

Company Registration No. 09076361 (England and Wales)

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	P M Ellis	
	M B France	
	J Bader	
	S Kershaw	(Appointed 19 December 2019)
	P Oldham	(Appointed 4 June 2020)
Secretary	J J Keech	
Company number	09076361	
Registered office	1 Park Street Maidenhead Berkshire SL6 1SL	
Auditor	Spencer Gardner Dickins Audit LLP 3 Coventry Innovation Village Cheetah Road Coventry CV1 2TL	

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

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CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

FAIR REVIEW OF THE BUSINESS

Capital raise and banking facilities

The business raised £6.25m during the year from the Business Growth Fund (BGF) through the issue of ordinary shares for £3.45m and the issue of unsecured loan notes for £2.8m. In addition, the founder directors agreed to convert a proportion of their shareholders' loans into unsecured founder loan notes amounting to £995,000.

Net of the costs of raising this capital, this initiative increased the cash resources of the business by just under £6m.

These funds have been applied in repaying the remaining shareholder loans, other loans and where appropriate bank short term loans and overdrafts with the remainder being available for the continued development and growth of the Christopher Ward brand.

At the year end the group had cash on hand of £1.8m and net cash, after bank loans and overdrafts of £1.26m. Total banking facilities available in the UK and Switzerland amounted to £1.59m.

In addition to our normal banking facilities and in response to the COVID-19 pandemic the group was able to obtain a loan of CHF500,000 (£417,153) backed by the Swiss Government. This loan is interest free and is not repayable until March 2025. As this loan was not drawn until just after the year end it does not appear on the group balance sheet.

As a result of all of the above, the group had total liquidity available at the year-end of £3.26m to fund its growth and working capital needs.

Objectives of the capital raise

The principal objectives of the capital raise are:

- To provide the liquidity available to the business to fund the future growth of the Christopher Ward brand. This will be achieved by investing in the brand through its product and worldwide marketing, its people and the further development of its business systems - focussing initially on the launch of a new website.
- To establish an appropriate capital and funding structure to support the growth.

Business review

The business was impacted by the twin challenges of the global COVID-19 pandemic in the final quarter of the year as well as the continued economic uncertainty in the UK. There was also a reduction in our third party business in Switzerland.

The effect of the above, coupled with an increase in administrative expenses of £690,000 as a result of our development plans, led to a change in EBITDA from £723,000 in 2019 to an EBITDA loss of £323,000 in 2020.

Exceptional items of £712,000 compared to £376,000 for the previous years include £277,000 of costs related to the capital raise.

Sales for the year were broadly flat when compared to 2019, with the Christopher Ward brand growing by 11% during the year being offset by the reduction in our Swiss third-party business.

The growth of 11% was achieved despite a decline of UK sales of 10%. Our international sales grew by 31% representing 58% of the sales mix for the Christopher Ward brand.

All markets were affected by the impact of the global COVID-19 pandemic in the latter part of the final quarter of our financial year.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

FAIR REVIEW OF THE BUSINESS CONTINUED

The gross profit decline for the year is a direct result of the above as well as the further investment in the Christopher Ward brand through marketing initiatives.

Capital expenditure for the year amounted to £838,000 as we invested in systems business infrastructure to support future growth.

We are conscious of the working capital deployed within the group. The active steps we have in place are already yielding benefits with more still to come as we look to release more cash into the business to further improve business liquidity.

PRINCIPAL RISKS AND UNCERTAINTIES

COVID-19 pandemic

Like most businesses we are impacted by the current COVID-19 pandemic. Whilst the pandemic places further uncertainty in the evaluation of forward business forecasts, this risk is mitigated to a degree with our business being principally internet based as opposed to relying on distribution through physical stores.

To further mitigate the risk we regularly update our business forecasts and scenario planning in order to adjust as necessary our stock buying, our other business costs as well as inform of our cash needs.

We consistently apply COVID-19 safe policies in both in the UK and Switzerland to ensure our business operations are protected as far as possible.

Economic risk

In addition to the COVID-19 risks outlined above the group is exposed to developments in the overall retail market, the watch market in general together with the provision of the components required to produce the watches. These risks are constantly reviewed by the directors.

With the exception of watches which are sold directly to customers under the Christopher Ward brand, the group also provides and develops watches for a number of third party customers. The group has a close working relationship with its customers and is actively involved in their business development. The amounts owing from these customers are actively managed to ensure amounts are collected within normal payment terms.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. The directors mitigate this risk by focusing on cash management and detailed cash flow forecasting.

Currency risk

The nature of the business is that it is exposed to some degree to currency risk as it principally incurs costs in Sterling, Swiss Francs and US dollars. In addition, it principally sells its products in Sterling, Swiss Francs and US dollars. This potential currency risk is managed by applying sensible currency assumptions to all purchasing decisions, utilising the natural exchange rate hedge that is afforded by operating in different currencies and supplementing this with currency hedging, principally forward exchange contracts.

Going concern

In view of the Group's capital and cash position as well as the banking facilities referred to earlier the directors have assessed the group's position in view of the COVID-19 pandemic and the likely impact on the group and are satisfied sufficient liquidity is available to meet its working capital and other capital requirements for the next twelve months.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

KEY PERFORMANCE INDICATORS

	2020	2019
	£000	£000
Turnover	10,563	10,445
EBITDA	(323)	723
Capital expenditure	838	96
Working capital *	3,058	3,448
Net cash position (cash less bank overdrafts and loans)	1,260	(1,410)

*For 2019 as well as excluding cash/ bank loans and overdrafts the amount excludes other loans, shareholder loans and finance leases.

The KPI's above reflect the key elements of business performance which are covered in the business review above.

On behalf of the board

P M Ellis

Director

27 October 2020

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of a holding company for a group of companies engaged in the design, manufacture, supply and retail of watches and associated accessories.

Directors

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

P M Ellis

M B France

J Bader

S Kershaw

(Appointed 19 December 2019)

P Oldham

(Appointed 4 June 2020)

J Austin

(Appointed 25 July 2019 and resigned 4 June 2020)

Auditor

Spencer Gardner Dickins Audit LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives, review of performance and future developments.

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

P M Ellis

Director

27 October 2020

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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 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.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Christopher Ward (London) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group profit and loss account, 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 2020 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.

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 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.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

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

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 its 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 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.

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.

Other matters which we are required to address

In the previous accounting period, the directors of the group took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

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.

Susan Thomas-Walls BSc BFP FCA (Senior Statutory Auditor)
for and on behalf of Spencer Gardner Dickins Audit LLP

4 November 2020

Chartered Accountants
Statutory Auditor

3 Coventry Innovation Village
Cheetah Road
Coventry
CV1 2TL

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£	as restated £
Turnover	3	10,562,967	10,445,208
Cost of sales		(7,408,629)	(6,874,367)
Gross profit		<u>3,154,338</u>	<u>3,570,841</u>
Administrative expenses		(3,477,449)	(2,847,732)
Adjusted EBITDA		<u>(323,111)</u>	<u>723,109</u>
Exceptional items	4	(712,498)	(375,924)
EBITDA		<u>(1,035,609)</u>	<u>347,185</u>
Depreciation		(150,434)	(122,809)
Amortisation		(294,814)	(385,567)
Operating loss	5	<u>(1,480,857)</u>	<u>(161,191)</u>
Interest receivable and similar income	9	9,181	3
Other interest payable and similar expenses	10	(336,636)	(172,684)
Loss before taxation		<u>(1,808,312)</u>	<u>(333,872)</u>
Taxation	11	(67,169)	(34,815)
Loss for the financial year	25	<u><u>(1,875,481)</u></u>	<u><u>(368,687)</u></u>

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

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019 as restated
	£	£
Loss for the year	(1,875,481)	(368,687)
Other comprehensive income		
Currency translation differences	60,133	10,585
Total comprehensive income for the year	<u>(1,815,348)</u>	<u>(358,102)</u>

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

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		287,783		528,900
Other intangible assets	12		699,238		96,373
Total intangible assets			987,021		625,273
Tangible assets	13		311,461		257,318
			1,298,482		882,591
Current assets					
Stocks	16	3,833,266		3,712,904	
Debtors	17	1,214,548		1,022,990	
Cash at bank and in hand		1,812,859		330,458	
			6,860,673		5,066,352
Creditors: amounts falling due within one year	18				
			(2,620,587)		(3,831,315)
Net current assets			4,240,086		1,235,037
Total assets less current liabilities			5,538,568		2,117,628
Creditors: amounts falling due after more than one year	19		(4,028,315)		(2,231,828)
Provisions for liabilities	22		(248,346)		(261,023)
Net assets/(liabilities)			1,261,907		(375,223)
Capital and reserves					
Called up share capital	24		2,000		1,475
Share premium account	25		4,590,972		1,141,547
Legal reserve	25		17,782		15,279
Capital redemption reserve	25		25		-
Profit and loss reserves	25		(3,348,872)		(1,533,524)
Total equity			1,261,907		(375,223)

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of directors and authorised for issue on 27 October 2020 and are signed on its behalf by:

P M Ellis
Director

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	14		3,018,950		3,018,950
Current assets					
Debtors	17	3,960,427		-	
Cash at bank and in hand		972,515		232	
		<u>4,932,942</u>		<u>232</u>	
Creditors: amounts falling due within one year	18	<u>(77,297)</u>		<u>(663,472)</u>	
Net current assets/(liabilities)			4,855,645		(663,240)
Total assets less current liabilities			<u>7,874,595</u>		<u>2,355,710</u>
Creditors: amounts falling due after more than one year	19		(4,028,315)		(1,310,000)
Net assets			<u>3,846,280</u>		<u>1,045,710</u>
Capital and reserves					
Called up share capital	24		2,000		1,475
Share premium account	25		4,590,972		1,141,547
Capital redemption reserve	25		25		-
Profit and loss reserves	25		<u>(746,717)</u>		<u>(97,312)</u>
Total equity			<u>3,846,280</u>		<u>1,045,710</u>

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 £649,405 (2019 - £60,500 loss).

The financial statements were approved by the board of directors and authorised for issue on 27 October 2020 and are signed on its behalf by:

P M Ellis
Director

Company Registration No. 09076361

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
As restated for the period ended 31 March 2019:							
Balance at 1 April 2018		1,000	-	-	13,738	(1,175,422)	(1,160,684)
Year ended 31 March 2019:							
Loss for the year		-	-	-	-	(368,687)	(368,687)
Other comprehensive income:							
Currency translation differences		-	-	-	-	10,585	10,585
Total comprehensive income for the year		-	-	-	-	(358,102)	(358,102)
Issue of share capital	24	475	1,141,547	-	-	-	1,142,022
Transfers		-	-	-	1,541	-	1,541
Balance at 31 March 2019		1,475	1,141,547	-	15,279	(1,533,524)	(375,223)
Year ended 31 March 2020:							
Loss for the year		-	-	-	-	(1,875,481)	(1,875,481)
Other comprehensive income:							
Currency translation differences		-	-	-	-	60,133	60,133
Total comprehensive income for the year		-	-	-	-	(1,815,348)	(1,815,348)
Issue of share capital	24	550	3,449,450	-	-	-	3,450,000
Redemption of shares	24	(25)	-	25	-	-	-
Transfers		-	-	-	2,503	-	2,503
Purchase of own shares		-	(25)	-	-	-	(25)
Balance at 31 March 2020		2,000	4,590,972	25	17,782	(3,348,872)	1,261,907

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2018		1,000	-	-	(36,812)	(35,812)
Year ended 31 March 2019:						
Loss and total comprehensive income for the year		-	-	-	(60,500)	(60,500)
Issue of share capital	24	475	1,141,547	-	-	1,142,022
Balance at 31 March 2019		1,475	1,141,547	-	(97,312)	1,045,710
Year ended 31 March 2020:						
Loss and total comprehensive income for the year		-	-	-	(649,405)	(649,405)
Issue of share capital	24	550	3,449,450	-	-	3,450,000
Redemption of shares	24	(25)	-	25	-	-
Purchase of own shares		-	(25)	-	-	(25)
Balance at 31 March 2020		2,000	4,590,972	25	(746,717)	3,846,280

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£ as restated
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	31		(469,895)		259,328
Interest paid			(103,321)		(170,742)
Income taxes (paid)/refunded			(99,452)		391
Net cash (outflow)/inflow from operating activities			(672,668)		88,977
Investing activities					
Purchase of intangible assets		(656,163)		(75,999)	
Purchase of tangible fixed assets		(181,966)		(19,975)	
Interest received		9,181		3	
Net cash used in investing activities			(828,948)		(95,971)
Financing activities					
Proceeds from issue of shares		3,450,000		-	
Redemption of shares		(25)		-	
Issue of loan notes		2,800,000		-	
Repayment of borrowings		(366,478)		(61,164)	
Repayment of shareholders loans		(1,690,089)		-	
Repayment of other loans		-		(37,749)	
Shareholders advances (net)		-		218,997	
Payment of finance leases obligations		(21,802)		(19,506)	
Repayments from directors		-		9,542	
Net cash generated from financing activities			4,171,608		110,120
Net increase in cash and cash equivalents			2,669,990		103,126
Cash and cash equivalents at beginning of year			(1,409,868)		(1,512,994)
Cash and cash equivalents at end of year			1,260,122		(1,409,868)
Relating to:					
Cash at bank and in hand			1,812,859		330,458
Bank overdrafts included in creditors payable within one year			(552,737)		(1,740,326)

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Christopher Ward (London) Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1 Park Street, Maidenhead, Berkshire, SL6 1SL.

The group consists of Christopher Ward (London) Holdings 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

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 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

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.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Christopher Ward (London) Holdings 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 2020 except for Christopher Ward London Limited which is made up to the last Friday of the financial year being 27 March 2020 (2019: 29 March 2019). 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.

1.3 Going concern

At the time of approving the financial statements, the directors have assessed the group's situation regarding the COVID-19 pandemic and the likely impact on the group. The financial statements have been prepared on the going concern basis as the directors have undertaken a review of the future financing requirements for on-going operations of the group, and are satisfied that sufficient cash facilities are secured to meet its working capital requirements for at least 12 months from the date of signing of these financial statements.

1.4 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, settlement discounts and volume rebates.

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, allowing for the subsequent dispatch of goods in the week following the year end for orders placed prior to that date), 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.

1.5 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. Positive goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

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 if the fair value can be measured reliably.

Assets are included in intangible fixed assets as the cost is incurred. Applicable amortisation is provided from the date of use.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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

Software	33% straight line
Patents, trademarks and other capitalised costs	10% - 33% straight line

1.7 Tangible fixed assets

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

Assets are included in tangible fixed assets as the cost is incurred. Applicable depreciation is provided from the date of use.

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

Land and buildings leasehold	Over the remaining term of the lease
Plant and machinery- tooling	20% straight line
Fixtures, fittings and equipment	20% straight line
Computer equipment	33% straight line
Motor vehicles	20% 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 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.

1.9 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.

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, those overheads that have been incurred in bringing the stocks to their present location and condition.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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 and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks 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.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the 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.

1.14 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.15 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.

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.

1.16 Retirement benefits

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

1.17 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 balance sheet 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.

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.

1.18 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.

Assets and liabilities of foreign subsidiaries denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies reported in the profit and loss account are translated at the average exchange rates for the period. All differences are taken to the statement of changes in equity.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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.

Operating lease commitments

The group has entered into commercial leases as a lessee in order to obtain use of property, plant and equipment and motor vehicles. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Tangible fixed assets

Judgements are required on estimating the useful economic lives of tangible fixed assets. Where an indication of impairment is identified the estimation of recoverable value requires estimation.

Stock provisions

In recognising stock provisions in the financial statements management estimate the costs recoverable on the slow moving, old or damaged stock items. These estimates are based on expected net realisable value and estimated using business knowledge and professional judgement.

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.

Returns provision

The company includes a 60:60 guarantee with all sales which includes the ability for customers to return an item within 60 days of purchase. As a result, it is necessary to consider the likely amount of returns expected and the associated provisioning required. When calculating the provision, management considers the level of sales made in the past 60 days and the historic trend of returns.

Accruals

In recognising accrued costs in the financial statements management estimate the costs directly attributable to the financial year. These estimates are based on the expected costs, business knowledge and professional judgement.

Prepayments

In recognising prepaid costs in the financial statements management estimate the costs directly attributable to the next financial year. These estimates are based on the actual costs to date, business knowledge and professional judgement.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue

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

	2020 £	2019 £
Other significant revenue		
Interest income	9,181	3
	<u>9,181</u>	<u>3</u>
	2020 £	2019 £
Turnover analysed by geographical market		
UK	3,893,591	4,303,765
Europe	2,590,376	3,121,626
USA	2,873,841	2,180,979
Rest of World	1,205,159	838,838
	<u>10,562,967</u>	<u>10,445,208</u>

4 Exceptional item

	2020 £	2019 £
Expenditure		
Exceptional costs	712,498	375,924
	<u>712,498</u>	<u>375,924</u>

Management has assessed the administrative expenses and categorised the above costs as exceptional in the year. These include irregular professional support, regulatory requirements, dual running costs, contractual termination costs and one off investment costs.

5 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	67,779	7,540
Depreciation of owned tangible fixed assets	150,434	122,809
Amortisation of intangible assets	294,814	385,567
Operating lease charges	144,755	137,256
	<u>657,782</u>	<u>653,172</u>

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	8,860	-
Audit of the financial statements of the company's subsidiaries	11,000	-
	<u>19,860</u>	<u>-</u>
For other services		
Taxation compliance services	1,640	1,500
All other non-audit services	600	10,850
	<u>2,240</u>	<u>12,350</u>

7 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Office and production staff	<u>52</u>	<u>44</u>	<u>-</u>	<u>-</u>

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	2,235,033	1,755,913	15,000	-
Social security costs	180,396	144,871	1,476	-
Pension costs	72,438	53,754	-	-
	<u>2,487,867</u>	<u>1,954,538</u>	<u>16,476</u>	<u>-</u>

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	347,298	235,828
Company pension contributions to defined contribution schemes	8,749	8,799
	<u>356,047</u>	<u>244,627</u>

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

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

	2020 £	2019 £
Remuneration for qualifying services	106,728	101,820
Company pension contributions to defined contribution schemes	8,749	8,799

9 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	9,181	3

10 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	69,213	104,472
Other interest on financial liabilities	267,058	67,235
Interest on finance leases and hire purchase contracts	365	977

Total finance costs

Disclosed on the profit and loss account as follows:

Other interest payable and similar expenses	336,636	172,684
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11 Taxation

	2020 £	2019 £
Foreign current tax on profits for the current period	64,784	9,361
Deferred tax		
Origination and reversal of timing differences	2,385	25,454
Total tax charge	67,169	34,815

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Taxation

(Continued)

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

	2020 £	2019 £
Loss on ordinary activities before taxation	(1,808,312)	(333,872)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(343,579)	(63,436)
Tax effect of expenses that are not deductible in determining taxable profit	118,530	51,187
Unutilised tax losses carried forward	283,926	45,856
Effect of overseas tax rates	8,292	1,208
Tax expense for the year	67,169	34,815

12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Patents, trademarks and other capitalised costs	Total
	£	£	£	£	£
Cost					
At 1 April 2019	2,411,161	(796,713)	618,348	110,086	2,342,882
Additions	-	-	656,163	-	656,163
Exchange adjustments	-	-	4,304	3,349	7,653
At 31 March 2020	2,411,161	(796,713)	1,278,815	113,435	3,006,698
Amortisation and impairment					
At 1 April 2019	1,882,261	(796,713)	555,382	76,679	1,717,609
Amortisation charged for the year	241,117	-	42,363	11,334	294,814
Exchange adjustments	-	-	3,905	3,349	7,254
At 31 March 2020	2,123,378	(796,713)	601,650	91,362	2,019,677
Carrying amount					
At 31 March 2020	287,783	-	677,165	22,073	987,021
At 31 March 2019	528,900	-	62,966	33,407	625,273

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Tangible fixed assets

Group	Land and buildings leasehold	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
Cost						
At 1 April 2019	48,888	431,087	429,376	119,419	75,263	1,104,033
Additions	18,079	-	67,813	96,074	-	181,966
Exchange adjustments	-	35,713	7,024	6,508	6,235	55,480
At 31 March 2020	66,967	466,800	504,213	222,001	81,498	1,341,479
Depreciation and impairment						
At 1 April 2019	39,470	230,411	398,617	105,469	72,748	846,715
Depreciation changed in the year	6,982	82,392	21,917	38,136	1,007	150,434
Exchange adjustments	-	21,714	(1,154)	6,250	6,059	32,869
At 31 March 2020	46,452	334,517	419,380	149,855	79,814	1,030,018
Carrying amount						
At 31 March 2020	20,515	132,283	84,833	72,146	1,684	311,461
At 31 March 2019	9,418	200,676	30,759	13,950	2,515	257,318

The company had no tangible fixed assets at 31 March 2020 or 31 March 2019.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	3,018,950	3,018,950

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 and 31 March 2020	3,018,950
Carrying amount	
At 31 March 2020	3,018,950
At 31 March 2019	3,018,950

15 Subsidiaries

Registered office addresses (all UK unless otherwise indicated):

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Christopher Ward London Limited	1	The design and retailing of watches and associated accessories	Ordinary	100.00
Christopher Ward SA	2	The manufacture of watches and associated accessories	Ordinary	100.00
CW Watches Inc	3	Dormant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 1 Park Street, Maidenhead, Berkshire, SL6 1SL, UK
- 2 Chemin de la Clôture 6, CH-2502 Biel/Bienne, Switzerland
- 3 15 Briarwood Ln, Dover, NH 03820-4274, USA

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	2,494,708	2,530,177	-	-
Work in progress	-	5,251	-	-
Finished goods and goods for resale	1,338,558	1,177,476	-	-
	<u>3,833,266</u>	<u>3,712,904</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	537,898	593,884	-	-
Other debtors	368,089	199,528	15,037	-
Prepayments and accrued income	308,561	229,578	-	-
	<u>1,214,548</u>	<u>1,022,990</u>	<u>15,037</u>	<u>-</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	3,945,390	-
	<u>-</u>	<u>-</u>	<u>3,945,390</u>	<u>-</u>
Total debtors	<u>1,214,548</u>	<u>1,022,990</u>	<u>3,960,427</u>	<u>-</u>

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	20	576,643	1,800,326	-	-
Obligations under finance leases	21	-	20,133	-	-
Trade creditors		1,125,279	848,703	-	-
Amounts due to group undertakings		-	-	-	525,386
Corporation tax payable		120,476	18,106	-	-
Other taxation and social security		42,032	28,251	-	-
Other loans		-	55,759	-	-
Shareholders' loans		45,887	697,601	-	115,720
Other creditors		297,854	177,310	-	-
Accruals and deferred income		412,416	185,126	77,297	22,366
		<u>2,620,587</u>	<u>3,831,315</u>	<u>77,297</u>	<u>663,472</u>

The above finance lease liabilities are secured on the assets to which they relate.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Unsecured loan notes	20	3,795,000	-	3,795,000	-
Bank loans and overdrafts	20	-	20,006	-	-
Shareholders' loans	20	-	1,961,822	-	1,310,000
Other loans		-	250,000	-	-
Accruals and deferred income		233,315	-	233,315	-
		<u>4,028,315</u>	<u>2,231,828</u>	<u>4,028,315</u>	<u>1,310,000</u>

The above finance lease liabilities are secured on the assets to which they relate.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>3,795,000</u>	<u>1,961,822</u>	<u>3,795,000</u>	<u>1,310,000</u>
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CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Unsecured loan notes	3,795,000	-	3,795,000	-
Bank loans	23,906	80,006	-	-
Bank overdrafts	552,737	1,740,326	-	-
Other loans	-	305,759	-	1,415,000
Shareholders' loans	45,887	2,659,423	-	-
	<u>4,417,530</u>	<u>4,785,514</u>	<u>3,795,000</u>	<u>1,415,000</u>
Payable within one year	622,530	2,542,966	-	105,000
Payable after one year	<u>3,795,000</u>	<u>2,242,548</u>	<u>3,795,000</u>	<u>1,310,000</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>3,795,000</u>	<u>2,242,548</u>	<u>3,795,000</u>	<u>1,310,000</u>

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Loans and overdrafts

(Continued)

Unsecured loan notes comprise of investor loan notes of £2,800,000 (2019: £nil) which carry an interest rate of 9% per annum. The interest is payable in monthly instalments from September 2021. The loan notes are repayable in monthly instalments from June 2025. Christopher Ward London Limited has provided a full guarantee for the liability of the loan notes and related interest. Christopher Ward SA has provided a guarantee which is limited to the amount of unrestricted equity capital surplus available for distribution.

Within unsecured loan notes are founder loan notes of £995,000 which carry an interest rate of 9% per annum. The interest is payable in monthly instalments from September 2021. The loan notes are repayable in monthly instalments from June 2025.

Included within bank loans is a total of £23,906 (2019: £80,006) in respect of a term loan which carries interest at 3% above the Bank of England base rate per annum. The loan is repayable in monthly instalments, as at 31 March 2020 the number of instalments remaining was 3. Post year end this loan was wrapped up within a new loan facility. The loan is secured over certain of the assets of the group.

Included within bank overdrafts is a total of £367,094 (2019: £924,326) relating to fixed advances from the bank which carry interest at a rate of 3.5% per annum and are secured over certain assets of the group.

Included within bank overdrafts is a total of £185,643 (2019: £816,000) carrying interest at 2.95% above the Bank's base rate per annum and are secured over certain of the assets of the group.

Included within other loans is an amount of £nil (2019: £250,000) which was repayable on demand and carried interest at 6.5% per annum.

Shareholders loans of £45,887 (2019: £2,659,423) include £nil (2019: £115,720) which is interest free. The remaining loans carry interest at 3%.

Banking facilities

As at 31 March 2020, the group had access to the following banking facilities:

Bank overdraft of £875,000 which incurs interest at a rate of 2.5% plus base rate per annum and is repayable on demand. As at the year end, £185,643 of this overdraft facility was drawn.

Commercial credit card facility of £300,000 (2019: £161,000). As at the year end, £150,870 of this facility was being used.

Bank loan secured by the Swiss government as part of the COVID aid available of £417,153 (CHF500,000) which is interest free and repayable on 31 March 2025. This facility was available but not drawn as at the year end. If this facility had been drawn the cash on the balance sheet would have increased by a similar amount to £2,230,012.

Swiss banking facilities of £417,153 (CHF500,000) which incurs interest at a rate of 3.5% per annum and is repayable on demand. As at the year end, £158,518 (CHF190,000) of these facilities were drawn.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	-	20,133	-	-

Finance lease payments represented rentals payable by the group for certain items of fixed assets. Leases include purchase options at the end of the lease period, and no restrictions were placed on the use of the assets. The average lease term was 1 year. All leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	287,258	302,320
Provision for unrealised profits	(38,912)	(41,297)
	<u>248,346</u>	<u>261,023</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 April 2019	261,023	-
Credit to profit or loss	(12,677)	-
Liability at 31 March 2020	<u>248,346</u>	<u>-</u>

23 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>72,438</u>	<u>53,754</u>

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Retirement benefit schemes

(Continued)

Defined contribution pension schemes are operated in the UK and in Switzerland for all qualifying employees. The assets of the schemes are held separately from the group in independently administered funds.

24 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
55,000 (2019: 50) A ordinary shares of 1p each	550	50
0 (2019: 450) B ordinary shares of £1 each	-	450
0 (2019: 450) C ordinary shares of £1 each	-	450
0 (2019: 500) D ordinary shares of £1 each	-	500
0 (2019: 25) E ordinary shares of £1 each	-	25
145,000 (2019: 0) Ordinary of 1p each	1,450	-
	<u>2,000</u>	<u>1,475</u>

All classes of shares rank pari passu and entitle the holder to attend and vote at any meeting of the company, to participate in the profits of the company that are available for distribution and to a return of capital on winding up to the extent that all other debts are settled.

On 25 July 2019, the company repurchased 25 E ordinary shares for cash at par and subsequently cancelled these shares.

On 25 July 2019, 550 A ordinary shares of £1 each were issued for cash at a premium of £6,271.73 per share.

On 25 July 2019, the following shares were reclassified as Ordinary £1 shares:

50 A ordinary shares of £1 each
450 B ordinary shares of £1 each
450 C ordinary shares of £1 each
500 D ordinary shares of £1 each

On 23 December 2019 1,450 Ordinary £1 shares were subdivided into 145,000 1p ordinary shares.

On 23 December 2019 550 A ordinary £1 shares were subdivided into 55,000 1p A ordinary shares.

25 Reserves

Share premium

The share premium account represents the amount received in excess of nominal value for shares purchased in the group.

Profit and loss reserves

Profit and loss reserves represent the retained earnings of the group since its inception.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

25 Reserves

(Continued)

Legal reserve

The legal reserve is held by Christopher Ward SA and relates to the mandatory retainment of part of the firm's earnings. This reserve is not available for distribution.

26 Financial commitments, guarantees and contingent liabilities

Company only

Christopher Ward (London) Holdings Limited is part of a group guarantor scheme regarding the commercial loans with Barclays. As at the reporting date, Christopher Ward (London) Holdings Limited has fixed and floating charges over its assets to the value of £169,488 (2019: £nil).

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 2020 £	2019 £	Company 2020 £	2019 £
Within one year	96,724	80,556	-	-
Between two and five years	300,377	21,078	-	-
	<u>397,101</u>	<u>101,634</u>	<u>-</u>	<u>-</u>

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Acquisition of intangible assets	<u>166,416</u>	<u>-</u>	<u>-</u>	<u>-</u>

29 Events after the reporting date

On the 30 July 2020 75,000 deferred shares of £1 each were issued for cash at par.

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

30 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Finance costs	
	2020	2019
	£	£
Group		
Key management personnel	15,000	15,000

Finance costs paid to key management personnel are for the provision of personal guarantees.

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020	2019
	£	£
Group		
Shareholders' loans	4,074,202	2,659,423
Company		
Shareholders' loans	4,028,315	1,425,720

In 2020 amounts due to shareholders represents unsecured investor loan notes of £2,800,000 which carries an interest rate of 9% per annum. Accrued interest of £172,142 is payable in monthly instalments from September 2021. The loan notes are repayable in monthly instalments from June 2025.

Christopher Ward London Limited has provided a full guarantee for the liability of the loan notes and related interest. Christopher Ward SA has provided a guarantee which is limited to the amount of unrestricted equity capital surplus available for distribution.

Amounts due to shareholders also includes unsecured founder loan notes of £995,000 which carries an interest rate of 9% per annum. Accrued interest of £61,173 is payable in monthly instalments from September 2021. The loan notes are repayable in monthly instalments from June 2025.

The remaining balance in Group of £45,887 represents loan carrying an interest rate of 3% per annum that is repayable on demand.

In 2019 company only amounts due to shareholders represents a loan of £1,310,000 bearing interest of 3% per annum which is repayable on demand. The remaining loan of £115,720 is interest free and repayable on demand.

In 2019 Group amounts due to shareholders also includes loans of £1,233,703 bearing interest of 3% per annum which is repayable on demand.

The directors have provided personal guarantees over bank facilities limited to £1,358,518 (2019: £1,354,000).

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

31 Cash generated from group operations

	2020 £	2019 £ as restated
Loss for the year after tax	(1,875,481)	(368,687)
Adjustments for:		
Taxation charged	67,169	34,815
Finance costs	336,636	172,684
Investment income	(9,181)	(3)
Amortisation and impairment of goodwill	241,117	241,116
Amortisation and impairment of other intangible assets	53,697	144,451
Depreciation and impairment of tangible fixed assets	150,434	122,809
EBITDA	(1,035,609)	347,185
Foreign exchange movement	(101,096)	(39,583)
	(1,136,705)	307,602
Movements in working capital:		
Decrease in stocks	89,685	44,028
(Increase)/decrease in debtors	(127,453)	100,764
Increase/(decrease) in creditors	704,578	(193,066)
Cash (absorbed by)/generated from operations	(469,895)	259,328
Per cash flow statement page	(469,895)	259,328

EBITDA noted above of £1,035,609 includes exceptional items of £712,498 (2019: £375,924).

32 Analysis of changes in net debt - group

	1 April 2019 £	Cash flows £	Exchange rate £	31 March 2020 £
Cash at bank and in hand	330,458	1,466,313	16,088	1,812,859
Bank overdrafts	(1,740,326)	1,264,165	(76,576)	(552,737)
	(1,409,868)	2,730,478	(60,488)	1,260,122
Borrowings excluding overdrafts	(3,045,188)	(819,605)	-	(3,864,793)
Obligations under finance leases	(20,133)	20,133	-	-
	(4,475,189)	1,931,006	(60,488)	(2,604,671)

CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

33 Prior period adjustment

Prior period figures have been adjusted for additional returns provisions. This has resulted in the opening losses at 1 April 2018 increasing by £41,777. In 2019 this adjustment has resulted in an increase in losses for the year of £24,928.

Changes to the balance sheet - group

	At 31 March 2019			As restated £
	As previously reported £	Adjustment at 1 Apr 2018 £	Adjustment at 31 Mar 2019 £	
Creditors due within one year				
Other creditors	(1,144,434)	(41,777)	(24,928)	(1,211,139)
Net assets	(308,518)	(41,777)	(24,928)	(375,223)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital and reserves				
Profit and loss	(1,466,819)	(41,777)	(24,928)	(1,533,524)
Total equity	(308,518)	(41,777)	(24,928)	(375,223)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account - group

	Period ended 31 March 2019		
	As previously reported £	Adjustment £	As restated £
Turnover	10,486,221	(41,013)	10,445,208
Cost of sales	(6,890,452)	16,085	(6,874,367)
Loss for the financial period	(343,759)	(24,928)	(368,687)
	<u> </u>	<u> </u>	<u> </u>

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