Registered number: 03722366

OKA DIRECT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2022

OKA DIRECT LIMITED

COMPANY INFORMATION

Directors	Viscountess Astor S C Jones N Paronetto L Corbersmith
Company number	03722366
Registered office	Purchas Road Didcot Oxfordshire United Kingdom OX11 7BF
Auditor	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD

OKA DIRECT LIMITED

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OKA DIRECT LIMITED

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present the strategic report and financial statements for the period ended 31 December 2022.

In the period under review the principal activity of the company was selling furniture and home furnishings through the website, direct mail order, showrooms, trade and special projects.

Review of the business

OKA Direct Limited, established in 1999, is a direct-to-customer, omnichannel lifestyle business focusing on high quality and beautifully created furniture and home accessories. OKA's philosophy centres on the entire finished article – "the curated room-set" – which combines larger furniture pieces and a growing home accessories collection that bring a room to life. The company has invested significantly in its digital capabilities to provide an enhanced customer experience for its ecommerce channel, and to support its showrooms, interior design service, trade and direct mail order offer; and it is this seamless omnichannel offering which represents OKA's key differentiation compared to most of its competitors. OKA continues to launch collaborations with leading designers, which have been complemented by further investment in brand marketing campaigns. In addition to its 'in stock' product ranges, since 2020 OKA has offered a bespoke furniture range – 'Tailored by OKA' – a selected collection of sofas, armchairs and footstools, available in different styles, sizes and colours which are made to order.

Results for the year showed continued revenue growth, as the UK began to recover from the impact of the COVID pandemic. For the first year since 2019, showrooms were open for the entirety of the year, as the trend of customers moving to online shopping during the pandemic partially reversed. Revenue growth of 10% year on year was driven primarily by a growth in average order values, with a shift in product mix towards higher ticket furniture and garden pieces, partly reflecting the continued growth of the Tailored range. OKA's customers continue to navigate between channels more than ever before, and the resilience in top line performance is reflective of the omni-channel business model, which includes mature trade, interior design and mail order sales channels.

Gross margin performance was impacted by supply chain disruption that significantly increased the cost of shipping containers to import OKA's products from its suppliers in the Far East. Freight spot rates began to drop in the second half of the year, and since the year end have dropped below levels prior to the pandemic. Gross margins were also affected by the weakening of the Pound compared to the US Dollar, although this was partially mitigated by the company's foreign currency hedging policies (see Principal risks and uncertainties). As a result, gross margin reduced by 395 basis points compared to 2021.

The business has continued to invest in its operational infrastructure, management team, IT systems and digital channel. Significant investment continues to be made by the OKA group to develop OKA's USA operations, which included the opening of a flagship showroom in Westport, Connecticut in December 2022.

The company continues to explore new marketing channels, which in 2022 included the first ever TV adverts and the launch of the OKA House of Tales podcast. Product collaborations with influential designers remain a platform for growth for the brand, with a continuing partnership with Adam Lippes in the USA and a new collaboration with Cabana magazine launched in early 2023.

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

Review of the business (continued)

Sustainability continued to be a pillar of OKA's strategy, and the business released its third sustainability report in 2022. The company is a member of the United Nations Global Compact – the world's largest corporate sustainability initiative, and the Science Based Targets Initiative with a target to reduce Scope 1&2 greenhouse gas emissions by 46% by 2030. OKA's sustainability strategy reinforces its focus on responsible practices across all areas of its business, also recognising the importance of unlocking greater value for the company, as well as its key stakeholders in its value chain.

These results, particularly driven by the pressure on gross margins and the end of COVID related government support received in 2021, lead to a decrease in Adjusted EBITDA to £6.3m for the period to December 2022 (2021: £9.0m). Exceptional costs of £1.1m (2021: £2.2m) were incurred relating to restructuring activities, refinancing activities and other one-off material items as set out in note 4.

The company's cash reserves increased during the period to £4.3m (2021: £2.1m), due to the impact of the £8.9m of unsecured loan notes issued during the period to the majority shareholder.

Business model

The company and its subsidiaries operate the OKA brand through an omni-channel distribution network optimising customer reach and maximising brand strength including:

- Retail showrooms: OKA operates 13 strategically placed showrooms across the UK
- Website: OKA operates a scalable and growing e-commerce business in two currencies
- Mail order: OKA distributes over 3.6 million brand magazines by post and operates phone-based ordering systems via its call centre
- Interior design: the brand employs a team of Interior Designers in the UK who work with clients to install new interiors in their homes and offices using OKA products.
- Trade: the brand works with high-end third party interior designers who use OKA products for many of their installations.

Principal risks and uncertainties

The directors understand the need for robust risk management and continue to monitor trading performance on a regular basis.

The directors consider the following matters to be the principal risks and uncertainties to the company:

- Economic and financial conditions resulting in challenging trading conditions. The company may be affected by falls in consumer confidence and changes in buying habits. The company continues to build its business through all of its channels to mitigate the effect of each channel and develop a broad range of products to mitigate the decline of individual product categories.
- Any current or future health epidemic or other adverse public health development, such as the COVID-19 pandemic, could result in business disruption, and might have a material adverse effect on the business and operating results.

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

- The company operates in a competitive market and so continues to differentiate itself through high quality premium products and ongoing product range development.
- The company bears a risk of unfavourable changes in the currency markets where payments to suppliers are based in the US and Europe. The movements in exchange rates may have an impact on margins achieved by the company. The company hedges some of its exposure, monitors exchange rates and reviews its overall exchange exposure on a regular basis.
- The principal internal risk arises from the growth of the business putting pressure on key resources. The company depends on its ability to manage its people and infrastructure. The company regularly reviews its future requirements for people, space and systems to understand the impact on the business.
- The management of the supply chain from sourcing through to the company's distribution centre is key to the business. The company continually reviews the management of product delivery to ensure any problems are managed appropriately and in a timely manner.
- OKA's IT systems are interdependent and a failure in one system may disrupt the efficiency and *functioning of its operations. Furthermore, OKA cannot guarantee absolute protection against* unauthorised attempts to access its IT systems, including malicious third-party applications that may *interfere with or exploit security flaws in its products and services.*
- Following the UK's departure from the European Union, there may be further changes to the trade regulations that govern the import and export of products to consumers in and out of the UK. Changes to the trade agreements could result in increased customs duties along with potential delays in the supply chain in importing products to the UK.
- Fluctuations in energy prices may expose the group to cost pressures, relating both to the group's property portfolio and outbound distribution costs. Where appropriate the group utilises long term fixed contracts to obtain certainty of pricing and minimise short term risk.

Financial risk management objectives and policies
The company uses financial instruments comprising cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk
Interest rate risk is minimal as the company does not have any bank loans or overdrafts and interest on shareholder loan notes is only payable on maturity or on an exit.

Liquidity risk
The company is funded by a mixture of permanent equity and long-term shareholder loan notes to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved through close management control of working capital.

Foreign currency risk
The majority of the company's stock purchases are invoiced in US dollars and results are therefore subject to fluctuations in the exchange rate between Pound Sterling, the company's reporting currency, and the US Dollar. It is company policy to enter into forward currency contracts to buy US Dollars to partially reduce the uncertainty of exchange rate fluctuations impacting results to any material extent.

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Key performance indicators
The directors use various measures to assess the performance of the business. Indicators are measured at channel and company level. The directors believe the most appropriate measure of overall business performance is earnings before interest, tax, depreciation, amortisation, loss on disposal of fixed assets and exceptional costs ("Adjusted EBITDA"), and Adjusted EBITDA as a percentage return on turnover.

Adjusted EBITDA for the period under review was £6.3m (2021: £9.0m) which delivered a margin of 15.1% (2021: 23.7%).

Other key performance indicators are:

	52 weeks to 31 December 2022	53 weeks to 01 January 2022
Sales £000's	41,880	37,793
Margin £000's	28,391	27,876
Employees	271	248

Sales have increased by over 10% when compared to the prior year, which was impacted by Covid-19 and national lockdowns. A full year of normal trading saw all Sales channels achieving double digit growth, other than Web which was positively benefitted by the lockdowns, achieving over 18% of growth in 2021.

Margin has increased due to the increase in Sales, although Margin % saw a slight decrease compared to the prior year, mainly due to increased inbound freight rates which have since stabilised.

Employee numbers have grown in line with the growth of the business, whilst OKA has continued to focus on operational efficiencies.

In addition the directors use a number of commercial performance measures including cashflow, average order value, demand, back orders and stock availability. Specific measures are also reviewed in relation to each business channel including:

- Retail stores performance includes store openings, average order value, product mix, footfall and weekend participation.
- Web performance includes visits, conversion and response to activity.
- Interior design and trade performance includes pipeline of projects.
- Mail order performance includes average call duration, conversion and outstanding queries.

Going Concern

The directors have prepared and considered detailed trading and cash flow projections for a period of at least 12 months from the date of approval of these financial statements, which include appropriate downside

The directors continue to maintain a balance between tight cost controls to conserve cash and judicious investment decisions for the long term benefit of the business. A 13 week cashflow is updated weekly to review cashflow inflows and outflows over the short term, and a longer term integrated financial model is used to review cashflow requirements over a 3 year horizon.

Going concern (continued)

As with any business placing reliance on future forecasts, the directors acknowledge that there can be no certainty that budgeted sales will be achieved given the general macroeconomic uncertainties affecting discretionary consumer spend. The group has a flexible multi-channel business model which affords partial protection of revenue if any particular sales channels in the UK or US are disrupted.

As at the year end the company is reporting net liabilities of £17,604,364 (2021: £13,681,265) and therefore is reliant on the support of its ultimate parent undertaking in order to support the long-term operations of the company. The directors have received formal confirmation from the ultimate parent undertaking, Global Industrial Holdings S.a.r.l, that it will continue to support the group and provide adequate funds so that the company can meet its liabilities for a period of at least 12 months from the date of approval of the financial statements. In placing reliance on the confirmation from the parent company to support the going concern position of the group, the Directors have assessed the financial strength of the ultimate parent undertaking and made appropriate enquiries of the directors of the wider group.

The business maintains an active dialogue with its major shareholders around potential future funding requirements. This ongoing support, alongside strong trading in 2023, leaves the company to manage business risks and ensure the company has adequate resources to continue operational existence, including plausible downside scenarios against future plans. The directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concem basis in preparing the financial statements.

Future developments and post balance sheet events

In August 2023, new external funding of £3.0m was completed by way of an unsecured loan. The funds will allow continued investment in the brand and will help aid the companies long term growth strategy.

Business management and management team

The organisation benefits from a highly experienced management team which includes one of the original founders of the business. Each department manager manages their department within the guidance provided by the company.

Statement of Director's Duties to Stakeholders

The directors are aware of their duty under section 172 of the Companies Act 2006 to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders and, in doing so, to have regard (amongst other matters) to:

- the interests of the company's employees;
- the importance of the company's relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company to maintain a reputation for high standards of business conduct;
- the need to act fairly between members of the company; and
- the likely consequences of any decision in the long term;

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Statement of Director's Duties to Stakeholders (continued)

On an annual basis, the Board reviews the financial budgets, resource plans and investment decisions for the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of stakeholders, the long term consequences of the allocation of capital and decisions made, and the impact on the communities in which we operate, and our reputation. Key future developments and decisions in the year are detailed in the Review of the business and Future developments and post balance sheet events sections of our Strategic report.

The Board considers it crucial that the company maintains a reputation for high standards of business conduct. The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics, brand and reputation of the company. Management drives the embedding of the desired culture throughout the organisation. The Directors of the company have sought to balance the needs of its shareholders with the section 172 matters throughout the period, ensuring that the company's obligations with all stakeholders are met.

The company has identified its most important stakeholders based on past experience and continues to engage with these and new stakeholders to ensure comprehensive and appropriate levels of communication are maintained, including investigating, analysing and responding to any stakeholder concerns.

Employee engagement
Employees are the most valuable assets of the company, and regular engagement is carried out through staff surveys, team meetings, quarterly 'all company' presentations, and an online platform encompassing the following topics:

- Company and brand values
- Employee welfare and wellbeing, including support with working from home
- Employee benefits
- Employee training and development opportunities
- Diversity and inclusion
- Charitable initiatives
- ESG and sustainability strategies and their implementation
- Health & Safety and work environment, including compliance with safe practices at work
- Company news and performance updates, including product development and progress on strategic initiatives.

OKA is committed to recruiting, training and retaining the best talent available. The company has clear policies and procedures to ensure non-discrimination in employment policy, and employees are provided with comprehensive training and career development opportunities. Throughout the COVID-19 pandemic, the company put the safety and welfare of employees foremost, while always following government guidelines.

Supplier engagement
OKA proudly partners with skilled independent craftsmen and family-run businesses all over the world, often with relationships built up over many years. OKA works closely with its partners to ensure that all of OKA suppliers conform to the company's Supplier Code of Conduct which covers legal, ethical, environment and employee related standards, including the relevant anti-bribery and modern slavery regulations.

Product development and creative teams work with suppliers at the design conception and sampling stages of new products in order to resolve any design, manufacturing and quality issues ahead of manufacture. All OKA suppliers must ensure that all their products comply with OKA's strict testing requirements, which go beyond the relevant regulatory minimums for fire safety and quality standards. Audits of selected suppliers by an independent third party take place to measure supplier compliance with ESG targets and legal obligations.

Customer engagement
OKA's principles of customer engagement include:

- A seamless journey – clear and consistent customer communication through all channels
- Understand and connect – to gain a deeper understanding of the customer mindset
- Excite through new experiences – not just through the product, but through brand
- Recognising loyalty – using data to enable meaningful personalised communication

OKA engages with customers across all channels on a regular basis to understand their behaviour and offer intelligent marketing solutions for each channel, while maintaining a physical presence through the retail stores. Regular customer surveys and focus groups are held to collect feedback from customers on all aspects of the OKA customer experience.

ESG (Environmental, Social and Governance)
The company is committed to protecting the environment and enhancing the lives of its customers, employees and suppliers. OKA published its third annual Sustainability report in 2022, updating the group's sustainability strategy and commitments for the future in line with three sustainability pillars:

- Creating through innovation and craftsmanship: including improvements to product safety, quality and circularity
- Enhancing all lives: working with suppliers, customers and employees to build an ethical and trusted business, and to engage with local UK and overseas communities through charitable partnerships
- Designing for a better planet: promoting a low carbon supply chain, sourcing ethical and renewable materials, and improving waste management.

As a subsidiary, OKA Direct Limited is exempt from reporting on its carbon emissions. These figures are included in the financial statements of parent company Luxury British Design Holdings Limited.

On behalf of the board

DocuSigned by:
Nicola Paronetto
82D18547AC0A495

N Paronetto
Director

11 December 2023

OKA DIRECT LIMITED

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the period ended 31 December 2022.

Principal activities
The principal activity of the company continued to be that of selling furniture and home furnishings through the web site, direct mail order, showrooms, trade and special projects.

Results and dividends
The loss for the period, after taxation, amounted to £3,923,099 (2021: £1,806,767).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Viscountess Astor	
S C Jones	
E G Foa	(Resigned 27 January 2022)
R K Mills	(Resigned 1 July 2022)
L E Bailey	(Appointed 1 March 2022 & Resigned 14 November 2023)
N D Butler	(Appointed 8 August 2022 and resigned 7 June 2023)
N Paronetto	(Appointed 3 October 2023)
L Corbersmith	(Appointed 3 October 2023)

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the reporting date.

Disabled persons
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 company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Employee engagement and business relationships

In accordance with the Companies (Miscellaneous Reporting) 2018 requirements, information on employee engagement and business relationships is not shown within the Directors' Report as it is instead included within the Strategic Report.

Auditor
During the period, the company appointed new auditors in accordance with the requirements of section 485 of Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the strategic report information required to be contained in the directors' report, including financial risk management, future plans, going concern and post balance sheet events. These form part of this report by cross-reference.

On behalf of the board

DocuSigned by:
Nicola Paronetto
82D18547AC0A498
N Paronetto
Director

11 December 2023

OKA DIRECT LIMITED

DIRECTORS' RESONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). 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 or of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKA DIRECT LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of OKA Direct Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKA DIRECT LIMITED (CONTINUED)

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKA DIRECT LIMITED (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud *(continued)*

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Health and Safety regulations, Bribery Act and General Data Protection Regulation (GDPR).

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Recording of manual adjustments and corrections to revenue. Management is in a unique postion to record adjustments directly to the revenue accounts which increase the potential for fraud and error. Our procedures to respond to this risk included obtaining an understanding of the processess and controls management have in place in order to review and approve adjustments to revenue. Our substantive procedures included the profiling the population of manual revenue journals and gaining an understanding of the type and nature of the entries passed. We also tested a sample of manual journal entries recorded within revenue accounts and traced these to supporting documentation in order to ensure the accuracy of the entry and confirm the adjustment was supported by appropriate business rationale.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKA DIRECT LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

Steven Ringham

Steven Ringham ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom

12 December 2023

OKA DIRECT LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Period ended 31 December 2022 £	Period ended 1 January 2022 £
Revenue	3	41,880,214	37,793,216
Cost of sales		(13,489,132)	(9,917,212)
Gross profit		28,391,082	27,876,004
Administrative expenses		(26,827,168)	(25,485,850)
Other operating income	3	-	520,152
Adjusted EBITDA*		6,329,713	8,955,299
Amortisation		(1,095,299)	(771,572)
Depreciation		(2,543,432)	(3,080,774)
Loss on disposal of fixed assets		(5,074)	-
Exceptional items	4	(1,121,994)	(2,192,647)
Operating profit	7	1,563,914	2,910,306
Investment income	8	578,613	482,032
Finance costs	9	(5,974,504)	(5,302,718)
Other gains and losses	10	(91,122)	103,613
Loss before taxation		(3,923,099)	(1,806,767)
Tax on loss	11	-	-
Loss and total comprehensive income for the financial period	24	(3,923,099)	(1,806,767)

* Earnings before interest, tax, depreciation, amortisation, loss on disposal of fixed assets and exceptional costs

OKA DIRECT LIMITED
Registration number 03722366

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	As at 31 December 2022 £	As at 1 January 2022 £
Non-current assets			
Intangible assets	12	2,181,822	2,221,337
Property, plant and equipment	13	13,489,262	15,900,771
		15,671,084	18,122,108
Current assets			
Inventories	16	9,368,941	10,212,743
Trade and other receivables	17	31,249,664	26,591,790
Derivative financial instruments		61,792	41,178
Cash and cash equivalents		4,317,953	2,141,798
		44,998,350	38,987,509
Current liabilities			
Trade and other payables	18	8,893,045	11,516,073
Taxation and social security		1,883,449	1,874,006
Lease liabilities	20	1,685,249	2,393,972
		12,461,743	15,784,051
Net current assets		32,536,607	23,203,458
Total assets less current liabilities		48,207,691	41,325,566
Non-current liabilities			
Borrowings	19	11,543,852	10,441,420
Trade and other payables	18	40,489,576	28,730,336
Lease liabilities	20	12,997,862	14,836,255
		65,031,290	54,008,011
Provision for liabilities			
Other provisions	21	780,765	998,820
Net Liabilities		(17,604,364)	(13,681,265)

OKA DIRECT LIMITED
Registration number 03722366

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Notes	As at 31 December 2022 £	As at 1 January 2022 £
Equity			
Called up share capital	**23**	162,567	162,567
Share premium account		5,879,110	5,879,110
Retained earnings	**24**	(23,646,041)	(19,722,942)
Shareholder deficit		(17,604.364)	(13.681,265)

The financial statements were approved by the board of directors and authorised for issue on 11th December 2023 and are signed on its behalf by:

DocuSigned by:
.Nicola Paronetto.................
N Paronetto
Director

OKA DIRECT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Share Capital	Share Premium Account	Retained Earnings	Total
	£	£	£	£
Balance at 26 December 2020	162,567	5,879,110	(17,916,175)	(11,874,498)
Period ended 01 January 2022				
Loss and total comprehensive income for the period			(1,806,767)	(1,806,767)
Balance at 01 January 2022	162,567	5,879,110	(19,722,942)	(13,681,265)
Period end 31 December 2022:				
Loss and total comprehensive income for the period	-	-	(3,923,099)	(3,923,099)
Balance at 31 December 2022	162,567	5,879,110	(23,646,041)	(17,604,364)

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Company information
OKA Direct Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Purchas Road, Didcot, Oxfordshire, United Kingdom, OX11 7BF.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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 under the historical cost basis. The principal accounting policies adopted are set out below.

The company meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

1 Accounting policies (Continued)

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income;
- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property plant and equipment and intangible assets;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- For financial instruments measured at fair value, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value;
- Disaggregated and total revenue from contracts with customers;
- Explanation of significant changes in contract assets and liabilities;
- Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
- Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
- Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
- Comparative narrative information;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Presentation of a third statement of financial position for retrospective adjustments or reclassifications at the date of transition to IFRS.

Where required, equivalent disclosures are given in the group accounts of Luxury British Design Holdings Limited. The group accounts of Luxury British Design Holdings Limited are available to the public and can be obtained as set out in note 27.

Exemption from preparing consolidated financial statements
The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Going concern
The directors have prepared and considered detailed trading and cash flow projections for a period of at least 12 months from the date of approval of these financial statements, which include appropriate downside scenarios.

The directors continue to maintain a balance between tight cost controls to conserve cash and judicious investment decisions for the long term benefit of the business. A 13 week cashflow is updated weekly to review cashflow inflows and outflows over the short term, and a longer term integrated financial model is used to review cashflow requirements over a 3 year horizon.

As with any business placing reliance on future forecasts, the directors acknowledge that there can be no certainty that budgeted sales will be achieved given the general macroeconomic uncertainties affecting discretionary consumer spend. The company has a flexible multi-channel business model which affords partial protection of revenue if any particular sales channels are disrupted.

As at the year end the company is reporting net liabilities of £17,604,364 (2021: £13,681,265) and therefore is reliant on the support of its ultimate parent undertaking in order to support the long-term operations of the company. The directors have received formal confirmation from the ultimate parent undertaking, Global Industrial Holdings S.a.r.l, that it will continue to support the group and provide adequate funds so that the company can meet its liabilities for a period of at least 12 months from the date of approval of the financial statements. In placing reliance on the confirmation from the parent company to support the going concern position of the group, the Directors have assessed the financial strength of the ultimate parent undertaking and made appropriate enquiries of the directors of the wider group.

The business maintains an active dialogue with its major shareholders around potential future funding requirements. This ongoing support, alongside strong trading in 2023, leaves the company to manage business risks and ensure the company has adequate resources to continue operational existence, including plausible downside scenarios against future plans. The directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

Revenue
Revenue is generated from the sale of furniture and home accessories plus related goods and services through the company's stores after deducting returns, any discounts given and VAT. Revenue is recognised when the company has satisfied its performance obligations to its customers and the customer has obtained control of the goods and services being transferred. These conditions are met at the point of delivery with payment received on or prior to delivery.

Revenue from website, mail order, interior design and trade activities is recognised when control of the goods is passed to the customer.

The company has recognised provisions for sales returns in the financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on our sales returns policy and the historic rate of returns.

Cost of sales
Cost of sales consists of the cost of products the company sells, freight charges for transportation of products from suppliers to the warehouses, import duties, sample costs and product testing costs.

1 Accounting policies (Continued)

Intangible assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Domain names	straight line over 10 years
Trademarks	straight line over 10 years
Software and development costs	straight line over 3-5 years

Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Right-of-use assets	straight line over the term of the lease
Leasehold improvements	straight line between 5 and 15 years
Fixtures and fittings	straight line between 3 and 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Impairment of tangible and intangible 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

1 Accounting policies (Continued)

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.

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.

Inventories

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated on a weighted average method and consists of materials and freight transportation expenditure. At each reporting date, the company assesses whether stocks are impaired. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

1 *Accounting policies (Continued)*

Financial assets held at amortised cost
Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or 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 of the investment have been affected.

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.

Financial liabilities
Basic financial liabilities, including trade and other payables 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.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities
Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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 period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions
Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1 Accounting policies (Continued)

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 inventories or non-current 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.

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

Leases
At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

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

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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

Grants
Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Coronavirus Job Retention Scheme ("CJRS")
Under this scheme, HMRC reimbursed up to 80% of the wages of certain employees who had been asked to stop working, but who were kept on the payroll ("furloughed"). The scheme was designed to compensate for staff costs, so amounts received were recognised in the Income Statement over the same period as the costs to which they relate. This is treated as grant income and recognised within other income.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Exceptional items
These represent exceptional, one-off or non-recurring items of income or expenditure which because of their nature and the events giving rise to them merit separate presentation in the Income Statement to allow shareholders to better understand the elements of financial performance in the period, facilitate comparison with prior years and assess more accurately trends in financial performance.

2 Critical accounting estimates and judgements

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.

2 Critical accounting estimates and judgements (Continued)

The directors have outlined any key judgements or sources of estimation uncertainty present in the preparation of these financial statements below

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

Inventory provision
The company has recognised provisions for impairment of inventories in the financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other relevant factors. At the reporting date the company has an inventory provision carrying value of £80,658 (2021: £185,686).

Sales return provision
The company has recognised provisions for sales returns in the financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on return rates and the return policies of the company. At the reporting date the company had a sales return provision carrying value of £408,069 (2021: £418,890).

Dilapidations
The company provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs (including strip out costs and professional fees). The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. Managements estimates are based on categorisation of stores by size and capital works performed and price per square foot. At the reporting period the company had a dilapidation provision carrying value of £780,765 (2021: £998,820).

Carrying value of investments in/amounts owed by group undertakings
The directors have reviewed the carrying value of the company's investment in its subsidiary undertakings and amounts owed at the balance sheet date. Provisions for impairment have been recognised based on forecasted trading results and cash flow projections. The carrying amount of the provision at the reporting date is £936,196 (2021: £936,196).

Leases
Judgement is used to assess whether the interest rate implicit in the lease is readily determinable. When the interest rate implicit in the lease is not readily determinable, the management estimate the incremental borrowing rate based on equivalent external borrowings secured against similar assets, adjusted for the term of the lease. During the period an incremental borrowing rate of 10% (2021: 10%) has been used.

Carrying value of property, plant and equipment and intangible assets
The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations which require estimates in respect of the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth. These calculations use cash flow projections based on financial budgets approved by management. The calculations inevitably involve the use of estimates. During the period an impairment charge of £Nil (2021: £Nil) has been recognised.

3 Revenue	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Revenue analysed by class of business		
Turnover derived from the company's principal activity predominantly in the UK	41,880,214	37,793,216

	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Other operating income		
Government grants received	-	520,152

4 Exceptional items	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Restructuring costs	1,238,583	122,627
Pre-opening costs	-	92,926
Non-recurring retail costs	1,488	1,189,142
Refinancing	105,500	-
Impairment of intercompany debtors	-	936,196
Reversal of over provision for dilapidations (see note 21)	(218,054)	(198,926)
Impairment of other debtors	9,638	50,682
Legal and professional costs relating to Property	18,500	-
Lease compensation	(61,348)	-
Other	27,689	-
	1,121,994	2,192,647

Restructuring costs include redundancies, settlements, recruitment, temporary staff costs and additional one-off costs incurred in relation to the relocation of warehouses. It also includes legal and professional costs incurred in relation to the debt refinancing detailed in note 19.

Pre-opening costs includes the initial setup of warehouses and showrooms.

Non-recurring retail costs includes fixed costs incurred during forced store closures and additional health and safety costs as a result of COVID-19, including the purchase of personal protective equipment at the head office, showrooms and warehouses.

The impairment of intercompany debtors relates to a prudent approach based on a forecasted long pay back time. The prior period impairment relates to balances owed to a fellow group company which went into liquidation during the period. The amounts owed were impaired to their recoverable value.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	Period ended 31 December 2022	Period ended 1 January 2022
	Number	Number
Management and administration	174	154
Showrooms	97	94
	271	248

Their aggregate remuneration comprised:

	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Wages and salaries	7,670,985	6,707,629
Social security costs	798,681	653,917
Pension costs	337,770	302,266
	8,807,436	7,663,812

6 Directors' remuneration

	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Remuneration for qualifying services	157,583	157,589
Compensation for loss of office	-	42,240
Company pension contributions to defined contribution schemes	9,474	10,017
	167,057	209,846

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021: 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	157,583	155,000
Company pension contributions to defined contribution schemes	9,474	9,300

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

7 Operating loss	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Operating loss for the period is stated after charging/(crediting):		
Exchange (gains) / losses	(652,949)	(87,037)
Government grants	-	(520,152)
Fees payable to the company's auditor for the audit of the company's financial statements	50,000	40,000
Depreciation of property, plant and equipment	2,543,432	3,080,774
Amortisation of intangible assets	1,095,299	771,572
Cost of inventories recognised as an expense	13,489,132	9,917,212
Movement in stock provision	(99,816)	(387,235)

The Company has exercised its exemption to not disclose fees payable to the Company's auditor relating to other services.

8 Investment income	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Interest income		
Interest receivable from group companies	578,613	482,032

9 Finance costs	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	3,317,547	2,622,611
Interest on other loans	1,102,431	979,476
	4,419,978	3,602,087
Interest on other financial liabilities:		
Interest on lease liabilities	1,554,526	1,700,631
Total interest expense	5,974,504	5,302,718

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Period ended 31 December 2022	Period ended 1 January 2022
10 Other gains and losses	£	£
Change in value of financial assets at fair value through profit or loss	(91,122)	103,613

	Period ended 31 December 2022	Period ended 1 January 2022
11 Taxation	£	£
Current tax		
Adjustments in respect of prior periods	-	-

The total tax credit for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	Period ended 31 December 2022	Period ended 1 January 2022
	£	£
Loss before taxation	(3,923,099)	(1,806,767)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(745,389)	(343,286)
Effect of expenses not deductible in determining taxable profit	19,013	209,744
Group relief	-	440,095
Other temporary differences	-	9,222
Fixed asset timing differences	42,259	62,535
Adjust deferred tax to average rate	-	(602,655)
Remeasurement of deferred tax for changes in tax rates	(193,360)	-
Movement in deferred tax not recognised	805,667	224,345
Taxation charge/(credit) for the period	-	-

The company has tax losses of £13,632,047 (2021: £10,096,272) to carry forward against future trading profits. A potential deferred tax asset of £3,368,896 (2021: £2,525,088) has not been recognised on these tax losses due to uncertainty as to the timing of utilisation.

In the September 2022 Mini-Budget, it was announced that the planned increase of UK corporation tax to 25% from 1 April 2023 would be scrapped and instead would remain at 19%. This will have a consequential effect on the company's future tax charge.

12 Intangible fixed assets

	Software and Development Costs	Domain Names	Trademarks	Total
	£	£	£	£
Cost				
At 01 January 2022	4,358,066	190,813	78,000	4,626,879
Additions	1,046,284	-	9,500	1,055,784
At 31 December 2022	5,404,350	190,813	87,500	5,682,664
Amortisation and impairment				
At 01 January 2022	2,186,125	168,028	51,389	2,405,543
Charge for the period	1,078,141	11,396	5,762	1,095,299
At 31 December 2022	3,264,266	179,424	57,151	3,500,844
Carrying amount				
At 31 December 2022	2,140,084	11,389	30,349	2,181,821
At 01 January 2022	2,171,940	22,786	26,611	2,221,336

Development costs have been capitalised as management deemed them technically and commercially feasible, there is an intention and ability to complete and economic benefits are probable. These costs are amortised over a period of five years.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

13 Property, plant and equipment

	Right-of-use assets	Leasehold improvements	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 01 January 2022	19,202,195	4,569,564	4,511,894	28,283,652
Additions	-	24,323	182,784	207,107
Lease adjustments	(34,315)	-	-	(34,315)
Disposals	-	(3,500)	(12,586)	(16,086)
Transfers in property, plant and equipment	-	-	-	-
Transfer to intangible fixed assets	-	-	-	-
At 31 December 2022	19,167,879	4,590,387	4,682,092	28,440,359
Accumulated depreciation and impairment				
At 01 January 2022	6,013,687	2,276,115	4,093,080	12,382,882
Charge for the period	1,927,492	379,722	236,218	2,543,432
Eliminated on disposals	-	-	-	-
Lease adjustments	24,782	-	-	24,782
Transfers in property, plant and equipment	-	-	-	-
Transfer to intangible fixed assets	-	-	-	-
At 31 December 2022	7,965,960	2,655,837	4,329,299	14,951,095
Carrying amount				
At 31 December 2022	11,201,919	1,934,550	352,793	13,489,264
At 01 January 2022	13,188,508	2,293,449	418,814	15,900,770

14 Investments

	Current		Non-current	
	Period ended 31 December 2022	Period ended 1 January 2022	Period ended 31 December 2022	Period ended 1 January 2022
	£	£	£	£
Investments in subsidiaries	-	-	-	-

14 Investments (Continued)

Movements in non-current investments	**Shares in group undertakings £**
Cost or valuation	
At 01 January 2022 & 31 December 2022	3,188,654
Impairment	
At 01 January 2022 & 31 December 2022	(3,188,654)
Carrying amount	
At 31 December 2022	-
At 01 January 2022	-

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Direct ownership interest (%)	Indirect ownership interest (%)	Nature of business
Luxury American Design Holding LLC *	100	-	Holding company
OKA USA, LLC *	-	100	Furniture and home
OKA USA Retail, LLC *	-	100	Furniture and home furnishings sales
Luxury Hong Kong Design Ltd **	100	-	Local supply chain planning and resourcing
Ningbo OKA Services Ltd ***	-	100	Local supply chain planning and resourcing

Direct and indirect shareholdings are 100% Ordinary shares

* Registered office is 13780 Benchmark Drive, Farmers Branch, TX 75234, United States
** Registered office is Rm 7A1, One Capital Place, 18 Laurd Road, Wan Chai
*** Registered office is Room 218, Block 1, Xiwang Industrial Zone, Quiai Town, Yinzhou District, China

16 Inventories

	As at 31 December 2022 £	As at 1 January 2022 £
Finished goods	9,368,941	10,212,743

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

17 Trade and other receivables

	Current		Non-current	
	As at 31 December 2022	As at 1 January 2022	As at 31 December 2022	As at 1 January 2022
	£	£	£	£
Trade receivables	174,005	554,795	-	-
Other receivables	520,982	1,028,062	1,528,841	990,050
Amounts owed by subsidiary undertakings	-	-	7,437,486	4,331,702
Amounts owed by fellow group undertakings	20,494,756	15,496,116	-	-
Prepayments and accrued income	1,093,594	4,191,065	-	-
	22,283,337	21,270,038	8,966,327	5,321,752

Included within amounts owed by subsidiary undertakings (non-current) are unsecured loan notes totalling £4,273,818 (2021: £3,794,432), which are due to be received on 14 September 2028. The movement in the loan notes total during the period solely relates to foreign currency retranslation, as the loan notes are denominated in dollars. In addition to the principal, the balance within amounts owed by subsidiary undertakings (non-current) includes accrued interest receivable of £2,227,472 (2021: £1,473,466). Interest is accrued at 10% per annum and is payable on the earlier of a change of control event or the final repayment date. Any unpaid interest compounds yearly on the anniversary of each loan. During the period there was also an impairment made on the debt (see note 4) of £936,196 (2021: £936,196).

18 Trade and other payables

	Current		Non-current	
	As at 31 December 2022	As at 1 January 2022	As at 31 December 2022	As at 1 January 2022
	£	£	£	£
Trade payables	3,420,640	5,542,391	-	-
Amounts owed to fellow group undertakings	814,115	402,101	40,397,917	28,428,367
Accruals and deferred income	1,683,515	3,488,487	-	-
Other payables	2,974,775	2,083,094	91,659	301,969
	8,893,045	11,516,073	40,489,576	28,730,336

Included within amounts owed to fellow group undertakings (non-current) is £9,453,992 (2021: £6,384,441) relating to accrued interest payable on group balances.

Also included within amounts owed to fellow group undertakings (non-current) is £7,004,941 (2021: £7,004,941) due for repayment on 14 September 2028, £3,624,871 (2021: £3,624,871) due for repayment on 12 April 2029, £6,369,810 (2021: £6,369,810) due for repayment on 17 August 2029, £5,044,304 (2021: £5,044,304) due for repayment on 19 December 2029, £4,200,000 (2021: nil) due for repayment on 24 June 2028, £3,000,000 (2021: nil) due for repayment on 24 June 2028 and £1,700,000 (2021: nil) due for repayment on 24 June 2028 . Interest on all loans prior to 2022 is accrued at 10% per annum and is payable on the earlier of a change of control event or the final repayment date. Any unpaid interest compounds yearly on the anniversary of each loan. All loans taken within the year have the same terms but is accrued at 5% per annum. All intercompany balances are unsecured.

19 Borrowings

	As at 31 December 2022	As at 1 January 2022
	£	£
Unsecured borrowings at amortised cost		
Other loans	11,543,852	10,441,420
	11,543,852	10,441,420

Analysis of borrowings

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

	As at 31 December 2022	As at 1 January 2022
	£	£
Non-current liabilities	11,543,852	10,441,420
	11,543,852	10,441,420

The company has £9,000,000 (2021: £9,000,000) in issued unsecured loan notes maturing in June 2027. Interest on these loan notes accrues at a rate of 10% per annum compounding quarterly. On repayment the amount repaid, including principal and interest, must equal twice the principal amount of the loan notes. The amount of principal and accrued interest at the June 2027 repayment date is, in any event, expected to equal £18m. The amount of accrued interest payable at the period end is £2,543,852 (2021: £1,441,420).

The loan notes are secured by way of fixed and floating charges over the assets of the company.

20 Lease liabilities

Maturity analysis	As at 31 December 2022	As at 1 January 2022
	£	£
Within one year	1,685,249	2,393,972
Over one year but within five years	8,012,476	8,133,947
After five years	4,985,386	6,702,308
Total undiscounted liabilities	14,683,110	17,230,227

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

	As at 31 December 2022	As at 1 January 2022
	£	£
Current liabilities	1,685,249	2,393,972
Non-current liabilities	12,997,862	14,836,255
	14,683,110	17,230,227

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

20 Lease liabilities (Continued)

Lease liabilities are of the following nature:	Current		Non-Current	
	As at 31 December 2022	**As at 1 January 2022**	**As at 31 December 2022**	**As at 1 January 2022**
	£	**£**	**£**	**£**
Property	1,507,240	2,197,668	12,795,524	14,246,269
Warehousing	123,294	134,871	144,513	405,350
IT	1,330	9,821	-	29,517
Vehicles	53,385	51,612	57,825	155,119
	1,685,249	2,393,972	12,997,862	14,836,255

Amounts recognised in profit or loss include the following:	**As at 31 December 2022**	**As at 1 January 2022**
	£	**£**
Interest on lease liabilities	1,554,526	1,700,630

The fair value of the company's lease obligations is equal to its carrying value.

Total lease cash outflows for the period were £3,956,298 (2021: £2,134,541)

21 Provisions for liabilities

	As at 31 December 2022	**As at 1 January 2022**
	£	**£**
Dilapidations	780,765	998,820

Provisions for dilapidations are made where the company is required to perform repairs on its leased properties. Provision for such costs are made when a present legal obligation has been incurred and the liability can be reasonably quantified. The obligations will ordinarily be incurred at the end of the lease period to which they relate.

Movements on provisions:

	Dilapidations
	£
At 01 January 2022	998,820
Release of overprovision / unused amounts reversed	(218,055)
At 31 December 2022	780,765

22 Retirement benefit schemes

Defined contribution schemes
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £337,770 (2021: £304,330).

23 Share Capital

	As at 31 December 2022	As at 1 January 2022
Ordinary share capital	**£**	**£**
Authorised, issued and fully paid		
16,069,963 Ordinary shares of 1p each	160,700	160,700
1,867,000 Growth shares of 0.1p each	1,867	1,867
	162,567	162,567

The growth shares have no voting rights and offer the holders their right to participate upon an exit event above a predetermined level.

24 Reserves

Profit and loss reserve

Cumulative profit and loss net of distributions to owners.

Share premium

The excess of consideration received for shares issued above their nominal value net of transaction costs.

25 Events after the reporting date

In August 2023, new external funding of £3.0m was completed by way of an unsecured loan. The funds will allow continued investment in the brand and will help aid the companies long term growth strategy.

26 Related party transactions

The company has taken advantage of the exemptions provided by Section 8 of FRS 101 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group, provided that any subsidiary undertaking which is party to the transactions is wholly owned by a member of the group.

During the period the company sold goods to certain directors and connected family members amounting to £50,764 (2021: £21,381) at the company's usual list prices. £15,585 (2021: £15,711) was outstanding at the year-end.

27 Controlling party

The immediate parent company is Luxury British Design 2 Limited, a company incorporated in the United Kingdom.

Luxury British Design Holdings Limited, a company incorporated in the United Kingdom, is the parent undertaking of the smallest and largest group to consolidate these financial statements. The address of the smallest and largest undertaking is Purchas Road, Didcot, Oxfordshire, United Kingdom, OX11 7BF. Copies of Luxury British Design Holdings Limited consolidated financial statements for the year ended 31 December 2022 are publicly available and can be obtained from Companies House.

The ultimate parent undertaking and controlling party is Global Industrial Holding S.a.r.l., a company incorporated in Luxembourg.