

ESSENTIAL E-COMMERCE LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 JULY 2019

ESSENTIAL E-COMMERCE LIMITED
REGISTERED NUMBER: 08539093

BALANCE SHEET
AS AT 31 JULY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	157,152	87,381
Tangible assets	5	2,320	3,094
		<u>159,472</u>	<u>90,475</u>
Current assets			
Stocks		6,840	9,249
Debtors: amounts falling due within one year	6	32,094	18,115
Cash at bank and in hand		14,184	25,586
		<u>53,118</u>	<u>52,950</u>
Creditors: amounts falling due within one year	7	(163,209)	(180,163)
Net current liabilities		<u>(110,091)</u>	<u>(127,213)</u>
Total assets less current liabilities		<u>49,381</u>	<u>(36,738)</u>
Creditors: amounts falling due after more than one year	8	(126,937)	-
Net liabilities		<u><u>(77,556)</u></u>	<u><u>(36,738)</u></u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		(77,656)	(36,838)
		<u><u>(77,556)</u></u>	<u><u>(36,738)</u></u>

ESSENTIAL E-COMMERCE LIMITED
REGISTERED NUMBER: 08539093

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2019

The Director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Director:

R A J Nezard
Director

Date: 31 July 2020

The notes on pages 3 to 10 form part of these financial statements.

ESSENTIAL E-COMMERCE LIMITED

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

1. General information

Essential E-Commerce Limited is a Company limited by shares incorporated in England & Wales within the United Kingdom. The address of the Registered Office is given in the company information of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

As at 31 July 2019, the Company had net liabilities of £77,556 and made losses after tax of £40,818.

These financial statements have been prepared on a going concern basis. The Director has confirmed continued financial support of the parent Company, Distinctive Wholesale Limited, for a period of 12 months from the date the financial statements have been signed. As with any Company placing reliance on other group companies for financial support there can be no certainty that this support will continue although, at the date of approval of these financial statements, the Director has no reason to believe that this support will not be forthcoming as needed. Accordingly the Director feels it is appropriate for the financial statements to be prepared on the going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'administrative expenses'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a reducing line basis over their useful economic lives, which range from 4 to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	25%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

3. Employees

The average monthly number of employees, including Directors, during the year was 8 (2018 - 5).

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

4. Intangible assets

	Development expenditure £	Computer software £	Total £
Cost			
At 1 August 2018	3,343	85,971	89,314
Additions	4,506	78,735	83,241
At 31 July 2019	7,849	164,706	172,555
Amortisation			
At 1 August 2018	1,933	-	1,933
Charge for the year	1,010	12,460	13,470
At 31 July 2019	2,943	12,460	15,403
Net book value			
At 31 July 2019	4,906	152,246	157,152
At 31 July 2018	1,410	85,971	87,381

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

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 August 2018	11,137
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At 31 July 2019	11,137
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Depreciation	
At 1 August 2018	8,043
Charge for the year on owned assets	774
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At 31 July 2019	8,817
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Net book value	
At 31 July 2019	2,320
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At 31 July 2018	3,094
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6. Debtors

	2019 £	2018 £
Trade debtors	12,035	11,893
Other debtors	22	1,061
Prepayments and accrued income	20,037	5,161
	<hr/>	<hr/>
	32,094	18,115
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ESSENTIAL E-COMMERCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	25,994	-
Trade creditors	33,691	153,831
Amounts owed to group undertakings	22,082	-
Other taxation and social security	20,344	8,203
Other creditors	61,098	18,129
	<u>163,209</u>	<u>180,163</u>

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

	2019 £	2018 £
Other loans	<u>126,937</u>	<u>-</u>

9. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Other loans	25,994	-
Amounts falling due 1-2 years		
Other loans	28,972	-
Amounts falling due 2-5 years		
Other loans	97,965	-
	<u>152,931</u>	<u>-</u>

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

11. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,266 (2018 - £888).

The contributions of £485 (2018 - £NIL) were outstanding to the fund at 31 July 2019.

12. Related party transactions

The Company has taken advantage of the exemption under FRS 102 (Section 33.1A) not to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member

13. Controlling party

The parent Company is Distinctive Wholesale Limited, the registered office of which is Unit C Caxton Court, Newcomen Way, Severalls Industrial Park, Colchester, CO4 9TG.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.