolidated financial statements of the company's ultimate parent undertaking, Laddie Topco Limited, a company incorporated in the United Kingdom. The consolidated financial statements of Laddie Topco Limited are available from: McBeath House, 310 Goswell Road, London, EC1V 7LW. The ultimate controlling party of the Radley group is Bregal Freshstream L.P.