Registered number: 06767427

LE COL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JANUARY 2023

COMPANY INFORMATION

Director	Y Barker
Registered number	06767427
Registered office	The Old Treacle Factory 24-40 Goodwin Road London W12 9JW
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

LE COL LIMITED

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STRATEGIC REPORT
FOR THE PERIOD ENDED 1 JANUARY 2023

Introduction

The directors present their Strategic Report for the 53-week period ended 1st January 2023. The comparative period in these financial statements is the 52-week period ending 26 December 2021.

Business review and key performance indicators

In the period under review, the principal activity of the Company was the manufacture and sale of premium performance cycling apparel, under the Le Col brand, operating from the UK and selling globally through its website, retail and e-tail partners.

The Le Col brand was founded by former professional and GB cyclist, Yanto Barker, who is CEO and remains central to the development of the Le Col brand and its product range.

The directors use several key performance indicators which they consider are effective in measuring the delivery of the strategy of the business. The key financial indicators for the business and the performance against these during the period were as follows:

• Turnover decreased by 13.3% *(2021 - increased 57.9%)* to 14.1m *(2021 - 16.3m)*;

• Gross profit decreased by 20.6% *(2021 - increased 25.9%)* to £5.0m *(2021 - £6.3m)* giving a gross margin percentage of 35.2% *(2021 – 38.5%);*

The period was one of transformation for the Le Col business. The Covid lockdown boom in cycling spend came to an end, and after two years of very high sales growth in 2020 and 2021 sales declined in 2022 once the final Covid restrictions were removed and consumer spending behaviour changed.

The business was able to adapt swiftly to the slowdown and put in place measures to mitigate the cash impact of lower sales, as well as securing external debt funding. In August 2022, a new revolving facility was signed with a revenue-backed funding specialist providing £1.5m of liquidity.

In addition to debt funding, the institutional shareholders of the Parent Company, Le Col Holdings Limited, guided by Puma Investment Management Limited, continue to be very supportive of the business. During the period, new funding of £9.1m was completed by way of new equity issued by the parent company to these shareholders.

In November 2022, a restructuring review of the company's operations was initiated, resulting in the rationalization of overhead and headcount at the UK head office, and a change to the manufacturing supply chain to reduce costs and improve flexibility.

Total exceptional costs incurred during the period, including provisions for restructuring costs expected to be paid in 2023, amount to £0.4m and these are disclosed separately on the face of the P&L as exceptional expenses. See note 6 for more details.

At the balance sheet date the Company had cash reserves of £0.3m, but with the ability to borrow money from its parent company as and when required.

The Company continues to invest in Research and Development (R&D) to maintain the high technical performance capabilities of its product range, including working with McLaren Racing to develop enhanced aerodynamic kit. During the period, spend on R&D amounted to £542,000 *(2021 - £580,000).*

Future developments

The directors intend to continue to grow the brand and achieve profitability of the business in the future through the organic expansion of the website channel, continued partnerships with cycling platforms such as Strava, and collaborations with key cycling personalities.

For the Autumn/Winter 2023 season onwards, the group's manufacturing base shifted from a subsidiary of the parent company to third party suppliers in order to increase the flexibility of the supply chain and to reduce costs.

Principal risks and uncertainties

The Directors consider the following matters to be the principle risks and uncertainties to the Company:

Demand risk

The principal risk facing the Company is the demand for its goods being affected by falls in consumer confidence or changes in buying habits. The Company mitigates this risk by regularly refreshing and updating its product range and reviewing the pricing hierarchy to ensure the offer is relevant and competitive. The company also monitors weekly trends at a product level to manage stock. The Company continues to build its business through all its channels of ecommerce, wholesale, custom and direct factory sales, both in the UK and overseas, to mitigate the effect of any individual channel or market under performance.

The Company operates in a competitive market and so may be affected by the pricing and promotional strategies of its competitors. The Company continues to differentiate itself through high quality premium products and ongoing range development in order to protect market share.

Financial risk management objectives and policies

The Company's financial instruments comprise bank loans, bank balances, trade debtors and trade creditors. The main purpose of these instruments is to ensure adequate funds for the Company's operations. The main risk arising from the Company's financial instruments are liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity and cashflow risk

The Company is funded by a mixture of loans from its parent company, Le Col Holdings Limited, and short term loan facilities to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. During the year the Company agreed a revolving £1.5m facility with a revenue-backed funding specialist. Liquidity is also achieved through close management control of working capital.

Foreign currency risk

The Company is exposed to foreign currency exchange rate risk as a result of trade debtors and trade creditors which are settled in foreign currencies. The movements in exchange rates may have an impact on the margins achieved by the Company. The Company monitors exchange rates and reviews its exchange exposure and opportunities on a regular basis.

Interest rate risk

The Company's loans have a mix of fixed and variable interest rates and the Board regularly reviews the exposure to fluctuations in interest rates.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JANUARY 2023

Going concern

The directors have prepared and considered detailed trading and cashflow projections for a period of at least 12 months from the date of approval of these financial statements.

The directors maintain a balance between tight cost controls to conserve cash and judicious investment decisions for the long term benefit of the business. A rolling weekly cashflow model is updated each week to review cash inflows and outflows over the short term, and a detailed budget-setting process is used to build a longer term integrated financial model to review cashflow over a multi-year horizon.

As with any business placing reliance on future forecasts, the directors acknowledge that there can be no certainty that budgeted sales will be achieved given general economic uncertainties affecting consumer spend. The group has a flexible distribution model and sells globally, which limits the group's exposure to an individual sales channel or country.

The Company received new debt funding during the period from third parties and the parent company in order to support the business through the slow down in the cycling market. This support leaves the Company well placed to manage business risks and ensure the Company has adequate resources to continue operational existence, including plausible downside scenarios against future plans. The directors have therefore concluded that there is no material uncertainty about the ability of the Company to continue as a going concern and that it remains appropriate to continue to prepare the financial statements on a going concern basis.

Post Balance Sheet Events

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf.

Y Barker
Director

Date: 23 January 2024

DIRECTORS' REPORT
FOR THE PERIOD ENDED 1 JANUARY 2023

The directors present their report and the financial statements for the period ended 1 January 2023.

The Company's period end is 1 January 2023 in order to align with the retail industry calendar in which the Company operates.

Principal activity

During the period, the principal activity of the Company was the design, importation and sale of sports clothing and accessories.

Results and dividends

The loss for the period, after taxation, amounted to £6,276,837 *(2021 - loss £1,066,108)*.

No dividends have been paid or proposed in the period *(2021 - £Nil)*.

Directors

The directors who served during the period were:

S P Creasey (resigned 6 December 2022)
Y Barker
T O Reid (resigned 6 December 2022)

Qualifying third-party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

Matters covered in the Strategic Report

Where necessary, disclosures relating to financial risk management, future developments, going concern and post balance sheet events have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Disclosure 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 the director is aware, there is no relevant audit information of which the Company'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's auditor is aware of that information.

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Y Barker
Director

Date: 23 January 2024

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 1 JANUARY 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

select suitable accounting policies for the Company's financial statements and then apply them consistently;

make judgements and accounting estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LE COL LIMITED

Opinion
We have audited the financial statements of Le Col Limited (the 'Company') for the period ended 1 January 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 January 2023 and of its loss for the period 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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information
The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LE COL LIMITED

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.

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

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. The Company must abide by the Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements. Aside from this, we did not identify any specific laws and regulations as being of significance in the context of the Company.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. We also considered performance targets and their influence on efforts made by management to meet external pressures in reporting the financial results or for personal interest of the directors. The areas identified in this discussion were:

- Manipulation of the financial statements via the posting of fraudulent journal entries;
- Incorrect recognition of revenue notably around the year end; and
- The incorrect presentation of the financial statements when assessing going concern and ensuring that disclosure in the financial statements with regards to going concern is consistent with our audit findings; and
- Understatement of deferred revenue at the year end.

Audit procedures performed by the engagement team on the areas where fraud might occur included:

- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities;
- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals;
- Testing the cut-off of revenue, specifically around the balance sheet date; and
- Challenging and corroborating the underlying assumptions used in management's forecasts and assessment of going concern. Assessing the reliability of management's ability to forecast through reference to actual performance and position historically and post year end. Reviewing the current cash reserves and comparing to the expected cash outflows required over the 12 months, including under a reasonable downside scenario, from the date of signing the audit report; and
- Testing a sample of deferred income balances to supporting documentation and ensuring sales items recognised over the year end are accounted for accurately, in line with the cut-off risk above, at the same time providing comfort over the completeness of the deferred income balance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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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.

Peter Key (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

23 January 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 JANUARY 2023

	Note	Period ended 1 January 2023 £	*Period ended 26 December 2021 £*
Turnover	4	**14,119,164**	*16,284,225*
Cost of sales		**(9,142,696)**	*(10,015,788)*
Gross profit		**4,976,468**	*6,268,437*
Administrative expenses		**(10,578,363)**	*(7,497,850)*
Exceptional administrative expenses	6	**(448,472)**	-
Interest payable and similar expenses	10	**(226,470)**	*(30,983)*
Loss before tax		**(6,276,837)**	*(1,260,396)*
Tax on loss	11	-	*194,288*
Loss for the financial period		**(6,276,837)**	*(1,066,108)*

There was no other comprehensive income for 2023 *(2021 - £Nil)*.

BALANCE SHEET
AS AT 1 JANUARY 2023

	Note		1 January 2023 £		*26 December 2021 £*
Fixed assets					
Intangible assets	12		**508,605**		*430,926*
Tangible assets	13		**81,092**		*103,948*
			589,697		*534,874*
Current assets					
Stocks	14	**3,102,360**		*3,093,757*	
Debtors: amounts falling due within one year	15	**643,103**		*1,168,490*	
Cash at bank and in hand		**267,554**		*362,894*	
		4,013,017		*4,625,141*	
Creditors: amounts falling due within one year	16	**(15,229,443)**		*(9,886,748)*	
Net current liabilities			**(11,216,426)**		*(5,261,607)*
Creditors: amounts falling due after more than one year	17		**(24,190)**		*(33,835)*
Provisions for liabilities					
Provisions	19		**(376,862)**		-
Net liabilities			**(11,027,781)**		*(4,760,568)*
Capital and reserves					
Called up share capital	20		**159**		*159*
Share premium account	21		**61,883**		*61,883*
Profit and loss account	21		**(11,089,823)**		*(4,822,610)*
Shareholders' deficit			**(11,027,781)**		*(4,760,568)*

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

Y Barker
Director

Date: 23 January 2024

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 JANUARY 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 27 December 2020	**159**	**61,883**	**(3,816,727)**	**(3,754,685)**
Comprehensive loss for the period				
Loss for the period	-	-	**(1,066,108)**	**(1,066,108)**
Contributions by and distributions to owners				
Share-based payment	-	-	**60,225**	**60,225**
At 26 December 2021	**159**	**61,883**	**(4,822,610)**	**(4,760,568)**
Comprehensive loss for the period				
Loss for the period	-	-	**(6,276,837)**	**(6,276,837)**
Contributions by and distributions to owners				
Share-based payment	-	-	**9,624**	**9,624**
At 1 January 2023	**159**	**61,883**	**(11,089,823)**	**(11,027,781)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2023**

1. General information

Le Col Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 06767427). The registered office address is The Old Treacle Factory, 24-40 Goodwin Road, London, W12 9JW.

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 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:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 7 Statement of Cash Flows;

the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;

the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Le Col Holdings Limited as at 1 January 2023 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared and considered detailed trading and cashflow projections for a period of at least 12 months from the date of approval of these financial statements.

The directors maintain a balance between tight cost controls to conserve cash and judicious investment decisions for the long term benefit of the business. A rolling weekly cashflow model is updated each week to review cash inflows and outflows over the short term, and a detailed budget-setting process is used to build a longer term integrated financial model to review cashflow over a multi-year horizon.

As with any business placing reliance on future forecasts, the directors acknowledge that there can be no certainty that budgeted sales will be achieved given general economic uncertainties affecting consumer spend. The group has a flexible distribution model and sells globally, which limits the group's exposure to an individual sales channel or country.

A balance is owed to the parent entity Le Col Holdings Ltd of £12,040,264 *(2021 - £5,746,890)*. In assessing the going concern of the Company, the directors have received a written letter confirming that these balances will not be recalled in the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

The Company also received new debt funding during the period from third parties and the parent company in order to support the business through the slow down in the cycling market. This support leaves the Company well placed to manage business risks and ensure the Company has adequate resources to continue operational existence, including under plausible downside scenarios against future plans. The directors have therefore concluded that there is no material uncertainty about the ability of the Company to continue as a going concern and that it remains appropriate to continue to prepare the financial statements on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company'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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

2.5 Turnover

Turnover represents amounts receivable for goods and services net of value added taxes, discounts and a provision for returns. The Company's returns provision is estimated by management based on assumptions including the sales return policy and the historic rate of returns. Turnover is recognised when goods are shipped from the Company's premises and title has passed.

The following criteria must also be met before turnover is recognised:

- the significant risks and reward of ownership have been transferred to the buyer;
- the amount of turnover, and the costs associated with the transaction, can be measured reliably; and
- it is probable that future economic benefits will flow to the Company.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.8 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Computer software - 25%

2.10 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet 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. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2. Accounting policies (continued)

2.15 Share-based payments

The Company participates in a share option programme through its parent company, Le Col Holdings Limited. The share option programme allows group employees to acquire shares of the parent company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.16 Taxation

Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company operates and generates income.

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

Stocks

The Company has stock totalling £3,102,360 *(2021 - £3,093,757)* at the statement of financial position date. In assessing the magnitude of the stock impairment required at the year end, the directors apply judgement in their review of the products with regard to their current condition, time held, along with recent and expected future sales patterns. The value of the impairment as at the year end was £10,000 *(2021 - £5,800)*.

4. Turnover

	2023 £	*2021* *£*
Online Sales	**12,638,796**	*14,876,835*
Custom Sales	**764,780**	*683,056*
Retail Sales	**368,893**	*724,334*
Sponsor sales	**305,688**	-
Marketplace sales	**41,007**	-
	14,119,164	*16,284,225*

	Period ended 1 January 2023 £	*Period ended 26 December 2021* *£*
United Kingdom	**5,157,885**	*7,509,295*
Rest of Europe	**4,244,031**	*4,252,372*
Rest of the world	**4,717,248**	*4,522,558*

5. Operating loss

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

	Period ended 1 January 2023	*Period ended 26 December 2021*
	£	*£*
Exchange differences	**57,129**	*(11,949)*
Operating lease rentals	**206,480**	*134,430*

6. Exceptional items

	Period ended 1 January 2023	*Period ended 26 December 2021*
	£	*£*
Restructuring costs	**448,472**	*-*

Exceptional administrative expenses represent the cost of third party consultants, legal fees, and employee termination payments following a restructuring exercise carried out in the last quarter of 2022.

7. Auditor's remuneration

During the period, the Company obtained the following services from the Company's auditor:

	Period ended 1 January 2023	*Period ended 26 December 2021*
	£	*£*
Fees payable to the Company's auditor for the audit of the Company's financial statements	**46,301**	*40,988*

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

8. Employees

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

	Period ended 1 January 2023	*Period ended 26 December 2021*
	£	*£*
Wages and salaries	**2,470,678**	*2,096,568*
Social security costs	**268,361**	*228,264*
Cost of defined contribution scheme	**89,583**	*70,102*
	2,828,622	*2,394,934*

The average monthly number of employees, including directors, during the period was 52 *(2021 - 45).*

9. Directors' remuneration

	Period ended 1 January 2023	*Period ended 26 December 2021*
	£	*£*
Directors' emoluments	**493,615**	*453,211*
Company contributions to defined contribution pension schemes	**19,200**	-
Compensation for loss of office	**182,547**	-

During the period retirement benefits were accruing to 3 directors *(2021 - 3)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £322,309 *(2021 - £200,000).*

The directors are remunerated via Le Col Holdings Limited and their services recharged to the Company.

1 director *(2021 - 1)* participated in the share option scheme disclosed in note 22.

10. Interest payable and similar expenses

	Period ended 1 January 2023 £	*Period ended 26 December 2021 £*
Bank interest payable	**226,470**	*30,983*

11. Taxation

	Period ended 1 January 2023 £	*Period ended 26 December 2021 £*
Corporation tax		
Current tax on losses for the year	-	*(194,288)*
Total current tax	-	*(194,288)*
Taxation on losses on ordinary activities	-	*(194,288)*

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	Period ended 1 January 2023 £	*Period ended 26 December 2021 £*
Loss on ordinary activities before tax	**(6,276,837)**	*(1,260,396)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021 -19%)*	**(1,192,599)**	*(239,475)*
Effects of:		
Fixed asset differences	**(1,060)**	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,829**	*13,999*
Additional deduction for R&D expenditure	-	*(143,264)*
Remeasurement of deferred tax for changes in tax rates	**(376,368)**	*(209,259)*
Movement in deferred tax not recognised	**1,568,198**	*324,532*
Surrender of tax losses for R&D tax credit refund	-	*253,467*
Adjustments to tax charge in respect of previous periods	-	*(194,288)*
Total tax credit for the period	-	*(194,288)*

Factors that may affect future tax charges

A research and development ("R&D") tax credit asset has not been recognised in relation to the year ended 1 January 2023 as the appropriate report with which to support this R&D tax credit claim has not been finalised and therefore cannot be reliably estimated. Instead the R&D tax credit in respect of earlier years is recognised in the period to which it is virtually certain the cash will be received.

The Company had losses carried forward of £9,639,903 *(2021 - £3,712,799)*.

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. No deferred tax asset is recognised on the basis that the utilisation of the losses carried forward is not considered to be sufficiently probable.

12. Intangible assets

	Computer software
	£
Cost	
At 27 December 2021	**462,669**
Additions	**227,203**
At 1 January 2023	**689,872**
Amortisation	
At 27 December 2021	**31,743**
Charge for the period	**149,524**
At 1 January 2023	**181,267**
Net book value	
At 1 January 2023	**508,605**
At 26 December 2021	*430,926*

13. Tangible fixed assets

	Fixtures and fittings
	£
Cost	
At 27 December 2021	**159,474**
Additions	**18,592**
At 1 January 2023	**178,066**
Depreciation	
At 27 December 2021	**55,526**
Charge for the period	**41,448**
At 1 January 2023	**96,974**
Net book value	
At 1 January 2023	**81,092**
At 26 December 2021	*103,948*

14. Stocks

	1 January 2023	*26 December 2021*
	£	*£*
Finished goods and goods for resale	**3,102,360**	*3,093,757*

15. Debtors

	1 January 2023 £	*26 December 2021 £*
Trade debtors	**134,753**	*382,927*
Other debtors	**44,228**	*124,613*
Prepayments and accrued income	**464,122**	*466,662*
Tax recoverable	**-**	*194,288*
	643,103	*1,168,490*

16. Creditors: Amounts falling due within one year

	1 January 2023 £	*26 December 2021 £*
Other loans	**1,373,613**	*849,407*
Trade creditors	**953,135**	*991,942*
Amounts owed to group undertakings	**12,247,383**	*6,473,934*
Other taxation and social security	**113,229**	*620,242*
Other creditors	**28,931**	*211,745*
Accruals and deferred income	**513,152**	*739,478*
	15,229,443	*9,886,748*

The amounts owed to group undertakings are interest-free, unsecured and repayable on demand.

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

	1 January 2023 £	*26 December 2021 £*
Other loans	**24,190**	*33,835*

18. Loans

Analysis of the maturity of loans is given below:

	1 January 2023 £	*26 December 2021* *£*
Amounts falling due within one year		
Other loans	**1,373,613**	*849,407*
Amounts falling due 1-2 years		
Other loans	**10,140**	*10,648*
Amounts falling due 2-5 years		
Other loans	**14,050**	*23,187*
	1,397,803	*883,242*

Other loans include:

A £1,500,000 revolving facility agreed during the year which is secured against future marketplace receivables. The effective interest rate at the period end is 18.6% *(2021 - Nil)*, and the amount drawn at year end is £1,334,051 *(2021 - £Nil)*.

A loan for £50,000 which was taken out on 21 May 2020 and will be repaid in full by May 2026. The prevailing rate of interest is 2.5% (2021 - 2.5%) and the amount outstanding at year end is £34,837 *(2021 - £44,483)*, with £24,194 *(2021 - £33,835)* due greater than one year. This loan is secured by way of a fixed and floating charge over the assets of the Company.

A balance of £28,915 *(2021 - £838,758)* on a £1,860,901 unsecured loan facility agreed during the previous year which is repayable within 12 months of issue. The effective interest rate is 12.6% *(2021 - 12.6%)*.

19. Provisions

	Provisions £
At 2 January 2022	-
Charged to profit or loss	**376,862**
At 1 January 2023	376,862

The provisions balance relates to costs forming part of the restructuring exercise as referenced in note 6. These are expected to be incurred in the following year.

20. Share capital

	1 January 2023	*26 December 2021*
	£	*£*
Allotted, called up and fully paid		
15,934 Ordinary shares of £0.01 each	159	*159*

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights: they do not confer any rights of redemption.

21. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

22. Share options

Certain employees participate in share option schemes through the parent company, Le Col Holdings Limited.

EMI Option scheme 1

The options are granted with an exercise price of £0.009893 and are exercisable up until 15 December 2027. These options vested immediately.

EMI Option scheme 2

The options are granted with an exercise price of £0.001 and are exercisable until 15 December 2027. The options vest in quarterly increments between 31 March 2018 and 31 December 2021.

EMI Option scheme 3

The options are granted with an exercise price of £0.1790 and are exercisable until 3 December 2030. The options vest subject to several conditions over the lifespan of the agreements.

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is derived using the Black-Scholes model.

At the period end, an amount of £760,668 *(2021 - £751,643)* is included in retained earnings in respect of share options where the benefit is received in Le Col Limited.

23. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

No director received any share-based compensation during the period *(2021 - £15,074)*.

24. Controlling party

The immediate and ultimate parent undertaking is Le Col Holdings Limited, a company registered in England and Wales.

The largest and smallest group of undertakings for which group accounts for the period ended 1 January 2023 have been drawn up, is that headed by Le Col Holdings Limited. The registered office address of Le Col Holdings Limited is The Old Treacle Factory, Goodwin Road, London, W12 9JW. Copies of the group accounts are available from Companies House.

The directors do not consider there to be an ultimate controlling party.