

Registered number: 06899027

OLIVER SWEENEY TRADING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019



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

Company secretaries

Maurice Bennett
Michael Bennett
Christopher Webster

Registered number

06899027

Registered office

Block B Imperial Works
Perren Street
London
NW5 3ED

Independent auditor

Blick Rothenberg Audit LLP
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

OLIVER SWEENEY TRADING LIMITED**BALANCE SHEET
AS AT 31 MAY 2019**

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	5	169,927	127,034
Tangible assets	6	191,837	300,215
		<u>361,764</u>	<u>427,249</u>
Current assets			
Stocks		1,489,703	1,796,393
Debtors	7	1,139,719	1,335,713
Cash at bank and in hand	8	338,845	25,181
		<u>2,968,267</u>	<u>3,157,287</u>
Creditors: amounts falling due within one year	9	(1,461,400)	(1,109,502)
Net current assets		<u>1,506,867</u>	<u>2,047,785</u>
Total assets less current liabilities		<u>1,868,631</u>	<u>2,475,034</u>
Creditors: amounts falling due after more than one year	10	(6,133,200)	(5,958,405)
Provisions for liabilities			
Other provisions	11	(136,923)	(168,053)
		<u>(136,923)</u>	<u>(168,053)</u>
Net liabilities		<u><u>(4,401,492)</u></u>	<u><u>(3,651,424)</u></u>

OLIVER SWEENEY TRADING LIMITED**BALANCE SHEET (CONTINUED)****AS AT 31 MAY 2019**

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	12	5,010	5,010
Share premium account		495,000	495,000
Profit and loss account		(4,901,502)	(4,151,434)
Total equity		(4,401,492)	(3,651,424)

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 Section 1A of 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 profit and loss account and directors' report have not been filed.

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

Christopher Webster
Director

Date:

20/02/20

The notes on pages 4 to 15 form part of these financial statements.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

1. General information

Oliver Sweeney Trading Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office 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 Section 1A of 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 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 26 May 2019 and the financial statements for the prior year relate to the 52 week period to 27 May 2018.

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 £750,068 in the year and has a deficit on its balance sheet of £4,401,492 as at 31 May 2019.

The directors have prepared forecasts and cashflow projections extending to 2023, which envisage growth in earnings before interest, tax and depreciation ("EBITDA"), reflecting initiatives to drive growth and earnings particularly across the web and wholesale channels. In addition, the company is reviewing the cost base, with a view to making cost savings by refocussing the business on the web and wholesale channels. A further £525,000 was raised in July 2019 by way of secured fixed rate loan notes to support working capital requirements.

As the going concern status of the company is dependent upon the performance of the business against the forecasts and cashflow projections the directors are of the opinion that the matters described above represent material uncertainties, as outturns to forecasts may differ from expectations.

The directors consider the going concern basis to be appropriate. In addition, 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.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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.

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.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

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.

2.7 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of 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 and intercompany working capital balances 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.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies 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.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

Financial instruments (continued)

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.

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.

2.8 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.

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.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

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 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

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 are presented in the profit and loss account within administrative expenses.

2.11 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 June 2015.

2.12 Share capital

Ordinary shares are classified as equity.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

2. Accounting policies (continued)

2.13 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.

2.14 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.

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.

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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

Preparation of the financial statements requires management to make significant judgements and key estimates in applying the company's accounting policies. The significant items in the financial statements where these judgements and estimates have been made are:

Impairment of retail store assets and onerous lease provisions

The company reviews the performance of each store as part of the process of determining the need for impairment charges on fixed assets and consideration of the existence of onerous leases.

The impairment charge in the year against non-performing stores is £nil (2018: £105,767). The financial statements also include an onerous lease provision of £118,870 (2018: £150,000).

Assessments as to whether or not to recognise these provisions, and of the amounts concerned, involve a series of complex judgements about future events and can rely heavily on estimates and assumptions. The directors believe that the provisions recorded are adequate based on currently available information. However, given the inherent uncertainties involved in assessing the outcomes of these events, and in particular, estimating the amount of potential costs of non-performing stores, the company could incur a materially different level of costs in the subsequent year that could have a material effect on the company's results in that period.

4. Employees

The average monthly number of employees, including directors, during the year was 52 (2018 - 55).

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

5. Intangible assets

	Website development costs £
Cost	
At 1 June 2018	589,940
Additions	146,591
At 31 May 2019	<u>736,531</u>
Amortisation	
At 1 June 2018	462,906
Charge for the year	103,698
At 31 May 2019	<u>566,604</u>
Net book value	
At 31 May 2019	<u><u>169,927</u></u>
At 31 May 2018	<u><u>127,034</u></u>

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

6. Tangible fixed assets

	Leasehold property improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 June 2018	1,481,698	253,458	1,735,156
Additions	3,815	23,740	27,555
At 31 May 2019	1,485,513	277,198	1,762,711
Depreciation			
At 1 June 2018	1,187,670	247,271	1,434,941
Charge for the year on owned assets	125,594	10,339	135,933
At 31 May 2019	1,313,264	257,610	1,570,874
Net book value			
At 31 May 2019	172,249	19,588	191,837
At 31 May 2018	294,028	6,187	300,215

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

7. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	194,242	180,142
	<u>194,242</u>	<u>180,142</u>
Due within one year		
Trade debtors	373,326	478,961
Other debtors	74,912	151,408
Prepayments and accrued income	497,239	525,202
	<u>1,139,719</u>	<u>1,335,713</u>

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>338,845</u>	<u>25,181</u>

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	914,011	780,123
Amounts owed to group undertakings	-	66,420
Other taxation and social security	156,847	50,966
Other creditors	279,655	139,731
Accruals and deferred income	110,887	72,262
	<u>1,461,400</u>	<u>1,109,502</u>

Other creditors include accrued pensions of £5,245 (2018: £3,412).

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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

	2019 £	2018 £
Amounts owed to group undertakings	6,063,355	5,844,227
Accruals and deferred income	69,845	114,178
	<u>6,133,200</u>	<u>5,958,405</u>

Amounts owed to group undertakings represent amounts owed to the parent company, McFI Holdings Limited. The amounts are non-interest bearing and are due for repayment on or after 1 June 2020.

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.

11. Provisions

	Onerous lease £	Returns provision £	Total £
At 1 June 2018	150,000	18,053	168,053
Released to profit or loss	(31,130)	-	(31,130)
At 31 May 2019	<u>118,870</u>	<u>18,053</u>	<u>136,923</u>

12. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
501,000 (2018 - 501,000) Ordinary shares of £0.01 each	<u>5,010</u>	<u>5,010</u>

13. Contingent liabilities

The company has entered into a cross guarantee and indemnity arrangement in relation to loan notes taken out by the parent company. The indebtedness under the loan notes amounted to £1.83m as at 31 May 2019 (31 May 2018: £1.67m).

OLIVER SWEENEY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

14. Commitments under operating leases

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

	2019 £	2018 £
Not later than 1 year	525,331	610,090
Later than 1 year and not later than 5 years	1,158,694	1,336,070
Later than 5 years	248,162	491,667
	<u>1,932,187</u>	<u>2,437,827</u>

15. 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.

16. Parent company

The smallest group for which consolidated financial statements are drawn up is headed by McFL Holdings Limited whose registered office is Block B Imperial Works, Perren Street, London, NW5 3ED. Group financial statements are prepared and are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

17. 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.