

Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended 31 January 2020  
for  
FLYERS CNV LIMITED

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FLYERS CNV LIMITED

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for the year ended 31 January 2020

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FLYERS CNV LIMITED

Company Information  
for the year ended 31 January 2020

<b>Directors:</b>	A T Jalil M Guinchard
<b>Registered office:</b>	Unit 1 Windsor Industrial Estate 424 Ware Road Hertford Hertfordshire SG13 7EW
<b>Registered number:</b>	07364792 (England and Wales)
<b>Auditors:</b>	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE
<b>Bankers:</b>	National Westminster Bank Plc 250 Regent Street London W1B 3PB

## FLYERS CNV LIMITED

### Strategic Report for the year ended 31 January 2020

The directors present their strategic report for the year ended 31 January 2020.

#### **Introduction**

The principal activity of the company continues to be that of importers and distributors of children's clothing garments and trading with retail outlets.

#### **Review of business**

We aim to present a balanced and comprehensive review of the strategic development and performance of our business during the year and its position at the year end. Our review is consistent with the size and complex nature of our business.

The decision was made in 2017 to exit the majority of brands in the company portfolio over a 12 months to January 2018, this was completed as planned. The process of exiting brands led to accelerated sales at reduced margins in 2018 and 2019 to clear ageing stock. The accounts to 31st January 2020 reflect trading of just one brand and doesn't include sales from exited brands. The company is able to now focus on the most profitable brands and progress plans with potential new brands.

Over the next few years, we intend to increase focus outside the UK and the company continues to invest in infrastructure to support this growth.

#### **Principal risks and uncertainties**

As for many businesses of our size, the business environment in which we operate continues to be challenging. The UK and European market is highly competitive and margins will continue to come under pressure due to the volatile in the FX market following the United Kingdom's decision to leave the EU. We are of course also subject to consumer spending patterns and consumers overall disposable incomes within our economy. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control.

The COVID-19 viral pandemic was unexpected, however in response we have re-budgeted future years and re-forecasted for the year end 31.01.2021. The company has assessed its immediate and long-term cash flow requirements and has adequate assets to support and mitigate the impact of the virus. The company is working closely with its suppliers and customers to minimise the impact. Whilst a downturn is inevitable in the coming year as a result of the virus, we are strongly positioned to rebuild and proceed on the growth plan we had planned.

#### **Financial key performance indicators**

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and gross margin.

Turnover has increased by 15%. Gross profit has increased by 62% to £3,548,334 from £2,201,800. Overall, operating profit has increased to a profit of £152,708 from £73,582.

Whilst it has been a challenging year, it has promote us to take a fresh look at everything we do from the mix of our brand portfolio, the management of our cost base, our sourcing and buying methods, stock management and relationships with retailers. As a result of these endeavour, many challenges and opportunities have emerged.

**On behalf of the board:**

.....  
A T Jalil - Director

Date: 30/04/20.....

## FLYERS CNV LIMITED

### Report of the Directors for the year ended 31 January 2020

The directors present their report with the financial statements of the company for the year ended 31 January 2020.

#### **Dividends**

The profit for the year, after taxation, amounted to £5,708 (2019: £36,767)

The directors do not propose a final dividend (2019: £Nil)

#### **Events since the end of the year**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **Directors**

The directors shown below have held office during the whole of the period from 1 February 2019 to the date of this report.

A T Jalil

M Guinchard

#### **Qualifying third party indemnity provisions**

During the period and up to the date of the report, the Company maintained liability insurance and third-party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks.

The Company has taken steps to ensure that when purchasing finished goods it has limited its reliance on any one supplier by expanding the supplier base and territories.

Following the outcome of the UK referendum to leave the EU, there are a number of uncertainties that continue to exist regarding how the exit will be engineered. Therefore, the extent to which our operations and financial performance are likely to be affected in the longer term will only become clear as more details emerge. Brexit does not raise a new potential risk for us, however it does have the potential to impact a number of our existing risks at an individual level, e.g. exchange rates, changes in tariffs and duties, regulatory changes and economic uncertainty.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Credit risk attributable to trade receivables is minimized by setting credit limits based on credit ratings assigned by credit agencies.

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation through its operation and by applying cash collection targets.

#### **Cash flow risk**

Cash flow risk is the risk of exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Company's exposure to cash flow risk is limited as the Company uses invoice financing.

#### **Foreign exchange risk**

The Company tries to minimize foreign exchange risk by monitoring all its foreign currency denominated transactions and as much as possible limiting them in entering into transactions having a volatile foreign currency.

**FLYERS CNV LIMITED**

**Report of the Directors**  
**for the year ended 31 January 2020**

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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). 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;
- 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.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Haines Watts Birmingham LLP, were appointed during the year and will be deemed to be re-appointed under s487(2) of the Companies Act 2006.

**On behalf of the board**

.....  
A T Jalil - Director

Date: 30/04/20.....

Report of the Independent Auditors to the Members of  
Flyers CNV Limited

**Opinion**

We have audited the financial statements of Flyers CNV Limited (the 'company') for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**The impact of uncertainties on our audit owing to COVID-19**

The directors' view on the impact of COVID-19 is disclosed in the Strategic Report on page 2, in the Accounting Policies on page 10, and in the Post Balance Sheet Events note on page 16.

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as recoverability and valuation of assets, appropriateness of the going concern basis of preparation of the financial statements and associated disclosures. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID-19 viral pandemic is one of the most significant economic events for the UK, and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We have applied a standardised approach in response to that uncertainty when considering the Directors' assessment of the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to the COVID-19 pandemic.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors to the Members of  
Flyers CNV Limited

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

  
Kevin Hodgetts (Senior Statutory Auditor)  
for and on behalf of Haines Watts Birmingham LLP  
5-6 Greenfield Crescent  
Edgbaston  
Birmingham  
B15 3BE

Date: 30/4/2020



FLYERS CNV LIMITED

Statement of Comprehensive Income  
for the year ended 31 January 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	3	<b>12,719,464</b>	11,013,050
Cost of sales		<u>(9,171,130)</u>	<u>(8,811,250)</u>
<b>Gross profit</b>		<b>3,548,334</b>	2,201,800
Distribution costs		<u>(257,213)</u>	<u>(323,916)</u>
Administrative expenses		<u>(3,138,413)</u>	<u>(1,804,302)</u>
<b>Operating profit</b>	5	<b>152,708</b>	73,582
Interest payable and similar expenses	6	<u>(147,466)</u>	<u>(31,977)</u>
<b>Profit before taxation</b>		<b>5,242</b>	41,605
Tax on profit	7	<u>466</u>	<u>(4,838)</u>
<b>Profit for the financial year</b>		<b>5,708</b>	36,767
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><b>5,708</b></u>	<u><b>36,767</b></u>

The notes form part of these financial statements

FLYERS CNV LIMITED (REGISTERED NUMBER: 07364792)

Balance Sheet  
31 January 2020

	Notes	£	2020 £	2019 £
<b>Fixed assets</b>				
Tangible assets	8		-	7,052
Investments	9		<u>20,761</u>	<u>20,761</u>
			<b>20,761</b>	<b>27,813</b>
<b>Current assets</b>				
Stocks	10	2,977,835	2,955,556	
Debtors	11	3,386,395	2,040,291	
Cash at bank		<u>570,821</u>	<u>995,783</u>	
		<b>6,935,051</b>	<b>5,991,630</b>	
<b>Creditors</b>				
Amounts falling due within one year	12	<u>6,334,205</u>	<u>3,402,415</u>	
<b>Net current assets</b>			<b>600,846</b>	<b>2,589,215</b>
<b>Total assets less current liabilities</b>			<b>621,607</b>	<b>2,617,028</b>
<b>Creditors</b>				
Amounts falling due after more than one year	13		-	(2,000,000)
<b>Provisions for liabilities</b>	14		-	(1,129)
<b>Net assets</b>			<b>621,607</b>	<b>615,899</b>
<b>Capital and reserves</b>				
Called up share capital	15		1	1
Retained earnings	16		<u>621,606</u>	<u>615,898</u>
<b>Shareholders' funds</b>			<b>621,607</b>	<b>615,899</b>

The financial statements were approved by the Board of Directors and authorised for issue on 30/04/20 and were signed on its behalf by:

A T Jalil - Director

The notes form part of these financial statements

**FLYERS CNV LIMITED**

**Statement of Changes in Equity**  
**for the year ended 31 January 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 February 2018</b>	1	579,131	579,132
<b>Changes in equity</b>			
Total comprehensive income	-	36,767	36,767
<b>Balance at 31 January 2019</b>	1	615,898	615,899
<b>Changes in equity</b>			
Total comprehensive income	-	5,708	5,708
<b>Balance at 31 January 2020</b>	1	621,606	621,607

The notes form part of these financial statements

## FLYERS CNV LIMITED

### Notes to the Financial Statements for the year ended 31 January 2020

#### 1. **Statutory information**

Flyers CNV Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 2. **Accounting policies**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

##### **Going concern**

The directors have prepared the financial statements on a going concern basis for a period of not less than 12 months from the date of signature. The company is trading profitably, and in light of future projections and positive net assets of £621,607 at the reporting date, the directors therefore consider the going concern basis to be appropriate.

##### The impact of COVID-19

In response to the COVID-19 viral pandemic, the directors have further considered their cash flow projections to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, and given the measures that could be undertaken to mitigate the current adverse conditions, together with the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the financial statements.

##### **Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Brand Machine Limited as at 31 January 2020 and these financial statements are publicly available from Unit 1 Windsor Industrial Estate, 424 Ware Road, Hertford, Hertfordshire, SG13 7EW.

##### **Preparation of consolidated financial statements**

The financial statements contain information about Flyers CNV Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, The Brand Machine Limited, Unit 1 Windsor Industrial Estate, 424 Ware Road, Hertford, Hertfordshire, SG13 7EW.

##### **Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. Items in the financial statements where these judgements and estimates have been made include the carrying value of stocks (and provisions for slow-moving and obsolete items), provisions against potentially irrecoverable debtors and provision for credit notes and the useful lives and recoverability of tangible and intangible fixed assets. There are also judgements in respect of tax and deferred tax balances.

**Notes to the Financial Statements - continued**  
**for the year ended 31 January 2020**

## Turnover

### Tangible fixed assets

Depreciation is provided on the following basis:

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 Statement of Comprehensive Income.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost less provision for impairment.

## Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete stock and slow moving stocks. Cost includes all direct costs.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the Statement of Comprehensive income.

## Debtors

Short term debtors are measured at transaction price, less any impairment.

### Cash and cash equivalents

Cash is represented by cash on 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.

## Financial instruments

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

## Creditors

Short term creditors are measured at the transaction price.

## Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## FLYERS CNV LIMITED

### Notes to the Financial Statements - continued for the year ended 31 January 2020

#### 2. **Accounting policies - continued**

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Foreign currencies**

##### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

##### **Transactions and balances**

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

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

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

##### **Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

#### 3. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	10,888,848	8,595,419
Europe	1,760,310	2,391,106
Rest of the World	70,306	26,525
	<u>12,719,464</u>	<u>11,013,050</u>

#### 4. **Employees and directors**

The company has no employees other than directors, who did not receive any remuneration (2019: £nil.)

	2020	2019
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

**FLYERS CNV LIMITED**

**Notes to the Financial Statements - continued**  
**for the year ended 31 January 2020**

**5. Operating profit**

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	7,052	-
Foreign exchange differences	87,076	57,066
	<u>87,076</u>	<u>57,066</u>

**Auditors' remuneration**

The fees payable to the company's auditors for the audit of the company's annual accounts are borne by Flyers Group plc.

**Creditor Remuneration Trust contributions**

The company made a contribution in the accounting period to a Creditor Remuneration Trust (The GC Wealth RT Limited Remuneration Trust) in the amount of £1,800,000 (2019: £350,000). The terms of the Trust are set out in a Trust Deed executed by the company and the original trustees.

**6. Interest payable and similar expenses**

	2020	2019
	£	£
Other interest - on factored debts	147,466	31,977
	<u>147,466</u>	<u>31,977</u>

**7. Taxation**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	2,336	3,189
Under provision in prior year	(1,673)	-
Total current tax	663	3,189
Deferred tax	(1,129)	1,649
Tax on profit	<u>(466)</u>	<u>4,838</u>

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	5,242	41,605
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	996	7,905
Effects of:		
Depreciation in excess of capital allowances	1,340	-
Adjustments to tax charge in respect of previous periods	(1,673)	-
Deferred tax	(1,129)	(542)
Other differences leading to an increase/(decrease) in the tax charge	-	(2,525)
Total tax (credit)/charge	<u>(466)</u>	<u>4,838</u>

**FLYERS CNV LIMITED**

Notes to the Financial Statements - continued  
for the year ended 31 January 2020

**8. Tangible fixed assets**

	Fixtures and fittings £
<b>Cost</b>	
At 1 February 2019 and 31 January 2020	42,780
<b>Depreciation</b>	
At 1 February 2019	35,728
Charge for year	7,052
At 31 January 2020	42,780
<b>Net book value</b>	
At 31 January 2020	-
At 31 January 2019	7,052

**9. Fixed asset investments**

	Shares in group undertakings £
<b>Cost</b>	
At 1 February 2019 and 31 January 2020	20,761
<b>Net book value</b>	
At 31 January 2020	20,761
At 31 January 2019	20,761

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Flyers CNV GmbH**

Registered office: District Court, Dusseldorf, HRB 71811

Nature of business: Wholesale and dist. of children's garments

	%		
Class of shares:	holding	2020	2019
Ordinary	100.00	£	£
Aggregate capital and reserves		(237,576)	(278,183)
Profit/(loss) for the year		55,163	(6,272)

**10. Stocks**

	2020	2019
	£	£
Finished goods	2,977,835	2,955,556

An impairment loss of £695,014 (2019: £90,138) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.



**FLYERS CNV LIMITED**

**Notes to the Financial Statements - continued**  
**for the year ended 31 January 2020**

**11. Debtors: amounts falling due within one year**

	2020	2019
	£	£
Trade debtors	2,894,844	1,651,806
Amounts owed by group undertakings	489,589	288,774
VAT	-	99,711
Prepayments and accrued income	1,962	-
	<u>3,386,395</u>	<u>2,040,291</u>

An impairment loss of £1,476 (2019: £26,301) was recognised in administrative expenses against debtors during the year due to probable uncollectibility of the accounts.

**12. Creditors: amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	2,805,291	946,473
Amounts owed to group undertakings	-	189,831
Tax	2,336	3,188
VAT	8,742	-
Other creditors	975,442	592,383
Directors' loan accounts	1,859,893	1,192,725
Accruals and deferred income	682,501	477,815
	<u>6,334,205</u>	<u>3,402,415</u>

Other creditors includes £975,442 (2019: £600,619) in respect of an invoice financing facility.

Invoice financing facilities are secured by way of fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

**13. Creditors: amounts falling due after more than one year**

	2020	2019
	£	£
Directors' loan accounts	-	2,000,000
	<u>-</u>	<u>2,000,000</u>

The director's loan account is an interest free loan repayable upon demand of the director except for £nil (2019: £2,000,000) for which payment is deferred for more than 1 year.

**14. Provisions for liabilities**

	2020	2019
	£	£
Deferred tax	-	1,129
	<u>-</u>	<u>1,129</u>
	<b>Deferred tax</b>	
	£	
Balance at 1 February 2019		1,129
Provided during year		<u>(1,129)</u>
Balance at 31 January 2020		<u>-</u>

**FLYERS CNV LIMITED**

**Notes to the Financial Statements - continued**  
**for the year ended 31 January 2020**

**15. Called up share capital**

<b>Allotted, issued and fully paid:</b>		<b>Nominal value:</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Number:</b>	<b>Class:</b>			
1	Ordinary shares	£1	<u>1</u>	<u>1</u>

**16. Reserves**

	<b>Retained earnings £</b>
At 1 February 2019	<b>615,898</b>
Profit for the year	<b>5,708</b>
At 31 January 2020	<b>621,606</b>

**17. Related party disclosures**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

At 31 January 2020 the company owed £1,859,893 (2019: £3,192,725) to A Jalil, following a loan in the year from A Jalil of £1,800,000 (2019: £350,000).

FG Management Limited, a company controlled by A Jalil, acted on behalf of the trustees of The GC Wealth RT Limited Remuneration Trust during the period (see note 5).

**18. Post balance sheet events**

The COVID-19 viral pandemic was officially announced as present in the UK during January 2020. Under UK GAAP, the consequences of a condition present at the balance sheet date are considered to be an adjusting post balance sheet event and therefore potentially have implications for the year end balance sheet.

Having reviewed the trading conditions in the post balance sheet period, and in particular having considered the Balance Sheet carrying values of fixed assets, inventories and the recoverability of trade and other receivables, the directors are satisfied there are currently no indications of any material impairment.

The directors' assessment of the impact of COVID-19 on the future development and performance of the business, and on the going concern assumption for preparation of the financial statements, is detailed in the Strategic Report and in the Accounting Policies.

**19. Ultimate controlling party**

The immediate parent undertaking, and the smallest and largest group of which the company is a member, is The Brand Machine Limited. Copies of the financial statements of the immediate parent undertaking can be obtained from The Brand Machine Limited, Unit 1 Windsor Industrial Estate, 424 Ware Road, Hertford, Hertfordshire, SG13 7EW.

The ultimate controlling party is A Jalil.