

April Topco Limited

Annual report and consolidated
financial statements
Registered number 09484023
For the Period Ended
28 October 2017



Contents

Strategic Report	1
Directors' report	3
Statement of directors' responsibilities in respect of the strategic report, the Directors' report and the consolidated financial statements	4
Independent auditor's report to the members of April Topco Limited	5
Consolidated Profit and Loss Account and Other Comprehensive Income	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	12
Consolidated Cash Flow Statement	14
Notes	15

Strategic Report

Principal activities

April Topco is the parent company of the Group which trades as Evans Cycles ('Evans'). Evans is an independent specialist cycling retailer, established in 1921 and now operating as a multi-channel retailer through stores, online and mobile channels. The majority of the share capital of April Topco Limited is controlled by ECI Partners LLP, a private equity fund. The main trading company in the Group is FW Evans Cycles (UK) Limited.

The principal activity of the Group is retailing bicycles and accessories.

The Evans Cycles brand offers a wide range of products and services, and is committed to growing the popularity of cycling as a sport, a leisure activity and a means of transport. Product ranges include leading global brands as well as exclusive and own brands. Services include cycle maintenance, organised rides and a ride to work programme to help customers take advantage of the benefits offered under the Government's Green Transport Plan. The group operates from over 60 stores across the UK, with key support functions and warehousing based at the Gatwick campus.

In the period ended 28 October 2017, Evans Cycles continued the strategy of enhancing its proposition to customers by significantly investing in its multi-channel offering. During the period, two new stores, each over 6,000 square feet, were opened in Havant (Portsmouth) and Sutton Coldfield, the Clapham store was relocated and the Birmingham and Canary Wharf stores underwent refits to the new store format. In addition, Evans continued to support the Prudential Ride London event, with a temporary store at the Excel Centre and a further presence at the event itself. Evans also made numerous improvements to its web platform, improving the customer experience and ease of transacting. Additional content and functionality continues to be added to the platform and enhanced mobile responsiveness will be introduced during 2018. These multi-channel investments also helped Evans grow its base of ride to work customers, with a number of notable wins, particularly as the year progressed. All these initiatives, helped the company grow its revenue and improve profitability year on year despite broader market headwinds.

The Directors remain confident about the medium and long-term prospects for the UK cycling market noting that UK adult cycling participation is still significantly below European averages, especially in cities, while new products such as e-bikes continue to expand the addressable market and the Government continues to invest in improving national cycling infrastructure. In support of this, Evans has recently reconfigured a number of stores to expand the range of e-bikes available for sale and trial

During the 2017 financial year there were a number of changes to the senior management team, in particular the recruitment of Andy King as CEO. Andy joined at the start of November, bringing strong retail leadership experience. Other senior recruits include a new Retail Director and a new Buying & Merchandising Director.

Results and KPIs

The results for the period are set out on page 7.

The Directors believe that the most appropriate measure of Evans' profitability is earnings before interest, tax, depreciation and amortisation, excluding exceptional expenses and foreign exchange gains or losses ('Adjusted EBITDA'). Adjusted EBITDA is therefore considered the Group's Key Performance Indicator. For the period covered by these accounts, Adjusted EBITDA was £2m (2016: £2.2m). This result reflected the impact of the investments made in enhancing the Group's geographic footprint, a competitive pricing position supported by the Evans "price match guarantee", and investment in further developing and promoting the Group's own brand offering.

The Group recorded a reduced operating loss of £8.8m (2016: £10.9m) comprising EBITDA of £2m (2016: £2.2m) less exceptional costs of £0.2m (2016: 2.4m) and £10.6m (2016:£10.7m) of amortisation, depreciation and foreign exchanges losses (non-cash items). As at 28 October 2017 the Group had net assets of £9.1m (2016: net liabilities of £23.7m).

Liquidity and Financing

During the period, the Group decided to restructure the loan notes issued by its subsidiary, April Midco, to significantly improve the capital structure of the Group. This reduced the Group's third-party borrowings, and allows the Group to continue to focus on expanding its multichannel offering to customers. More details on this transaction are given in Note 18 of these accounts.

With regards to the Senior Lender borrowings, there are no financial covenant tests on April Midco until 27 October 2018, no debt repayments are due on any of the bank loans until 30 April 2021 and cash interest is only payable on a proportion of the loans outstanding. The Group has a £7m aggregate overdraft and revolving credit facility provided by its banks which are secured on the assets of the Company and certain UK subsidiaries. This facility was undrawn at period end.

Strategic Report (continued)

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Risks are reviewed by the Board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the Group are set out below.

Supplier risk: The Group does not operate in high risk geographies and we have long term relationships with all of our key suppliers. Visits are periodically made to key supplier factories to review quality, processes, policies and controls.

Competitor risk: The Group operates in a highly competitive market balancing both customer requirements and market pressures. The Board review and monitor these factors to ensure the Group's competitiveness.

Price and credit risk: Due to the nature of the financial instruments used by the Group, there is minimal exposure to price risk. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to corporate customers and the regular monitoring of amounts outstanding. Credit for retail customers is provided by a third party on a non-recourse basis.

Currency risk: The Group has transactional currency exposures arising from purchases in foreign currencies. The Group enters into forward contracts to manage unfavourable movements in the exchange rate. These forward contracts fix the exchange rate applicable to future purchases.

Interest rate risk: The Group is exposed to fluctuations in interest rates which impact the cost of its borrowings. In order to minimise this risk, the Group entered into an interest rate swap in July 2015 which has fixed the funding costs for approximately 80% of the term loans which totalled £23.9m at the balance sheet date. Further details of these loans are contained in note 20.

The Group does not use derivative financial instruments for speculative purposes.

Liquidity and going concern: The Group is exposed to liquidity risk as sufficient funds are required to support trading, investing and financing activities. The Group regularly monitors the liquidity position to ensure sufficient funds are available to meet both current and future requirements. The refinancing detailed above is one such example of this approach.

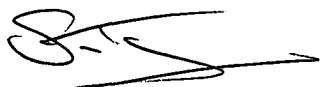
After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue as a going concern for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts. Further details are given in note 1 to the accounts.

Employee involvement

It is the Group's policy to provide employees, on a regular basis, with financial and other information on matters of concern to them, by means of Town Hall events (Group presentations), regional conferences, blogs, social networks and a company magazine called CoffeeStop.

Every endeavour is made to consult, wherever possible, with employees, so that their views can be taken into account in making decisions which are likely to affect their interests. During the year a Colleague Communications survey and an Employee Engagement survey were both undertaken to further improve the way in which employees are included in decision making and communication.

By order of the Board



S N Trowbridge
Director

20 January 2018

Directors' report

The Directors present their annual report and financial statements for the 364 day period from 30 October 2016 to 28 October 2017 (2016: 364 days from 1 November 2015 to 29 October 2016).

Proposed dividend

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who held office during the year were as follows:

C McKendrick	(resigned 23 December 2016)
A J King	(appointed 3 November 2016)
G T E Moss	
M A Tomkins	
S N Trowbridge	

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

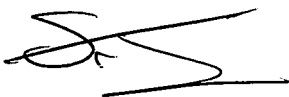
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



S N Trowbridge
Secretary

Camino Park
James Watt Way
Crawley
West Sussex
RH10 9TZ

26 January 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of April Topco Limited

Opinion

We have audited the financial statements of April Topco Limited ("the company") for the period ended 28 October 2017 which comprise the Group Profit and Loss account and other Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement, Company Balance sheet and the Company Statement of Changes in Equity and related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 October 2017 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; and/or
- the parent company financial statements are not in agreement with the accounting records and returns; and/or
- certain disclosures of directors' remuneration specified by law are not made; and/ or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent Auditor's report to the members of Topco Limited (*continued*)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

T.S. 

Timothy Rush (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forecast Gate
Brighton Road,
Crawley,
RH11 9PT
United Kingdom

30th January 2018

Consolidated Profit and Loss Account and Other Comprehensive Income
for the period ended 28 October 2017

		Period ended 28 October 2017 £000	Period ended 29 October 2016 £000
Turnover	2	138,297	135,839
Cost of sales		<u>(87,177)</u>	<u>(86,871)</u>
Gross profit		51,120	48,968
Distribution costs		(2,123)	(1,911)
Administrative expenses		(57,576)	(55,884)
Exceptional administrative expenses	5	<u>(193)</u>	<u>(2,060)</u>
Group operating loss	3	(8,772)	(10,887)
Adjusted EBITDA ⁽¹⁾		2,048	2,216
Less: Exceptional items		(193)	(2,402)
Less: Depreciation and amortisation		(10,733)	(10,477)
Less: Foreign exchange gains/(losses)		104	(224)
Loss before interest and taxation		(8,774)	(10,887)
Interest payable and similar charges	8	(7,586)	(9,590)
Finance (expense)/income	9	<u>(1,018)</u>	<u>904</u>
Loss before taxation		(17,378)	(19,573)
Tax on loss	10	<u>11</u>	<u>582</u>
Loss for the financial period		<u>(17,367)</u>	<u>(18,991)</u>
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		<u>173</u>	<u>(65)</u>
Other comprehensive income for the period, net of income tax		<u>173</u>	<u>(65)</u>
Total comprehensive loss for the period		<u>(17,194)</u>	<u>(19,056)</u>

⁽¹⁾ Adjusted EBITDA is defined as operating profit before interest, tax, depreciation, amortisation and exceptional items.

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

at 28 October 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Intangible assets					
Goodwill	11	50,942		57,735	
Other intangibles	11	<u>3,578</u>		<u>4,092</u>	
	11		54,520		61,827
Tangible assets	12		<u>10,907</u>		<u>10,775</u>
			65,427		72,602
Current assets					
Stocks	14	28,201		25,687	
Debtors (including £329k (2016: £318k) due after more than one year and £5,204k (2016: £5,258k) due within one year)	15	5,533		5,576	
Cash at bank and in hand	16	<u>3,532</u>		<u>10,991</u>	
		37,266		42,254	
Creditors: amounts falling due within one year	17	(39,808)		(41,679)	
Loan notes due within one year	18	<u>(28,428)</u>		<u>(73,085)</u>	
		(68,236)		(114,764)	
Net current liabilities			<u>(30,970)</u>		<u>(72,510)</u>
Total assets less current liabilities			34,457		92
Creditors: amounts falling due after more than one year	19		(23,120)		(22,183)
Provisions for liabilities					
Provisions	21	<u>(2,225)</u>		<u>(1,651)</u>	
			<u>(2,225)</u>		<u>(1,651)</u>
Net assets/(liabilities)			<u>9,112</u>		<u>(23,742)</u>
Capital and reserves					
Called up share capital	23		8		8
Share premium account			40,660		992
Own shares reserve			(53)		(53)
Cash flow hedging reserve	23		(75)		(248)
Capital contribution reserve	23		10,380		-
Profit and loss account			<u>(41,808)</u>		<u>(24,441)</u>
Shareholders' Funds /(deficit)			<u>9,112</u>		<u>(23,742)</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 January 2018 and were signed on its behalf by:



S N Trowbridge

Director

Company registered number: 09484023

Company Balance Sheet
at 28 October 2017

	<i>Note</i>	2017 £000	2017 £000	2016 £000	2016 £000
Fixed Assets					
Other intangible assets			-		-
Investments	13		39,887		194
Current assets					
Debtors (all due within one year)	15	697		771	
Cash at bank and in hand		<u>20</u>		<u>18</u>	
		717		789	
Creditors: amounts falling due within one year	17	<u>(13)</u>		<u>(12)</u>	
Net current assets			<u>704</u>		<u>777</u>
Total assets less current liabilities			<u>40,591</u>		<u>971</u>
Net assets			<u>40,591</u>		<u>971</u>
Capital and reserves					
Called up share capital	23		8		8
Share premium account			40,660		992
Own shares reserve			(53)		(53)
Profit and loss account			<u>(24)</u>		<u>24</u>
Shareholders' funds			<u>40,591</u>		<u>971</u>

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the board of directors on 6 January 2018 and were signed on its behalf by:



S N Trowbridge
Director

Company registered number: 09484023

Consolidated Statement of Changes in Equity

	Called up share capital	Share premium account	Cash flow hedging reserve	Own shares reserve	Profit & loss account	Total shareholders' equity
	£000	£000	£000	£000	£000	£000
Balance at 1 November 2015	<u>8</u>	<u>992</u>	<u>(183)</u>	<u>(53)</u>	<u>(5,450)</u>	<u>(4,686)</u>
Total comprehensive loss for the period						
Loss	-	-	-	-	(18,991)	(18,991)
Other comprehensive loss (see note 23)	<u>-</u>	<u>-</u>	<u>(65)</u>	<u>-</u>	<u>-</u>	<u>(65)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(65)</u>	<u>-</u>	<u>(18,991)</u>	<u>(19,056)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 29 October 2016	<u><u>8</u></u>	<u><u>992</u></u>	<u><u>(248)</u></u>	<u><u>(53)</u></u>	<u><u>(24,441)</u></u>	<u><u>(23,742)</u></u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

	Called up share capital	Share premium account	Cashflow hedging reserve	Own shares reserve	Capital contribution reserve	Profit & loss account	Total shareholders' equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 30 October 2016	<u>8</u>	<u>992</u>	<u>(248)</u>	<u>(53)</u>	<u>-</u>	<u>(24,441)</u>	<u>(23,742)</u>
Total comprehensive loss for the period							
Loss	-	-	-	-	-	(17,367)	(17,367)
Other comprehensive income / (loss) (see note 23)	-	-	173	-	-	-	173
Total comprehensive income / (loss) for the period	<u>-</u>	<u>-</u>	<u>173</u>	<u>-</u>	<u>-</u>	<u>(17,367)</u>	<u>(17,194)</u>
Transactions with owners, recorded directly in equity							
Loan note interest waiver	-	-	-	-	10,380	-	10,380
Issue of shares	-	39,668	-	-	-	-	39,668
Total contribution by owners	<u>-</u>	<u>39,668</u>	<u>-</u>	<u>-</u>	<u>10,380</u>	<u>-</u>	<u>50,048</u>
Balance at 28 October 2017	<u>8</u>	<u>40,660</u>	<u>(75)</u>	<u>(53)</u>	<u>10,380</u>	<u>(41,808)</u>	<u>9,112</u>

The accompanying notes form an integral part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital	Share premium account	Own shares reserve	Profit and loss account	Total shareholders' equity
	£000	£000	£000	£000	£000
Balance at 1 November 2015	<u>8</u>	<u>992</u>	<u>(53)</u>	<u>10</u>	<u>957</u>
Total comprehensive income for the period					
Profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
Balance at 29 October 2016	<u>8</u>	<u>992</u>	<u>(53)</u>	<u>24</u>	<u>971</u>

The accompanying notes form an integral part of these financial statements.

Company Statement of Changes in Equity (continued)

	Called up share capital	Share premium account	Own shares reserve	Profit and loss account	Total shareholders' equity
	£000	£000	£000	£000	£000
Balance at 30 October 2016	<u>8</u>	<u>992</u>	<u>(53)</u>	<u>24</u>	<u>971</u>
Total comprehensive loss for the period					
Loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48)</u>	<u>(48)</u>
Total comprehensive income / (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48)</u>	<u>(48)</u>
Transactions with owners, recorded directly in equity					
Issue of shares	<u>-</u>	<u>39,668</u>	<u>-</u>	<u>-</u>	<u>39,668</u>
Total contributions by and distributions to owners	<u>-</u>	<u>39,668</u>	<u>-</u>	<u>-</u>	<u>39,668</u>
Balance at 28 October 2017	<u>8</u>	<u>40,660</u>	<u>(53)</u>	<u>(24)</u>	<u>40,591</u>

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement
for the period ended 28 October 2017

	<i>Note</i>	2017 £000	2016 £000
Cash flows from operating activities			
Loss for the period		(17,367)	(18,991)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		10,733	10,920
Interest payable and similar charges		7,586	9,590
Finance expense/(income)		1,018	(904)
Taxation		(11)	(582)
		1,959	33
Increase in trade and other debtors		(1,154)	(106)
(Increase)/Decrease in stocks		(2,514)	373
(Decrease)/Increase in trade and other creditors		(1,742)	7,417
Increase in provisions		574	1,651
		(2,877)	9,368
Interest paid		(1,063)	(1,598)
Tax paid		42	(76)
Net cash from operating activities		(3,898)	7,694
Cash flows from investing activities			
Acquisition of intangible fixed assets	<i>11</i>	(765)	(1,407)
Acquisition of tangible fixed assets	<i>12</i>	(2,796)	(1,706)
Net cash from investing activities		(3,561)	(3,113)
Cash flows from financing activities			
Issue of loan notes		-	10,000
Repayment of borrowings		-	(5,218)
Re-financing fees		-	(630)
Net cash from financing activities		-	4,152
Net (decrease)/increase in cash and cash equivalents		(7,459)	8,733
Cash and cash equivalents at the start of the period		10,991	2,258
Cash and cash equivalents at the end of the period	<i>16</i>	3,532	10,991

The accompanying notes form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

April Topco Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The Company number is 09484023 and the registered address is Camino Park, James Watt Way, Crawley, West Sussex, RH10 9TZ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

1.2 Going concern

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, which the directors believe is appropriate for the following reasons:

- No debt repayments are due on any of the bank loans until 30 April 2021 and interest is only payable in cash on £13.8m of these loans. In addition, there will be no financial covenant tests until October 2018. The detailed budget for 2018 shows covenant compliance in excess of 40% on all measures in October 2018.
- The Group has a £7m aggregate overdraft and revolving credit facility provided by its banks which is secured on the assets of the Company and certain UK subsidiaries. As with other groups with similar financing structures, the ongoing availability of these facilities is subject to periodic financial covenant tests. However, as detailed above, the next covenant test is in October 2018 when the budget shows that all measures will be comfortably met. The directors have prepared cash flow projections for the period to January 2019. The directors have considered the assumptions made and consider the forecasts reasonable and realistic.
- On the basis of these projections, and with continuing support from ECI the Directors are confident that short-term fluctuations in performance versus budget can be managed and that the Group remains a going concern for the foreseeable future and that the Group and Company will continue to operate comfortably within the banking facilities.

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 28 October 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Nonmonetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Basic financial instruments *(continued)*

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|-------------------------|---|
| • leasehold properties | Straight line up to the date of the break clause, with a cap of 7 years |
| • plant and equipment | Straight line over 7 years |
| • fixtures and fittings | Straight line over 7 years |
| • computer equipment | Straight line over 3 years |
| • motor vehicles | Straight line over 5 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- | | |
|--------------------------|---------|
| • patents and trademarks | 5 years |
| • existing website | 2 years |
| • new website | 5 years |

The basis for choosing these useful lives is to match the forecast useful economic lives of these assets.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.12 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.14 Turnover

Turnover is derived from the sales of goods, net of trade discounts and value added tax. The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the UK. Revenue from the sale of goods is recognised when the Company has transferred the significant risks and rewards of ownership and control of the goods sold and the amount of revenue can be measured reliably.

Revenue generated through store outlets, via the internet and telephone is recognised upon despatch of goods. Sales of gift vouchers are recognised when the voucher is redeemed. Sales generated through organised rides are recognised when the event occurs. The company operates a ride to work scheme with employers. The company issues certificates to employees which are redeemable when the employee purchases goods from the Company. The Company invoices the employer when the certificates are issued and income is recognised when the certificate is redeemed.

1.15 Exceptional expenses

Expenses are deemed to be exceptional where they are outside the usual course of business.

1.16 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

1.16 Expenses (continued)

Interest receivable and Interest payable

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Notes *(continued)*

2 Turnover

	2017	2016
	£000	£000
Sale of goods	135,619	131,776
Rendering of services	<u>2,678</u>	<u>4,063</u>
Total turnover	<u>138,297</u>	<u>135,839</u>
	2017	2016
	£000	£000
By geographical market		
UK	131,977	128,125
EU	1,526	1,757
Non-EU	<u>4,794</u>	<u>5,957</u>
	<u>138,297</u>	<u>135,839</u>

3 Operating profit

Included in profit are the following:

	Period ended 28	Period ended 29
	October	October
	2017	2016
	£000	£000
Amortisation of intangible fixed assets	8,072	8,124
Depreciation of tangible fixed assets	2,661	2,496
Gain on disposal of fixed assets	-	(41)
Loss on disposal of fixed assets	3	22
Land and buildings - amounts payable under operating leases	<u>5,438</u>	<u>5,565</u>

Notes (continued)

4 Expenses and auditor's remuneration

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements	11	8
Audit of financial statements of subsidiaries of the company	52	58
Audit-related assurance services	2	2
Taxation compliance services	-	16
Other assurance services	40	22
	<u>115</u>	<u>106</u>

5 Exceptional administrative costs

The exceptional administrative expenses incurred in the period relate to restructuring costs and the cost of an onerous lease on an exited property. Exceptional costs incurred in the prior year relate to re-structuring costs.

6 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Stores & Contact Centre	945	918
Warehouse & Logistics	161	153
Central Support	159	157
	<u>1,265</u>	<u>1,228</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	21,121	19,945
Social security costs	1,572	1,443
Contributions to defined contribution plans	232	226
	<u>22,925</u>	<u>21,614</u>

Notes (continued)

7 Directors' remuneration

	2017	2016
	£000	£000
Directors' remuneration	564	977
Compensation for loss of office	-	31
Company contributions to money purchase plans	<u>11</u>	<u>22</u>
Total other interest payable and similar charges	<u>575</u>	<u>1,030</u>

The aggregate of remuneration and amounts receivable, including compensation for loss of office, of the highest paid director was £352,000 (2016: £591,000). No pension contributions were made on their behalf.

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>1</u>	<u>1</u>

8 Interest payable and similar charges

	2017	2016
	£000	£000
Bank interest payable	1,247	1,406
Amortisation of bank fee	386	300
Cashflow hedge	186	149
Net foreign exchange (gain)/ loss	(257)	109
Loan commitment fees	(11)	70
Loan note interest	<u>6,035</u>	<u>7,556</u>
Total other interest payable and similar charges	<u>7,586</u>	<u>9,590</u>

9 Finance (expense)/income

	Period ended 28	Period ended 29
	October 2017	October 2016
	£000	£000
Change in valuation of foreign exchange derivatives	<u>(1,018)</u>	<u>904</u>

Notes (continued)

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £000	2017 £000	2016 £000	2016 £000
<i>Current tax</i>				
Current tax on income for the period		(40)		(54)
Losses carried back to previous year		<u>-</u>		<u>(181)</u>
Total current tax		(40)		(235)
<i>Deferred tax (see note 22)</i>				
Origination and reversal of timing differences	16		(335)	
Change in tax rate	<u>13</u>		<u>(12)</u>	
Total deferred tax		29		(347)
Total tax		<u>(11)</u>		<u>(582)</u>

	£000	2017 £000	£000	£000	2016 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	(40)	29	(11)	(235)	(347)	(582)
Total tax	<u>(40)</u>	<u>29</u>	<u>(11)</u>	<u>(235)</u>	<u>(347)</u>	<u>(582)</u>

Analysis of current tax recognised in profit and loss

	2017 £000	2016 £000
UK corporation tax	<u>(40)</u>	<u>(235)</u>
Total current tax recognised in profit and loss	<u>(40)</u>	<u>(235)</u>

Notes *(continued)*

10 Taxation *(continued)*

Reconciliation of effective tax rate

	2017	2016
	£000	£000
Loss for the year	(17,367)	(18,991)
Total tax expense	<u>(11)</u>	<u>(582)</u>
Loss excluding taxation	(17,378)	(19,573)
Tax using the UK corporation tax rate of 19.43% (2016:20%)	(3,375)	(3,915)
Non-deductible expenses	1,423	1,612
Goodwill amortisation not deductible for tax purposes	1,319	1,460
Reduction in tax rate on deferred tax balances	-	28
Adjustments in respect of prior year	(40)	(54)
Permanent timing differences	442	-
Other	<u>220</u>	<u>287</u>
Total tax expense included in profit or loss	<u>(11)</u>	<u>(582)</u>

Notes *(continued)*

11 Intangible assets and goodwill

Group

	Goodwill £000	Software and website £000	Patents and trade- marks £000	Total £000
Cost				
Balance at 30 October 2016	67,923	5,741	61	73,725
Additions in the period	<u>-</u>	<u>733</u>	<u>32</u>	<u>765</u>
Balance at 28 October 2017	<u>67,923</u>	<u>6,474</u>	<u>93</u>	<u>74,490</u>
Amortisation and impairment				
Balance at 30 October 2016	10,188	1,694	16	11,898
Amortisation in the period	<u>6,793</u>	<u>1,265</u>	<u>14</u>	<u>8,072</u>
Balance at 28 October 2017	<u>16,981</u>	<u>2,959</u>	<u>30</u>	<u>19,970</u>
Net book value				
At 29 October 2016	<u>57,735</u>	<u>4,047</u>	<u>45</u>	<u>61,827</u>
At 28 October 2017	<u>50,942</u>	<u>3,515</u>	<u>63</u>	<u>54,520</u>

Notes *(continued)*

12 Tangible fixed assets

Group	Short leasehold property £000	Plant and Equipment £000	Fixtures & Fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
Balance at 30 October 2016	11,192	370	3,459	48	15,069
Additions in the period	293	182	2,313	8	2,796
Disposals	(130)	-	-	-	(130)
Balance at 28 October 2017	<u>11,355</u>	<u>552</u>	<u>5,772</u>	<u>56</u>	<u>17,735</u>
Depreciation and impairment					
Balance at 30 October 2016	3,079	137	1,049	29	4,294
Depreciation charge in the period	1,695	97	858	11	2,661
Disposals	(127)	-	-	-	(127)
Balance at 28 October 2017	<u>4,647</u>	<u>234</u>	<u>1,907</u>	<u>40</u>	<u>6,828</u>
Net book value					
At 30 October 2016	<u>8,113</u>	<u>233</u>	<u>2,410</u>	<u>19</u>	<u>10,775</u>
At 28 October 2017	<u>6,708</u>	<u>318</u>	<u>3,865</u>	<u>16</u>	<u>10,907</u>

Notes (continued)

13 Fixed asset investments

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Country of incorporation	Registered Number	Principal activity	Group	Class and percentage of shares held Company
Subsidiary undertakings					
April Midco Limited	UK	09479528	Holding Company	100% Ordinary	100% Ordinary
April Bidco Limited	UK	09483848	Holding Company	100% Ordinary	100% Ordinary
Evans Holdings Limited	UK	06474505	Holding Company	100% Ordinary	100% Ordinary
F W Evans Limited	UK	00417334	Holding Company	100% Ordinary	100% Ordinary
Evans Cycles Limited	UK	06649810	Holding Company	100% Ordinary	100% Ordinary
F W Evans Cycles (UK) Limited	UK	02784079	Cycle Retailer	100% Ordinary	100% Ordinary

Company

The company holds 162,646 12 % unsecured loan notes of £1.00 each in its subsidiary, April Midco Limited.

Loan notes accrue interest at 12%. The Company pays compound interest at the interest rate to each noteholder on the principal amount and any accrued interest. The interest period runs from and including the last preceding interest payment date up to (but excluding) the next interest payment date. Interest payment dates are 31 July, 31 October, 31 January and 30 April. Loan notes are redeemable at par together with the accrued interest on the earlier of a listing, a sale or the redemption.

	At 29 October 2016 £000	Additions £000	At 28 October 2017 £000
Nominal value of Midco loan notes	163	-	163
Loan note interest accrued	31	25	56
Shares in April Midco Limited	-	39,668	39,668
	<u>194</u>	<u>39,693</u>	<u>39,887</u>
		2017 £000	2016 £000
Nominal value of Midco loan notes		163	163
Loan note interest accrued		56	31
Shares in April Midco Limited		<u>39,668</u>	-
		<u>39,887</u>	<u>194</u>

In April 2017 the loan notes owned by April Midco Limited were restructured. As part of this transaction all accrued and unpaid interest totalling £10.38m on the Series A1 and Series B1 loan notes was waived in full and has been shown as a Capital Contribution. April Midco's obligation to repay the series A1 and Series B1 loan notes was then novated to the parent company, April Topco Limited, with the consideration owed from April Midco left outstanding. The consideration was then released by the issue of shares from April Midco to April Topco

14 Stocks

	Group 2017 £000	Group 2016 £000
Finished goods	<u>28,201</u>	<u>25,687</u>
	<u>28,201</u>	<u>25,687</u>

Notes (continued)

15 Debtors

	Group	Company	Group	Company
	2017	2017	2016	2016
	£000	£000	£000	£000
Trade debtors	1,207	-	1,251	-
Other debtors	1,363	697	1,116	771
Prepayments and accrued income	2,704	-	1,829	-
Corporation tax	259	-	-	-
Other financial assets	-	-	1,092	-
Deferred tax asset	-	-	288	-
	<u>5,533</u>	<u>697</u>	<u>5,576</u>	<u>771</u>
Due within one year	5,204	697	5,258	771
Due after more than one year	329	-	318	-
	<u>5,533</u>	<u>697</u>	<u>5,576</u>	<u>771</u>

16 Cash and cash equivalents

	2017	2016
	£000	£000
Cash at bank and in hand	3,532	10,991
Cash and cash equivalents per cash flow statements	<u>3,532</u>	<u>10,991</u>

17 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2017	2017	2016	2016
	£000	£000	£000	£000
Bank loans and overdrafts (see note 20)	-	-	-	-
Trade creditors	20,629	-	24,780	-
Taxation and social security	7,160	-	3,313	-
Other creditors	3,080	12	3,693	11
Other financial liabilities	182	-	248	-
Accruals and deferred income	8,757	1	9,645	1
	<u>39,808</u>	<u>13</u>	<u>41,679</u>	<u>12</u>

Notes (continued)

18 Loan Notes

	Group 2017 £000	Company 2017 £000	Group 2016 £000	Company 2016 £000
12% Loan notes at nominal value	17,815	163	57,348	163
5% Loan notes at nominal value	5,140	-	5,330	-
Accrued loan note interest	<u>5,473</u>	<u>31</u>	<u>10,407</u>	<u>31</u>
	<u>28,428</u>	<u>194</u>	<u>73,085</u>	<u>194</u>

Loan notes accrue interest at 12% and 5%. Compound interest accrues at the interest rate to each noteholder on the principal amount and any accrued interest. The interest period runs from and includes the last preceding interest payment date up to (but excluding) the next interest payment date. Interest payment dates are 31 July, 31 October, 31 January and 30 April. Loan notes are redeemable at par together with the accrued interest on the earlier of a listing, a sale or the redemption date of 31 October 2025 and as such, have been disclosed as due within one year.

The loan note liability is measured at amortised costs.

Certain loan notes are guaranteed and secured against the assets of all group companies by way of a second ranking debenture.

19 Creditors: amounts falling after more than one year

	Group 2017 £000	Company 2017 £000	Group 2016 £000	Company 2016 £000
Bank loans and overdrafts (see note 20)	<u>23,120</u>	<u>-</u>	<u>22,183</u>	<u>-</u>
	<u>23,120</u>	<u>-</u>	<u>22,183</u>	<u>-</u>

20 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2017 £000	Company 2017 £000	Group 2016 £000	Company 2016 £000
Creditors falling due more than one year				
Secured bank loans	<u>23,120</u>	<u>-</u>	<u>22,183</u>	<u>-</u>
	<u>23,120</u>	<u>-</u>	<u>22,183</u>	<u>-</u>
Creditors falling due within less than one year				
Secured bank loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

20 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule
Debt terms

Group	Currency	Nominal interest rate	Year of maturity	2017 £000
Facility A loan	Sterling	LIBOR + 4.5%	2021	13,783
Facility B loan	Sterling	LIBOR + 5.0%	2022	10,000
Facility B loan accrued PIK Interest				691
				<u>24,474</u>

An interest rate swap was entered into on 23 July 2015. The effect of this swap was to fix the interest rate applying to two thirds of the term debt of £29m at 1.337% + the applicable margin for a period of 3 years. In July 2016 the group refinanced its terms loans with the banks and reduced the bank debt by £5m resulting in 80% of the term debt of £24m being at the fixed rate. The remaining 20% of debt remains at LIBOR plus the applicable margin.

Loan fees of £2,167,679 were paid upon drawdown of the loan and are being amortised over 6 years, of which £1,353,390 remains unamortised offsetting the loan facility.

Repayment schedule

Group	Within 1 year	2 to 5 years	More than 5 years	TOTAL
	£000	£000	£000	£000
Facility A loan	-	13,783	-	13,783
Facility B loan (including accrued PIK interest)	-	10,691	-	10,691
	<u>-</u>	<u>24,474</u>	<u>-</u>	<u>24,474</u>

Notes (continued)

21 Provisions for liabilities

	Onerous lease provision £000	Dilapidations provision £000	Total £000
Balance at 29 October 2016	-	1,651	1,651
Provisions made during the year	679	79	758
Provisions used during the year	-	(184)	(184)
	<hr/>	<hr/>	<hr/>
Balance at 28th October 2016	<u>679</u>	<u>1,546</u>	<u>2,225</u>

Onerous lease provision

Provisions for onerous leases represent onerous commitments on operating leases for properties where recent performance indicates that future cash flows will be insufficient to cover the cost of the lease.

Dilapidations provision

The provision for dilapidations is provision for estimated of the costs of returning leasehold buildings back to their original state at the end of the lease term.

22 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Group	2017 £000	2016 £000
Accelerated capital allowances	(394)	(201)
Provisions	88	95
Dilapidations provision	136	156
Unused tax losses	<u>429</u>	<u>238</u>
Net tax assets	<u>259</u>	<u>288</u>

Notes (continued)

23 Capital and reserves – Company

Share capital - Number of shares

	No. Ordinary shares	
	2017	2016
A Ordinary shares	751,272	750,897
B Ordinary shares	49,128	49,103
C1 Ordinary shares	187,500	187,500
C2 Ordinary shares	12,500	12,500
	<hr/>	<hr/>
On issue at 28 October 2017 (29 October 2016 - fully paid)	<u>1,000,400</u>	<u>1,000,000</u>

Share capital - Nominal value

	2017	2016
	£000	£000
<i>Allotted, called up and fully paid</i>		
751,272 (2016: 750,897) A ordinary shares of £0.01 each	8	8
49,128 B (2016: 49,103) Ordinary shares of £.0001 each	-	-
187,500 C1 Ordinary shares of £0.0001 each	-	-
12,500 C2 Ordinary shares of £0.22 each	-	-
	<hr/>	<hr/>
	<u>8</u>	<u>8</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital Contribution Reserve

	2017
	£000
Balance at 30th October 2016	-
Capital Contribution in the period	<u>10,380</u>
Balance at 28 th October 2017	<u>10,380</u>

In April 2017 the loan notes owned by April Midco Limited were restructured. As part of this transaction all accrued and unpaid interest totalling £10.38m on the Series A1 and Series B1 loan notes was waived in full and has been shown as a Capital Contribution. April Midco's obligation to repay the series A1 and Series B1 loan notes was then novated to the parent company, April Topco Limited, with the consideration owed from April Midco left outstanding. The consideration was then released by the issue of shares from April Midco to April Topco.

Notes (continued)

23 Capital and reserves (continued)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other comprehensive income

2017 Group	Cash flow hedging reserve £000
Effective portion of changes in fair value of cash flow hedges	(173)
<i>Total other comprehensive income</i>	<u>(173)</u>

2016 Group	Cash flow hedging reserve £000
Effective portion of changes in fair value of cash flow hedges	(65)
<i>Total other comprehensive income</i>	<u>(65)</u>

24 Financial Instruments

24 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2017 £000	Company 2017 £000	Group 2016 £000	Company 2016 £000
Assets measured at fair value through profit of loss	-	-	1,092	-
Assets measured at amortised cost	2,570	698	2,367	770
Liabilities measured at fair value through profit or loss	(182)	-	(248)	-
Liabilities measured at amortised cost	(23,709)	(13)	(28,473)	(13)
	<u>(21,321)</u>	<u>685</u>	<u>(25,262)</u>	<u>757</u>

24 (b) Financial instruments measured at fair value

Derivative financial instruments

The fair value of interest rate swaps is based on broker quotes. The fair value of forward currency contracts is based on bank valuations.

Notes (continued)

24 Financial instruments (continued)

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models

	Carrying amount £000	Expected cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000
Interest rate swaps:					
Liabilities	(75)	(83)	-	-	-
Forward exchange contracts:					
Liabilities	<u>(107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(182)</u>	<u>(83)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to affect profit or loss:

	Carrying amount £000	Expected cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000
Interest rate swaps:					
Liabilities	(75)	(83)	-	-	-
Forward exchange contracts:					
Liabilities	<u>(107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(182)</u>	<u>(83)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

24 Financial instruments (continued)

24 (c) Hedge accounting (continued)

- The group enters into forward contracts to manage unfavourable movements in exchange rates. These forward contracts fix the exchange rate applicable to future purposes. The fair value of these forward contracts at the balance sheet date was (£107,000).
- In order to minimise the risk of fluctuations in interest rates the Group entered into an interest rate swap in July 2015. 67% of the loan balance of £29m was hedged as at July 2015. During the previous year the £5,217,000 was paid off the loan, leaving 76% of the loan balance hedged as at 28 October 2017. The fair value of the swap as at the balance sheet date is a liability of £75,000.

24 (d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2017 £000	Fair value 2016 £000
Interest rate swaps	(75)	(248)
Forward exchange contracts	(107)	911
	<u>(182)</u>	<u>663</u>

25 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2017 £000	Company 2017 £000	Group 2016 £000	Company 2016 £000
Less than one year	5,074	-	5,258	-
Between one and five years	16,667	-	18,268	-
More than five years	<u>5,501</u>	<u>-</u>	<u>8,096</u>	<u>-</u>
	<u>27,242</u>	<u>-</u>	<u>31,622</u>	<u>-</u>

During the period £5,438,000 (2016:£5,565,000) was recognised as an expense in the group profit and loss account in respect of operating leases.

26 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £nil (2016: £nil). Company: £nil (2016: £nil).

Notes (continued)

27 Related parties

Company

	Receivables outstanding 2017 £000	Receivables outstanding 2016 £000
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	751	832
	<u>751</u>	<u>832</u>

28 Ultimate parent company and parent company of larger group

The ultimate controlling party is ECI Partners LLP.

These are the largest and smallest group in which the results of the Company and its group are consolidated. No other group financial statements include the results of the Company.

29 Accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Company makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Company's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the notes.

Trade and customer finance receivables

The Company carries out credit checks on all of its corporate customers before they are granted credit terms and monitors the debt closely to ensure that sales are not made beyond agreed credit limits and that debts are collected in a timely manner.

Historical levels of bad and old debts have been very low and a provision is maintained and reviewed quarterly based on the aging of the debts.

Customers purchasing items using credit finance are credit checked by the credit provider before the loan is approved.

Inventory valuation

Inventories are valued at the lower of cost and net realisable value. Management regularly meet to review stock aging and a provision is calculated based upon the aging of the stock held.

Fair value of financial instruments

Financial instruments are valued in the accounts at their fair value. Management receive external valuations provided by the bank issuing the financial instruments and these are used as the valuations for the purposes of the accounts.

Notes *(continued)*

28 Accounting estimates and judgements *(continued)*

Provisions for liabilities and charges

The Management give consideration as to whether there are any potential legal claims outstanding at the year end, and if they would be likely to result in an outflow of economic benefits. As at the 2017 year end there were none.

Provision for dilapidations

The company accrues the costs of dilapidations over the period of the leases it holds. Amounts accrued are based on management estimate of likely dilapidation costs and likelihood of terminating leases.

Goodwill

Goodwill is capitalised and amortised over its expected useful economic life. Management regularly give consideration to the expected useful economic life of the goodwill arising on consolidation, having regard to a number of factors, and have determined that a life of 10 years is appropriate

29 Contingencies

In July 2016, the ultimate parent company, ECI Partners LLP, granted a £5m guarantee for the benefit of the bank debt providers of April Midco Limited.