

Company registration number: 06861802

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 MARCH 2018

**GIFT UNIVERSE
MANAGEMENT LIMITED**

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GIFT UNIVERSE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	P Kraftman M Talbot G Wakeman L Shawyer (appointed 11 September 2017) S Loughney (appointed 11 September 2017, resigned 1 December 2017) J Bridson (appointed 26 May 2017, resigned 18 May 2018)
Registered number	06861802
Registered office	The Atrium Curtis Road Dorking Surrey RH4 1XA
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Victoria House 50-58 Victoria Road Farnborough Hampshire GU14 7PG

GIFT UNIVERSE MANAGEMENT LIMITED

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GIFT UNIVERSE MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The principal activity of the company continued to be that of a management company for the Gift Universe Group.

Gift Universe Management Limited is part of the Gift Universe Group Limited. All decisions and results are made and reviewed at a group level and therefore this strategic report is in reference to the performance and position of the group as a whole.

Business review

Although we are pleased with the increase in the group turnover to £66.9m from £64.1m, this was primarily driven by lower margin like for like growth from ecommerce and wholesale which resulted in a decrease in EBITDA to £3.3m from £5.7m before unrealised losses on forward contract valuations.

During the year we have repaid the remainder of our term loan used to acquire RED5 and The Source, and the company is now free of any fixed long-term bank debt.

Bricks and mortar retail continued to be challenging and although to a great extent our business model protects us, we had some legacy loss-making stores trading through this period. We are pleased to confirm that post year end we have divested ourselves of the majority of these and the full benefit of this will be realised in 2019-20.

In addition, we have taken the opportunity to write down legacy stock of £536k which we have included within the cost of sales and going forward we have made improvements to our supply chain which has resulted in a significant reduction in our total stock levels and working capital funding requirements.

Consumer confidence remains low driven by uncertainty surrounding Brexit; we are taking steps to respond to the structural changes in the way people shop by continuing to invest in ecommerce and omni-channel to create a unified cross channel experience, with a particular focus on customer loyalty and retention.

GIFT UNIVERSE MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties

The company's principal financial instruments comprise bank balances, trade creditors and loans. The main purpose of these instruments is to raise funds for the company's operations. The company's approach to managing the risk applicable to the financial instruments concerned are as follows:

In respect to bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest should it be considered necessary.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due and to ensure loan repayments are met on time.

The company has a sufficiently strong balance sheet at the year end with sufficient cash reserves to meet forthcoming requirements.

The group mitigates risk from exchange rate fluctuations by utilising forward contracts to provide certainty as to costs incurred from foreign suppliers. In accordance with accounting standards, a fair value exercise is undertaken at the year end to value the remaining forward contracts. Due to the exchange rate position as at the year end, the financial statements are showing an unrealised loss on forward contracts of £958,668. This loss was never realised and post year end has moved positively and as at 30 November 2018, the group was showing a unrealised profit on these contracts of £652k. Accordingly, this unrealised loss is excluded from our key EBITDA financial performance indicator mentioned below.

Future developments

The directors will continue to develop the business along similar lines to those followed in previous years.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the company. This is achieved through regular contact by management with employees both over electronic communications and formal and informal communications.

Disabled Employees

The company does not discriminate against disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Financial key performance indicators

The key financial performance indicators are as follows:

	2018	2017
	£	£
Turnover	66,909,572	64,050,867
Turnover Growth	4.5%	13%
Earnings Before Interest, Tax, Depreciation, Amortisation, unrealised loss on forward contracts	3,298,619	5,712,681

This report was approved by the board on

21/12/18

and signed on its behalf.


.....
P Kraftman
Director

GIFT UNIVERSE MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

Directors

The Directors who served during the year were:

P Kraftman
M Talbot
G Wakeman
L Shawyer (appointed 11 September 2017)
S Loughney (appointed 11 September 2017, resigned 1 December 2017)
J Bridson (appointed 26 May 2017, resigned 18 May 2018)

Results and dividends

The profit for the year, after taxation, amounted to £707,644 (2017 - £709,624).

The directors proposed a dividend of £250,000 (2017: £265,000)

Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 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.

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's auditors are 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 auditors are aware of that information.

Matters covered in the strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principle risks and uncertainties.

GIFT UNIVERSE MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Directors' responsibilities statement

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

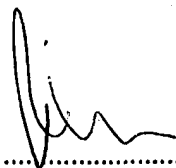
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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;
- 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 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.

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



.....
P Kraftman
Director

Date: 21st December 2018

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIFT
UNIVERSE MANAGEMENT LIMITED**

Opinion

We have audited the financial statements of Gift Universe Management Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, 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 company's affairs as at 31 March 2018 and of its 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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 Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIFT
UNIVERSE MANAGEMENT LIMITED (CONTINUED)**

Opinion 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 on page 4, 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.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

GIFT UNIVERSE MANAGEMENT LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIFT
UNIVERSE MANAGEMENT LIMITED (CONTINUED)

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 Auditors' 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.



Roberto Lobue FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

Victoria House
50-58 Victoria Road
Farnborough
Hampshire
GU14 7PG

Date:

21/12/18

GIFT UNIVERSE MANAGEMENT LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	29,869,352	27,468,720
Cost of sales		(29,204,105)	(25,888,964)
Gross profit		665,247	1,579,756
Distribution costs		(1,262,422)	(2,283,454)
Administrative expenses		(4,607,136)	(3,871,193)
Exceptional administrative expenses		-	(359,298)
Other operating income	5	7,125,000	5,960,000
Forward contract valuation		(958,668)	101,832
Operating profit	6	962,021	1,127,643
Interest payable and expenses	10	(266,353)	(243,015)
Profit before tax		695,668	884,628
Tax on profit	11	11,976	(175,004)
Profit after tax		707,644	709,624
Retained earnings at the beginning of the year		3,304,863	2,860,239
		3,304,863	2,860,239
Profit for the year		707,644	709,624
Dividends declared and paid		(250,000)	(265,000)
Retained earnings at the end of the year		3,762,507	3,304,863

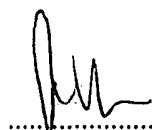
The notes on pages 10 to 22 form part of these financial statements.

GIFT UNIVERSE MANAGEMENT LIMITED
REGISTERED NUMBER:06861802

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,832,160	1,454,984
		<u>1,832,160</u>	<u>1,454,984</u>
Current assets			
Stocks	15	7,852,439	6,787,638
Debtors: amounts falling due within one year	16	9,894,704	6,776,186
Cash at bank and in hand		1,309,372	798,432
		<u>19,056,515</u>	<u>14,362,256</u>
Creditors: amounts falling due within one year	17	(16,712,231)	(11,809,351)
Net current assets		<u>2,344,284</u>	<u>2,552,905</u>
Total assets less current liabilities		<u>4,176,444</u>	<u>4,007,889</u>
Creditors: amounts falling due after more than one year	18	(392,383)	(666,660)
Provisions for liabilities			
Deferred tax	20	(21,553)	(36,365)
		<u>(21,553)</u>	<u>(36,365)</u>
Net assets		<u>3,762,508</u>	<u>3,304,864</u>
Capital and reserves			
Called up share capital	21	1	1
Profit and loss account	22	3,762,507	3,304,863
		<u>3,762,508</u>	<u>3,304,864</u>

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



.....
P Kraftman
 Director

Date: 21st December 2018

The notes on pages 10 to 22 form part of these financial statements.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Gift Universe Management Limited is a private company limited by shares incorporated in the United Kingdom. The address of the registered office, which is the same as its principal place of business, is disclosed on the company information page.

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).

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 Gift Universe Group Limited as at 31 March 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other operating income is the recognition of management charges, based on the level of support provided to each individual group company throughout the year.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the following basis:

Long-term leasehold property	- Straight line over the length of the lease.
Fixtures and fittings	- 15% Straight Line
Computer equipment	- 33% Straight Line

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.

2.5 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 first in, first out basis.

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.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.6 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties.

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.

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.

2.7 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

2.8 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.

2.9 Leased assets: the company 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 Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. The contributions are recognised as an expense in the Statement of Income and Retained Earnings 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 company in independently administered funds.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 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.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.13 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.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart for those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the accounts recognised in the financial statements are described below.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying of assets and liabilities within the next financial year are as follows:

The company makes an estimate of the realisable value of stock, with a general provision made based on a percentage of sales made throughout the course of the year.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual value are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible fixed assets.

There were no other key sources of estimation uncertainty.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sales of goods	29,869,352	27,468,720
	<u>29,869,352</u>	<u>27,468,720</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Management charges	7,125,000	5,960,000
	<u>7,125,000</u>	<u>5,960,000</u>

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	427,998	261,339
Exchange differences and forward contract valuation	980,124	(51,884)
Other operating lease rentals	223,125	181,579

The group mitigates risk from exchange rate fluctuations by utilising forward contracts to provide certainty as to costs incurred from foreign suppliers. In accordance with accounting standards, a fair value exercise is undertaken at the year end to value the remaining forward contracts. Due to the exchange rate position as at the year end, the financial statements are showing an unrealised loss on forward contracts of £958,668. This loss was never realised and post year end has moved positively and as at 30 November 2018, the group was showing a unrealised profit on these contracts of £652k.

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	47,953	48,340

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

Gift Universe Management Limited is paying the audit fee on the behalf of its fellow subsidiary companies.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

8. Employees

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

	2018 £	2017 £
Wages and salaries	2,274,093	2,479,207
Social security costs	221,271	194,612
Cost of defined contribution scheme	68,386	30,611
	<u>2,563,750</u>	<u>2,704,430</u>

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

	2018 No.	2017 No.
Stores	785	733
Online	10	5
Wholesale	5	4
Warehouse	35	20
Head office	35	45
Directors	6	5
	<u>876</u>	<u>812</u>

Gift Universe Management Limited holds all the employment contracts for employees of the Gift Universe group. Employee costs are recharged to other UK companies as utilised.

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	554,598	367,944
Company contributions to defined contribution pension schemes	11,148	5,307
Amounts paid to third parties in respect of directors' services	20,000	20,000
	<u>585,746</u>	<u>393,251</u>

The highest paid Director received remuneration of £224,173 (2017 - £205,246).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2017 - £NIL).

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	266,353	221,677
Finance leases and hire purchase contracts	-	21,338
	<u>266,353</u>	<u>243,015</u>

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	2,836	125,570
Adjustments in respect of previous periods	-	12,105
	<u>2,836</u>	<u>137,675</u>
Total current tax	<u>2,836</u>	<u>137,675</u>
Deferred tax		
Origination and reversal of timing differences	(14,812)	37,329
Total deferred tax	<u>(14,812)</u>	<u>37,329</u>
Taxation on (loss)/profit on ordinary activities	<u>(11,976)</u>	<u>175,004</u>

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	695,668	884,629
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	131,847	176,926
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	(10,286)
Depreciation of assets ineligible for capital allowances	2,096	(3,741)
Over/ under provision in prior periods	-	12,105
Changes to tax rate on deferred tax balances	1,743	-
Group relief	(147,662)	-
Total tax charge for the year	(11,976)	175,004

12. Dividends

	2018 £	2017 £
Final ordinary share dividends	250,000	265,000
	250,000	265,000

13. Exceptional items

	2018 £	2017 £
Warehouse closure costs	-	359,298
	-	359,298

In the previous year, exceptional costs represented additional, one-off expenditure on staff, carriage and other operational costs as a result of bringing all fulfilment and distribution in-house having previously used third party providers for Menkind Ltd (a fellow subsidiary company). This was driven by the need to improve the customer focus of this function made all the more important by the increase in ecommerce and wholesale distribution.

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

14. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2017	57,262	1,319,099	855,759	2,232,120
Additions	18,650	526,027	258,761	803,438
At 31 March 2018	75,912	1,845,126	1,114,520	3,035,558
Depreciation				
At 1 April 2017	33,950	519,712	223,474	777,136
Charge for the year on owned assets	9,297	226,537	190,428	426,262
At 31 March 2018	43,247	746,249	413,902	1,203,398
Net book value				
At 31 March 2018	32,665	1,098,877	700,618	1,832,160
At 31 March 2017	23,312	799,387	632,285	1,454,984

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Computer equipment	480,598	410,043
	480,598	410,043

15. Stocks

	2018 £	2017 £
Finished goods and goods for resale	7,852,439	6,787,638
	7,852,439	6,787,638

Stock recognised in cost of sales during the year as an expense was £28,534,086 (2017 - £24,305,878).

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. Debtors

	2018 £	2017 £
Trade debtors	605,811	-
Amounts owed by group undertakings	6,851,702	4,980,722
Other debtors	1,779,156	1,492,692
Prepayments and accrued income	329,824	255,319
Tax recoverable	328,211	47,453
	<u>9,894,704</u>	<u>6,776,186</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	3,093,205	1,436,172
Trade creditors	2,418,744	1,827,895
Amounts owed to group undertakings	8,939,719	7,366,915
Other taxation and social security	116,516	8,318
Obligations under finance lease and hire purchase contracts	634,831	609,440
Other creditors	1,350,227	-
Accruals and deferred income	158,989	560,611
	<u>16,712,231</u>	<u>11,809,351</u>

Included within other creditors is a derivative financial instrument of £725,455 (2017: debtor of £223,213) which is measured at fair value, with a change in valuation of £958,668 (2017: -£101,832) recognised in the Statement of Income and Retained Earnings.

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	392,383	666,660
	<u>392,383</u>	<u>666,660</u>

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

19. Hire purchase and finance leases

Minimum lease payments under hire purchase and finance lease contracts fall due as follows:

	2018 £	2017 £
Within one year	634,831	609,440
Between 1-5 years	392,383	497,820
Over 5 years	-	168,836
	<u>1,027,214</u>	<u>1,276,096</u>

Gift Universe Management Limited holds the hire purchase and finance lease contracts of assets used by its fellow subsidiary companies.

20. Deferred taxation

	2018 £
At beginning of year	(36,365)
Charged to profit or loss	14,812
At end of year	<u>(21,553)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(21,553)	(36,365)
	<u>(21,553)</u>	<u>(36,365)</u>

GIFT UNIVERSE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 (2017 - 1) Ordinary share of £1.00	1	1

Ordinary shares have equal voting and distribution rights.

22. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £68,386 (2017 - £30,611). Contributions totalling £30,175 (2017 - £nil) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	248,000	248,000
Later than 1 year and not later than 5 years	737,800	985,800
	985,800	1,233,800

25. Controlling party

The company is a wholly owned subsidiary undertaking of Gift Universe Group Limited and is included in its consolidated accounts. Gift Universe Group Limited is the immediate and ultimate parent entity, whose registered address is The Atrium, Curtis Road, Dorking, Surrey, RH4 1XA.