

Company Registration No. 07398652 (England and Wales)

VIEWTONE TRADING GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
2 AUGUST 2020



VIEWTONE TRADING GROUP LIMITED

COMPANY INFORMATION

Directors	Mr D R Williams Mr B P I Williams
Company number	07398652
Registered office	Poundland Csc Midland Road Walsall WS1 3TX
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Bankers	Barclays PLC PO Box 3333 One Snowhill Snow Hill Queensway Birmingham B3 2WN

VIEWTONE TRADING GROUP LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 2 AUGUST 2020

The directors present the strategic report for the period ended 2 August 2020.

Fair review of the business

The principal activity of the group during the year was that of the sale of food on a retail basis.

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

We took the decision to extend our financial year from year end January 2020 to year end July 2020 as the outbreak of the Covid-19 pandemic required all efforts to be concentrated on providing a key service to the local communities that we serve.

The period saw continued difficult trading conditions with aggressive competitor activity and deflationary pressure in the market. We continue to rationalise our store estate. This resulted in sales of £78.2m in the 78 weeks to July 2020 compared to £53.4m for the 52 weeks to January 2019.

Both the reduction in sales as well as the significant inflationary cost pressures including the impact of the national living wage has seen operating profit reduce to £0.06m for the 78 weeks to July 2020 (52 weeks to Jan 19 - £0.4m) with EBITDA down £0.1m at £1.4m for the period (52 weeks to Jan 19 - £1.5m).

Within the period we began a trial concept of supplying frozen and chilled products into Poundland. After a successful trial of 5 stores in late 2019, this was extended into a supply agreement meaning that we were supplying 51 stores by the end of the period.

The balance sheet has net assets of £2.9m (52 weeks to Jan 19 - £3.2m). Fixed assets reduced to £3.2m (52 weeks to Jan 19 - £4.2m). Working capital was carefully controlled with stocks reducing £0.3m to £4.0m.

The average number of stores for the year was 92 (2019 – 101) with 85 stores at the year end.

Environmental impact is fully considered throughout the company's activities. In particular there is an ongoing assessment and continued efforts to minimise waste and maximise the recycling of materials wherever possible.

Principal risks and uncertainties

The group operates within the UK retail sector. The primary risk therefore relates to competition and the extent to which competitor actions creates both opportunities and challenges for the group.

From a financial perspective, the group is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The group manages these risks by financing its operations through retained profits, supplemented by bank borrowings and asset financing where necessary to fund expansion or capital expenditure programmes.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the group's exposure to fluctuating interest rates, to match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the group's trading activities and to monitor compliance with any relevant covenants set out in financing documents.

Covid-19 Pandemic

The Coronavirus pandemic began to impact the business within the financial year. The ongoing social impact of the pandemic, particularly social distancing restrictions, may impact consumer demand, supply chains and staff working patterns for a significant period of time. As a food retailer we are considered an essential within the UK Government guidelines. The Group introduced social distancing measures within all areas of work in line with UK Government guidelines and keep all such measures under constant review.

VIEWTONE TRADING GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

Key performance indicators

We consider the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being, turnover, operating profit and EBITDA. Relevant commentary on these key performance indicators is provided in the fair review of the business above.

On behalf of the board



Mr D R Williams

Director 29 March 2021

VIEWTONE TRADING GROUP LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 2 AUGUST 2020

The directors present their annual report and financial statements for the period ended 2 August 2020.

The financial statements are drawn up for the 78 weeks to 2 August 2020 ("the financial period"). Comparative figures are for the 52 weeks to 3 February 2019. Therefore the previous period of account is not directly comparable.

Principal activities

The principal activity of the group during the period was that of the sale of food on a retail basis.

The principal activity of the company during the period was that of an investment holding company.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr C Stassen	(Resigned 31 January 2020)
Mrs K M Rees	(Resigned 8 October 2020)
Mr K Gunter	(Resigned 8 October 2020)
Mr D R Williams	(Appointed 8 October 2020)
Mr B P I Williams	(Appointed 8 October 2020)

Results and dividends

The results for the period are set out on page 9.

Ordinary dividends were paid amounting to £169,000 (Year ended 3 February 2019 - £253,000). The directors do not recommend payment of a further dividend (Year ended 3 February 2019- £nil).

Third party indemnity provision for directors

Qualifying third party indemnity provisions are in place for the benefit of all the directors of the company.

Disabled persons

The group gives full and fair consideration to applications for employment from disabled persons where the requirement of the job may be adequately covered by a handicapped or disabled person.

With regards to existing employees who became disabled, the group has continued to examine ways of providing continuing employment under normal terms and conditions and to provide training, career development and promotion where appropriate.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

VIEWTONE TRADING GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

Future developments and post balance sheet events

As for many groups our size, the business environment in which we operate continues to be challenging. The market place remains competitive and is subject to changing consumer spending patterns and levels of disposable income.

We continue to remain flexible with trading strategies implemented to stimulate turnover, as well as constantly identifying areas where cost increases can be mitigated to improve profitability.

Since the balance sheet date we have continued to supply an increasing number of Poundland stores. This increase in trade between the 2 businesses culminated in a full acquisition of the Group by Poundland Limited in October 2020. Strategies are now being explored to supply further Poundland stores as well as identifying any other synergies that can be achieved.

This acquisition was in the best interests of the Group, its employees and wider stakeholders.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the group has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report. It has done so in relation to financial risk management objectives including price risk, credit risk, liquidity risk and cash flow risk.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

VIEWTONE TRADING GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

Section 172 Statement

The Directors are committed to considering the interests of stakeholders during their decision making process.

The key stakeholders of the business are customers, staff and suppliers and the Board recognises that these groups are integral to achieving its objectives.

Customers are a key stakeholder and the focus of the Directors aim to provide quality everyday food at competitive prices. The Directors review store by store performance which provides a proxy for customer satisfaction on a daily, weekly and monthly basis through a variety of reporting measures. Furthermore, the Group engages with customers on the receipt of feedback be that via email, letter, telephone or social media. A major new customer stakeholder relationship arises from the developing supply agreement with Poundland. Regular meetings are held with key members of senior management at Poundland to ensure that the Group is acting in the best interest of both businesses and ensuring the success of the supply agreement.

The Directors recognise that the business could not operate without the hard work and dedication of our staff, this has been emphasised throughout the Covid pandemic as our staff have risen to the challenge of providing an essential service whilst also implementing many new working practices to adhere to UK Government guidelines. We communicate directly with our staff each day through our internal bulletins and keep staff engaged with changes in the business and we encourage staff feedback to help the business improve. We positively encourage internal promotion which helps the business benefit from vast and varied experience in different roles.

Under the Directors oversight, the buying team work hard to maintain the strong relationships forged over many years with our suppliers as well as developing new supplier relationships. These relationships are essential in ensuring we can deliver quality products to our customers and the strength of these relationships was demonstrated with the panic buying experienced at the beginning of the Covid pandemic.

On behalf of the board



Mr D R Williams
Director

Date: 29 March 2021

VIEWTONE TRADING GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 2 AUGUST 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 VIEWTONE TRADING GROUP LIMITED

Opinion

We have audited the financial statements of Viewtone Trading Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 2 August 2020 which comprise the consolidated statement of income and retained earnings, the consolidated and company statement of financial position, the consolidated statement of cash flows 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 FRS 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 group's and of the parent company's affairs as at 2 August 2020 and of the group's loss for the period 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 directors' report for the financial period 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIEWTONE TRADING GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

Michael Thornton (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

Central Square
5th Floor
29 Wellington Street
Leeds

LS1 4DL
30/3/2021

VIEWTONE TRADING GROUP LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD ENDED 2 AUGUST 2020

		Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
	Notes		
Turnover	3	78,158	53,385
Cost of sales		(76,114)	(51,822)
Gross profit		2,044	1,563
Administrative expenses - Other		(2,204)	(1,251)
Administrative expenses - Amortisation of goodwill		(249)	(166)
Other operating income		467	247
Operating profit	6	58	393
Interest payable and similar expenses	8	(133)	(123)
(Loss)/profit before taxation		(75)	270
Taxation	9	(82)	(121)
(Loss)/profit for the financial period	23	(157)	149
Retained earnings brought forward		2,960	3,064
Dividends	10	(169)	(253)
Retained earnings carried forward		2,634	2,960

(Loss)/profit for the financial period is all attributable to the owners of the parent company.

VIEWTONE TRADING GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 2 AUGUST 2020**

		2 August 2020		3 February 2019	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	11		1,748		1,997
Tangible assets	12		1,413		2,189
			3,161		4,186
Current assets					
Stocks	15	3,976		4,262	
Debtors	16	817		504	
Cash at bank and in hand		432		411	
		5,225		5,177	
Creditors: amounts falling due within one year	17	(5,419)		(5,061)	
Net current (liabilities)/assets			(194)		116
Total assets less current liabilities			2,967		4,302
Creditors: amounts falling due after more than one year	18		(79)		(1,063)
Provisions for liabilities	20		-		(25)
Net assets			2,888		3,214
Capital and reserves					
Called up share capital	22		254		254
Profit and loss reserves	23		2,634		2,960
Total equity			2,888		3,214

The financial statements were approved by the board of directors and authorised for issue on 29 March 2021 and are signed on its behalf by:



Mr D R Williams
Director

VIEWTONE TRADING GROUP LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 2 AUGUST 2020**

		2 August 2020		3 February 2019	
	Notes	£000	£000	£000	£000
Fixed assets					
Investments	13		4,534		4,534
Current assets					
Debtors	16	10,923		10,423	
Cash at bank and in hand		314		-	
		11,237		10,423	
Creditors: amounts falling due within one year	17	(15,275)		(13,734)	
Net current liabilities			(4,038)		(3,311)
Total assets less current liabilities			496		1,223
Creditors: amounts falling due after more than one year	18		-		(913)
Net assets			496		310
Capital and reserves					
Called up share capital	22		254		254
Profit and loss reserves	23		242		56
Total equity			496		310

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the period was £376,000 (Year ended 3 February 2019 - £138,000 loss).

The financial statements were approved by the board of directors and authorised for issue on 29 March 2021 and are signed on its behalf by:



Mr D R Williams
Director

VIEWTONE TRADING GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 2 AUGUST 2020

		Period ended 2 August 2020		Year ended 3 February 2019	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	24		1,981		1,627
Income taxes paid			(66)		(134)
Net cash inflow from operating activities			1,915		1,493
Investing activities					
Purchase of tangible fixed assets		(353)		(495)	
Net cash used in investing activities			(353)		(495)
Financing activities					
Repayment of bank loans		(1,235)		(493)	
Payment of finance leases obligations		(83)		(71)	
Dividends paid to equity shareholders		(169)		(253)	
Interest paid		(90)		(99)	
Net cash used in financing activities			(1,577)		(916)
Net (decrease)/increase in cash and cash equivalents			(15)		82
Cash and cash equivalents at beginning of period			411		329
Cash and cash equivalents at end of period			396		411
Relating to:					
Cash at bank and in hand			432		411
Bank overdrafts included in creditors payable within one year			(36)		-

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies

Company information

Viewtone Trading Group Limited ("the company") is a private company limited by shares, and is registered and incorporated in England and Wales. The registered office and place of business is Poundland Csc, Midland Road, Walsall, WS1 3TX.

The group consists of Viewtone Trading Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reporting period

The financial statements are drawn up for the 78 weeks to 2 August 2020 (the financial "period"). Comparative figures are for the 52 weeks to 3 February 2019. Therefore the previous period of account is not directly comparable.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Viewtone Trading Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 2 August 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies (Continued)

Basis of consolidation (continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Going concern

The directors have considered how the group will meet the challenges presented by the current economic climate and have carried out a detailed review of the group's resources including the adequacy of working capital requirements covering a period of at least twelve months from the date of approval of these financial statements. At the year-end the group had net current liabilities of £194,000 (3 February 2019 - net current assets of £116,000).

Following the year end, on 8 October 2020, Poundland Limited acquired 100% of the share capital of the group. On acquisition all outstanding obligations in respect of the bank loan had been extinguished (31 January 2020 - £922,000). The group subsequently entered into a secured working capital funding agreement with Poundland Limited ('the Poundland Group'). The directors have considered the Poundland Group cash flow forecasts as part of their going concern assessment and their ability to continue to provide funding facilities to the group.

As part of the going concern review, the directors have prepared trading and cash flow forecasts for the group which indicate that the company's and group's funding facilities will enable the company and the group to meet its liabilities as they fall due. The forecasts include significant growth and cash generation through expansion of the chilled and frozen range supplied to Poundland Group stores.

As of the date of signing, all facilities are repayable on demand and in the event that the Poundland Group demanded repayment of all amounts advanced the company and the group may be unable to meet this obligation. The directors have obtained written confirmation from Poundland Group that they intend to continue to provide financial support to the company and the group as necessary for a period of at least 12 months from the date of approval of these financial statements.

Based on their assessment, the directors have a reasonable expectation that the company and the group has sufficient resources to continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts.

Other income

Rental income related to assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

Other income relates to service charges and insurance charged to the tenants in respect of the rental income.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years. The directors believe this is a reasonable estimate of the economic useful life of the goodwill that is primarily represented by the retail brand of the group.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and motor vehicles	6.66% to 50% straight line basis
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first in, first out valuation methodology.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts and amounts owed to group undertakings, 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. Financial liabilities classified as payable within one year are not amortised.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss 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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

1 Accounting policies (Continued)

Leases (continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease or to the first break, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Lease classification

In categorising leases as finance leases or operating leases, management make judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee, where the company is a lessor.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the plant and motor vehicles, and note 1 for the useful economic lives for each class of assets.

Stock provisioning

The group retails in perishable goods and as a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management consider the sell by date of the goods and anticipated sale price. See note 15 for the net carrying amount of the stock.

Useful economic life of goodwill

The annual amortisation charge and the useful economic life of goodwill is considered to be a key accounting estimate and judgement. Management have based the estimated life on the retail brand of the group. See note 11 for the carrying amount of the goodwill.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Turnover analysed by class of business		
Sale of goods	78,158	53,385
	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Other revenue		
Rental income	246	164
Other income	131	83
CJRS Grant	89	-
	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Turnover analysed by geographical market		
United Kingdom	78,158	53,385

4 Employees

The average monthly number of persons (including directors) employed during the period was:

	Group Period ended 2 August 2020 Number	Year ended 3 February 2019 Number	Company Period ended 2 August 2020 Number	Year ended 3 February 2019 Number
Distribution and retail	763	880	-	-
Administration and clerical	26	28	-	-
Directors	3	3	3	3
	792	911	3	3

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

4 Employees (Continued)

Their aggregate remuneration comprised:

	Group Period ended 2 August 2020 £000	Year ended 3 February 2019 £000	Company Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Wages and salaries	15,489	10,406	-	-
Social security costs	891	588	-	-
Pension costs	287	151	11	12
	<u>16,667</u>	<u>11,145</u>	<u>11</u>	<u>12</u>
Less: amounts transferred to fixed assets	(10)	(87)	-	-
	<u>16,657</u>	<u>11,058</u>	<u>11</u>	<u>12</u>

5 Directors' remuneration

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Remuneration for qualifying services	297	69
Company pension contributions to defined contribution schemes	41	52
	<u>338</u>	<u>121</u>

The number of directors for whom retirement benefits were accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Remuneration for qualifying services	191	40
Company pension contributions to defined contribution schemes	15	29
	<u>206</u>	<u>69</u>

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

6 Operating profit

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Operating profit for the period is stated after charging:		
Depreciation of owned tangible fixed assets	1,017	815
Depreciation of tangible fixed assets held under finance leases	106	107
Loss on disposal of tangible fixed assets	6	13
Amortisation of intangible assets	249	166
Operating lease charges	4,502	3,278
	<u> </u>	<u> </u>

7 Auditor's remuneration

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	5	5
Audit of the financial statements of the company's subsidiaries	34	25
	<u>39</u>	<u>30</u>
For other services		
Taxation compliance services	12	6
All other non-audit services	6	4
	<u>18</u>	<u>10</u>

8 Interest payable and similar expenses

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bank loans	123	111
Other finance costs:		
Interest on finance leases and hire purchase contracts	10	12
Total finance costs	<u>133</u>	<u>123</u>

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

9 Taxation

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Current tax		
UK corporation tax on profits for the current period	124	139
Adjustments in respect of prior periods	-	(1)
Total current tax	124	138
Deferred tax		
Origination and reversal of timing differences	(45)	(17)
Changes in tax rates	3	-
Total deferred tax	(42)	(17)
Total tax charge	82	121

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 (on 17 March 2020) which maintained the main rate of corporation tax rate of 19% from 1 April 2020. Deferred taxes at the reporting date have been measured using the enacted tax rate of 19%.

The total tax charge for the period included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
(Loss)/profit before taxation	(75)	270
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(14)	51
Tax effect of expenses that are not deductible in determining taxable profit	21	11
Adjustments in respect of prior years	-	(1)
Amortisation of intangible assets	48	32
Deferred tax at different rates	3	2
Fixed asset differences	24	26
Taxation charge for the period	82	121

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

10 Dividends

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Interim paid	169	253

Dividends paid in the year amounted to 66.43p per 'A' ordinary share and 'B' ordinary share (Year ended 3 February 2019 - £1.00 per Ordinary share).

11 Intangible fixed assets

Group	Goodwill £000
Cost	
At 4 February 2019 and 2 August 2020	3,325
Amortisation and impairment	
At 4 February 2019	1,328
Amortisation charged for the period	249
At 2 August 2020	1,577
Carrying amount	
At 2 August 2020	1,748
At 3 February 2019	1,997

The company had no intangible fixed assets at 2 August 2020 or 3 February 2019.

The amortisation charge for the year is included within administrative expenses in the income statement.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

12 Tangible fixed assets

Group	Plant and motor vehicles £000
Cost	
At 4 February 2019	9,646
Additions	353
Disposals	(1,195)
At 2 August 2020	8,804
Depreciation and impairment	
At 4 February 2019	7,457
Depreciation charged in the period	1,123
Eliminated in respect of disposals	(1,189)
At 2 August 2020	7,391
Carrying amount	
At 2 August 2020	1,413
At 3 February 2019	2,189

The company had no tangible fixed assets at 2 August 2020 or 3 February 2019.

Included within the net book value of £1,413,000 is £326,000 (3 February 2019 - £432,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £106,000 (Year ended 3 February 2019 - £107,000).

13 Fixed asset investments

		Group		Company	
		2 August	3 February	2 August	3 February
		2020	2019	2020	2019
	Notes	£000	£000	£000	£000
Investments in subsidiaries	14	-	-	4,534	4,534

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£000

Cost

At 4 February 2019 and 2 August 2020

4,534

Carrying amount

At 2 August 2020

4,534

At 3 February 2019

4,534

14 Subsidiaries

Details of the company's subsidiaries at 2 August 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Frozen Value Limited	a)	Sale of food on a retail basis	Ordinary	-	100.00
Jack Fulton Limited	a)	Dormant*	Ordinary	-	100.00
Minaldi Limited	a)	Dormant*	Ordinary	100.00	-
Viewtone Limited	a)	Intermediate holding company	Ordinary	100.00	-
Viewtone Trustees Limited	a)	Dormant*	Ordinary	-	100.00

a) Poundland Csc, Midland Road, Walsall, WS1 3TX

* indicates subsidiary is exempt from audit by virtue of section 480 of the Companies Act 2006.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

15 Stocks

	Group 2 August 2020 £000	3 February 2019 £000	Company 2 August 2020 £000	3 February 2019 £000
Finished goods and goods for resale	3,976	4,262	-	-

16 Debtors

	Group 2 August 2020 £000	3 February 2019 £000	Company 2 August 2020 £000	3 February 2019 £000
Amounts falling due within one year:				
Trade debtors	477	-	-	-
Amounts owed by group undertakings	-	-	10,923	10,423
Other debtors	18	58	-	-
Prepayments	305	446	-	-
	800	504	10,923	10,423
Deferred tax asset (note 20)	17	-	-	-
	817	504	10,923	10,423

Amounts owed by group undertakings are unsecured and interest free.

17 Creditors: amounts falling due within one year

	Notes	Group 2 August 2020 £000	3 February 2019 £000	Company 2 August 2020 £000	3 February 2019 £000
Bank loans and overdrafts		349	602	313	602
Obligations under finance leases	19	48	50	-	-
Trade creditors		3,829	3,624	-	-
Amounts owed to group undertakings		-	-	14,955	13,131
Corporation tax payable		123	65	-	-
Other taxation and social security		173	150	-	-
Other creditors		189	215	-	-
Accruals and deferred income		708	355	7	1
		5,419	5,061	15,275	13,734

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

17 Creditors: amounts falling due within one year (Continued)

Bank borrowings are secured by fixed and floating charge over the assets of the group.

On 12 June 2018 the directors successfully negotiated the renewal of the group's bank loan facility of £2 million to be repaid in quarterly instalments over a period of three years commencing in July 2018 at an interest rate of LIBOR plus 4%. Interest was previously charged at LIBOR plus 4.75%.

Amounts due to group undertakings are interest free and have no fixed date of repayment.

18 Creditors: amounts falling due after more than one year

		Group		Company	
		2 August	3 February	2 August	3 February
		2020	2019	2020	2019
	Notes	£000	£000	£000	£000
Bank loans		-	913	-	913
Obligations under finance leases	19	79	150	-	-
		<u>79</u>	<u>1,063</u>	<u>-</u>	<u>913</u>

19 Finance lease obligations

	Group		Company	
	2 August	3 February	2 August	3 February
	2020	2019	2020	2019
	£000	£000	£000	£000
Future minimum lease payments due under finance leases:				
Less than one year	48	50	-	-
Between one and five years	79	150	-	-
	<u>127</u>	<u>200</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The lease terms vary from 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance lease liabilities are secured on the assets to which they relate.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2 August 2020 £000	Liabilities 3 February 2019 £000	Assets 2 August 2020 £000	Assets 3 February 2019 £000
Group				
Accelerated capital allowances	-	27	14	-
Other timing differences	-	(2)	3	-
	<u>-</u>	<u>25</u>	<u>17</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

	Group Period ended 2 August 2020 £000	Company Year ended 3 February 2020 £000
Movements in the period:		
Liability at 4 February 2019	25	-
Charge to profit or loss	(45)	-
Effect of change in tax rate - profit or loss	3	-
	<u>(17)</u>	<u>-</u>
Liability at 2 August 2020	<u>(17)</u>	<u>-</u>

21 Retirement benefit schemes

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	287	151

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £38,362 (Year ended 3 February 2019 - £19,308) were payable to the fund at the year end and are included in creditors.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

22 Share capital

	Group and company	
	2 August 2020 £000	3 February 2019 £000
Ordinary share capital		
Issued and fully paid		
253,756 Ordinary shares of £1 each	-	254
177,629 A Ordinary shares of £1 each	178	-
76,127 B Ordinary shares of £1 each	76	-
	<u>254</u>	<u>254</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Following the passing of a special resolution on 15 May 2019 the company's share capital of £253,756 Ordinary Shares of £1 each was re-designated as 177,629 A Ordinary Shares of £1 each and 76,127 B Ordinary Shares of £1 each. Thereafter the rights of the A and B Ordinary Shares are as follows:

A Ordinary Shares

The A Ordinary Shares shall rank pro-rata for voting and dividend purposes but are entitled to 60% of the aggregate amount of any return of capital or proceeds of sale.

B Ordinary Shares

The B Ordinary Shares shall rank pro-rata for voting and dividend purposes but are entitled to 40% of the aggregate amount of any return of capital or proceeds of sale.

23 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

24 Cash generated from group operations

	Period ended 2 August 2020 £000	Year ended 3 February 2019 £000
(Loss)/profit for the period after tax	(157)	149
Adjustments for:		
Taxation charged	82	121
Finance costs	133	123
Loss on disposal of tangible fixed assets	6	13
Amortisation and impairment of intangible assets	249	166
Depreciation and impairment of tangible fixed assets	1,123	922
Movements in working capital:		
Decrease in stocks	286	26
(Increase) in debtors	(296)	(35)
Increase in creditors	555	142
Cash generated from operations	1,981	1,627

Additions under finance leases of £Nil (Year ended 3 February 2019 - £177,000) have been deducted from purchase of tangible fixed assets as non-cash transactions.

25 Analysis of changes in net debt - group

	4 February 2019 £000	Cash flows £000	Other non- cash changes £000	2 August 2020 £000
Cash at bank and in hand	411	21	-	432
Bank overdrafts	-	(36)	-	(36)
	411	(15)	-	396
Borrowings excluding overdrafts	(1,515)	1,235	(33)	(313)
Obligations under finance leases	(200)	83	(10)	(127)
	(1,304)	1,303	(43)	(44)

26 Financial commitments, guarantees and contingent liabilities

Company

The company is party to a group cross guarantee and debenture package in relation to its bank borrowings. Borrowings of the company are secured by fixed and floating charges over the assets of the group present and future. At the year-end the company owed £314,000 (3 February 2019 - £1,516,000) which is covered under the cross guarantee.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 AUGUST 2020

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2 August	3 February	2 August	3 February
	2020	2019	2020	2019
	£000	£000	£000	£000
Within one year	2,851	3,049	-	-
Between one and five years	4,333	5,343	-	-
In over five years	478	772	-	-
	<u>7,662</u>	<u>9,164</u>	<u>-</u>	<u>-</u>

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2 August	3 February	2 August	3 February
	2020	2019	2020	2019
	£000	£000	£000	£000
Within one year	164	164	-	-
Between one and five years	580	643	-	-
In over five years	196	276	-	-
	<u>940</u>	<u>1,083</u>	<u>-</u>	<u>-</u>

28 Related party transactions

Remuneration of key management personnel

The total remuneration of the directors, subsidiary directors and key finance personnel, who are considered to be the key management personnel of the group, is as follows:

	Period ended	Year ended
	2 August	3 February
	2020	2019
	£000	£000
Aggregate compensation	<u>621</u>	<u>367</u>

Transactions with related parties

Dividends paid to Mr K Gunter and Mrs K M Rees, directors, amounted to £118,000 (Year ended 3 February 2019 - £177,000) and £50,572 (Year ended 3 February 2019 - £75,858), respectively.

VIEWTONE TRADING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 AUGUST 2020

29 Controlling party

The company was controlled by Mr K Gunter and Mrs K M Rees at the reporting date.

With effect from 8 October 2020 the company became a wholly owned subsidiary of Poundland Limited, a company registered in England and Wales. Poundland Limited is a direct subsidiary undertaking of Peu (Tre) Limited and an indirect subsidiary of Pepco Group Limited which are both registered in England and Wales.