

Cos House

Company Registration No. 02597122

# Proportion London Limited

## REPORT AND FINANCIAL STATEMENTS

31 December 2017



# Proportion London Limited

## COMPANY INFORMATION

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### DIRECTORS

T J Billings  
R N Taylor  
T K Reynolds  
A M Jordan

### SECRETARY

T J Billings

### REGISTERED OFFICE

16 Hickman Avenue  
London E4 9JG

### AUDITOR

Mercer & Hole  
Silbury Court  
420 Silbury Boulevard  
Central Milton Keynes  
MK9 2AF

### SOLICITORS

SGH Martineau  
American Square Conference  
1 America Square  
Crosswall  
London EC3N 2SG

### BANKERS

National Westminster Bank plc  
Walthamstow Central  
204 High Street  
Walthamstow  
London E17 7LL

# Proportion London Limited

## STRATEGIC REPORT

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The directors submit their strategic report and the financial statements of Proportion London Limited for the year ended 31 December 2017.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture and distribution of display busts, mannequins and other display equipment.

### REVIEW OF THE BUSINESS

The turnover for the year was £4,240,311 and the loss for the year was £(315,201). The financial results were impacted by a decline in turnover due to market forces.

The retail climate remains fragile with most retailers facing pressure from increasing costs and a decline in footfall on the high street. To ensure the company remains ahead of its competitors, the business is managing costs tightly and is pursuing a diversified product portfolio strategy with the launch of product lines that are outside of or complement the fashion retail sector.

The company's key financial indicators during the period were as follows:

	2017	2016	Change %
	£	£	%
Turnover	4,240,311	5,534,840	(23.4)%
Gross profit	2,500,397	3,048,146	(18.0)%
Gross margin %	59.0%	55.1%	+3.9%
Operating loss	(224,906)	(51,478)	(336.9)%

### 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 Business Review. The company has well established relationships with a number of customers and suppliers across different geographic areas and is well placed once the market returns to normal. The company manages costs tightly and has sufficient financial resources with access to additional funding if required. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is based on a review of profit and cashflow forecasts covering 2018 and through 2019. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the company can broadly be grouped as competitive, macroeconomic and financial.

#### Competitive risks

The visual merchandise industry remains competitive in both the UK and abroad. However, the directors believe the business maintains a competitive advantage through its UK manufacturing facility allowing short lead times and bespoke product production, focus on improving service to customers and continuous delivery of new products to market.

# Proportion London Limited

## STRATEGIC REPORT

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### Macroeconomic risks

The retail market continues to face uncertainties as a result of Brexit and the changing retail environment. Consumer confidence is low and this will undoubtedly have an impact on retailers and the high street during 2018 and beyond. The company continues with its strategic plan to respond to such uncertainties and is confident it will remain competitive in the future.

### Financial risks

In connection with the change in ownership on July 31st 2014, the company took on an appropriate amount of bank debt to finance the acquisition. The company recognises the risks associated with an increase in net debt but feels its exposure to interest rate risk is not significant. The company paid down its term loan fully and refinanced a proportion of its debt in 2018 at an improved interest rate.

### FUTURE DEVELOPMENTS

The business continues to manage costs, launch new product and believes it is well placed once the economy and retail market recovers.

By order of the board



T J Billings  
Secretary

28 September 2018

# Proportion London Limited

## DIRECTORS' REPORT

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The directors submit their directors' report and the financial statements of Proportion London Limited for the year ended 31 December 2017.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture and distribution of display busts, mannequins and other display equipment.

### DIVIDENDS

During the year an interim dividend of £nil (2016: £122,951) was paid. The directors do not recommend payment of a final dividend (2016: £nil).

### DIRECTORS

The following directors have held office since 1 January 2017:

T J Billings	
R N Taylor	
T K Reynolds	
R H McPherson	(resigned 17 July 2017)
M A V Henderson	(resigned 31 July 2018)
A M Jordan	

### AUDITOR

Mercer & Hole Chartered Accountants have indicated their willingness to continue in office.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



TJ Billings  
Secretary

28 September 2017

# Proportion London Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPORTION LONDON LIMITED

## Opinion

We have audited the financial statements of Proportion London Limited for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis of 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 company in the UK, including the FRC's Ethical Standards 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 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 this regard.

## Opinions on matters prescribed by the Companies act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPORTION LONDON LIMITED

## **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 and the Directors' Report.

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

- adequate accounting records have not been kept, 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 the 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

*Marcus a HSB*

Andrew Lawes (Senior Statutory Auditor)  
For and on behalf of Mercer & Hole, Statutory Auditor  
Chartered Accountants  
Silbury Court  
420 Silbury Boulevard  
Central Milton Keynes  
MK9 2AF

*28 September 2018*



# Proportion London Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

	Notes:	2017 £	2016 £
TURNOVER	1	4,240,311	5,534,840
Cost of sales		(1,739,914)	(2,486,694)
Gross profit		<u>2,500,397</u>	<u>3,048,146</u>
Other operating expenses	2	(2,818,903)	(3,193,224)
		<u>(318,506)</u>	<u>(145,078)</u>
Other operating income	5	93,600	93,600
OPERATING LOSS		<u>(224,906)</u>	<u>(51,478)</u>
Investment income	3	12	945
Interest payable	4	(133,532)	(112,006)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(358,426)</u>	<u>(162,539)</u>
Tax on loss on ordinary activities	7	43,225	49,050
LOSS FOR THE FINANCIAL YEAR		<u>(315,201)</u>	<u>(113,489)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(315,201)</u>	<u>(113,489)</u>

The operating loss for the year arises from the company's continuing operations.

# Proportion London Limited

## BALANCE SHEET

31 December 2017

Company Registration No 02597122

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	1,078,233	1,159,340
<b>CURRENT ASSETS</b>			
Stock	10	607,920	696,787
Debtors due within one year	11	811,620	766,952
Debtors due after more than one year	11	6,664,266	6,871,633
Cash at bank and in hand		220,665	301,972
		8,304,471	8,637,344
CREDITORS: Amounts falling due within one year	12	(1,536,318)	(2,016,189)
<b>NET CURRENT ASSETS</b>		6,768,153	6,621,155
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,846,386	7,780,495
CREDITORS: Amounts falling due after more than one year	13	(580,000)	(155,683)
PROVISIONS FOR LIABILITIES	15	-	(43,225)
<b>NET ASSETS</b>		7,266,386	7,581,587
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	833	833
Share premium account		43,109	43,109
Profit and loss account		7,222,444	7,537,645
<b>SHAREHOLDERS' FUNDS</b>		7,266,386	7,581,587

The financial statements on pages 8 to 23 were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:



TJ Billings  
Director

**Proportion London Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 December 2017**

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	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2016	833	43,109	7,774,085	7,818,027
Period ended 31 December 2016				
Loss and total comprehensive loss for the year	-	-	(113,489)	(113,489)
Dividend	-	-	(122,951)	(122,951)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	833	43,109	7,537,645	7,581,587
Period ended 31 December 2017				
Loss and total comprehensive loss for the year	-	-	(315,201)	(315,201)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	<u>833</u>	<u>43,109</u>	<u>7,222,444</u>	<u>7,266,386</u>

# Proportion London Limited

## ACCOUNTING POLICIES

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### **Company information**

Proportion London Limited is a limited company domiciled in England and Wales. The registered office is 16 Hickman Avenue, London, E4 9JG.

### **Accounting convention**

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS102, the company has taken advantage of the exemptions from the following requirements:

- Section 7 'Statement of Cash Flows' – Presentation of Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation of key management personnel.
- Section 26 'Share based Payments'
  - Requirement to disclose the number and weighted average exercise prices of share options for options outstanding at the beginning of the period, granted in the period, forfeited during the period, exercised during the period, expiring in the period and outstanding and exercisable at the end of the period.
  - Requirement to disclose information about how the fair value of options granted has been determined.
  - Requirement to disclose an explanation of modifications made to share based payment arrangements.
  - Requirement to disclose the total expense recognised in the profit or loss for the period and the total carrying value at the end of the period for liabilities arising for share based payment transactions.

The financial statements of the company are consolidated in the financial statements of Brightstar Capital (Proportion) Limited. Copies of its financial statements are available from its registered office.

### **Going concern**

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Turnover**

Turnover represents the invoiced value, net of Value Added Tax, of goods sold to customers and is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, usually on despatch of the goods.

# Proportion London Limited

## ACCOUNTING POLICIES

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### **Tangible fixed assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Collection development	5 years
Plant/showroom and office equipment	10 years
Motor vehicles	4 years
Production moulds	4 years
Computer equipment	4 years

Collection development costs capitalised are design, sculpting and moulding costs incurred in making new ranges of display busts, mannequins and other display equipment available to our customers.

### **Impairment of assets**

At each reporting end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) 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.

### **Stock**

Stock and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock and work in progress to their present location and condition.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

# Proportion London Limited

## ACCOUNTING POLICIES

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Financial assets and liabilities are offset, with 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.

### *Basic financial assets*

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### *Classification of financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### **Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### **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 profit and loss account 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 reporting end date.

# Proportion London Limited

## ACCOUNTING POLICIES

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### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **Share based payments**

The company's ultimate parent, Brightstar Capital (Proportion) Limited, has issued share options to certain of its employees. The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread on a straight line basis over the vesting period. The fair value of the options granted is measured using a binomial model taking account of the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest where forfeiture is due to performance criteria not being met during the life of the option.

### **Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### **Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# Proportion London Limited

## ACCOUNTING POLICIES

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# Proportion London Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following destinations:

	2017 £	2016 £
United Kingdom	3,102,011	4,080,638
Europe	625,386	714,630
United States of America	178,407	101,227
Rest of the World	334,507	638,345
	<u>4,240,311</u>	<u>5,534,840</u>

### 2 OTHER OPERATING EXPENSES

	2017 £	2016 £
Distribution costs	602,772	791,835
Administrative expenses	2,216,131	2,401,389
	<u>2,818,903</u>	<u>3,193,224</u>

### 3 INVESTMENT INCOME

	2017 £	2016 £
Bank interest	12	945
	<u>12</u>	<u>945</u>

The above interest relates to financial assets not measured at fair value through the profit and loss account.

### 4 INTEREST PAYABLE

	2017 £	2016 £
Invoice discounting and related loans	10,992	19,843
Loan notes	122,540	92,163
	<u>133,532</u>	<u>112,006</u>

The above interest relates to financial liabilities measured at amortised cost.

# Proportion London Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2017	2016
		£	£
	Loss on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets	265,217	262,315
	Profit on disposal of fixed assets	-	(3,755)
	Auditors' remuneration - audit fees	20,000	20,000
	- other services relating to tax	4,500	4,500
	Operating lease rentals - land & buildings	463,548	463,548
	- plant & machinery	49,972	47,054
	Net gain on foreign currency translation	(4,027)	(6,337)
	Other operating income	(93,600)	(93,600)

Other operating income relates to rents received.

6	EMPLOYEES	2017	2016
		No.	No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Office and management	22	23
	Manufacturing	32	46
	Distribution	5	5
		59	74
		2017	2016
		£	£
	Staff costs for above persons:		
	Wages and salaries	1,802,616	2,442,205
	Social security costs	175,134	221,654
	Other pension costs	43,118	62,221
		2,020,868	2,726,080

Certain of the company's senior employees have share options in the company's ultimate parent undertaking, Brightstar Capital (Proportion) Limited, details of which are disclosed in its financial statements. No material charge in respect of these options arises under Financial Reporting Standard 102.

**Proportion London Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2017

6	EMPLOYEES (continued)	2017 £	2016 £
	DIRECTORS' REMUNERATION		
	Emoluments (including benefits in kind)	324,273	460,801
	Pension contributions	19,471	34,028
		<u>343,744</u>	<u>494,829</u>
	Directors emoluments disclosed above include the following payments in respect of the highest paid director:		
	Emoluments (including benefits in kind)	136,194	137,497
	Pension contributions	10,800	9,000
		<u>146,994</u>	<u>146,497</u>

The number of directors receiving contributions to their personal pension plan is 2 (2016: 2).

7	TAXATION	2017 £	2016 £
	Current tax:		
	UK corporation tax on loss of the period	-	-
	Total current tax	<u>-</u>	<u>-</u>
	Deferred taxation:		
	Origination and reversal of timing differences	(43,225)	(33,816)
	Adjustments in respect of previous periods	-	(15,234)
	Tax on loss on ordinary activities	<u>(43,225)</u>	<u>(49,050)</u>
	Factors affecting tax charge for period:	2017 £	2016 £
	The tax assessed for the period is higher/lower than the effective rate of corporation tax in the UK (19.25%) as explained below:		
	Loss on ordinary activities before tax	(358,426)	(162,539)
	Loss on ordinary activities multiplied by effective rate of corporation tax in the UK 19.25% (2016: 20%)	(68,997)	(32,508)
	Effects of:		
	Expenses not deductible for tax purposes	3,365	6,320
	Change in tax rate	3,674	(7,628)
	Deferred tax asset not recognised	18,733	-
	Adjustments in respect of previous periods	-	(15,234)
	Tax charge for period	<u>(43,225)</u>	<u>(49,050)</u>

A deferred tax asset of £18,733 has not been recognised in the financial statements as it is uncertain if this will crystallise in the foreseeable future.

**Proportion London Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2017

8	DIVIDEND	2017 £	2016 £
	Interim – paid	-	122,951

9 TANGIBLE FIXED ASSETS

	Collection develop- ment £	Plant & equipment £	Motor vehicles £	Production moulds £	Computer equipment £	Total £
Cost:						
1 January 2017	503,676	813,253	8,900	887,992	117,041	2,330,862
Additions	94,809	5,952	-	83,349	-	184,110
31 December 2017	598,485	819,205	8,900	971,341	117,041	2,514,972
Depreciation:						
1 January 2017	350,041	128,205	8,900	612,695	71,681	1,171,522
Charged in year	65,737	58,612	-	127,188	13,680	265,217
31 December 2017	415,778	186,817	8,900	739,883	85,361	1,436,739
Net book value						
31 December 2017	182,707	632,388	-	231,458	31,680	1,078,233
31 December 2016	153,635	685,048	-	275,297	45,360	1,159,340

10	STOCK	2017 £	2016 £
	Raw materials and consumables	256,936	261,475
	Finished goods	335,319	404,446
	Work in progress	15,665	30,866
		607,920	696,787

# Proportion London Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

11	DEBTORS	2017	2016
		£	£
	Due within one year:		
	Trade debtors	570,280	530,204
	Other debtors	36,265	53,393
	Prepayments and accrued income	205,075	183,355
		<u>811,620</u>	<u>766,952</u>
	Due after more than one year		
	Amount due from group undertaking	6,664,266	6,871,633
		<u>7,475,886</u>	<u>7,638,585</u>

Included within 'Amount due from group undertaking' is a balance due from Brightstar Capital (Proportion) Limited of £6,664,266 (2016: £6,871,633). The balance is repayable on demand but is not expected to be recoverable within one year.

12	CREDITORS: Amounts falling due within one year	2017	2016
		£	£
	Loans	78,617	166,680
	Loan notes (note 20)	-	580,000
	Invoice discounting facility (see below)	190,561	-
	Trade creditors	611,608	751,983
	Amount due to group undertaking	122,951	122,951
	Other taxation and social security	117,673	47,051
	Other creditors	28,080	69,687
	Accruals and deferred income	386,828	277,837
		<u>1,536,318</u>	<u>2,016,189</u>

The invoice discounting facility is secured on the trade debtors.

13	CREDITORS: Amounts falling after more than one year	2017	2016
		£	£
	Loans	-	155,683
	Loan notes (note 20)	580,000	-
		<u>580,000</u>	<u>155,683</u>

The loans and loan notes are repayable within 5 years and are secured on the assets of the company.

# Proportion London Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

14	FINANCIAL INSTRUMENTS	2017 £	2016 £
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	7,270,791	7,455,230
		<u>          </u>	<u>          </u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	1,611,817	1,846,984
		<u>          </u>	<u>          </u>
15	PROVISIONS FOR LIABILITIES	2017 £	2016 £
	DEFERRED TAXATION		
	Balance at 1 January 2017	43,225	92,275
	Credited to profit and loss	(43,225)	(49,050)
		<u>          </u>	<u>          </u>
	Balance at 31 December 2017	-	43,225
		<u>          </u>	<u>          </u>
	Provision for deferred tax liabilities has been made as follows:		
	Accelerated capital allowances	80,982	80,271
	Other timing differences	(295)	(548)
	Tax losses carried forward and other deductions	(80,687)	(36,498)
		<u>          </u>	<u>          </u>
		-	43,225
		<u>          </u>	<u>          </u>
16	CALLED UP SHARE CAPITAL	2017 £	2016 £
	Allotted, issued and fully paid:		
	50,000 ordinary shares of £0.01 each	500	500
	33,333 ordinary A shares of £0.01 each	333	333
		<u>          </u>	<u>          </u>
		833	833
		<u>          </u>	<u>          </u>
17	RESERVES		
	Share premium		
	This reserve records the amount above the nominal value received for shares sold, less transaction costs.		
	Profit and loss account		
	This reserve records all the current and prior period retained profits and losses.		

# Proportion London Limited

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2017

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#### 18 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017, the company had total commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
due within one year	463,549	463,549
due in one to two years	463,549	463,549
due in two to five years	1,390,644	1,390,644
due in over five years	3,226,906	3,690,468
	<u>5,544,648</u>	<u>6,008,210</u>
Plant and machinery		
due within one year	49,972	49,972
due in one to two years	49,972	49,972
due in two to five years	21,638	70,890
	<u>121,582</u>	<u>170,834</u>

#### 19 ULTIMATE CONTROL

The company's immediate parent company is Proportion Limited, a company incorporated in the United Kingdom.

The company's ultimate parent company is Brightstar Capital (Proportion) Limited, a company incorporated in the United Kingdom. Copies of its financial statements are available from the registered office. The directors do not consider there to be an ultimate controlling party.

#### 20 RELATED PARTY TRANSACTIONS

Advantage is taken of the FRS102 exemption from disclosure of certain intra group transactions.

During the year J Turley, a person connected with Brightstar Capital (Proportion) Limited, made loans to the company of £580,000. The loans bear interest at 15% and are repayable on 31 July 2020 (note 13).

#### 21 RETIREMENT BENEFITS

The company makes contributions to the personal pension plans of certain employees. The pension cost charged against profits represents the amounts payable to the personal pension plans in respect of the year. Contributions during the year totalled £40,308 (2016: £36,628). Contributions totalling £2,557 were outstanding at year end (2016: £3,263).

On 1<sup>st</sup> October, 2014 the company commenced making contributions to an Auto-enrolment scheme open to all qualifying employees. The contributions to this scheme during the year totalled £20,271 (2016: £25,593).

**Proportion London Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

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**22 CAPITAL COMMITMENTS**

At 31 December 2017 the company had no capital commitments (2016: £5,832) in respect of obligations on plant and equipment.