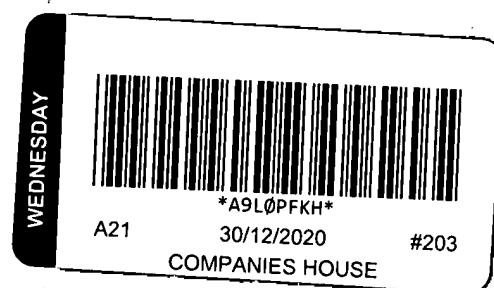


# Annual Report and Financial Statements

For the 52 Week Period Ended 28 March 2020

**Space NK Limited**

**Company Registration No : 02773985**



## **SPACE NK LIMITED**

### **CONTENTS**

### **Pages**

Officers and Professional Advisors	3
Strategic Report	4-7
Directors' Report	8-10
Independent Auditors' Report	11-13
Consolidated Statement of Comprehensive Income	14
Consolidated Balance Sheet	15
Company Balance Sheet	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Cash Flow Statement	19
Notes to the Financial Statements	20-43

**SPACE NK LIMITED**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS:**

W Fisher  
C Garek  
T Lawler  
A Lightfoot  
K Lyon  
T Macknay  
A Smith

**COMPANY SECRETARY:**

P Levitan

**REGISTERED OFFICE:**

5<sup>th</sup> Floor Shropshire House  
11 - 20 Capper Street  
London  
WC1E 6JA

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
40 Clarendon Road  
Watford  
WD17 1JJ

## **SPACE NK LIMITED**

### **STRATEGIC REPORT**

**For the 52 Week Period Ended 28 March 2020**

The Directors present their Strategic Report for the Group for the 52 week period ended 28 March 2020.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Group during the period were the retail and wholesale of skincare and cosmetic products.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The Group delivered turnover of £125.7m (period ended 30 March 2019: £108.9m) during the period ended 28 March 2020, an increase of 15.4% compared to the prior period. This growth in sales was driven by strong performance in retail, online and wholesale channels.

Group EBITDA during the period ended 28 March 2020 was £7.8m (period ended 30 March 2019: £7.5m). Net assets as at 28 March 2020 were £35.1m (as at 30 March 2019: £32.5m). Due to the effect of the Covid-19 pandemic, the future outlook is expected to see a migration of sales towards the online retail channels of the Group, whilst physical stores are expected to see subdued sales and profitability.

Near the end of the period, retail stores were closed due to Covid-19 government regulations. The closing of stores and the change in consumer behaviour continued to have an impact on retail sales into the new financial year, with the online sales compensating for some of the decline in retail sales. The wholesale division sales were less impacted by the impacts of Covid-19.

During the period, the Directors decided to close the Lipstick Queen brand with the intention of selling the related assets. Subsequently, a buyer was found and a sale was finalised in September 2020.

The Board of Space NK Limited believe the carrying value of the outstanding balance of the investment in the US operation (the intercompany balance) to be a fair reflection of the worth of the channel in the medium- to long-term.

### **FINANCIAL RISK MANAGEMENT**

#### **Liquidity risk**

The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its businesses.

#### **Interest rate risk**

The Group is exposed to cash flow interest rate risk on bank overdrafts and loans. The interest rate risk exposure is currently not material to the Group's activities and this risk is managed by regular monitoring rather than through interest rate derivatives.

#### **Foreign currency risk**

The Group's principal foreign currency exposures arise from purchasing from overseas suppliers. Group policy permits but does not demand that these exposures are hedged in order to fix the cost in sterling. Any hedging activity involves the use of foreign exchange forward contracts.

## **SPACE NK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**For the 52 Week Period Ended 28 March 2020**

### **FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### **Credit risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

#### **Business risk**

The business is subject to the risk that the core proposition of the stores and direct channel are no longer deemed desirable to the customer and the Directors address this risk on an ongoing basis by regular management reviews of all aspects of the business to prevent this.

A specific risk for the period ahead is the ongoing impact of Covid-19 on the retail business. Management have put significant efforts into the mitigation of this risk by monitoring performance and cash flows.

#### **KPI disclosures**

The Directors manage the Group through the use of Key Performance Indicators (KPIs). The principal KPIs used and their results are as follows:

	<b>Period ended 28 March 2020</b>	<b>Period ended 30 March 2019</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>	125,710,067	108,938,970
<b>EBITDA</b>	7,774,161	7,460,921
<b>Profit for financial period</b>	2,609,560	2,319,436

Turnover has grown by 15%, through like for like store growth, the opening of new stores, the growing of e-commerce and increased wholesale sales to international customers. This growth in sales has resulted in before exceptionals EBITDA growth from the previous period.

### **GOING CONCERN**

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The impact of Covid-19 creates specific uncertainty on the performance of the retail stores. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, due to Covid-19 or other, show that the Group should be able to operate within the level of its current facilities. The bank facilities are repayable on demand, and the Directors have a reasonable expectation that alternative sources of funding are accessible to the Group through shareholder or bank loans to repay outstanding balances. After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from date of signing the financial statements. The Group and

## **SPACE NK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**For the 52 Week Period Ended 28 March 2020**

#### **SECTION 172(1) STATEMENT**

The Board of Directors, in line with their duties under section 172(1) of the Companies Act 2006, act in a way they consider, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they take into account a range of matters when making decisions for the long-term.

The matters set out in section 172(1) (a) to (f) are:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with clients, end customers, suppliers and regulators;
- (d) the impact of the Group's operations on the community and environment;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Group.

#### **Stakeholder management**

The directors have considered in detail the company's business model in order to identify the company's key stakeholders within a stakeholder register which includes the following:

- Employees
- Customers
- Suppliers
- Lenders
- Shareholders

The Board is committed to effective engagement with all of its stakeholders. Depending on the nature of the issue in question the relevance of each stakeholder group may differ and, as such, as part of its engagement with stakeholders the board seeks to understand the relative interests and priorities of each relevant stakeholder group and to have regard to these, as appropriate, in decision making. The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all stakeholder groups, however it considers this as part of the wider consideration of all relevant stakeholder groups to allow competent decision making.

Every month the board undertakes a review where they assess the financial and strategic performance of the Company and its subsidiaries for the previous month, as well as discuss the impact of significant decisions taken in the business during the period. This is presented by the CEO and CFO to the board. The aim is to identify factors which could lead to any positive or negative impact, financial or non-financial, on the status of the company's stakeholders.

The Board regularly share reports on issues concerning the company stakeholders which take into account its decision-making process under s172. In addition, the Board seeks to understand the interests and views of the company's stakeholders by engaging with them directly as appropriate.

# SPACE NK LIMITED

## STRATEGIC REPORT (CONTINUED) For the 52 Week Period Ended 28 March 2020

### SECTION 172(1) STATEMENT (CONTINUED)

Some of the ways in which the Board directly engages with stakeholders over the period are shown below:

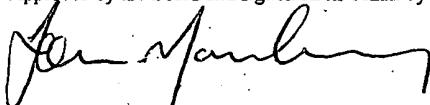
Stakeholder	Why we engage	How we engage	What matters to the Group
Employees	To create a caring and rewarding environment in which employees can grow and align their personal development with the success of the Company	<ul style="list-style-type: none"> <li>- Reward and recognition schemes</li> <li>- Regular communication</li> <li>- Learning and training resources</li> </ul>	<ul style="list-style-type: none"> <li>- Stable and engaged workforce</li> <li>- Empowerment of employees</li> <li>- Alignment to the Company strategy</li> </ul>
Customers	To engender customer loyalty and lifetime value by delivering excellent value and customer service	<ul style="list-style-type: none"> <li>- Product assortment meeting customer needs and latest beauty industry trends</li> <li>- Service offering to enable customer to understand their needs and shop at their convenience</li> <li>- A market leading customer loyalty program</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Customer retention</li> <li>- Lifetime value</li> </ul>
Suppliers	To maintain security of supply chain and to offer our customers the best range of product	<ul style="list-style-type: none"> <li>- Maintain strong supplier relationships</li> <li>- Regular feedback and review meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Offering the right environment to bring customer and brands together</li> </ul>
Lenders	The growth of the business being funded part by debt finance	<ul style="list-style-type: none"> <li>- Regular reporting of performance and debt monitoring</li> <li>- Regular review meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Securing of debt funding to meet the needs of the business and a mutual relationship that facilitates the growth of the business</li> </ul>
Shareholders	The value creation for shareholders is a key driver	<ul style="list-style-type: none"> <li>- Regular Board meetings and shareholder representative touchpoints</li> <li>- Providing of regular financial reports</li> </ul>	<ul style="list-style-type: none"> <li>- Support of, and goal alignment with, shareholders</li> </ul>

### Decision making

We set out below examples of how the Directors of the company have had regard to the matters set out in section 172 (a) – (f) including consideration of the company's stakeholders and employees, when discharging their duties under section 172 and the effect on certain decisions taken by them.

1. In response to the Covid-19 pandemic the Directors took proactive steps to consult with store and distribution centre staff to ensure appropriate well-being measures were in place and with suppliers to ensure continuity of supply.
2. In order to maximise profit protection and shareholder interests the Directors made appropriate application and use of Government support during the Covid-19 pandemic.
3. The high-profile launch of the Charlotte Tilbury brand at Space NK was a joint collaboration between the brand and the in-house teams ensuring maximum customer awareness and impact.

Approved by the Board and signed on its behalf by



Tom Macknay, Director  
22 December 2020

## **SPACE NK LIMITED**

### **DIRECTORS' REPORT**

**For the 52 Week Period Ended 28 March 2020**

**COMPANY REGISTRATION NUMBER : 02773985**

The Directors present their report and audited financial statements of the Group and Company for the 52 week period ended 28 March 2020.

### **RESULTS AND DIVIDENDS**

The results of the Group and Company for the period ended 28 March 2020 are set out in the financial statements on pages 13 to 42. No dividends were paid during the period (period ended 30 March 2019: £nil). The Directors do not recommend the payment of a final dividend (period ended 30 March 2019: £nil).

The principal activities, business review, going concern, risk management and future developments of the Group are included in the Strategic Report on pages 4 to 7.

### **CHARITABLE DONATIONS**

During the period ended 28 March 2020 the Group made charitable donations of £507 (period ended 30 March 2019: £7,143).

### **TREASURY OPERATIONS AND FINANCIAL INSTRUMENTS**

The Group operates a treasury function appropriate for the scale and complexity of its business, which is responsible for managing the liquidity, interest and foreign currency risks associated with the Group's activities.

The Group's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks arising from the Group's activities. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations. Derivative transactions which the Group enters into principally comprise forward exchange contracts. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes.

### **DIRECTORS' INDEMNITY**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Group.

Appropriate Directors' and officers' liability insurance cover is in place in respect of all the Group's Directors.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the Directors are

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.



## **SPACE NK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**For the 52 Week Period Ended 28 March 2020**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

The Directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each Director in office at the date the Directors' Report is approved, it is confirmed that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- (b) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### **BRANCHES OUTSIDE THE UK**

The Group operates one retail store outside the UK, in Ireland.

### **DIRECTORS**

The Directors of the Company during the period and up to the date of this report, unless otherwise stated were:

W Fisher  
C Garek  
T Lawler (appointed 30 January 2020)  
A Lightfoot  
K Lyon (appointed 19 September 2019)  
T Macknay  
A Smith

## **SPACE NK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**For the 52 Week Period Ended 28 March 2020**

#### **EMPLOYEE POLICIES**

The Group is committed to maintaining the cooperation and involvement of its employees in the future of the business, including various economic and financial factors affecting the performance of the Group. This is achieved through regular communication with employees through informal and formal meetings, and internal notices.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other

The Group is committed to equal opportunity in the workplace. The Group seeks to achieve equal opportunities in employment through recruitment, promotion, and training policies.

The Group encourages employee involvement in its affairs and makes use of an intranet system to promote such involvement and to aid communication with employees. Regional management conferences are held annually to bring senior management together to share ideas and develop policy, values and behaviour. Dialogue takes place regularly with employees to make them aware of the financial and economic factors affecting the performance of the Group. Performance related bonus schemes are in operation throughout the Group.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

During the period ended 28 March 2020 the Group undertook some development of its skincare, bath and body products. The amount charged to the income statement in respect of these activities was £50,648 (period ended 30 March 2019: £39,200). The amount capitalised within intangibles on the balance sheet as at 28 March 2020 was £1,996,475 (as at 30 March 2019: £1,693,193).

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



T Macknay, Director  
22 December 2020

## **SPACE NK LIMITED**

### ***Independent auditors' report to the members of Space NK Limited***

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Space NK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 28 March 2020 and of the group's profit and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the CONSOLIDATED and COMPANY BALANCE SHEETS as at 28 March 2020; the CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, the CONSOLIDATED CASH FLOW STATEMENT, and the CONSOLIDATED and COMPANY STATEMENTS OF CHANGES IN EQUITY for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Independence***

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report in respect of the following matters in relation to which 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

##### **Reporting on other information**

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

## SPACE NK LIMITED

### *Independent auditors' report to the members of Space NK Limited (continued)*

#### **Reporting on other information (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 28 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

## **SPACE NK LIMITED**

### ***Independent auditors' report to the members of Space NK Limited (continued)***

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Suzanne Woolfson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
23 December 2020

**SPACE NK LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the 52 Week Period Ended 28 March 2020**

		<b>Period ended 28 March 2020</b>	<b>Period ended 30 March 2019</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	5	125,710,067	108,938,970
Cost of sales		(64,120,515)	(52,796,656)
<b>Gross profit</b>		61,589,552	56,142,314
Administrative expenses		(57,909,710)	(52,873,793)
<b>Operating profit before exceptional items</b>		5,663,683	5,107,313
<b>Exceptional items</b>	6	(1,983,841)	(1,838,792)
<b>Operating profit</b>	7	3,679,842	3,268,521
Interest receivable and similar income	9	-	1,369
Interest payable and similar expenses	10	(272,427)	(242,367)
<b>Profit on ordinary activities before taxation</b>		3,407,415	3,027,523
Tax on profit on ordinary activities	11	(797,855)	(708,087)
<b>Profit for the financial period</b>		2,609,560	2,319,436
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		2,609,560	2,319,436

All amounts relate to continuing activities.

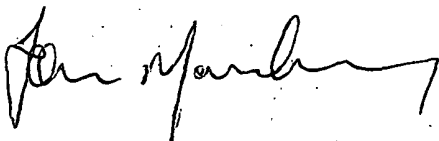
# SPACE NK LIMITED

## CONSOLIDATED BALANCE SHEET as at 28 March 2020

	Note	£	28 March 2020 £	£	30 March 2019 £
<b>Fixed assets</b>					
Intangible assets	12		1,745,632		1,631,615
Tangible assets	13		10,506,834		10,370,344
Investments	14		10,900		10,900
			<u>12,263,366</u>		<u>12,012,859</u>
<b>Current assets</b>					
Inventories	15	19,653,336		20,236,580	
Debtors	16	29,848,191		26,108,241	
Cash at bank and in hand		3,196,775		3,383,429	
		<u>52,698,302</u>		<u>49,728,250</u>	
<b>Creditors: amounts falling due within one year</b>	18	(29,870,551)		(29,259,552)	
<b>Net current assets</b>			<u>22,827,751</u>		<u>20,468,698</u>
<b>Total assets less current liabilities</b>			<u>35,091,117</u>		<u>32,481,557</u>
<b>Net assets</b>			<u>35,091,117</u>		<u>32,481,557</u>
<b>Capital and reserves</b>					
Called up share capital	21		2,751,344		2,751,344
Share premium account			6,352,764		6,352,764
Retained earnings			25,987,009		23,377,449
<b>Total equity</b>			<u>35,091,117</u>		<u>32,481,557</u>

The notes on pages 19 to 43 are an integral part of these financial statements.

The financial statements on pages 13 to 43 were approved and authorised by the board on 22 December 2020 and signed on its behalf by



T Macknay  
Director

Space NK Limited  
Registered number: 02773985

# SPACE NK LIMITED

## COMPANY BALANCE SHEET as at 28 March 2020

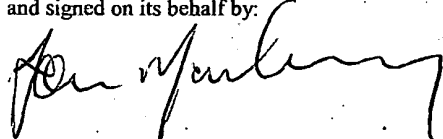
	Note	£	28 March 2020 £	£	30 March 2019 £
<b>Fixed assets</b>					
Intangible assets	12		874,245		562,829
Tangible assets	13		10,055,474		9,471,728
Investments	14		10,900		10,900
			<u>10,940,619</u>		<u>10,045,457</u>
<b>Current assets</b>					
Inventories	15	14,832,880		12,905,409	
Debtors	16	23,719,694		20,134,860	
Cash at bank and in hand		1,538,629		2,872,419	
		<u>40,091,203</u>		<u>35,912,688</u>	
<b>Creditors: amounts falling due within one year</b>	18	(24,604,073)		(19,601,603)	
<b>Net current assets</b>			<u>15,487,130</u>		<u>16,311,085</u>
<b>Total assets less current liabilities</b>			<u>26,427,749</u>		<u>26,356,542</u>
<b>Net assets</b>			<u>26,427,749</u>		<u>26,356,542</u>
<b>Capital and reserves</b>					
Called up share capital	21		2,751,344		2,751,344
Share premium account			6,352,764		6,352,764
Retained earnings			17,323,641		17,252,434
<b>Total equity</b>			<u>26,427,749</u>		<u>26,356,542</u>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company's income statement.

The profit for the Company for the period ended 28 March 2020 was £71,207 (period ended 30 March 2019 was £1,687,354).

The notes on pages 19 to 43 are an integral part of these financial statements.

The financial statements on pages 14 to 43 were approved and authorised by the board on 22 December 2020 and signed on its behalf by:



T Macknay  
Director

Space NK Limited  
Registered number: 02773985



**SPACE NK LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the 52 Week Period Ended 28 March 2020**

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance as at 1 April 2018</b>	2,751,344	6,352,764	21,058,013	30,162,121
Profit for the financial period and total comprehensive income	-	-	2,319,436	2,319,436
<b>Balance as at 30 March 2019</b>	<u>2,751,344</u>	<u>6,352,764</u>	<u>23,377,449</u>	<u>32,481,557</u>
Profit for the financial period and total comprehensive income	-	-	2,609,560	2,609,560
<b>Balance as at 28 March 2020</b>	<u>2,751,344</u>	<u>6,352,764</u>	<u>25,987,009</u>	<u>35,091,117</u>

**SPACE NK LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**For the 52 Week Period Ended 28 March 2020**

	Called up share capital £	Share premium account £	Retained earnings £	Total equity £
<b>Balance as at 1 April 2018</b>	2,751,344	6,352,764	15,565,080	24,669,188
Profit for the financial period and total comprehensive income	-	-	1,687,354	1,687,354
<b>Balance as at 30 March 2019</b>	<u>2,751,344</u>	<u>6,352,764</u>	<u>17,252,434</u>	<u>26,356,542</u>
Profit for the financial period and total comprehensive income	-	-	71,207	71,207
<b>Balance as at 28 March 2020</b>	<u>2,751,344</u>	<u>6,352,764</u>	<u>17,323,641</u>	<u>26,427,749</u>

**SPACE NK LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**

**For the 52 Week Period Ended 28 March 2020**

		<b>Period ended 28 March 2020</b>	<b>Period ended 30 March 2019</b>
		<b>£</b>	<b>£</b>
	<b>Note</b>		
<b>Net cash inflow from operating activities</b>	22	9,619,121	5,767,884
Taxation paid		(1,351,221)	(1,172,326)
<b>Net cash generated from operating activities</b>		<b>8,267,900</b>	<b>4,595,558</b>
<b>Cash flow from investing activities</b>			
Payments to acquire intangible assets	(1,079,796)	(719,710)	
Payments to acquire tangible assets	(3,668,882)	(3,097,771)	
Interest received		1,369	
<b>Net cash used in investing activities</b>		<b>(4,748,678)</b>	<b>(3,816,112)</b>
<b>Cash flow from financing activities</b>			
Repayment of bank loans	(200,000)	(200,000)	
Funding received	2,000,000		
Interest paid	(191,417)	(253,730)	
<b>Net cash used in financing activities</b>		<b>1,608,583</b>	<b>(453,730)</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,127,805</b>	<b>325,716</b>
Cash and cash equivalents at the beginning of the period (net of bank overdraft)		(2,407,886)	(2,733,602)
<b>Cash and cash equivalents at the end of the period (net of bank overdraft)</b>		<b>2,719,919</b>	<b>(2,407,886)</b>

## **SPACE NK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the 52 Week Period Ended 28 March 2020**

#### **1. GENERAL INFORMATION**

Space NK Limited ('the Company') and its subsidiaries' (together "the Group") principal activities during the period continued to be the retail and wholesale of skincare and cosmetic products.

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales. The address of its registered office is:

5th Floor Shropshire House  
11 - 20 Capper Street  
London  
WC1E 6JA

#### **2. STATEMENT OF COMPLIANCE**

The consolidated and separate financial statements of Space NK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **(a) Basis of preparation**

These consolidated and separate financial statements are prepared on a going concern basis under the historical cost convention, unless otherwise specified in the accounting policies.

The financial statements are prepared for a 52 week period ended 28 March 2020, with the comparatives being for a 52 week period ended 30 March 2019.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **(b) Going concern**

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The impact of Covid-19 creates specific uncertainty on the performance of the retail stores. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, due to Covid-19 or other, show that the Group should be able to operate within the level of its current facilities. The bank facilities are repayable on demand, and the Directors have a reasonable expectation that alternative sources of funding are accessible to the Group through shareholder or bank loans to repay outstanding balances. After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements. The Group and Company therefore continue to adopt the going concern basis in preparing their financial statements.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- (iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7; and
- (iv) as permitted by Section 33 ("Related Party Disclosure") of FRS 102, transactions with other entities in the Group are not required to be disclosed.

##### (d) Basis for consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 28 March 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

##### (e) Foreign currency

###### (i) Functional and presentation currency

The Group and Company's functional and presentation currency is the pound sterling.

###### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions, or at an average rate.

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'administrative expenses'.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) Foreign currency (continued)

###### (iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end.

##### (f) Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

###### (i) Sale of goods – retail

The Group operates retail shops for the sale of a range of branded and own branded products. Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

Sales are made to retail customers with a right to return within 28 days, subject to certain conditions regarding the usage. Accumulated experience is used to estimate and provide for such returns at the time of sale.

The Group operates a loyalty programme based on an award of points at the time of individual transactions. On initial recognition the Group treats this as two transactions and allocates the consideration received between the award and the other sale components.

###### (ii) Sale of goods – internet based transactions

The Group sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the delivery agent. Transactions are settled by credit or payment card.

Provision is made for refunds based on the expected level of returns which is based on the historical experience of returns.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (f) Turnover (continued)

###### (iii) *Sale of goods – wholesale*

The Group manufactures and sells a range of branded skincare and cosmetic products in the wholesale market. Sales of goods are recognised on delivery to the wholesaler, when the wholesaler has full discretion over the channel and price to sell the product, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the product.

Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

Sales are normally made with a credit term of 60 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

###### (iv) *Income from 'concession arrangements'*

Certain brands have 'concession arrangements' in the Group's stores whereby the Group receives a fixed percentage payment based on the concessionaires' revenue. This revenue is recognised on an accruals basis.

###### (v) *Interest income*

Interest income is recognised using the effective interest rate method.

##### (g) Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

##### (h) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, and defined contribution pension plans.

###### (i) *Defined contribution pension plans*

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

###### (ii) *Annual bonus plan*

The Group operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (i) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised in equity.

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### (j) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.



## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (j) Business combinations and goodwill (continued)

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

##### (k) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Goodwill – 20 years
- Trademarks – 20 years
- Development costs – 5 to 10 years
- Software – 3 years

Amortisation is charged to Administrative expenses in the Statement of Comprehensive Income.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Capitalised development costs relate to expenditure on the design and testing of unique own label products controlled by the Group and are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the products so that it will be available for use;
- management intends to complete the products and use or sell it;
- there is an ability to use or sell the products;
- it can be demonstrated how the products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the products during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (l) Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all fixtures, fittings and computers, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold properties	Straight line over the lease term
Fixtures, fittings and equipment	Straight line over 3 to 6 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets in construction are not depreciated.

##### (m) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### (i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Rentals payable based on levels of turnover are charged in the same period as the respective turnover.

##### (ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

##### (n) Financial assets and liabilities

Section 11 and 12 of FRS 102 has been applied to account for all financial instruments.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

## **SPACE NK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the 52 Week Period Ended 28 March 2020**

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(n) Financial assets and liabilities (continued)**

If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company. Despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **(o) Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation.

Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (p) Investments – Company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

##### (q) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

##### (r) Cash and cash equivalents

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

##### (s) Provisions and contingencies

###### (i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (s) Provisions and contingencies (continued)

###### (ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

##### (t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### (u) Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

##### (i) Inventory provisioning

The company sells luxury branded skin care and cosmetic products. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the inventory and associated provision.

##### (ii) Loyalty card provision

The company operates a loyalty card scheme. As a result it is necessary to consider the outstanding liability of points and rewards owed to customers. When calculating this management consider the likelihood that these points will convert into rewards and then that the rewards will be used before expiry.

##### (iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 5. TURNOVER

	Period ended 28 March 2020 £	Period ended 30 March 2019 £
Geographical split by destination:		
United Kingdom	104,106,928	93,198,809
Outside the United Kingdom	21,603,139	15,740,161
	<u>125,710,067</u>	<u>108,938,970</u>

The non-UK sales relate to an outlet in Ireland and wholesale sales within the international market place.

### 6. EXCEPTIONAL ITEMS

	Period ended 28 March 2020 £	Period ended 30 March 2019 £
Fixtures, fittings and equipment write off	403,852	221,509
Costs relating to departmental restructuring	259,176	237,782
Stock provision	1,320,813	1,379,501
	<u>1,983,841</u>	<u>1,838,792</u>

During the current period ended 28 March 2020 there was £259,176 (period ended 30 March 2019: £237,782) of departmental restructuring of the executive team.

Exceptional fixed asset write off during the period ending 28 March 2020 of £403,504 relates to the brand closure of Lipstick Queen and the subsequent write down of assets. The fixed asset write offs in the period ending 30 March 2019 relates to a key customer closure.

Exceptional stock provision during the period ending 28 March 2020 of £1,320,813 relates to the brand closure of Lipstick Queen and the subsequent write down of assets, and the realisation of the exceptional stock provision from the prior period. The exceptional stock provision during the period ending 30 March 2019 relates to excess stock earmarked to be sold at a discount.

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 7. OPERATING PROFIT

	Period ended 28 March 2020	Period ended 30 March 2019
	£	£
Operating profit is stated after charging / (crediting):		
Foreign exchange loss	775,614	486,079
Amortisation of intangible assets	793,943	966,518
Amortisation of goodwill	3,970	3,994
Impairment of intangible assets	167,866	-
Depreciation of tangible assets	3,296,406	3,221,888
Impairment of tangible assets	235,986	221,510
Loss on disposal of assets	-	19,929
Operating lease rentals – plant and machinery	105,288	86,214
Operating lease rentals – other	11,719,858	10,637,751
Inventory recognised as an expense in cost of sales	58,914,897	48,675,467
	<u>                    </u>	<u>                    </u>
Auditors' remuneration:		
- Fees for the audit of the consolidated financial statements	42,000	40,000
- Fees for the audit of subsidiary companies	21,105	14,956
- Other services: taxation compliance services	17,846	62,813
	<u>                    </u>	<u>                    </u>
Total amount payable to the Company's auditors and their associates	80,951	117,769
	<u>                    </u>	<u>                    </u>

### 8. EMPLOYEES AND DIRECTORS

	Period ended 28 March 2020	Period ended 30 March 2019
	£	£
<b>GROUP</b>		
Wages and salaries	18,311,052	17,319,995
Social security costs	1,697,715	1,551,188
Other pension costs	642,285	485,516
	<u>                    </u>	<u>                    </u>
Staff costs charged to the statement of comprehensive income	20,651,052	19,356,699
	<u>                    </u>	<u>                    </u>
<b>COMPANY</b>		
Wages and salaries	17,364,473	16,611,715
Social security costs	1,627,461	1,482,009
Other pension costs	619,803	466,770
	<u>                    </u>	<u>                    </u>
Staff costs charged to the statement of comprehensive income	19,611,737	18,560,494
	<u>                    </u>	<u>                    </u>

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the 52 Week Period Ended 28 March 2020

### 8. EMPLOYEES AND DIRECTORS (continued)

	Period ended 28 March 2020 Number	Period ended 30 March 2019 Number
<b>GROUP</b>		
<b>Employees</b>		
The monthly average number of persons, including directors, employed by the group during the period was:		
Administration	216	195
Retail	362	378
	<u>578</u>	<u>573</u>

### COMPANY

	Period ended 28 March 2020 Number	Period ended 30 March 2019 Number
<b>Employees</b>		
The monthly average number of persons, including directors, employed by the company during the period was:		
Administration	182	165
Retail	349	369
	<u>531</u>	<u>534</u>

### GROUP AND COMPANY

	Period ended 28 March 2020 £	Period ended 30 March 2019 £
<b>Directors</b>		
The directors' emoluments were as follows:		
Aggregate emoluments	1,204,315	1,497,627
Contributions to money purchase pension schemes	56,406	35,680
	<u>1,260,721</u>	<u>1,533,307</u>
	<b>Number</b>	<b>Number</b>
During the period the following number of directors accrued benefits under money purchase pension schemes	<u>3</u>	<u>3</u>



# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 8. EMPLOYEES AND DIRECTORS (continued)

#### Highest paid director

The emoluments of directors disclosed above include the following amounts paid to the highest paid director:

	Period ended 28 March 2020 £	Period ended 30 March 2019 £
Emoluments	380,000	521,555
Contributions to money purchase pension schemes	-	5,000
	<u>380,000</u>	<u>526,555</u>

### 9. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 28 March 2020 £	Period ended 30 March 2019 £
Bank interest receivable	-	1,369
Total interest receivable and similar income	<u>-</u>	<u>1,369</u>

### 10. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period ended 28 March 2020 £	Period ended 30 March 2019 £
Bank interest payable	191,417	242,367
Shareholder loan interest	81,010	-
Total interest payable and similar expenses	<u>272,427</u>	<u>242,367</u>

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 11. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 28 March 2020	Period ended 30 March 2019
	£	£
<b>(a) Tax expense included in statement of comprehensive income</b>		
Current tax:		
UK corporation tax at 19% (period ended 30 March 2019: 19%)	875,772	971,396
Adjustment in respect of prior periods	(7,979)	(38,654)
Total current tax	<u>867,793</u>	<u>932,742</u>
Deferred tax:		
Origination and reversal of timing differences	(2,201)	(227,988)
Adjustment in respect of prior periods	(13,886)	(20,666)
Impact of change in tax rate	(53,851)	23,999
Total deferred tax	<u>(69,938)</u>	<u>(224,655)</u>
<b>Tax on profit</b>	<u><u>797,855</u></u>	<u><u>708,087</u></u>

#### (b) Reconciliation of tax charge

Tax assessed for the period is higher (period ended 30 March 2019: higher) than the standard rate of corporation tax in the UK for the period ended 28 March 2020 of 19% (period ended 30 March 2019: 19%). The differences are explained below:

	Period ended 28 March 2020	Period ended 30 March 2019
	£	£
Profit before taxation	<u>3,407,415</u>	<u>3,027,523</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (period ended 30 March 2019: 19%)	647,408	575,229
Effects of:		
Expenses not deductible	226,163	168,236
Income not taxable	-	-
Effects of group relief/other reliefs	-	-
Adjustment in respect of prior periods	(21,865)	(59,377)
Tax rate changes	(53,851)	23,999
<b>Total tax charge for the period</b>	<u><u>797,855</u></u>	<u><u>708,087</u></u>

#### (c) Tax rate changes

UK Corporation tax is calculated at 19% (period ended 30 March 2019: 19%) of the estimated assessable profit for the period. In the Spring Budget 2020, the Government announced that from 1 April 2020, the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the 52 Week Period Ended 28 March 2020

### 12. INTANGIBLE ASSETS

	Goodwill	Trademarks	Development costs	Software	Total
GROUP	£	£	£	£	£
<b>COST</b>					
At 31 March 2019	3,086,625	1,149,012	1,693,193	2,857,131	8,785,961
Additions	-	80,182	303,282	696,332	1,079,796
Transfer to assets held for sale	(39,894)	(179,397)	(548,519)	(128,235)	(896,045)
At 28 March 2020	3,046,731	1,049,797	1,447,956	3,425,228	8,969,712
<b>ACCUMULATED AMORTISATION</b>					
At 31 March 2019	3,074,660	467,603	1,335,328	2,276,755	7,154,346
Charge for the period	3,970	118,291	215,564	460,088	797,913
Impairment for the period	7,995	60,972	97,934	965	167,866
Transfer to assets held for sale	(39,894)	(179,397)	(548,519)	(128,235)	(896,045)
At 28 March 2020	3,046,731	467,469	1,100,307	2,609,573	7,224,080
<b>NET BOOK VALUE</b>					
At 28 March 2020	-	582,328	347,649	815,655	1,745,632
At 30 March 2019	11,965	681,409	357,865	580,376	1,631,615

Included within disposals are amounts in respect of fully depreciated assets that are no longer in use. The cost and accumulated depreciation of which are £nil (2019: £365,146).

	Trademarks	Development costs	Software	Total
COMPANY	£	£	£	£
<b>COST</b>				
At 31 March 2019	164,162	-	2,057,069	2,221,231
Additions	18,871	-	667,347	686,218
At 28 March 2020	183,033	-	2,724,416	2,907,449
<b>ACCUMULATED AMORTISATION</b>				
At 31 March 2019	73,987	-	1,584,415	1,658,402
Charge for the period	16,843	-	357,959	374,802
At 28 March 2020	90,830	-	1,942,374	2,033,204
<b>NET BOOK VALUE</b>				
At 28 March 2020	92,203	-	782,042	874,245
At 30 March 2019	90,175	-	472,654	562,829

Included within disposals are amounts in respect of fully depreciated assets that are no longer in use. The cost and accumulated depreciation of which are nil (2019: £202,263).

**SPACE NK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the 52 Week Period Ended 28 March 2020**

**13. TANGIBLE ASSETS**

<b>GROUP</b>	<b>Leasehold properties £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>COST</b>			
At 31 March 2019	3,346,388	22,397,244	25,743,632
Additions	281,853	3,387,029	3,668,882
Transfer to assets held for sale	-	(590,911)	(590,911)
Disposals	-	(820,274)	(820,274)
At 28 March 2020	<u>3,628,241</u>	<u>24,373,088</u>	<u>28,001,329</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 31 March 2019	1,476,766	13,896,522	15,373,288
Charge for the period	235,479	3,060,928	3,296,407
Impairment for the period	-	235,986	235,986
Transfer to assets held for sale	-	(590,912)	(590,912)
Disposals	-	(820,274)	(820,274)
At 28 March 2020	<u>1,712,245</u>	<u>15,782,250</u>	<u>17,494,495</u>
<b>NET BOOK VALUE</b>			
At 28 March 2020	<u>1,915,996</u>	<u>8,590,838</u>	<u>10,506,834</u>
At 30 March 2019	<u>1,869,622</u>	<u>8,500,722</u>	<u>10,370,344</u>

Included within disposals are amounts in respect of fully depreciated assets that are no longer in use. The cost and accumulated depreciation of which are £820,274 (2019: £1,760,228).

<b>COMPANY</b>	<b>Leasehold properties £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>COST</b>			
At 31 March 2019	3,346,388	19,025,826	22,372,214
Additions	270,991	3,132,470	3,403,461
Disposals	-	-	-
At 28 March 2020	<u>3,617,379</u>	<u>22,158,296</u>	<u>25,775,675</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 31 March 2019	1,386,835	11,513,651	12,900,486
Charge for the period	210,508	2,609,207	2,819,715
Disposals	-	-	-
At 28 March 2020	<u>1,597,343</u>	<u>14,122,858</u>	<u>15,720,201</u>
<b>NET BOOK VALUE</b>			
At 28 March 2020	<u>2,020,036</u>	<u>8,035,438</u>	<u>10,055,474</u>
At 30 March 2019	<u>1,959,553</u>	<u>7,512,175</u>	<u>9,471,728</u>

Included within disposals are amounts in respect of fully depreciated assets that are no longer in use. The cost and accumulated depreciation of which are £nil (2019: £1,003,174).

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 14. INVESTMENTS

#### GROUP

Other  
investments  
£

COST AND NET BOOK VALUE

At 30 March 2019 and 28 March 2020

10,900

#### COMPANY

Investment in  
subsidiary  
undertakings  
£

Other  
investments  
£

Total  
£

COST AND NET BOOK VALUE

At 30 March 2019 and 28 March 2020

10,900

10,900

Investments in subsidiary undertakings are listed below:

	County of incorporation	Principal activity	Class of holding	Percentage of shares held
Space Brands Ltd	England & Wales	Wholesale of skincare products & cosmetics	Ordinary	100%

The registered address of Space Brands Ltd is 5th Floor Shropshire House, 11-20 Capper Street, London WC1E 6JA, England.

### 15. INVENTORIES

#### GROUP

2020  
£

2019  
£

#### COMPANY

2020  
£

2019  
£

Raw materials and consumables	2,808,040	2,060,269	69	70
Finished goods and goods for resale	16,845,296	18,176,311	14,832,811	12,905,339
	<u>19,653,336</u>	<u>20,236,580</u>	<u>14,832,880</u>	<u>12,905,409</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount. Group inventories are stated after provision for impairment of £4,046,794 (2019 : £2,727,859), with Company inventories stated after provision for impairment of £510,065 (2019: £280,000).

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the 52 Week Period Ended 28 March 2020

### 16. DEBTORS

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	2,151,303	5,466,500	765,788	622,678
Amounts owed by group undertakings	22,729,899	16,094,302	19,296,391	16,164,986
Corporation tax	358,258	-	358,258	-
Deferred tax (see note 17)	513,790	443,852	212,163	234,077
Other tax	573,923	268,458	-	-
Other debtors	42,640	356,308	33,913	45,446
Prepayments and accrued income	3,478,378	3,478,821	3,053,181	3,067,673
	<u>29,848,191</u>	<u>26,108,241</u>	<u>23,719,694</u>	<u>20,134,860</u>

Other debtors includes £nil (2019: £1,000) falling due after more than one year.

Trade debtors are stated after provisions for impairment of £45,154 (2019: £114,264).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 17. DEFERRED TAX ASSETS

#### Analysis of deferred taxation:

The deferred tax included in the balance sheet is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax asset at start of period	443,852	219,197	234,077	115,009
Adjustment in respect of prior periods	13,886	20,666	12,186	19,565
Deferred tax charge to income statement for the period	56,052	203,989	(34,100)	99,503
Deferred tax asset at end of period	<u>513,790</u>	<u>443,852</u>	<u>212,163</u>	<u>234,077</u>

#### Offsetting

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset).

Net deferred tax assets	514,930	443,852	212,163	234,077
Net deferred tax (liabilities)	(1,140)	-	-	-
	<u>513,790</u>	<u>443,852</u>	<u>212,163</u>	<u>234,077</u>

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Bank overdrafts	476,856	5,791,315	476,856	-
Bank loans	400,000	600,000	400,000	600,000
Shareholder loan	2,081,010	-	2,081,010	-
Trade creditors	19,663,898	14,924,756	15,392,133	11,821,795
Corporation tax	618,740	743,910	-	479,146
Other taxation and social security costs	1,765,815	1,536,240	1,765,815	1,536,240
Other creditors	2,117,387	1,682,246	2,045,403	1,672,001
Accruals and deferred income	2,746,845	3,981,085	2,442,856	3,492,421
	<u>29,870,551</u>	<u>29,259,552</u>	<u>24,604,073</u>	<u>19,601,603</u>

### 19. BANK LOANS AND OVERDRAFTS

	GROUP		COMPANY	
	2020	2019	2020	2019
	£	£	£	£
Obligations under bank borrowings				
Amounts payable:				
In 1 year or less	876,856	6,391,315	876,856	600,000
In 1 year or more	-	-	-	-
	<u>876,856</u>	<u>6,391,315</u>	<u>876,856</u>	<u>600,000</u>

Bank loans and overdrafts are secured by way of a fixed and floating charge over all the assets of the Company.

The company owes £400,000 (2019: £600,000) in respect of the mortgage over freehold properties. This loan was repaid after the period end.

The loan bears an interest rate at 2.25% above LIBOR. At the period end the rate was 3.1%.

# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the 52 Week Period Ended 28 March 2020

### 20. FINANCIAL INSTRUMENTS

#### Group

The Group has the following financial instruments:

	Note	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	16	2,151,303	5,466,500
Amounts owed by group undertakings	16	22,729,899	16,094,302
Accrued income	16	83,516	32,559
Other debtors	16	42,640	356,308
		<u>25,007,358</u>	<u>21,949,669</u>
Financial liabilities measured at amortised cost			
Bank overdraft	18	476,856	5,791,315
Bank loans	18	400,000	600,000
Trade creditors	18	19,663,898	14,924,756
Other creditors	18	2,117,387	1,682,246
Accruals	18	2,711,845	3,496,986
		<u>25,369,986</u>	<u>26,495,303</u>

#### Company

The Company has the following financial instruments:

	Note	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	16	765,788	622,678
Amounts owed by group undertakings	16	19,296,391	16,164,986
Accrued income	16	83,516	32,559
Other debtors	16	33,913	45,446
		<u>20,179,608</u>	<u>16,865,669</u>
Financial liabilities measured at amortised cost			
Bank loans	18	400,000	600,000
Trade creditors	18	15,392,133	11,821,795
Accruals	18	2,407,856	3,008,322
		<u>18,199,989</u>	<u>15,430,117</u>



# SPACE NK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 Week Period Ended 28 March 2020

### 21. CALLED UP SHARE CAPITAL

COMPANY	2020 £	2019 £
Authorised share capital:		
4,145,484 (2019: 4,145,484) ordinary shares of £1 each	4,145,484	4,145,484
Issued share capital:		
2,748,444 (2019: 2,748,444) ordinary shares of £1 each – fully paid	2,748,444	2,748,444
290,000 (2019: 290,000) ordinary shares of £0.01 each – fully paid	2,900	2,900
Total paid:	2,751,344	2,751,344

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

### 22. NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

	2020 £	2019 £
Profit for the financial period	2,609,560	2,319,436
Adjustments for:		
Tax on profit	797,855	708,087
Interest payable and similar expenses	272,427	242,367
Interest receivable and similar income	-	(1,369)
Operating profit	3,679,842	3,268,521
Depreciation of tangible assets	3,296,407	3,221,888
Amortisation of intangible assets	797,913	970,512
Loss on disposal of assets	-	19,929
Impairment of intangible assets	167,866	221,510
Impairment of tangible assets	235,986	-
Decrease/(increase) in inventories	583,244	(2,270,606)
Increase in debtors	(3,311,668)	(7,601,747)
Increase in creditors	4,169,531	7,937,877
Net cash inflow from operating activities	9,619,121	5,767,884

### 23. ANALYSIS OF CHANGES IN NET DEBT

	At 30 March 2019 £	Cash Flows £	At 28 March 2020 £
Cash at bank and in hand	3,383,429	(186,654)	3,196,775
Bank overdraft	(5,791,315)	5,314,459	(476,856)
	(2,407,886)	5,127,805	2,719,919
Bank loans	(600,000)	200,000	(400,000)
	(3,007,886)	5,327,805	2,319,919

## SPACE NK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the 52 Week Period Ended 28 March 2020

#### 24. CAPITAL COMMITMENTS

##### Group and Company

At 28 March 2020, the Group and the Company the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Operating leases which expire:		
- within one year	8,227,471	7,437,293
- within two to five years	27,058,667	24,863,040
- after five years	15,103,795	15,907,684
	<u>50,389,933</u>	<u>48,208,017</u>

Included in the above commitments are leases in which rent varies according to the level of turnover achieved. The commitment has been calculated based on the minimum commitment payable.

#### 25. RELATED PARTY TRANSACTIONS

During the period ended 28 March 2020 the Group purchased £2,122,887 (period ended 30 March 2019 £1,978,794) of stock from Saint Germain Ltd, a company within which C Garek, the Chairman, and W Fisher, a Company Director, have an interest and is registered in the UK. At the period end, the balance owed to Saint Germain Ltd was £278,181 (2019: £410,289).

The Company provided services for £49,659 (period ended 30 March 2019: £39,054) to Space Brands USA LLC, a company within which C Garek have an interest. At the period end, the balance due from Space Brands USA LLC was £46,946 (2019: £324,179).

The Company provided services for £1,351,669 (period ended 30 March 2019: £1,363,283) to Space NK USA LLC, a company within which C Garek has an interest. At the period end, the balance due from Space NK USA LLC was £12,638,305 (2019: £8,755,319).

The Group also purchased £685,826 (2019: £147,600) of stock from Kevyn Aucoin Cosmetics Inc, a company within which C Garek, the Chairman, has an interest. At the period end, the balance owed by Kevyn Aucoin Cosmetics Inc was £1,313 (2019: £22,289).

The Group also purchased £832,538 (2019: £813,104) of stock from Malin & Goetz Inc, a company within which C Garek, the Chairman, has an interest. At the period end the balance owed to Malin & Goetz Inc was £188,994 (2019: £352,936).

The Group also purchased £676,459 (2019: £438,188) of stock from Byredo UK Ltd, a company within which C Garek, the Chairman, has an interest. At the period end, the balance owed to Byredo UK Ltd was £154,812 (2019: £139,333).

The Group received services for £618,958 (2019: provided services £11,727) to Manzanita Capital UK LLC, a company within which W Fisher, a Company Director, has an interest. At the period end the balance owed to Manzanita Capital UK LLC was £618,958 (2019: owed by Manzanita Capital UK LLC £11,727).

The Group also provided services for £37,749 (2019: £7,330) and sold stock for £309,507 (2019: £108,092) to Space NK (Hong Kong) Limited, a company within which C Garek and W Fisher, Company Directors, have an interest. At the period end, the balance owed to Space NK (Hong Kong) Limited was £2,811 (2019: owed by Space NK (Hong Kong) Limited £319,507).

The Group also provided services for £27,500 (2019: £290,096) and sold stock for £2,574,454 (2019: £593,285) to SNK (Shanghai) Limited, a company within W Fisher, a Company Director, has an interest. At the period end, the balance owed by SNK (Shanghai) Limited was £689,355 (2019: £1,039,705).

See note 8 for disclosure of the Directors' remuneration and key management compensation.

##### Company

Other than the transactions disclosed above and in note 8, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

## **SPACE NK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the 52 Week Period Ended 28 March 2020**

#### **26. CONTINGENT LIABILITIES**

##### **Group and Company**

The bank has provided a £600,000 (2019: £300,000) bond to H M Revenue & Customs on behalf of the Company and £700,000 (2019: £300,000) on behalf of the Group. The bank has recourse to the Company and Group and has security by way of a fixed and floating charge over all the assets of the Company and Group.

#### **27. PENSION COMMITMENTS**

The Group operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £642,285 (2019: £485,516). At period end there were outstanding contributions of £204,731 (2019: £154,419) with other creditors in note 18.

#### **28. ULTIMATE CONTROLLING PARTY**

At the date on which the financial statements were approved by the directors, the ultimate controlling party is Manzanita US Investments LLC, formed in the United States of America.

#### **29. ULTIMATE PARENT COMPANY**

The smallest and largest group to include the Company and its Group in its consolidated financial statements is Space NK Group LLC, incorporated in the United States of America. The registered office of this corporation is c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, United States of America.