

Buy It Direct Ltd

Annual Report and Financial Statements

Year Ended

31 March 2019

Company Number 04171412

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Buy It Direct Ltd

Company Information

| | |
|----------------------------|--|
| Directors | N H Glynne S A Barnett B Jackson B Gaunt |
| Registered number | 04171412 |
| Registered office | Unit A, Trident Business Park Leeds Road Huddersfield West Yorkshire HD2 1UA |
| Independent auditor | BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL |

Buy It Direct Ltd

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Buy It Direct Ltd

Group Strategic Report For the year ended 31 March 2019

The directors present their Group Strategic Report together with the audited financial statements for the year ended 31 March 2019.

Principal activities and business review

The principal activity of the company and the group is the online retailing of electrical and lifestyle products, primarily to consumers and businesses in the United Kingdom.

2019 was another year of continuing investment in the group's long term strategy of product range expansion and strategic acquisitions. The group is now seeing the benefits of the investment of the last few years, with turnover in the year growing 33% to almost £250 million and economies of scale producing an increase in pre-tax profits to £7m from £2m in the prior year.

In line with its product range expansion strategy, the group made two acquisitions during the year. In October 2018, the group acquired the business and assets of Trojan Electronics Limited, a retailer and refurbisher of consumer goods. In March 2019, the group acquired the business and assets of Better Bathrooms Limited, a retailer of bathroom products.

Despite current economic uncertainties, the group continues to grow strongly and see new opportunities and is continuing to invest responsibly in its long term strategy.

Key performance indicators

The board monitors on a regular basis the key operational and financial performance indicators, which are relevant to the growth and sustainability of the business. These KPIs are linked to the annual budgets and enable the Board to maintain a tight control over the business. There has been no material variation in the KPIs during the year compared with the previous year.

Principal risks and uncertainties

The board regularly assesses the risks facing the business and ensures that adequate protections are in place against both operational and market risks.

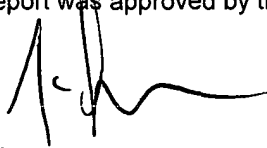
Financial position at the reporting date

Group net assets were £15.4m (2018: £10.6m). With total debt of £6.0m (2018: £4.7m), cash balances of £8.5m (2018: £2.2m) and further undrawn credit facilities available, the group is in a net cash position and has strong resources with which to pursue its long term growth strategy. This was further boosted by the post balance sheet event referred to below.

Post balance sheet event

On 28 June 2019, BGF Investments LP acquired a minority stake in the company from existing shareholders and subscribed for £2 million of Loan Notes in the company. This investment will support the group's long-term growth strategy.

This report was approved by the board on



N H Glynne
Director

9/Dec/19

and signed on its behalf.

Buy It Direct Ltd

Directors' Report For the year ended 31 March 2019

The directors present their report and the audited financial statements for the year ended 31 March 2019.

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on page 1 of these financial statements.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £6.1m (2018 - £1.7m).

Interim dividends of £1.25m (2018 - £Nil) were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

N H Glynne
S A Barnett
A Field (resigned 28 June 2019)
M J Mitchell (resigned 14 June 2019)
J Rigg (resigned 28 June 2019)

The directors who were appointed after the reporting date were:

B Gaunt (appointed 28 June 2019)
B Jackson (appointed 28 June 2019)

Employee involvement

The Group maintains a company intranet with information to aid employees. Additionally a staff forum is held bi-monthly to ensure employees are involved in what is happening within the business and to raise any suggestions or concerns they may have to be dealt with accordingly. A HR Doctor is also in place to provide time for individuals to seek support on an individual basis. An annual staff survey is completed which enables staff to express views on matters that affect them on an anonymous basis and to gain views on significant matters.

Disabled employees

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

Qualifying third party indemnity provisions

The company maintains directors' and officers' liability insurance for the benefit of the company, the directors and its officers.

Financial risk management objectives and policies

The group adopts a prudent approach to managing financial risk in the business by, inter alia:

- pursuing a hedging strategy to minimise exchange rate risk;
- following robust credit management policies and maintaining credit insurance; and
- incurring only modest levels of debt.

Buy It Direct Ltd

Directors' Report (continued) For the year ended 31 March 2019

Matters covered in the strategic report

Disclosures required under s416(4) of the Companies Act 2006 are commented upon in the Group Strategic Report as the directors consider them to be of strategic importance to the Group.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

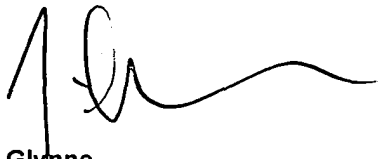
Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

9/Dec/19

and signed on its behalf.



N H Glynnne
Director

Buy It Direct Ltd

Directors' Responsibilities Statement For the year ended 31 March 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 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 group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Buy It Direct Ltd

Independent Auditor's Report to the Members of Buy It Direct Ltd

Opinion

We have audited the financial statements of Buy It Direct Ltd for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Buy It Direct Ltd

Independent Auditor's Report to the Members of Buy It Direct Ltd (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Buy It Direct Ltd

Independent Auditor's Report to the Members of Buy It Direct Ltd (continued)

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.

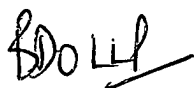
Auditor's responsibilities for the audit of the financial statements

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

10 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Buy It Direct Ltd

Consolidated Statement of Comprehensive Income For the year ended 31 March 2019

| | Note | 2019 £000 | 2018 £000 |
|---|------|---------------|---------------|
| Turnover | 4 | 248,779 | 188,190 |
| Cost of sales | | (199,210) | (153,960) |
| Gross profit | | 49,569 | 34,230 |
| Distribution costs | | (11,625) | (8,997) |
| Administrative expenses | | (30,843) | (23,357) |
| Operating profit | 5 | 7,101 | 1,876 |
| Interest receivable and similar income | 9 | 254 | 240 |
| Interest payable and expenses | 10 | (235) | (161) |
| Profit before taxation | | 7,120 | 1,955 |
| Tax on profit | 11 | (1,052) | (277) |
| Profit for the financial year | | 6,068 | 1,678 |
| Profit for the year attributable to: | | | |
| Non-controlling interests | | 8 | 14 |
| Owners of the parent company | | 6,060 | 1,664 |
| | | 6,068 | 1,678 |

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 16 to 37 form part of these financial statements.

Buy It Direct Ltd
Registered number:04171412

Consolidated Statement of Financial Position
As at 31 March 2019

| | Note | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|--|------|--------------|--------------|--------------|--------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 27 | | 30 |
| Tangible assets | 14 | | 1,978 | | 1,516 |
| Investments | 15 | | 234 | | 230 |
| | | | 2,239 | | 1,776 |
| Current assets | | | | | |
| Stocks | 16 | 30,694 | | 26,572 | |
| Debtors: amounts falling due within one year | 17 | 21,631 | | 13,856 | |
| Cash at bank and in hand | | 8,523 | | 2,155 | |
| | | 60,848 | | 42,583 | |
| Creditors: amounts falling due within one year | 18 | (47,454) | | (33,764) | |
| Net current assets | | | 13,394 | | 8,819 |
| Total assets less current liabilities | | | 15,633 | | 10,595 |
| Creditors: amounts falling due after more than one year | 19 | | (230) | | - |
| Provisions for liabilities | | | | | |
| Deferred taxation | 22 | | (17) | | (27) |
| Net assets | | | 15,386 | | 10,568 |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1 | | 1 |
| Profit and loss account | 24 | | 15,332 | | 10,522 |
| Equity attributable to owners of the parent company | | | 15,333 | | 10,523 |
| Non-controlling interests | | | 53 | | 45 |
| | | | 15,386 | | 10,568 |

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


N H Glyrne
Director

9/Dec/19

The notes on pages 16 to 37 form part of these financial statements.

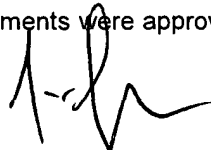
Buy It Direct Ltd
Registered number:04171412

Company Statement of Financial Position
As at 31 March 2019

| | Note | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 14 | | 1,876 | | 1,516 |
| Investments | 15 | | 397 | | 393 |
| | | | <u>2,273</u> | | <u>1,909</u> |
| Current assets | | | | | |
| Stocks | 16 | 30,023 | | 26,426 | |
| Debtors: amounts falling due within one year | 17 | 21,022 | | 14,131 | |
| Cash at bank and in hand | | 7,822 | | 1,861 | |
| | | <u>58,867</u> | | <u>42,418</u> | |
| Creditors: amounts falling due within one year | 18 | (45,461) | | (33,734) | |
| Net current assets | | | <u>13,406</u> | | <u>8,684</u> |
| Total assets less current liabilities | | | <u>15,679</u> | | <u>10,593</u> |
| Creditors: amounts falling due after more than one year | 19 | | (230) | | - |
| Provisions for liabilities | | | | | |
| Deferred taxation | 22 | | (37) | | (26) |
| Net assets | | | <u>15,412</u> | | <u>10,567</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1 | | 1 |
| Profit and loss account | 24 | | 15,411 | | 10,566 |
| | | | <u>15,412</u> | | <u>10,567</u> |

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

N H Glynne
Director



9/Dec/19

The notes on pages 16 to 37 form part of these financial statements.

Buy It Direct Ltd

Consolidated Statement of Changes in Equity For the year ended 31 March 2019

| | Called up share capital £000 | Profit and loss account £000 | Equity attributable to owners of parent company £000 | Non- controlling interests £000 | Total equity £000 |
|---|------------------------------------|------------------------------------|---|--|----------------------|
| At 1 April 2018 | 1 | 10,522 | 10,523 | 45 | 10,568 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | 6,060 | 6,060 | 8 | 6,068 |
| Total comprehensive income for the year | - | 6,060 | 6,060 | 8 | 6,068 |
| Contributions by and distributions to owners | | | | | |
| Dividends paid | - | (1,250) | (1,250) | - | (1,250) |
| Total transactions with owners | - | (1,250) | (1,250) | - | (1,250) |
| At 31 March 2019 | 1 | 15,332 | 15,333 | 53 | 15,386 |

The notes on pages 16 to 37 form part of these financial statements.

Buy It Direct Ltd

Consolidated Statement of Changes in Equity For the year ended 31 March 2018

| | Called up share capital £000 | Profit and loss account £000 | Equity attributable to owners of parent company £000 | Non- controlling interests £000 | Total equity £000 |
|---|------------------------------------|------------------------------------|---|--|----------------------|
| At 1 April 2017 | 1 | 8,858 | 8,859 | - | 8,859 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | 1,664 | 1,664 | 14 | 1,678 |
| Total comprehensive income for the year | - | 1,664 | 1,664 | 14 | 1,678 |
| Contributions by and distributions to owners | | | | | |
| Non-controlling interest on acquisition | - | - | - | 31 | 31 |
| Total transactions with owners | - | - | - | 31 | 31 |
| At 31 March 2018 | <u>1</u> | <u>10,522</u> | <u>10,523</u> | <u>45</u> | <u>10,568</u> |

The notes on pages 16 to 37 form part of these financial statements.

Buy It Direct Ltd

Company Statement of Changes in Equity For the year ended 31 March 2019

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|---|------------------------------------|------------------------------------|----------------------|
| At 1 April 2018 | 1 | 10,566 | 10,567 |
| Profit for the year | - | 6,095 | 6,095 |
| Total comprehensive income for the year | - | 6,095 | 6,095 |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (1,250) | (1,250) |
| At 31 March 2019 | 1 | 15,411 | 15,412 |

Company Statement of Changes in Equity For the year ended 31 March 2018

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|------------------------------------|----------------------|
| At 1 April 2017 | 1 | 8,858 | 8,859 |
| Profit for the year | - | 1,708 | 1,708 |
| Total comprehensive income for the year | - | 1,708 | 1,708 |
| At 31 March 2018 | 1 | 10,566 | 10,567 |

The notes on pages 16 to 37 form part of these financial statements.

Buy It Direct Ltd

Consolidated Statement of Cash Flows For the year ended 31 March 2019

| | 2019 £000 | 2018 £000 |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 6,068 | 1,678 |
| Adjustments for: | | |
| Amortisation of intangible assets | 3 | 2 |
| Depreciation of tangible assets | 659 | 484 |
| Impairments of fixed assets | - | (11) |
| Interest expense | 235 | 161 |
| Interest income | (254) | (240) |
| Taxation charge | 1,052 | 277 |
| (Increase) in stocks | (3,040) | (11,750) |
| (Increase) in debtors | (7,765) | (3,643) |
| Increase in creditors | 11,891 | 11,582 |
| Corporation tax paid | (295) | (55) |
| Net cash generated from operating activities | 8,554 | (1,515) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (580) | (1,151) |
| Sale of tangible fixed assets | 5 | - |
| Purchase of unlisted and other investments | (4) | - |
| Acquisition of subsidiary undertakings | - | (163) |
| Assets acquired on business combinations | (1,322) | - |
| Interest received | 254 | 240 |
| Net cash from investing activities | (1,647) | (1,074) |
| Cash flows from financing activities | | |
| New secured loans | 996 | 2,296 |
| Repayment of finance leases | (50) | (47) |
| Dividends paid | (1,250) | - |
| Interest paid | (235) | (161) |
| Net cash used in financing activities | (539) | 2,088 |
| Net increase/(decrease) in cash and cash equivalents | 6,368 | (501) |

Buy It Direct Ltd

Statement of Cash Flows (continued) For the year ended 31 March 2019

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Cash and cash equivalents at beginning of year | 2,155 | 2,656 |
| Cash and cash equivalents at the end of year | 8,523 | 2,155 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 8,523 | 2,155 |
| | 8,523 | 2,155 |

The notes on pages 16 to 37 form part of these financial statements.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

1. General information

Buy It Direct Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities are set out in the Group Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

2. Accounting policies (continued)

2.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised on delivery of goods, which is when the risks and rewards of ownership are deemed to have been passed to the customer.

2.4 Operating leases

Operating lease rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

2.5 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.6 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

2. Accounting policies (continued)

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of ten years.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

| | |
|------------------------|---------------------------|
| Leasehold improvements | - 10% straight line |
| Motor vehicles | - 25% straight line |
| Fixtures and fittings | - 20% - 33% straight line |
| Website development | - 50% straight line |

2.10 Website development

Where the group's websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as a tangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

2. Accounting policies (continued)

2.12 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a moving average cost basis. Net realisable value is based on estimated selling price.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

2. Accounting policies (continued)

2.15 Financial instruments (continued)

an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.18 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

2. Accounting policies (continued)

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.20 Pensions

Defined contribution pension plan

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 in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Stock valuation

The group estimates the impairment of the carrying value of stock by assessing the amount and value of the obsolete and slow-moving stock, using their judgement of the future sales value generated by those stock items.

4. Turnover

Analysis of turnover by country of destination:

| | 2019 £000 | 2018 £000 |
|-------------------|----------------|----------------|
| United Kingdom | 234,463 | 175,425 |
| Rest of the world | 14,316 | 12,765 |
| | <u>248,779</u> | <u>188,190</u> |

Turnover is wholly attributable to the principal activity of the group.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

5. Operating profit

The operating profit is stated after charging/(crediting):

| | 2019 £000 | 2018 £000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 659 | 484 |
| Amortisation of goodwill | 3 | 2 |
| Exchange differences | (973) | (1,160) |
| Other operating lease rentals | 1,581 | 1,311 |
| Defined contribution pension cost | 224 | 134 |
| | <u>224</u> | <u>134</u> |

6. Auditor's remuneration

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Fees payable to the group's auditor and its associates for the audit of the group's annual accounts | 28 | 25 |
| The auditing of accounts of associates of the group pursuant to legislation | 7 | 5 |
| | <u>7</u> | <u>5</u> |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Wages and salaries | 12,771 | 9,101 | 11,485 | 9,039 |
| Social security costs | 1,061 | 784 | 1,047 | 776 |
| Cost of defined contribution scheme | 237 | 134 | 232 | 133 |
| | <u>14,069</u> | <u>10,019</u> | <u>12,764</u> | <u>9,948</u> |

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

| | Group 2019 No. | Group 2018 No. | Company 2019 No. | Company 2018 No. |
|----------------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Production and development staff | 125 | 25 | 36 | 25 |
| Administrative staff | 244 | 170 | 222 | 168 |
| Management staff | 13 | 6 | 5 | 6 |
| Sales staff | 235 | 195 | 232 | 195 |
| | <u>617</u> | <u>396</u> | <u>495</u> | <u>394</u> |

8. Directors' remuneration

| | 2019 £000 | 2018 £000 |
|---|----------------------|----------------------|
| Directors' emoluments | 489 | 493 |
| Company contributions to defined contribution pension schemes | 10 | 3 |
| | <u>499</u> | <u>496</u> |

During the year retirement benefits were accruing to 5 directors (2018 – 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £185,000 (2018 - £186,000).

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

9. Interest receivable and similar income

| | 2019 £000 | 2018 £000 |
|---------------------------|--------------|--------------|
| Bank interest receivable | 4 | - |
| Other interest receivable | 250 | 240 |
| | <u>254</u> | <u>240</u> |

10. Interest payable and similar expenses

| | 2019 £000 | 2018 £000 |
|------------------------|--------------|--------------|
| Bank interest payable | 222 | 157 |
| Other interest payable | 13 | 4 |
| | <u>235</u> | <u>161</u> |

11. Taxation

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 1,306 | 400 |
| Adjustments in respect of previous periods | (244) | (111) |
| Total current tax | <u>1,062</u> | <u>289</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (45) | (5) |
| Adjustments in respect of previous periods | 35 | (7) |
| Total deferred tax | <u>(10)</u> | <u>(12)</u> |
| Taxation on profit | <u>1,052</u> | <u>277</u> |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Profit before tax | 7,120 | 1,955 |
| Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 1,353 | 371 |
| Effects of: | | |
| Fixed asset differences | 32 | 6 |
| Expenses not deductible for tax purposes | 6 | 11 |
| Adjustment to tax charge in respect of previous periods | (244) | (111) |
| Adjustments to tax charge in respect of previous periods - deferred tax | 35 | (7) |
| Deferred tax not recognised | (136) | - |
| Other differences leading to an increase (decrease) in the tax charge | 6 | 7 |
| Total tax charge for the year | 1,052 | 277 |

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 06 September 2016. This will reduce the company's future current tax charge accordingly, unless changed following the forthcoming election.

12. Dividends

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Ordinary | | |
| Dividend paid of £12.36 per ordinary share (2018 - £Nil) | 1,250 | - |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

13. Intangible assets

Group

| | Goodwill £000 |
|-----------------------|------------------|
| Cost | |
| At 1 April 2018 | 32 |
| At 31 March 2019 | <u>32</u> |
| Amortisation | |
| At 1 April 2018 | 2 |
| Charge for the year | 3 |
| At 31 March 2019 | <u>5</u> |
| Net book value | |
| At 31 March 2019 | <u>27</u> |
| At 31 March 2018 | <u>30</u> |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

14. Tangible fixed assets

Group

| | Long-term leasehold property £000 | Motor vehicles £000 | Fixtures and fittings £000 | Website develop- ment costs £000 | Total £000 |
|--|--|---------------------------|----------------------------------|---|---------------|
| Cost or valuation | | | | | |
| At 1 April 2018 | 739 | 764 | 1,196 | 1,325 | 4,024 |
| Additions | - | - | 622 | 274 | 896 |
| Acquisition of subsidiary | - | - | 230 | - | 230 |
| Disposals | - | - | (11) | - | (11) |
| At 31 March 2019 | 739 | 764 | 2,037 | 1,599 | 5,139 |
| Depreciation | | | | | |
| At 1 April 2018 | 526 | 294 | 504 | 1,184 | 2,508 |
| Charge for the year on owned assets | 117 | 211 | 175 | 156 | 659 |
| Disposals | - | - | (6) | - | (6) |
| At 31 March 2019 | 643 | 505 | 673 | 1,340 | 3,161 |
| Net book value | | | | | |
| At 31 March 2019 | 96 | 259 | 1,364 | 259 | 1,978 |
| At 31 March 2018 | 213 | 470 | 692 | 141 | 1,516 |

The net book value of land and buildings may be further analysed as follows:

| | 2019 £000 | 2018 £000 |
|----------------|--------------|--------------|
| Long leasehold | 96 | 213 |
| | 96 | 213 |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

14. Tangible fixed assets (continued)

Company

| | Leasehold improve- ments £000 | Motor vehicles £000 | Fixtures and fittings £000 | Website develop- ment costs £000 | Total £000 |
|--|--|---------------------------|----------------------------------|---|---------------|
| Cost | | | | | |
| At 1 April 2018 | 739 | 764 | 1,196 | 1,325 | 4,024 |
| Additions | - | - | 750 | 274 | 1,024 |
| Disposals | - | - | (11) | - | (11) |
| At 31 March 2019 | 739 | 764 | 1,935 | 1,599 | 5,037 |
| Depreciation | | | | | |
| At 1 April 2018 | 526 | 294 | 504 | 1,184 | 2,508 |
| Charge for the year on owned assets | 117 | 211 | 175 | 156 | 659 |
| Disposals | - | - | (6) | - | (6) |
| At 31 March 2019 | 643 | 505 | 673 | 1,340 | 3,161 |
| Net book value | | | | | |
| At 31 March 2019 | 96 | 259 | 1,262 | 259 | 1,876 |
| At 31 March 2018 | 213 | 470 | 692 | 141 | 1,516 |

Finance leases

The net book value of assets held under finance leases was £540,000 (2018 - £762,000).

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

15. Fixed asset investments

Group

| | Other fixed asset investments £000 |
|-----------------------|---|
| Cost | |
| At 1 April 2018 | 230 |
| Additions | 4 |
| At 31 March 2019 | <u>234</u> |
| Net book value | |
| At 31 March 2019 | <u>234</u> |
| At 31 March 2018 | <u>230</u> |

Company

| | Investments in subsidiary companies £000 | Other fixed asset investments £000 | Total £000 |
|-----------------------|--|---|---------------|
| Cost | | | |
| At 1 April 2018 | 163 | 230 | 393 |
| Additions | - | 4 | 4 |
| At 31 March 2019 | <u>163</u> | <u>234</u> | <u>397</u> |
| Net book value | | | |
| At 31 March 2019 | <u>163</u> | <u>234</u> | <u>397</u> |
| At 31 March 2018 | <u>163</u> | <u>230</u> | <u>393</u> |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Principal activity | Class of shares | Holding |
|---------------------------------|--|-----------------|---------|
| Babyway International Limited | Non-specialised wholesale trade | Ordinary | 80% |
| Trojan Electronics 2018 Limited | Retail and refurbishment of consumer goods | Ordinary | 100% |
| HD One Solutions Limited | Sale of bathroom products | Ordinary | 100% |

On 22 October 2018 the group incorporated Trojan Electronics 2018 Limited, a wholly owned subsidiary registered in England and Wales.

On 23 October 2018 the group incorporated HD One Solutions Limited, a wholly owned subsidiary registered in England and Wales.

The registered office of the subsidiary undertakings is Unit A Trident Business Park, Neptune Way, Leeds Road, Huddersfield, West Yorkshire, HD2 1UA.

Guarantees of subsidiary undertakings (contingent liability)

The results of Babyway International Limited, Trojan Electronics 2018 Limited and HD One Solutions Limited have been consolidated in these accounts.

Babyway International Limited, Trojan Electronics 2018 Limited and HD One Solutions Limited have claimed exemption from audit under section 479A of the Companies Act 2006.

Buy It Direct Ltd has given guarantees for Babyway International Limited, Trojan Electronics 2018 Limited and HD One Solutions Limited in accordance with that act.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

16. Stocks

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Work in progress | 115 | - | - | - |
| Finished goods and goods for resale | 30,579 | 26,572 | 30,023 | 26,426 |
| | <u>30,694</u> | <u>26,572</u> | <u>30,023</u> | <u>26,426</u> |

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

Stock recognised in cost of sales in the group during the year as an expense was £191,655,000 (2018 - £152,875,000).

An impairment loss of £847,000 (2018 - £1,594,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade debtors | 7,016 | 4,493 | 6,183 | 4,289 |
| Amounts owed by group undertakings | - | - | 2,338 | 1,205 |
| Amounts owed by related parties | 3,701 | 3,451 | 3,701 | 3,451 |
| Other debtors | 7,770 | 4,053 | 5,756 | 3,327 |
| Prepayments and accrued income | 2,804 | 1,742 | 2,704 | 1,742 |
| Directors loan accounts | 340 | 117 | 340 | 117 |
| | <u>21,631</u> | <u>13,856</u> | <u>21,022</u> | <u>14,131</u> |

An impairment loss of £13,000 (2018 - £2,000) was recognised in the profit or loss for the year in respect of bad and doubtful debts.

Amounts owed by group undertakings are due on demand and incur no interest.

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

18. Creditors: Amounts falling due within one year

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank loans | 5,591 | 4,595 | 5,591 | 4,595 |
| Directors loan accounts | - | 9 | - | 9 |
| Trade creditors | 23,412 | 14,126 | 22,300 | 14,125 |
| Corporation tax | 1,173 | 406 | 1,194 | 406 |
| Other taxation and social security | 2,687 | 1,638 | 2,497 | 1,635 |
| Obligations under finance lease and hire purchase contracts | 183 | 147 | 183 | 147 |
| Other creditors | 542 | 421 | 387 | 414 |
| Accruals and deferred income | 13,866 | 12,422 | 13,309 | 12,403 |
| | <u>47,454</u> | <u>33,764</u> | <u>45,461</u> | <u>33,734</u> |

Amounts owed to group undertakings are due on demand and incur no interest.

Buy It Direct Ltd has given an unlimited multilateral Guarantee dated 28 April 2017 to HSBC Bank Plc in respect of the mortgage liabilities of Ucover Limited and One Fortress Limited.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

Bank loans are secured via a fixed charge over all freehold and leasehold property and a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.

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

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Net obligations under finance leases and hire purchase contracts | 230 | - | 230 | - |
| | <u>230</u> | <u>-</u> | <u>230</u> | <u>-</u> |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|-------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Within one year | 183 | 147 | 183 | 147 |
| Between 1-5 years | 230 | - | 230 | - |

21. Financial instruments

| | Group 2019 £000 | Group 2018 £000 |
|---|-----------------------|-----------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 27,013 | 13,975 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 43,826 | 28,307 |

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by related parties, directors' loan accounts, other debtors and cash at bank and cash in hand.

Financial liabilities measured at amortised cost comprise banks loans, trade creditors, other creditors, directors' loan accounts, obligations under finance lease and hire purchase contracts and accruals.

22. Deferred taxation

Group

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| At beginning of year | 27 | 39 |
| Charged / (credited) to profit or loss | (10) | (12) |
| At end of year | 17 | 27 |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

22. Deferred taxation (continued)

Company

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| At beginning of year | 26 | 39 |
| Charged / (credited) to profit or loss | 11 | (13) |
| At end of year | 37 | 26 |

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Accelerated capital allowances | 17 | 27 | 37 | 26 |

23. Share capital

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 79,151 (2018 - 79,151) ordinary A shares shares of £0.01 each | 1 | 1 |
| 21,949 (2018 - 21,949) ordinary B shares shares of £0.01 each | - | - |
| | 1 | 1 |

The ordinary A shares and B shares rank pari passu, carry equal voting rights and are classified as equity.

24. Reserves

The group's capital and reserves are as follows:

Called up share capital

The called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Buy It Direct Ltd

Notes to the Financial Statements For the Year Ended 31 March 2019

25. Business combinations

On 2 November 2018 the group acquired the trade and specified assets of Trojan Electronics Limited through the newly incorporated subsidiary Trojan Electronics 2018 Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

| | Book value £'000 | Fair value adjustment £'000 | Fair value £'000 |
|--|---------------------|-----------------------------------|---------------------|
| Fixed assets | | | |
| Tangible | 140 | - | 140 |
| Current assets | | | |
| Stocks | 110 | - | 110 |
| Total identifiable net assets | <u>250</u> | <u>-</u> | <u>250</u> |
| Goodwill | | | - |
| Total cash purchase consideration | | | <u>250</u> |

On 13 March 2019 the group acquired the trade and specified assets of Better Bathrooms Limited through the newly incorporated subsidiary HD One Solutions Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

| | Book value £'000 | Fair value adjustment £'000 | Fair value £'000 |
|--|---------------------|-----------------------------------|---------------------|
| Fixed assets | | | |
| Tangible | 90 | - | 90 |
| Current assets | | | |
| Stocks | 972 | - | 972 |
| Debtors due within one year | 10 | - | 10 |
| Total identifiable net assets | <u>1,072</u> | <u>-</u> | <u>1,072</u> |
| Goodwill | | | - |
| Total cash purchase consideration | | | <u>1,072</u> |

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £224,000 (2018 - £134,000). Group contributions amounting to £47,000 (2018 - £41,000) were payable to the fund at year end and are included in creditors.

27. Commitments under operating leases

At 31 March 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Not later than 1 year | 459 | 499 | 440 | 499 |
| Later than 1 year and not later than 5 years | 1,199 | 1,160 | 1,172 | 1,160 |
| Later than 5 years | 199 | 465 | 199 | 465 |
| | <u>1,857</u> | <u>2,124</u> | <u>1,811</u> | <u>2,124</u> |

28. Transactions with directors

| | 2019 £000 | 2018 £000 |
|------------|--------------|--------------|
| N H Glynne | 161 | (9) |
| A Field | 166 | 117 |
| S Barnett | 3 | - |
| J Rigg | 10 | - |
| | <u>340</u> | <u>108</u> |

All amounts listed above are due to the company and are included as Directors loan accounts in Note 17.

Key Management Personnel

Key Management Personnel remuneration of the group is the same as directors' remuneration (see note 8).

Buy It Direct Ltd

Notes to the Financial Statements For the year ended 31 March 2019

29. Related party transactions

| | Rent received 2019 £000 | Owed by related party 2019 £000 | Rent received 2018 £000 | Owed by related party 2018 £000 |
|----------------------|----------------------------------|---|----------------------------------|---|
| UCover Limited | 266 | 596 | 266 | 568 |
| Trident 2010 Limited | 69 | 293 | 69 | 296 |
| One Fortress Limited | 600 | 2,665 | 554 | 2,475 |
| Le Kitchen Limited | - | 135 | - | 104 |
| Fresser Limited | - | 5 | - | 8 |
| Fat Fresser Limited | - | 7 | - | - |

All companies listed above are related parties as they are companies in which N H Glynne is a shareholder and director.

Interest is charged at 1.9% above LIBOR on intercompany loans.

Management consider both interest and the rent to be on an arm's length basis.

30. Post balance sheet events

On 28 June 2019, BGF Investments LP acquired a minority stake in the company from existing shareholders and subscribed for £2million of unsecured loan notes in the company

31. Controlling party

The company's ultimate controlling party is N H Glynne.