Antler Limited

Annual report and financial statements for the year ended 31 December 2016

Registered number: 07111190

Antler Limited

Contents

Antler Limited

Officers and Professional Advisors

Directors

The directors, who served throughout the year except as noted, were as follows:

R J Apollo	(appointed 16 January 2017, resigned 25 July 2017)
B C Shah	(appointed 12 January 2017, resigned 10 August 2017)
SP Adcock	(appointed 6 April 2016, resigned 25 July 2017)
D P Sharman	
K Holdt	(resigned 10 January 2017)
K Pacey	(resigned 4 January 2017)
S J Case	(resigned 30 June 2016)
G Gould	(resigned 6 April 2016)

Solicitors

DLA Piper UK LLP
1 St. Peter's Square
Manchester
M2 3DE
United Kingdom

Howard Kennedy LLP
No. 1 London Bridge
London
SE1 9BG
United Kingdom

Carpmaels & Ransford LLP
One Southampton Row
London
WC1B 5HA
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Antler Limited

Strategic report

Principal Activities

The Group's principal activities are the design, manufacture and distribution of luggage and travel goods under the Antler and Revelation brand names. These products are sold globally to specialist and multiple high street retailers (wholesale) and also through the Group's own retail operations and website.

Business Review

Following on from the progress made in strengthening customer relationships in the previous year, UK wholesale sales grew well in 2016, supported by web and retail growth in a very promotional marketplace. Our International business saw an improvement in trading conditions in the second half of year, however the weaker start to 2016 in this channel resulted in overall Group revenues broadly flat on the prior year. Gross margin rates were below 2015 reflecting the competitive landscape in the UK in 2016.

In addition to annualising the costs of new retail store openings in 2015, the group continued to invest during 2016 in developing its website, which is considered a key channel for UK and international sales growth. As a result of the above factors, Group earnings before interest, tax, depreciation and amortisation ('EBITDA'), prior to exceptional costs was a loss of £4.0m in 2016 compared to a loss of £0.5m in 2015 (see reconciliation in note 20).

The worldwide market for luggage continues to grow and despite the difficult trading in recent times, Antler remains a well-known and respected global brand with a loyal customer base. The international market offers an increasingly attractive opportunity and represents an exciting channel for future sales growth. The Group plans to continue to grow internationally and expand its existing distribution footprint.

Key Performance Indicators

In evaluating the performance of the Group in generating value to its stakeholders in the period, the directors consider growth year on year in Revenue, Gross Profit, EBITDA and Cash Flow to be key performance indicators.

Future Outlook

The directors anticipate revenue to grow in the future as a result of new product launches, new store openings, e-commerce growth and acceleration of the international business, following the launch in the USA. While the economic environment remains challenging and there is clearly an exposure to foreign exchange movements driven by uncertainty over Brexit, the directors anticipate benefits to accrue in gross margins and reflecting the operational improvements implemented in 2016.

Principal Risks and Uncertainties

The Directors of the Company manage the risks of the business at a Group level. The Group's operations expose it to competitor risk, as well as a variety of financial risks that include the effect of changes in foreign exchange rates and customer credit risk. The Group has internal controls and procedures that seek to limit the effects of these risks on its financial performance. Further information on financial risks is contained in the Directors' report.

Antler Limited

Strategic report

Change of Ownership

On 25th July 2017 the share capital of the Company was acquired by Antler (Holdings) Limited, a Company controlled by Endless Fund IV (A) LP and Endless Fund IV (B) LP which are entities managed by Endless LLP. Following the acquisition, all shareholder loan notes, revolving credit and cash flow bank facilities were settled. The Company's asset-based lending facilities were transferred accordingly under the existing terms.

Signed on behalf of the Board

David Sharman
Director
13 April 2018

Northdown House
11-21 Northdown Street
London
N1 9BN

Antler Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2016.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 4 to 5.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

The directors of the group continually monitor the principal risks and uncertainties surrounding the business and consider the following risks to be the most important to the future of the business.

Competitors

Competitive pressure in the UK is a continuing risk for the Group. The Group manages this risk by ongoing investment in product innovation, continually striving to improve customer service and relationships. Additional international focus also helps the business to reduce the exposure to the economic conditions in the UK.

Credit Risk

Credit risk is the risk of financial loss to the Group through default by customers or financial institutions. The Group has no material concentration of credit risk geographically or with any single customer. Sales to retail and website customers are made in cash or by credit and debit cards; wholesale sales of products are made to customers with an appropriate credit history and larger overseas are credit insured. Cash transactions are limited to high credit quality financial institutions. The maximum exposure to credit risk at the balance sheet date was as follows: trade receivables £3.0m (2015: £4.2m), other receivables £0.6m (2015: £1.1m), cash at bank and in hand £0.6m (2015: £0.6m).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due over the course of the Group's annual working capital cycle. The Group's primary sources of liquidity are its cash flows from operating activities and available lines of credit. Following the securing of £10,600,000 of a new facility in February 2017, as detailed in note 16 to the financial statements (and following the Company's acquisition in July 2017, superceded by facilities provided by entities managed by Endless LLP), the Group is confident that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet its operating and capital requirements for at least the next twelve months.

Foreign Exchange Risk

The bulk of the Group's product purchases are made in US Dollars whereas a significant proportion of its sales are made in Sterling. The Group is therefore subject to potential foreign exchange risk resulting from movements in the US Dollar / Sterling exchange rate. However, the Group benefits from a partial hedge by virtue of its significant sales denominated in US Dollars. The Company continually monitors the net residual foreign exchange risk and mitigates this primarily through the use of forward exchange contracts, however there were no contracts held at the year end.

Antler Limited

Directors' report

Dividends

No dividend can be paid (2015: £nil). The loss of £7,400,000 (2015: loss of £4,029,000) has been withdrawn from reserves.

Directors

The directors who served throughout the year and up to the date of this report, except as noted, were as follows:

R J Apollo	(appointed 16 January 2017, resigned 25 July 2017)
B C Shah	(appointed 12 January 2017, resigned 10 August 2017)
SP Adcock	(appointed 6 April 2016, resigned 25 July 2017)
D P Sharman	
K Holdt	(resigned 10 January 2017)
K Pacey	(resigned 4 January 2017)
S J Case	(resigned 30 June 2016)
G Gould	(resigned 6 April 2016)

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Charitable contributions

Charitable donations to Help for Heroes amounting to £27,329 (2015: £5,400) were made during the year.

Disabled employees

The Group has an established policy of encouraging the employment of disabled persons wherever this is practical. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. The Group endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

Share capital

During the year the Company issued 659,215,112 (2015: nil) Ordinary Shares for consideration of £575 in cash and £6.6m loan note waiver.

Antler Limited

Directors' report

Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

David Sharman

Director

13 April 2018

Northdown House
11-21 Northdown Street
London, N1 9BN

Antler Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

We have audited the financial statements of Antler Limited for the year ended 31 December 2016, which comprise Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2016 and of the Group's loss 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.

Independent auditor's report to the members of Antler Limited

Opinion on other matter 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.

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 any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

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

William Smith

William Smith MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
13 April 2018

Antler Limited

Consolidated Profit and Loss Account
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	3	29,983	29,956
Cost of sales and overheads		(34,478)	(30,865)
Amortisation of goodwill		(747)	(797)
Amortisation of trademarks		(4)	(6)
Operating loss prior to exceptional costs		(5,246)	(1,712)
Exceptional costs	4	(438)	(502)
Operating loss	4	(5,684)	(2,214)
Interest payable and similar charges	5	(1,678)	(1,815)
Loss on ordinary activities before taxation	6	(7,362)	(4,029)
Tax on profit on ordinary activities	9	-	-
Loss for the financial year attributable to equity shareholders of the group	10	(7,362)	(4,029)

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2016

	2016 £000	2015 £000
Loss for the financial year	(7,362)	(4,029)
Currency translation difference on foreign currency net investments	(320)	(47)
Total comprehensive expense attributable to equity shareholders of the group	(7,682)	(4,076)

Antler Limited

Consolidated Balance Sheet
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	11	568	591
Intangible assets	12	3,468	3,856
Investments	12	-	-
		4,036	4,447
Current assets			
Stocks	13	4,234	5,011
Debtors	14	3,672	5,527
Cash at bank and in hand		667	615
		8,573	11,153
Creditors: Amounts falling due within one year	15	(17,977)	(7,969)
Net current (liabilities) / assets		(9,404)	3,184
Total assets less current liabilities		(5,368)	7,631
Creditors: Amounts falling due after more than one year	16	(14,990)	(26,898)
Net liabilities		(20,358)	(19,267)
Capital and reserves			
Called-up share capital	19	81	81
Share premium account	19	6,751	160
Capital redemption reserve	19	14	14
Profit and loss account	19	(27,204)	(19,522)
Total shareholders' deficit		(20,358)	(19,267)

The loss for the financial year dealt with in the financial statements of the parent company was £7,201,000 (2015: £3,986,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

The financial statements of Antler Limited, company number 07111190, were approved by the board of directors and authorised for issue on 13 April 2018.

They were signed on its behalf by:

David Sharman Director

Antler Limited

Company Balance Sheet
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	11	567	591
Intangible assets	12	3,399	3,766
Investments	12	-	-
		3,966	4,357
Current assets			
Stocks	13	3,839	5,011
Debtors	14	5,862	7,083
Cash at bank and in hand		663	615
		10,364	12,709
Creditors: Amounts falling due within one year	15	(17,745)	(7,963)
Net current (liabilities) / assets		(7,381)	4,746
Total assets less current liabilities		(3,415)	9,103
Creditors: Amounts falling due after more than one year	16	(14,990)	(26,898)
Net liabilities		(18,405)	(17,795)
Capital and reserves			
Called-up share capital	19	81	81
Share premium account	19	6,751	160
Capital redemption reserve	19	14	14
Profit and loss account	19	(25,251)	(18,050)
Total shareholders' deficit		(18,405)	(17,795)

The financial statements of Antler Limited (registered number 07111190) were approved by the board of directors and authorised for issue on 13 April 2018. They were signed on its behalf by:

David Sharman

Director

Antler Limited

Statement of Changes in Equity
For the year ending 31 December 2016

Consolidated

	Equity attributable to equity shareholders				
	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 January 2016	81	160	14	(19,522)	(19,267)
Loss for the financial year	-	-	-	(7,362)	(7,362)
Currency translation difference on foreign currency net investments	-	-	-	(320)	(320)
Total Comprehensive Expense	-	-	-	(7,682)	(7,682)
Issue of share capital	-	6,591	-	-	6,591
At 31 December 2016	81	6,751	14	(27,204)	(20,358)

Company

	Equity attributable to equity shareholders				
	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 January 2016	81	160	14	(18,050)	(17,795)
Loss for the financial year	-	-	-	(7,201)	(7,201)
Total Comprehensive Expense	-	-	-	(7,201)	(7,201)
Issue of share capital	-	6,591	-	-	6,591
At 31 December 2016	81	6,751	14	(25,251)	(18,405)

Antler Limited

Statement of Changes in Equity
For the year ending 31 December 2015

Consolidated

	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
	Equity attributable to equity shareholders				
At 1 January 2015	81	160	14	(15,446)	(15,191)
Loss for the financial year	-	-	-	(4,029)	(4,029)
Currency translation difference on foreign currency net investments	-	-	-	(47)	(47)
Total Comprehensive Expense	-	-	-	(4,076)	(4,076)
At 31 December 2015	81	160	14	(19,522)	(19,267)

Company

	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
	Equity attributable to equity shareholders				
At 1 January 2015	81	160	14	(14,064)	(13,810)
Loss for the financial year	-	-	-	(3,986)	(3,986)
Total Comprehensive Expense	-	-	-	(3,986)	(3,986)
At 31 December 2015	81	160	14	(18,050)	(17,795)

Antler Limited

Consolidated cash flow statement

For the year ended 31 December 2016

	Note	2016 £000	2015 £000
Net cash flows from operating activities	20	(110)	(4,528)
Cash flows from investing activities			
Purchase of equipment		(839)	(655)
Cash flows from financing activities			
Repayments of borrowings and servicing of finance		(270)	(178)
New bank loans raised		1,589	5,518
Net cash flows from financing activities		1,319	5,340
Net increase in cash and cash equivalents		370	157
Cash and cash equivalents at beginning of year		615	502
Effect of foreign exchange rate changes		(320)	(44)
Cash and cash equivalents at end of year		665	615

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Antler Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 3. The nature of the group's operations and its principal activities are set out in the strategic report on pages 4 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Antler Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Antler Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group replaced its previous revolving credit facility in February 2017 with an asset-based loan facility of £10,600,000, including a cash flow facility of £4,850,000 repayable by 31 December 2019. The Group also has unsecured loan notes outstanding which are repayable in May 2020 as at the balance sheet date. Further details on this facility are contained in note 16.On 25th July 2017 the share capital of the Company was acquired by Antler (Holdings) Limited, a Company controlled by Endless Fund IV (A) LP and Endless Fund IV (B) LP which are entities managed by Endless LLP. Following the acquisition, all shareholder loan notes, revolving credit and cash flow bank facilities were settled. The Company's asset-based lending facilities were transferred accordingly under the existing terms.

Also following this transaction, entities managed by Endless have continued to provide facilities to support the working capital requirements of the Company.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the risks detailed in the strategic report, show that the Group is expected to continue to operate within the level of its current facilities for a period of at least 12 months from the date of approval of the financial statements.

The Group will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

Going concern (continued)

The directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Intangible assets – research and development

Research and development expenditure costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Development costs are capitalised only to the extent that the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period the Group is expected to benefit. Provision is made for any impairment. These costs are amortised on a straight-line basis over a useful life of three years.

Intangible assets – patents and trademarks

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over their specific registration period. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life, as follows:

Plant and equipment	3-10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Derivative financial instruments

The Group is exposed to currency risk on purchases and trade receivables that are denominated in a currency other than the respective functional currencies of the company or its subsidiary.

The bulk of the Group's product purchases are made in US Dollars whereas a significant proportion of its sales are made in Sterling. The Group is therefore subject to potential foreign exchange risk resulting from movements in the US Dollar / Sterling exchange rate. However, the Group benefits from a partial hedge by virtue of its significant sales denominated in US Dollars. The Company continually monitors the net residual foreign exchange risk and mitigates this primarily through the use of forward exchange contracts, however there were no contracts held at the year end.

As at 31 December 2016, and 31 December 2015, the fair value of open forward exchange contracts was immaterial.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of production overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Cost is calculated using the average cost method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes to the financial statements

For the year ended 31 December 2016

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Pension costs

The Group operates a defined contribution pension scheme for its employees. Such contributions are held in trustee administered funds completely independent of the Group's finances.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover is stated net of VAT and trade discounts, and is recognised when the goods are physically delivered to the customer.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a 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 Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments (continued)

(i) Financial assets and liabilities (continued)

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less any impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Loan notes

Loan notes are classified separately as financial liabilities in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value.

Issue costs are recognised over the term of the debt using the effective interest method.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the key sources of estimation uncertainty that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

There are no critical judgements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £2,615,000 (2015: £3,485,000).

Notes to the financial statements
For the year ended 31 December 2016

3. Turnover

An analysis of the Group's turnover by geographical market is set out below.

	2016	2015
Turnover:	**£000**	**£000**
United Kingdom	23,169	21,943
Rest of Europe	183	86
United States	275	66
Rest of the World	6,356	7,861
	29,983	29,956

4. Exceptional costs

An analysis of the Group's exceptional costs charged to the profit and loss account are set out below:

	2016	2015
	£000	**£000**
Staff and employment costs	-	250
Legal and consultancy	-	238
Brand repositioning	-	14
USA subsidiary start-up costs	291	-
Deed of variation fees	147	-
Charge to profit and loss account	438	502

The effects of the exceptional items reported after operating profit on the amounts charged to the profit and loss account for taxation was an increase of £195,000 (2015: £100,000) on the tax losses carried forward.

5. Finance costs (net)

	2016	2015
	£000	**£000**
Interest payable and similar charges	270	178
Interest payable on Loan Notes	1,357	1,461
Amortisation of Debt Issue Costs	51	176
	1,678	1,815

6. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2016 £000	2015 £000
Depreciation of tangible fixed assets (note 11)	404	470
Amortisation of goodwill (note 12)	747	797
Amortisation of other intangible assets (note 12)	66	6
Foreign exchange loss (gain)	320	137
Operating lease rentals	1,900	1,242
Fees payable for the audit of the Company's financial statements	30	31
Fees payable for the audit of the Company's subsidiaries	2	1
Tax compliance services	6	5

Notes to the financial statements

For the year ended 31 December 2016

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Sales, Distribution and Administration	258	244

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	4,593	4,506
Social security costs	391	389
Pension costs	85	45
	5,069	4,940

	2016 Number	2015 Number
Key management personnel	10	8

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	587	447
Social security costs	263	263
Pension costs	39	38
	889	748

Key management personnel are those senior staff members forming the Executive Leadership Team.

8. Directors' remuneration and transactions

	2016	2015
	£000	£000
Directors' remuneration		
Emoluments	415	429
	415	429

	2016	2015
	£000	£000
Remuneration of the highest paid director:		
Emoluments	247	306
	247	306

No directors (2015: nil) are members of a defined contributions scheme.

9. Tax on loss on ordinary activities

There is no tax charge on the loss for the year.

The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2016 £000	2015 £000
Group loss on ordinary activities before tax	(7,361)	(4,029)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 20%)	(1,472)	(806)
Effects of:		
Expenses not deductible for tax purposes	485	407
Depreciation in excess of capital allowances	187	220
Other short term timing differences	(9)	(1)
Adjustments in respect of foreign tax rates	(98)	(88)
Losses carried forward	907	268
	-	-

Deferred taxation assets of £64,000 (2015: £32,000) in respect of capital allowances and £3,108,000 (2015: £1,672,000) in respect of other timing differences have not been recognised because of the uncertainty surrounding the availability of suitable taxable gains in the future.

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015; and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

10. Loss attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent company was £7,201,000 (2015: £3,986,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

Notes to the financial statements

For the year ended 31 December 2016

11. Tangible fixed assets

	Group	Company
	Plant and Equipment £000	Plant and Equipment £000
Cost		
At 1 January 2016	2,295	2,193
Additions	381	380
At 31 December 2016	2,676	2,573
Depreciation		
At 1 January 2016	1,704	1,602
Charge for the year	404	404
At 31 December 2016	2,108	2,006
Net book value		
At 31 December 2016	568	567
At 31 December 2015	591	591

12. Intangible fixed assets

	Group			
	Development costs £000	Patents and trademarks £000	Goodwill £000	Total £000
Cost				
At 1 January 2016	280	123	7,966	8,369
Additions	478	70	-	548
Adjustments	-	-	(123)	(123)
At 31 December 2016	758	193	7,843	8,794
Amortisation				
At 1 January 2016	-	32	4,481	4,513
Charge for the year	63	3	747	813
At 31 December 2016	63	35	5,228	5,326
Net book value				
At 31 December 2016	695	158	2,615	3,468
At 31 December 2015	280	91	3,485	3,856

Notes to the financial statements
For the year ended 31 December 2016

12. Intangible fixed assets (continued)

	Company			
	Development costs £000	Patents and trademarks £000	Goodwill £000	Total £000
Cost				
At 1 January 2016	280	123	7,760	8,163
Additions	478	70	-	548
Adjustments	-	-	(123)	(123)
At 31 December 2016	758	193	7,637	8,588
Amortisation				
At 1 January 2016	-	32	4,365	4,397
Charge for the year	63	3	726	792
At 31 December 2016	63	35	5,091	5,189
Net book value				
At 31 December 2016	695	158	2,546	3,399
At 31 December 2015	280	91	3,395	3,766

Principal investments

The parent Company has an investment in the following subsidiary undertaking:

Subsidiary undertaking	Registered office	Principal activity	Holding*	%
Antler USA Limited	Northdown House 11-21 Northdown Street London N1 9BN	Distribution of luggage and travel goods	2 ordinary shares of $1	100%

Antler Limited owns 100% of the shares in Antler USA Limited. Antler USA Limited is incorporated in England and Wales.

The consolidated financial statements of Antler Limited include the results and financial position of Antler USA Limited.

Notes to the financial statements
For the year ended 31 December 2016

13. Stocks

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Finished goods	4,234	5,011	3,839	5,011

14. Debtors

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts falling due within one year:				
Trade debtors	3,035	4,428	2,939	4,428
Amounts owed by Group undertakings	-	-	2,288	1,556
Other debtors	38	-	38	-
Prepayments and accrued income	599	1,099	597	1,099
	3,672	5,527	5,862	7,083

15. Creditors – amounts falling due within one year

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	6,839	7,053	6,607	7,053
Other creditors	9	188	9	182
Other taxation and social security	914	107	914	107
Accruals and deferred income	2,032	621	2,032	621
Loan Facility	8,183	-	8,183	-
	17,977	7,969	17,745	7,963

The Group replaced its previous revolving credit facility in February 2017 with a new facility totalling £10,600,000. This facility comprises asset-based lending facilities (inventory and debtor facilities) totalling £5,750,000 and a cash flow facility of £4,850,000 repayable on 31 January 2019.

Following the acquisition of the share capital of the Company by Antler (Holdings) Ltd in July 2017, all shareholder loan notes, revolving credit and cash flow bank facilities were settled and the Company's asset-based lending facilities were transferred under the existing terms.

16. Creditors – amounts falling due after more than one year

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£000	**£000**	**£000**	**£000**
Loan Notes	14,990	19,268	14,990	19,268
Loan Facility	-	7,630	-	7,630
	14,990	26,898	14,990	26,898

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£000	**£000**	**£000**	**£000**
Unsecured loan stock	15,102	19,412	15,102	19,412
Loan Facility	-	7,760	-	7,760
	15,102	27,172	15,102	27,172
Less deferred issue costs	(112)	(244)	(112)	(244)
	14,990	26,928	14,990	26,928

The unsecured loan stock is repayable on 7 May 2020, or upon the disposal of the business if earlier. Interest accrued on the unsecured loan stock has been rolled up into the loan and is repayable on 7 May 2020. Interest on the unsecured loan stock is payable at a fixed rate of 8%.

Following the acquisition of the share capital of the Company by Antler (Holdings) Ltd in July 2017, all shareholder loan notes, revolving credit and cash flow bank facilities were settled and the Company's asset-based lending facilities were transferred under the existing terms.

Notes to the financial statements
For the year ended 31 December 2016

16. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows:	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Unsecured loan stock				
After five years	-	19,412	-	19,412
Between two and five years	15,102	-	15,102	-
Less deferred issue costs	(112)	(144)	(112)	(144)
	14,990	19,268	14,990	19,268
Loan Facility				
Between two and five years	-	7,760	-	7,760
Between one and two years	8,283	-	8,283	-
Less deferred issue costs	(100)	(100)	(100)	(100)
	8,183	7,660	8,183	7,660
Total Loans	23,385	27,172	23,385	27,172
Less total deferred issue costs	(212)	(244)	(212)	(244)
	23,173	26,928	23,173	26,928
Amounts due in less than one year	8,183	450	8,183	450
Amounts due after more than one year	14,990	26,478	14,990	26,478
	23,173	26,928	23,173	26,928

17. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group & Company 2016 £000	Group & Company 2015 £000
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 14)	3,672	5,527
Amounts due from associates (see note 14)	2,288	1,556
	5,960	7,083
Financial liabilities		
Measured at undiscounted amount payable		
Trade and other creditors (see note 15)	9,655	7,969
Loan Facilities (see note 16)	8,183	7,630
Loan Notes (see note 16)	14,990	19,268
	32,828	34,867

18. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Group Land and buildings £000	Company Land and buildings £000	Group Land and buildings £000	Company Land and buildings £000
Within one year	1,033	200	1,033	200
Between two and five years	3,592	645	3,592	645
After five years	900	416	900	416
	5,525	1,261	5,525	1,261

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. At 31 December 2016, the Group and Company had outstanding forward exchange contracts to buy foreign currency to the value of US$220,000 (2015: nil).

Further disclosure is not given as the impact of derivatives is not considered material to the Group.

19. Called-up share capital

	Group 2016 £000	Company 2015 £000	Group 2016 £000	Company 2015 £000
Called-up, allotted and fully paid				
27,739 (2015: 40,463) Ordinary Shares at £1 each	28	41	28	41
117,882 (2015: 40,000) A1 Ordinary Shares at 20p each	24	8	24	8
82,118 (2015: 160,000) A2 Ordinary Shares at 20p each	16	32	16	32
578,741,481 (2015: nil) B1 Ordinary Shares at 0.00001p each	-	-	-	-
80,380,760 (2015: nil) B2 Ordinary Shares at 0.0001p each	-	-	-	-
52,887 (2015: nil) C Ordinary Shares at 10p each	5	-	5	-
6,452 (2015: nil) D Ordinary Shares at 70p each	5	-	5	-
8,333 (2015: nil) E Ordinary Shares at 10p each	1	-	1	-
10,575 (2015: nil) F Ordinary Shares at 20p each	2	-	2	-
1,506 (2015: nil) G Ordinary Shares at 10p each	-	-	-	-
25,842 (2015: nil) H Ordinary Shares at 1p each	-	-	-	-
	81	81	81	81

During the year the Company issued 659,215,112 (2015: nil) Ordinary Shares for consideration of £575 in cash and £6.6m loan note waiver.

20. Notes to the cash flow statement

Reconciliation of operating profit to cash generated by operations:

	Group 2016 £000	2015 £000
Operating loss prior to exceptional costs	(5,246)	(1,712)
Depreciation and amortisation charges	499	470
Amortisation of goodwill	747	782
EBITDA* prior to exceptional costs	(4,000)	(460)
Exceptional costs	(438)	(502)
EBITDA* after exceptional costs	(4,438)	(962)
Decrease / (increase) in stock	777	(1,582)
Decrease / (increase) in debtors	1,855	(2,814)
Increase in creditors	1,696	886
Net effect of foreign exchange differences	-	(56)
Net cash outflow from operating activities	(110)	(4,528)

* *Earnings before interest, tax, depreciation and amortisation*

21. Related party transactions

The Company has taken advantage of the exemption included in FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* Section 33 "Related Party Disclosures" for wholly-owned subsidiaries not to disclose transactions with entities that are part of the Antler Limited Group of companies.

Until 25 July 2017, Lloyds Development Capital (Holdings) Limited ("LDC") was the holder of the majority of the Group's share capital and loan notes and was therefore deemed a related party. Transactions with LDC during the year and outstanding balances at year end were as follows:

- £11,800,000 (2015: £10,800,000) loan note balance at the year end;
- £2,421,000 (2015: £5,989,000) accrued interest on loan notes at the year end; and
- £23,476 (2015: £nil) paid to LDC during the year for monitoring services.

Lloyds Bank Plc are the principal bankers of Antler Limited, and are the ultimate parent undertaking of LDC, Antler Limited's parent company during the year ended 31 December 2016. Therefore, Lloyds Bank Plc are deemed to be a related party for the year ended 31 December 2016.

22. Controlling party

Until 25 July 2017, the majority of the Group's share capital was owned by LDC. No single shareholder had overall control of the Group, however, the directors of Antler Limited regarded Lloyds Bank Plc, as the ultimate parent undertaking of LDC, as the ultimate controlling party of the Group. Effective 25 July 2017, the Group's share capital was owned by Antler (Holdings) Limited, a Company controlled by Endless Fund IV (A) LP and Endless Fund IV (B) LP which are entities managed by Endless LLP. The directors of Antler Limited regard Endless LLP as the ultimate parent undertaking of Antler (Holdings) Limited, and therefore the ultimate controlling party of the Group.

Antler Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the accounts of the ultimate parent company can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.