Company Registration No. 07531194 (England and Wales)

HANDSOME LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

PM+M Solutions for Business LLP
Chartered Accountants
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

HANDSOME LIMITED

COMPANY INFORMATION

Directors	Mark Critchley Ian Adamson Adrian Collins David Ramsey Andrew Sutcliffe John Sutcliffe
Company number	07531194
Registered office	11 Normans Place Altrincham Cheshire WA14 2AB
Auditor	PM+M Solutions for Business LLP Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

HANDSOME LIMITED

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HANDSOME LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities
The principal activity of the company and group continued to be that of the retail of healthcare products.

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

Mark Critchley
Ian Adamson
Adrian Collins
David Ramsey
Andrew Sutcliffe
John Sutcliffe

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Future developments
These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern. During the year the group experienced a trading loss of £1,021,633 as well as generating significant cash outflows and at the end of the year the group held cash resources of £135,154.

During the year the company started the process of repositioning from a focus on Retailers and Trade customers to predominantly selling direct to consumers via on-line platforms across three continents. In doing so the company experienced issues with the supply of the best-selling products and legacy costs from exiting retail. This meant additional costs for returned stock, higher than planned shipping costs and lost revenue from being out of stock. However, by the end of the year these issues had been resolved.

Since the year-end the company has raised additional funding in June 2018 of £190k and in August 2018 the company secured commitments for approximately £640k.
This funding will enable the company to reach break-even within the next twelve months and to become cash generative.

The company has restructured and downsized so that all European and UK operations will be managed from the UK office. Asia will be managed from the Hong Kong office.
Most of the trading will now be online across three continents with a full-time staff count of 9. The operating metrics in all three operating companies demonstrate that the business model only requires additional sales volume in order to become self-sustaining. All companies have Gross Margin, after marketing expenditure, that is within the target range. The switch of focus to on-line from trade and retail has a positive impact on margin and cashflow.

A new website is to be launched in Europe and North America in December 2018 on an improved platform with better content and new product offering. We will roll out the on-line platforms to new markets across all three continents.

The company will launch a range of new products in the next financial year. All the development costs have been incurred and the additional funding will be used to purchase the opening stock.

Significant margin improvements and reductions in operating costs have already been achieved in the current year (2018/19). We expect these improvements will continue and the new structure will reduce the cost base even further, therefore reducing the level of turnover required in order to become self-sustaining.

Auditor
The auditor, PM+M Solutions for Business LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

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

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

18 December 2018
Mark Critchley

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HANDSOME LIMITED

Opinion

We have audited the financial statements of Handsome Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates that the group incurred a net loss of £1,021,633 during the year ended 31 March 2018 as well as generating significant cash outflows and at the end of the year the group held cash resources of £135,154. As stated in note 1.3, these events or conditions indicates that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HANDSOME LIMITED

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

PM+M Solutions for Business LLP

David Gorton FCA CTA (Senior Statutory Auditor)
for and on behalf of PM+M Solutions for Business LLP

20/12/18

Chartered Accountants
Statutory Auditor

Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	**1,958,006**	1,625,905
Cost of sales		**(965,881)**	(863,547)
Gross profit		**992,125**	762,358
Distribution costs		**(619,909)**	(602,566)
Administrative expenses		**(1,403,183)**	(1,464,721)
Loss before taxation		**(1,030,967)**	(1,304,929)
Tax on loss	8	**23,106**	52,802
Loss for the financial year		**(1,007,861)**	(1,252,127)
Other comprehensive income			
Currency translation differences		**(13,772)**	(15,733)
Total comprehensive income for the year		**(1,021,633)**	(1,267,860)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

HANDSOME LIMITED

GROUP BALANCE SHEET
AS AT 31 MARCH 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		60,544		49,383
Tangible assets	10		51,450		45,369
			111,994		94,752
Current assets					
Stocks	13	397,973		322,830	
Debtors	14	372,590		557,510	
Cash at bank and in hand		135,154		351,861	
		905,717		1,232,201	
Creditors: amounts falling due within one year	15	(392,139)		(622,006)	
Net current assets			513,578		610,195
Total assets less current liabilities			625,572		704,947
Capital and reserves					
Called up share capital	17		5,422		4,662
Share premium account	18		5,336,416		4,394,918
Non-distributable profit/(loss) reserve			(29,505)		(15,733)
Distributable profit and loss reserves			(4,686,761)		(3,678,900)
Total equity			625,572		704,947

The financial statements were approved by the board of directors and authorised for issue on 18 December 2018 and are signed on its behalf by:

Mark Critchley
Director

HANDSOME LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	9		60,544		49,383
Tangible assets	10		48,669		40,539
Investments	11		704		695
			109,917		90,617
Current assets					
Stocks	13	147,049		133,540	
Debtors	14	735,803		1,402,298	
Cash at bank and in hand		121,763		325,081	
		1,004,615		1,860,919	
Creditors: amounts falling due within one year	15	(225,484)		(466,258)	
Net current assets			779,131		1,394,661
Total assets less current liabilities			889,048		1,485,278
Capital and reserves					
Called up share capital	17		5,422		4,662
Share premium account	18		5,336,416		4,394,918
Distributable profit and loss reserves			(4,452,790)		(2,914,302)
Total equity			889,048		1,485,278

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,538,488 (2017 - £820,460 loss).

The financial statements were approved by the board of directors and authorised for issue on 18 December 2018 and are signed on its behalf by:

Mark Critchley
Director

Company Registration No. 07531194

HANDSOME LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital	Share premium account	Non-distri-butable profits	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 April 2016		3,413	2,830,671	-	(2,426,773)	407,311
Year ended 31 March 2017:						
Loss for the year		-	-	-	(1,252,127)	(1,252,127)
Other comprehensive income:						
Currency translation differences		-	-	(15,733)	-	(15,733)
Total comprehensive income for the year		-	-	(15,733)	(1,252,127)	(1,267,860)
Issue of share capital	17	1,249	1,564,247	-	-	1,565,496
Balance at 31 March 2017		4,662	4,394,918	(15,733)	(3,678,900)	704,947
Year ended 31 March 2018:						
Loss for the year		-	-	-	**(1,007,861)**	**(1,007,861)**
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	-	**(13,772)**	-	**(13,772)**
Total comprehensive income for the year		-	-	**(13,772)**	**(1,007,861)**	**(1,021,633)**
Issue of share capital	17	**760**	**941,498**	-	-	**942,258**
Balance at 31 March 2018		**5,422**	**5,336,416**	**(29,505)**	**(4,686,761)**	**625,572**

The non-distributable profits reserve represents the accumulated translation differences from consolidation.

HANDSOME LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2016		3,413	2,830,671	(2,093,842)	740,242
Year ended 31 March 2017:					
Loss and total comprehensive income for the year		-	-	(820,460)	(820,460)
Issue of share capital	**17**	1,249	1,564,247	-	1,565,496
Balance at 31 March 2017		4,662	4,394,918	(2,914,302)	1,485,278
Year ended 31 March 2018:					
Loss and total comprehensive income for the year		**-**	**-**	**(1,538,488)**	**(1,538,488)**
Issue of share capital	**17**	**760**	**941,498**	**-**	**942,258**
Balance at 31 March 2018		**5,422**	**5,336,416**	**(4,452,790)**	**889,048**

HANDSOME LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash absorbed by operations	20		(1,160,413)		(1,431,689)
Income taxes refunded			55,936		61,247
Net cash outflow from operating activities			(1,104,477)		(1,370,442)
Investing activities					
Purchase of intangible assets		(17,086)		(19,834)	
Purchase of tangible fixed assets		(37,402)		(32,278)	
Net cash used in investing activities			(54,488)		(52,112)
Financing activities					
Proceeds from issue of shares		950,209		1,565,496	
Share issue costs		(7,951)		-	
Net cash generated from financing activities			942,258		1,565,496
Net (decrease)/increase in cash and cash equivalents			(216,707)		142,942
Cash and cash equivalents at beginning of year			351,861		208,919
Cash and cash equivalents at end of year			135,154		351,861

1 Accounting policies

Company information
Handsome Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 11 Normans Place, Altrincham, Cheshire, WA14 2AB.

The group consists of Handsome Limited and all of its subsidiaries.

1.1 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.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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 £.

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

1.2 Basis of consolidation

In the parent company financial statements, 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. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Handsome Limited and all of its subsidiaries (ie 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 31 March 2018. 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.

1 Accounting policies **(Continued)**

1.3 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern. During the year the group experienced a trading loss of £1,021,633 as well as generating significant cash outflows and at the end of the year the group held cash resources of £135,154.

During the year the company started the process of repositioning from a focus on Retailers and Trade customers to predominantly selling direct to consumers via on-line platforms across three continents. In doing so the company experienced issues with the supply of the best-selling products and legacy costs from exiting retail. This meant additional costs for returned stock, higher than planned shipping costs and lost revenue from being out of stock. However, by the end of the year these issues had been resolved.

Since the year-end the company has raised additional funding in June 2018 of £190k and in August 2018 the company secured commitments for approximately £640k.
This funding will enable the company to reach break-even within the next twelve months and to become cash generative.

The company has restructured and downsized so that all European and UK operations will be managed from the UK office. Asia will be managed from the Hong Kong office.
Most of the trading will now be online across three continents with a full-time staff count of 9. The operating metrics in all three operating companies demonstrate that the business model only requires additional sales volume in order to become self-sustaining. All companies have Gross Margin, after marketing expenditure, that is within the target range. The switch of focus to on-line from trade and retail has a positive impact on margin and cashflow.

A new website is to be launched in Europe and North America in December 2018 on an improved platform with better content and new product offering. We will roll out the on-line platforms to new markets across all three continents.

The company will launch a range of new products in the next financial year. All the development costs have been incurred and the additional funding will be used to purchase the opening stock.

Significant margin improvements and reductions in operating costs have already been achieved in the current year (2018/19). We expect these improvements will continue and the new structure will reduce the cost base even further, therefore reducing the level of turnover required in order to become self-sustaining.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies **(Continued)**

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Patents & licences	10% Straight line
Development costs	20% Straight line

1.7 Tangible fixed assets

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

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

Plant and equipment	25% Straight line
Computers	33% Straight line and 15% Reducing balance
Other fixed assets	33% Straight line

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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

1 Accounting policies **(Continued)**

1.9 *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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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 complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 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 in the group's balance sheet 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.

1 Accounting policies **(Continued)**

Basic financial assets
Basic financial assets, which include debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. 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.

1 Accounting policies **(Continued)**

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

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 except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Exchange differences arising from the retranslation of the opening net investment in overseas undertakings and the retranslation of results from average to closing rates of exchange, are disclosed as movements on reserves together with exchange adjustments relating to borrowings which have been used to finance or provide a hedge against foreign equity investments.

All other adjustments due to currency fluctuations arising in the normal course of trade are taken to the profit and loss account. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in an overseas subsidiary undertaking are recognised in other comprehensive income and are not included in the profit and loss account.

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. The key judgments relate to provision for sales returns, accruals, impairment of assets and prepayments.

3 *Turnover and other revenue*

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	**924,991**	945,798
USA	**810,291**	565,290
Rest of the world	**222,724**	114,817
	1,958,006	1,625,905

4 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	**7,121**	(1,399)
Research and development costs	**65,163**	68,519
Depreciation of owned tangible fixed assets	**30,743**	40,856
Amortisation of intangible assets	**5,925**	5,925
Operating lease charges	**54,967**	32,430

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	**8,000**	7,500

6 Employees

The average monthly number of persons (including executive directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Total	**14**	13	**10**	10

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	**557,164**	477,626	**264,283**	244,422
Social security costs	**41,313**	38,793	**27,987**	33,581
Pension costs	**2,526**	13,156	**598**	13,156
	601,003	529,575	**292,868**	291,159

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	**80,000**	48,000

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax for the current period	**(23,106)**	(52,802)

8 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Loss before taxation	**(1,030,967)**	(1,304,929)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	**(195,884)**	(260,986)
Tax effect of expenses that are not deductible in determining taxable profit	**1,511**	14,618
Unutilised tax losses carried forward	**44,795**	128,370
Research and development tax credit	**(17,113)**	(21,137)
Effect of overseas tax rates	**143,585**	86,333
Taxation credit	**(23,106)**	(52,802)

The company has tax losses of £2,373,164 (2017 - £1,570,239). No deferred tax asset is recognised in respect of these as there is insufficient evidence on the timing of realisation.

9 Intangible fixed assets

Group and Company	Patents & licences	Development costs	Total
	£	£	£
Cost			
At 1 April 2017	**59,250**	**-**	**59,250**
Additions - separately acquired	**-**	**17,086**	**17,086**
At 31 March 2018	**59,250**	**17,086**	**76,336**
Amortisation and impairment			
At 1 April 2017	**9,867**	**-**	**9,867**
Amortisation charged for the year	**5,925**	**-**	**5,925**
At 31 March 2018	**15,792**	**-**	**15,792**
Carrying amount			
At 31 March 2018	**43,458**	**17,086**	**60,544**
At 31 March 2017	49,383	-	49,383

10 Tangible fixed assets

Group	Plant and equipment	Computers	Other fixed assets	Total
	£	£	£	£
Cost				
At 1 April 2017	130,865	36,014	18,115	184,994
Additions	15,606	7,768	14,028	37,402
Exchange adjustments	-	(713)	-	(713)
At 31 March 2018	146,471	43,069	32,143	221,683
Depreciation and impairment				
At 1 April 2017	111,389	12,987	15,249	139,625
Depreciation charged in the year	16,566	9,394	4,783	30,743
Exchange adjustments	-	(135)	-	(135)
At 31 March 2018	127,955	22,246	20,032	170,233
Carrying amount				
At 31 March 2018	18,516	20,823	12,111	51,450
At 31 March 2017	19,476	23,027	2,866	45,369

Company	Plant and equipment	Computers	Other fixed assets	Total
	£	£	£	£
Cost				
At 1 April 2017	130,865	30,051	18,115	179,031
Additions	15,606	7,768	14,028	37,402
At 31 March 2018	146,471	37,819	32,143	216,433
Depreciation and impairment				
At 1 April 2017	111,389	11,854	15,249	138,492
Depreciation charged in the year	16,566	7,923	4,783	29,272
At 31 March 2018	127,955	19,777	20,032	167,764
Carrying amount				
At 31 March 2018	18,516	18,042	12,111	48,669
At 31 March 2017	19,476	18,197	2,866	40,539

11 Fixed asset investments

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Investments in subsidiaries	12	-	-	704	695

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2017	695
Additions	9
At 31 March 2018	704
Carrying amount	
At 31 March 2018	704
At 31 March 2017	695

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Handsome Healthcare Corporation	1901 S Meyers Rd Suite 500, Oakbrook, IL 60181. USA.	Retail of healthcare products	Ordinary	100	
Handsome Healthcare Limited	40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.	Retail of healthcare products	Ordinary	100	

13 Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	397,973	322,830	147,049	133,540

14 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	**170,149**	259,109	**100,279**	177,834
Corporation tax recoverable	**75,744**	108,574	**75,744**	108,574
Amounts owed by group undertakings	**-**	-	**492,971**	934,200
Other debtors	**5,287**	63,041	**-**	63,041
Prepayments and accrued income	**121,410**	126,786	**66,809**	118,649
	372,590	557,510	**735,803**	1,402,298

15 Creditors: amounts falling due within one year

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Trade creditors	**327,929**	491,156	**167,302**	364,890
Other taxation and social security	**23,545**	16,121	**23,545**	11,372
Other creditors	**8,621**	45,245	**8,475**	45,245
Accruals and deferred income	**32,044**	69,484	**26,162**	44,751
	392,139	622,006	**225,484**	466,258

16 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	**2,526**	13,156

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. The amounts owed to the fund at the balance sheet date were £Nil (2017 - £Nil)

17 Share capital

	Group and company 2018	2017
Ordinary share capital	£	£
Issued and fully paid		
1,551,343 Ordinary shares of 0.1p each	**1,551**	1,493
1,499,129 Ordinary A shares of 0.1p each	**1,499**	1,379
2,372,177 Ordinary B shares of 0.1p each	**2,372**	1,790
	5,422	4,662

18 Share premium account

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning of year	**4,394,918**	2,830,671	**4,394,918**	2,830,671
Issue of new shares	**949,449**	1,564,247	**949,449**	1,564,247
Share issue expenses	**(7,951)**	-	**(7,951)**	-
At end of year	**5,336,416**	4,394,918	**5,336,416**	4,394,918

19 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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	**36,500**	36,500	**36,500**	36,500
Between two and five years	**36,500**	73,000	**36,500**	73,000
	73,000	109,500	**73,000**	109,500

20 Cash generated from group operations

	2018 £	2017 £
Loss for the year after tax	**(1,007,861)**	**(1,252,127)**
Adjustments for:		
Taxation credited	**(23,106)**	(52,802)
Amortisation and impairment of intangible assets	**5,925**	5,925
Depreciation and impairment of tangible fixed assets	**30,743**	40,856
Movements in working capital:		
(Increase) in stocks	**(91,854)**	(95,831)
Decrease/(increase) in debtors	**145,053**	(230,424)
(Decrease)/increase in creditors	**(219,313)**	152,714
Cash absorbed by operations	**(1,160,413)**	(1,431,689)