Registered number: 06899027

OLIVER SWEENEY TRADING LIMITED
FINANCIAL STATEMENTS
31 MAY 2017

OLIVER SWEENEY TRADING LIMITED

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OLIVER SWEENEY TRADING LIMITED

COMPANY INFORMATION

Directors	Tim Cooper Maurice Helfgott Maurice Bennett Michael Bennett Alistair Brew Adam Leigh Andrew Thomson Christopher Webster
Registered number	06899027
Registered office	Block B Imperial Works Perren Street London NW5 3ED
Independent auditor	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

OLIVER SWEENEY TRADING LIMITED

REGISTERED NUMBER:06899027

BALANCE SHEET
AS AT 31 MAY 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	3		**276,021**		280,623
Tangible assets	4		**535,112**		691,678
			811,133		972,301
Current assets					
Stocks		**1,471,820**		1,576,216	
Debtors	5	**1,217,788**		1,092,290	
Cash at bank and in hand		**201,718**		362,458	
		2,891,326		3,030,964	
Creditors: amounts falling due within one year	6	**(1,780,136)**		(929,378)	
Net current assets			**1,111,190**		2,101,586
Total assets less current liabilities			**1,922,323**		3,073,887
Creditors: amounts falling due after more than one year	7		**(4,637,365)**		(4,282,693)
Provisions for liabilities					
Other provisions	8	**(100,000)**		-	
			(100,000)		-
Net liabilities			**(2,815,042)**		(1,208,806)
Capital and reserves					
Called up share capital	9		**5,010**		5,010
Share premium account			**495,000**		495,000
Profit and loss account			**(3,315,052)**		(1,708,816)
Total equity			**(2,815,042)**		(1,208,806)

BALANCE SHEET (CONTINUED) AS AT 31 MAY 2017

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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

Maurice Helfgott
Director

Date: 31/10/2017

1. General information

Oliver Sweeney Trading Limited is a private company limited by shares incorporated in England. Its registered office and principal place of business is Block B Imperial Works, Perren Street, London, NW5 3ED.

The financial statements are presented in Sterling (£).

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 financial statements are presented on a 52 week basis to the last Sunday in May. The financial statements for the current year relate to the 52 week period to 28 May 2017 and the financial statements for the prior year relate to the 52 week period to 29 May 2016.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the company has incurred a loss of £1,606,236 in the year and has a deficit on its balance sheet of £2,815,402 as at 31 May 2017. The directors consider this basis to be appropriate as the directors have received a letter of support from the parent company, McFL Holdings Limited, stating its intention that funding will continue to be provided for a period of at least twelve months from the date of approval of the accounts.

The directors have prepared forecasts and cashflow projections extending to 2022, which envisage growth in revenues and earnings before interest, tax and depreciation ("EBITDA"), reflecting initiatives to drive growth in the store, web and wholesale channels. The parent company also raised £1,000,002 of equity post year end to provide additional working capital.

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.

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets comprise website developments costs and 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. Website development costs are amortised on a straight line basis over a period of two to three years.

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.

2.5 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:

Leasehold property	- 20 - 50% straight line
Fixtures & fittings	- 20 - 50% 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.

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

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.7 Operating leases: the company as lessee

Rentals paid 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 1 June 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.8 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. Work in progress and finished goods include labour and attributable overheads.

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.

2.9 Cash and cash equivalents

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

2.10 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

2. ***Accounting policies (continued)***

2.10 Financial instruments (continued)

Such financial assets are subsequently measured at fair value through profit or loss, where they are publicly traded, or fair value can be measured reliably, for example by using a valuation technique. Where fair value cannot be measured reliably, the financial asset is measured at cost less impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivative contracts

Derivative contracts, including interest rate swaps and foreign exchange forward contracts, are not basic financial instruments.

Derivative contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Impairment of financial assets

Financial assets 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 profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.11 Foreign currency translation

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account 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.

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 company 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 and loss account over the remaining vesting period.

The company has taken advantage of the exemption available in FRS 102 Section 35 from accounting for share based payment arrangements which were granted prior to 1 March 2016.

2. Accounting policies (continued)

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Finance costs

Finance costs are charged to the profit and loss account 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.

2.15 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 the profit and loss account 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.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.17 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 the profit and loss account 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.

2.18 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.

3. Intangible assets

	Website development costs £
Cost	
At 1 June 2016	471,956
Additions	129,588
At 31 May 2017	601,544
Amortisation	
At 1 June 2016	191,333
Charge for the year	134,190
At 31 May 2017	325,523
Net book value	
At 31 May 2017	276,021
At 31 May 2016	280,623

4. Tangible fixed assets

	Leasehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 June 2016	787,473	662,805	1,450,278
Additions	148,837	67,784	216,621
At 31 May 2017	936,310	730,589	1,666,899
Depreciation			
At 1 June 2016	362,777	395,823	758,600
Charge for the year	122,816	102,412	225,228
Impairment charge	147,959	-	147,959
At 31 May 2017	633,552	498,235	1,131,787
Net book value			
At 31 May 2017	302,758	232,354	535,112
At 31 May 2016	424,696	266,982	691,678

5. Debtors

	2017 £	2016 £
Due after more than one year		
Other debtors	180,142	153,142
Due within one year		
Trade debtors	618,244	542,412
Amounts owed by group undertakings	49,272	49,272
Other debtors	60,617	58,811
Prepayments and accrued income	309,513	288,653
	1,217,788	1,092,290

6. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	**929,762**	425,563
Other taxation and social security	**229,519**	180,832
Other creditors	**349,299**	19,329
Accruals and deferred income	**271,556**	303,654
	1,780,136	929,378

Other creditors includes accrued pensions of £3,117 (2016: £3,393).

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

	2017 £	2016 £
Amounts owed to group undertakings	**4,566,458**	4,181,208
Accruals and deferred income	**70,907**	101,485
	4,637,365	4,282,693

Amounts owed to group undertakings represent amounts owed to the parent company, McFI Holdings Limited, are non-interest bearing and are due for repayment on or after 1 June 2018.

Under FRS102, financing transactions such as the non-interest bearing long-term intercompany loans should be recognised at the present value of future payments discounted at a market rate of interest for similar debt instruments and subsequently measured at amortised cost using the effective interest method. The directors have continued to measure these financing transactions at their transaction price because, despite being debt instruments, given the financial position of the company and the continued support of the parent company, the commercial substance of these balances is akin to equity. Measuring these financing transactions at their discounted amount would be so misleading that it would conflict with the objective of presenting a true and fair view of the financial position and performance of the company.

8. Provisions

	Onerous lease £
Charged to profit or loss	**100,000**
At 31 May 2017	**100,000**

9. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
501,000 Ordinary shares of £0.01 each	**5,010**	5,010

10. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

11. Parent company

The ultimate parent company is McFL Holdings Limited, a company incorporated in England. Group financial statements for this company are prepared but are not available to the public.

12. Auditor's information

The auditor's report on the company's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by Simon Mayston (senior statutory auditor).

In forming the opinion, the adequacy of the disclosures made in note 2.2 concerning the going concern status of the company have been considered. In view of the significance of this matter, we consider it should be drawn to your attention, but our opinion is not qualified in this respect.