



# Financial Statements Footasylum Limited

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**For the year ended 29 February 2012**



**Registered number: 05535565**

**Footasylum Limited**

## Company Information

**Company number** 05535565

**Registered office** Unit 3  
Broadfield Distribution Centre  
Pilsworth Road  
Heywood  
Lancashire  
OL10 2TA

**Directors** D M Makin  
S R Makin  
J Wardle

**Company secretary** C M Makin

**Bankers** Barclays Bank Plc  
6th Floor  
1 Marsden Street  
Manchester  
M2 1HW

**Solicitors** Eversheds LLP  
Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

**Auditor** Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

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## Directors' Report

For the year ended 29 February 2012

The directors present their report and the financial statements for the year ended 29 February 2012

### Principal activities

The principal activity of the group during the year was the retail of sports and fashion footwear and clothing

### Business review

As referred to in the previous year's business review, the directors of the company highlighted that the company was continuing to gain momentum, increase market share and progress positively, the positive performance for the year to February 2012 confirms this and is indicative of a step change in group performance as the group continues its on-going development in the retail sector

During the year, total sales increased by almost 63% (2011 +55%) and like-for-like sales (stores open for more than one year) increased by 35.5% (2011 +13.7%) as sales densities again continued to grow stronger. Gross margin was at a similar level to the previous year at 46.2% (2011 46.9%) and like-for-like cash gross margin, allowing for the changes to VAT in January 2011, was significantly improved by 32.1% (2011 +13.4%). As in the previous year, the group has also continued the development of its infrastructure in support of an increasing number of new stores and extension of its geographic footprint.

Three new stores were opened in key locations during the year and more are planned in the year to February 2013 as the business continues to gain momentum, increase market share and progress positively. The group is well funded and maintains its focus and investment in infrastructure and strength of its management team. The directors are also confident that the business is well placed to exploit current market opportunities but continue forward on a prudent and cautious basis.

### Results

The profit for the year, after taxation, amounted to £56,370 (2011 - loss £1,866,311). The directors do not recommend the payment of a dividend (2011 - £nil).

### Going concern

The financial statements have been prepared on a going concern basis. The directors' assessment of the company as a going concern is disclosed within the principal accounting policies.

### Summary of key performance indicators

The group uses a number of key performance indicators in assessing and driving performance. The key financial performance indicators used by the group are

	2012	2011
	£	£
Turnover	44,803,074	27,525,800
Gross profit	20,681,415	12,915,536
Operating profit / (loss)	49,479	(1,873,494)

The gross margin percentage for the year was 46.2% (2011 46.9%). The stock turnover for the year was 95 days (2011 108 days).

The group also utilises a number of non-financial performance indicators which demonstrate its continuing focus on customer satisfaction and fashion trends.

## Directors' Report

For the year ended 29 February 2012

### Future developments

The directors believe continued investment in the product range, with particular emphasis on quality, design and employing people with the relevant expertise, will enable the group to improve on its market position

### Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks

#### *High proportion of fixed overheads and variable revenues*

A high proportion of the group's overheads are currently fixed. There is therefore the risk that any significant changes in revenue may lead to the inability to cover such costs.

Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues. The proportion of fixed overheads should also continue to reduce as expansion progresses and new stores are added due to the fact that fixed costs and the infrastructure currently in place are sufficient to support a much higher store base.

#### *Competition*

The market in which the group operates is highly competitive. As a result, there is some downward pressure on margins and the additional risk of being unable to meet customers' expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks, together with a continuing effort to differentiate the company's offer from that of its competitors.

#### *Product obsolescence*

In common with many other retailers, products are subject to seasonality and trends and as a result obsolescence. The directors are committed to the ongoing monitoring of these trends and are confident that the company is able to react effectively to developments within the market.

#### *Financial risk management objectives and policies*

The group uses various financial instruments which include directors' loans, cash, equity investments, preference shares and various items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

#### *Liquidity risk*

The group seeks to manage financial risk to ensure sufficient liquidity is available to meet its needs for the foreseeable future and to invest cash assets safely and profitably.

#### *Interest rate risk*

The group primarily finances its operations through directors' loans which incur no interest.

#### *Currency risk*

The group operates wholly within the United Kingdom and all transactions are denominated in Sterling. Consequently, the group is not exposed to any significant currency risk.

## **Directors' Report**

**For the year ended 29 February 2012**

### **Directors**

The directors who served during the year were

D M Makin  
S R Makin  
J Wardle

### **Provision of information to auditor**

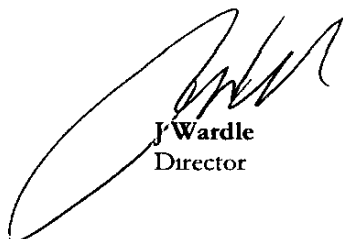
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information

### **Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 21 June 2012 and signed on its behalf



J Wardle  
Director

## **Directors' responsibilities statement**

**For the year ended 29 February 2012**

The directors are responsible for preparing 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 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 laws). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Independent Auditor's Report to the Members of Footasylum Limited

We have audited the financial statements of Footasylum Limited for the year ended 29 February 2012, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

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 29 February 2012 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.





## Independent Auditor's Report to the Members of Footasylum Limited

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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

*Grant Thornton UK LLP*

John Shinnick (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**  
Chartered Accountants  
Statutory Auditor  
Manchester

*27 June 2012*

## Consolidated profit and loss account

For the year ended 29 February 2012

	Note	2012 £	2011 £
<b>Turnover</b>	1,2	<b>44,803,074</b>	27,525,800
Cost of sales		<b>(24,121,659)</b>	(14,610,264)
<b>Gross profit</b>		<b>20,681,415</b>	12,915,536
Administrative expenses		<b>(20,631,936)</b>	(14,789,030)
<b>Operating profit/(loss)</b>	3	<b>49,479</b>	(1,873,494)
Bank interest receivable		<b>9,534</b>	7,887
Other interest payable		<b>(728)</b>	(704)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>58,285</b>	(1,866,311)
Tax on profit/(loss) on ordinary activities	7	<b>(1,915)</b>	-
<b>Profit/(loss) for the financial year</b>	16	<b>56,370</b>	(1,866,311)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

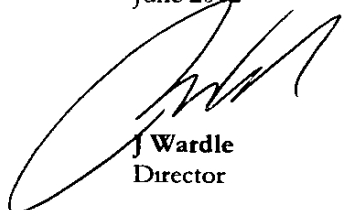
The notes on pages 11 to 23 form part of these financial statements

## Consolidated balance sheet

As at 29 February 2012

		29 February 2012		28 February 2011	
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		359,063		443,549
Tangible assets	9		7,538,651		6,675,968
Investments	10		-		-
			<u>7,897,714</u>		<u>7,119,517</u>
<b>Current assets</b>					
Stocks	11	6,296,446		4,333,309	
Debtors	12	1,285,465		1,109,587	
Cash at bank		1,148,712		257,507	
		<u>8,730,623</u>		<u>5,700,403</u>	
<b>Creditors:</b> amounts falling due within one year	13	(5,951,571)		(4,218,813)	
<b>Net current assets</b>			<u>2,779,052</u>		<u>1,481,590</u>
<b>Total assets less current liabilities</b>			<u>10,676,766</u>		<u>8,601,107</u>
<b>Creditors:</b> amounts falling due after more than one year	14		(3,225,448)		(6,506,159)
<b>Net assets</b>			<u><u>7,451,318</u></u>		<u><u>2,094,948</u></u>
<b>Capital and reserves</b>					
Called up share capital	15	18,705,000		13,405,000	
Share premium account	16	249,100		249,100	
Profit and loss account	16	(11,502,782)		(11,559,152)	
<b>Shareholders' funds</b>	17		<u><u>7,451,318</u></u>		<u><u>2,094,948</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 June 2012



**J Wardle**  
Director

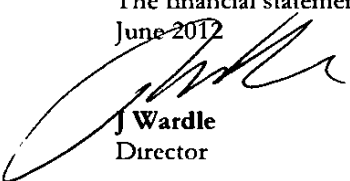
The notes on pages 11 to 23 form part of these financial statements

## Company balance sheet

As at 29 February 2012

		29 February 2012		28 February 2011	
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		988,813		1,112,413
Tangible assets	9		7,538,651		6,675,968
Investments	10		-		-
			<u>8,527,464</u>		<u>7,788,381</u>
<b>Current assets</b>					
Stocks	11	6,296,446		4,333,309	
Debtors	12	1,995,630		1,819,752	
Cash at bank		1,148,712		257,507	
		<u>9,440,788</u>		<u>6,410,568</u>	
<b>Creditors:</b> amounts falling due within one year	13	(5,951,571)		(4,218,813)	
<b>Net current assets</b>			<u>3,489,217</u>		<u>2,191,755</u>
<b>Total assets less current liabilities</b>			<u>12,016,681</u>		<u>9,980,136</u>
<b>Creditors:</b> amounts falling due after more than one year	14		(3,225,448)		(6,506,159)
<b>Net assets</b>			<u><u>8,791,233</u></u>		<u><u>3,473,977</u></u>
<b>Capital and Reserves</b>					
Called up share capital	15	18,705,000		13,405,000	
Share premium account	16	249,100		249,100	
Profit and loss account	16	(10,162,867)		(10,180,123)	
<b>Shareholders' funds</b>	17		<u><u>8,791,233</u></u>		<u><u>3,473,977</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 June 2012

  
**J Wardle**  
 Director

The notes on pages 11 to 23 form part of these financial statements

## Consolidated cash flow statement

For the year ended 29 February 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	875,829	(680,916)
Returns on investments and servicing of finance	19	8,806	7,183
Capital expenditure and financial investment	19	(1,843,430)	(2,820,234)
<b>Cash outflow before financing</b>		<b>(958,795)</b>	<b>(3,493,967)</b>
Financing	19	1,850,000	3,300,000
<b>Increase/(Decrease) in cash in the year</b>		<b>891,205</b>	<b>(193,967)</b>

## Reconciliation of net cash flow to movement in net funds/debt

For the year ended 29 February 2012

	2012 £	2011 £
Increase/(Decrease) in cash in the year	891,205	(193,967)
Cash inflow from increase in debt and lease financing	(1,850,000)	(3,300,000)
<b>Change in net debt resulting from cash flows</b>	<b>(958,795)</b>	<b>(3,493,967)</b>
Conversion of directors' loans to shares	5,300,000	-
<b>Movement in net debt in the year</b>	<b>4,341,205</b>	<b>(3,493,967)</b>
Net debt at 1 March 2011	(5,042,493)	(1,548,526)
<b>Net debt at 29 February 2012</b>	<b>(701,288)</b>	<b>(5,042,493)</b>

The notes on pages 11 to 23 form part of these financial statements

# Notes to the Financial Statements

For the year ended 29 February 2012

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

### 1.2 Going concern

The financial statements have been prepared on a going concern basis

The group meets its day to day working capital requirements primarily through its directors' loans. While the current economic conditions create uncertainty over the level of consumer spend in the retail sector, the directors have prepared forecasts and projections that take into account reasonably possible changes in trading performance due to these current economic conditions. Such forecasts and projections show that there is a reasonable basis for assuming that the group will be able to operate within the working capital facilities predicated on the continued availability of directors' loans and the provision of further amounts during the period given by the forecasts and projections. The directors have formally confirmed their ability and willingness to provide the required level of support for the foreseeable future.

After making enquiries, taking account of the availability of additional directors' loans, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 1.3 Basis of consolidation

The financial statements consolidate the accounts of Footasylum Limited and all of its subsidiary undertakings ('subsidiaries').

The financial statements of all group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method of accounting. The results of companies acquired or disposed of are included in the group profit and loss account from or up to the date that control passes respectively.

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006.

### 1.4 Turnover

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

Sales of goods are recognised when the group sells clothing and footwear to the customer. Retail sales are usually in cash or by credit card.

It is the group's policy to sell its clothing and footwear to the retail customer with a right to return within 14 days. Accumulated experience is used to estimate and provide for such returns at the time of sale. The company does not operate any loyalty programmes.

# Notes to the Financial Statements

For the year ended 29 February 2012

## 1. Accounting Policies (continued)

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation, and any provisions for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	- 25% reducing balance
Fixtures & fittings	- 10% straight line or over the term of the lease
Computer equipment	- 17 - 25% straight line

### 1.6 Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised. The cost of goodwill is amortised on a straight line basis over its estimated useful economic life, which is considered to be 10 years.

Following the hive up of the trade and assets of Drome Limited into Footasylum Limited on 1 March 2010, the investment was reclassified as goodwill and is being amortised over 10 years.

### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

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

### 1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### 1.10 Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

# Notes to the Financial Statements

For the year ended 29 February 2012

## 1. Accounting Policies (continued)

### 1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

### 1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Consolidated profit and loss account

### 1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to financial instruments are debited direct to equity



# Notes to the Financial Statements

For the year ended 29 February 2012

## 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below.

	2012 £	2011 £
United Kingdom	<u>44,803,074</u>	<u>27,525,800</u>

## 3. Operating profit/(loss)

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

	2012 £	2011 £
Amortisation - intangible fixed assets	84,486	84,486
Depreciation of tangible fixed assets		
- owned by the group	842,799	577,939
Impairment of tangible fixed assets	135,418	4,322
Loss on disposal of fixed assets	2,530	2,523
Audit fees	16,500	15,000
Other fees - taxation compliance	<u>4,600</u>	<u>4,000</u>

## 4. Auditors' remuneration

	2012 £	2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	16,500	15,000
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	<u>4,600</u>	<u>4,000</u>

## Notes to the Financial Statements

For the year ended 29 February 2012

**5. Staff costs**

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	6,725,600	4,968,271
Social security costs	412,491	341,436
Other pension costs	18,352	23,436
	<u>7,156,443</u>	<u>5,333,143</u>

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

	2012	2011
	No.	No.
Retail	560	422
Administration	66	51
Warehouse	36	20
	<u>662</u>	<u>493</u>

**6. Directors' remuneration**

	2012	2011
	£	£
Emoluments	<u>60,000</u>	<u>77,856</u>
Company pension contributions to defined contribution pension schemes	<u>6,000</u>	<u>6,752</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

**7. Taxation**

	2012	2011
	£	£
UK corporation tax charge on profit/loss for the year	<u>1,915</u>	<u>-</u>

# Notes to the Financial Statements

For the year ended 29 February 2012

## 7. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 20.08% (2011 - 28%). The differences are explained below:

	2012 £	2011 £
Profit/loss on ordinary activities before tax	<u>58,285</u>	<u>(1,866,311)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.08% (2011 - 28%)	11,704	(522,567)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	151,209	136,737
Capital allowances for year in excess of depreciation	(88,836)	(108,020)
Short term timing difference leading to an increase/(decrease) in taxation	13,582	(11,054)
(Utilisation of tax losses and other deductions)/Unrelieved tax losses carried forward	(85,744)	504,904
<b>Current tax charge for the year (see note above)</b>	<u>1,915</u>	<u>-</u>

### Factors that may affect future tax charges

Unrelieved tax losses of £8,615,269 (2011 - £9,733,644) remain to offset against future taxable trading profits.

There is a potential net deferred tax asset of £2,023,917 (2011 - £2,449,408) which has not been recognised in the financial statements in respect of trade losses and other timing differences.

On 21 March 2012, the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. The rate reduction creates a reduction in the unrecognised net deferred tax asset which has been included in the figures above.

# Notes to the Financial Statements

For the year ended 29 February 2012

## 8. Intangible fixed assets

		Goodwill £
<b>Group</b>		
<b>Cost</b>		
At 1 March 2011 and 29 February 2012		844,860
<b>Amortisation</b>		
At 1 March 2011		401,311
Charge for the year		84,486
At 29 February 2012		485,797
<b>Net book value</b>		
At 29 February 2012		359,063
At 28 February 2011		443,549
<b>Company</b>		
<b>Cost</b>		
At 1 March 2011 and 29 February 2012		1,236,015
<b>Amortisation</b>		
At 1 March 2011		123,602
Charge for the year		123,600
At 29 February 2012		247,202
<b>Net book value</b>		
At 29 February 2012		988,813
At 28 February 2011		1,112,413

## Notes to the Financial Statements

For the year ended 29 February 2012

## 9. Tangible fixed assets

Group	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 March 2011	201,597	8,391,998	932,365	9,525,960
Additions	156,137	1,425,191	269,597	1,850,925
Disposals	(27,967)	(361,632)	-	(389,599)
At 29 February 2012	329,767	9,455,557	1,201,962	10,987,286
<b>Depreciation and impairment</b>				
At 1 March 2011	47,977	2,418,952	383,063	2,849,992
Charge for the year	64,462	595,842	182,495	842,799
On disposals	(17,942)	(361,632)	-	(379,574)
Impairment charge	-	135,418	-	135,418
At 29 February 2012	94,497	2,788,580	565,558	3,448,635
<b>Net book value</b>				
At 29 February 2012	235,270	6,666,977	636,404	7,538,651
At 28 February 2011	153,620	5,973,046	549,302	6,675,968

Company	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 March 2011	201,597	8,391,998	932,365	9,525,960
Additions	156,137	1,425,191	269,597	1,850,925
Disposals	(27,967)	(361,632)	-	(389,599)
At 29 February 2012	329,767	9,455,557	1,201,962	10,987,286
<b>Depreciation and impairment</b>				
At 1 March 2011	47,977	2,418,952	383,063	2,849,992
Charge for the year	64,462	595,842	182,495	842,799
On disposals	(17,942)	(361,632)	-	(379,574)
Impairment charge	-	135,418	-	135,418
At 29 February 2012	94,497	2,788,580	565,558	3,448,635
<b>Net book value</b>				
At 29 February 2012	235,270	6,666,977	636,404	7,538,651
At 28 February 2011	153,620	5,973,046	549,302	6,675,968

# Notes to the Financial Statements

For the year ended 29 February 2012

## 10. Investments

The company had the following subsidiary undertaking at 29 February 2012, of which the net book value of the investment was £nil (2011 - £nil)

Company name	Country	Percentage Shareholding	Description
Drome Limited	England and Wales	100%	Dormant

## 11. Stocks

	<u>Group</u>		<u>Company</u>	
	29 February 2012	28 February 2011	29 February 2012	28 February 2011
	£	£	£	£
Finished goods and goods for resale	6,296,446	4,333,309	6,296,446	4,333,309

## 12. Debtors

	<u>Group</u>		<u>Company</u>	
	29 February 2012	28 February 2011	29 February 2012	28 February 2011
	£	£	£	£
Trade debtors	1,296	68,882	1,296	68,882
Amounts owed by group undertakings	-	-	710,165	710,165
Other debtors	183,347	315,460	183,347	315,460
Prepayments and accrued income	1,100,822	725,245	1,100,822	725,245
	<u>1,285,465</u>	<u>1,109,587</u>	<u>1,995,630</u>	<u>1,819,752</u>

## 13. Creditors:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	29 February 2012	28 February 2011	29 February 2012	28 February 2011
	£	£	£	£
Trade creditors	2,677,359	2,157,446	2,677,359	2,157,446
Corporation tax	1,915	-	1,915	-
Social security and other taxes	1,566,474	995,258	1,566,474	995,258
Accruals and deferred income	1,705,823	1,066,109	1,705,823	1,066,109
	<u>5,951,571</u>	<u>4,218,813</u>	<u>5,951,571</u>	<u>4,218,813</u>

# Notes to the Financial Statements

For the year ended 29 February 2012

## 14. Creditors:

Amounts falling due after more than one year

	Group		Company	
	29 February 2012	28 February 2011	29 February 2012	28 February 2011
	£	£	£	£
Directors' loan accounts	1,850,000	5,300,000	1,850,000	5,300,000
Accruals and deferred income	1,375,448	1,206,159	1,375,448	1,206,159
	<u>3,225,448</u>	<u>6,506,159</u>	<u>3,225,448</u>	<u>6,506,159</u>

## 15. Share capital

	29 February 2012	28 February 2011
	£	£
<b>Allotted, called up and fully paid</b>		
5,000 'A' Ordinary shares shares of £1 each	5,000	5,000
18,700,000 (2011 - 13,400,000) 'B' Preference shares shares of £1 each	18,700,000	13,400,000
	<u>18,705,000</u>	<u>13,405,000</u>

On 1 September 2011, a resolution was passed to convert £5.3 million of loan notes into 5.3 million B preference shares of £1 each

Rights

'B' preference shares may only be redeemed at the discretion of the company at a value of £1 per share. Accordingly, the shares are presented in equity in accordance with FRS 25

## 16. Reserves

	Share premium account	Profit and loss account
	£	£
<b>Group</b>		
At 1 March 2011	249,100	(11,559,152)
Profit for the year		56,370
	<u>249,100</u>	<u>(11,502,782)</u>
At 29 February 2012		

# Notes to the Financial Statements

For the year ended 29 February 2012

## 16. Reserves (continued)

Company	Share premium account £	Profit and loss account £
At 1 March 2011	249,100	(10,180,123)
Profit for the year		17,256
At 29 February 2012	<u>249,100</u>	<u>(10,162,867)</u>

## 17. Reconciliation of movement in shareholders' funds

Group	29 February 2012 £	28 February 2011 £
Opening shareholders' funds	2,094,948	3,961,259
Profit/(loss) for the year	56,370	(1,866,311)
Shares issued during the year	5,300,000	-
Closing shareholders' funds	<u>7,451,318</u>	<u>2,094,948</u>

Company	29 February 2012 £	28 February 2011 £
Opening shareholders' funds	3,473,977	5,379,404
Profit/(loss) for the year	17,256	(1,905,427)
Shares issued during the year	5,300,000	-
Closing shareholders' funds	<u>8,791,233</u>	<u>3,473,977</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the company was £17,256 (2011 - loss of £1,905,427)



## Notes to the Financial Statements

For the year ended 29 February 2012

**18. Net cash flow from operating activities**

	2012 £	2011 £
Operating profit/(loss)	49,479	(1,873,494)
Amortisation of intangible fixed assets	84,486	84,486
Depreciation of tangible fixed assets	842,799	577,939
Impairments of fixed assets	135,418	4,322
Loss on disposal of tangible fixed assets	2,530	2,523
Increase in stocks	(1,963,137)	(1,275,070)
Increase in debtors	(175,877)	(84,965)
Increase in creditors	1,900,131	1,883,343
<b>Net cash inflow/(outflow) from operating activities</b>	<b>875,829</b>	<b>(680,916)</b>

**19. Analysis of cash flows for headings netted in cash flow statement**

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	9,534	7,183
Interest paid	(728)	-
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>8,806</b>	<b>7,183</b>

	2012 £	2011 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,850,925)	(2,833,854)
Sale of tangible fixed assets	7,495	13,620
<b>Net cash outflow from capital expenditure</b>	<b>(1,843,430)</b>	<b>(2,820,234)</b>

	2012 £	2011 £
<b>Financing</b>		
Directors' loans	1,850,000	3,300,000

## Notes to the Financial Statements

For the year ended 29 February 2012

**20. Analysis of changes in net debt**

	1 March 2011	Cash flow	Other non-cash changes	29 February 2012
	£	£	£	£
Cash at bank and in hand	257,507	891,205	-	1,148,712
<b>Debt:</b>				
Debts falling due after more than one year	(5,300,000)	(1,850,000)	5,300,000	(1,850,000)
<b>Net debt</b>	<b>(5,042,493)</b>	<b>(958,795)</b>	<b>5,300,000</b>	<b>(701,288)</b>

**21. Operating lease commitments**

At 29 February 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	29 February 2012	28 February 2011	29 February 2012	28 February 2011
Group	£	£	£	£
<b>Expiry date</b>				
Between 2 and 5 years	656,245	-	-	-
After more than 5 years	6,105,563	5,202,054	-	-

At 29 February 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	29 February 2012	28 February 2011	29 February 2012	28 February 2011
Company	£	£	£	£
<b>Expiry date:</b>				
Between 2 and 5 years	656,245	-	-	-
After more than 5 years	6,105,563	5,202,054	-	-

**22. Related party transactions**

The company has taken advantage of the exemption in FRS 8 "related party transactions" and has not disclosed transactions with group undertakings.

The company has a loan outstanding from one of its directors, J Wardle, for £1,835,000 (2011 - £5,300,000). The loan from J Wardle for £5,300,000 was converted into 5,300,000 'B' preference shares of £1 each on 1 September 2011.