EAST HERITAGE 1994 LTD

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 AUGUST 2021

EAST HERITAGE 1994 LTD

COMPANY INFORMATION

Directors	P Simon (appointed 4 August 2020) C Jackson (appointed 13 October 2020)
Registered number	12789821
Registered office	Yellow Building 1 Nicholas Road, London W11 4AN

EAST HERITAGE 1994 LTD

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EAST HERITAGE 1994 LTD

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 AUGUST 2021

The Directors present their report and the financial statements for the period ended 28 August 2021.

Principal activity

The principal activity of the Company is the online retailing of women's clothing, accessories, homeware and gifts.

Business review

The period covered by this review, from the 4th August 2020 through to the 28th of August 2021, was an unprecedented period of disruption brought on by the Covid pandemic. This disruption impacted UK retailers and e-commerce businesses significantly, causing sudden changes in consumer demand and shopping behaviour across channels. The financial performance of the business should therefore be considered within this context of significant external challenges, some of which (particularly supply chain disruption and cost inflation) continue into 2022.

The Company was formed on 4th of August 2020 to purchase the assets of East Heritage Ltd. from its former parent company, Drillgreat Ltd., as part of a broader restructuring that Drillgreat Ltd. and its subsidiaries went through in response to the impact of the Covid pandemic. This transaction and the subsequent support of its new parent company, Adena Brands Limited, enabled the East brand to continue to trade with only limited disruption.

Over the past year, the Company has successfully navigated the challenges of the Covid pandemic and has built on the East brand's premium, niche position in women's fashion. The appeal of the East brand is centred on its rich heritage and Indian influence; its timeless style; and its focus on artisanal and sustainable fabrics and techniques. The Company's digital-first business model, with almost all of its sales made online, has enabled it to grow rapidly with low capital needs and a lean cost structure, allowing the business to be profitable and self-funding despite its relatively small size. Although the Covid pandemic created significant challenges for retailers, the Company has been able to manage the development and supply of its products without any major interruptions and sees its artisanal supplier partnerships as one of its key assets.

The Company's sales have continued to grow at pace into 2022, demonstrating the appeal of the East brand and product and the scalability of the Company's business model.

Directors

The Directors who served during the period were:

P Simon (appointed 4 August 2020)
C Jackson (appointed 13 October 2020)

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 March 2022 and signed on its behalf.

P Simon
Director

EAST HERITAGE 1994 LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 AUGUST 2021

	2021 £000
Turnover	**1,064**
Cost of sales	**(287)**
Gross profit	**777**
Administrative expenses	**(606)**
Operating profit	**171**
Profit for the financial period	**171**
Other comprehensive income for the period	
Total comprehensive income for the period	**171**

The notes on pages 4 to 8 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 28 AUGUST 2021

	Note		2021 £000
Current assets			
Stocks		**247**	
Debtors: amounts falling due within one year	4	**14**	
Cash at bank and in hand		**258**	
		519	
Creditors: amounts falling due within one year	5	**(348)**	
Net current assets			**171**
Total assets less current liabilities			**171**
Net assets			**171**
Capital and reserves			
Profit and loss account			**171**
			171

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

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 March 2022.

P Simon
Director

The notes on pages 4 to 8 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 AUGUST 2021**

1. General information

East Heritage 1994 Limited is a Company incorporated in England and Wales under the Companies Act. It is a Company limited by shares. The address of the registered office is given on the Company information page and the nature of the Company's operations and principal activities are given in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Adena Brands Limited as at 28 August 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Going concern

The Directors have carried out a detailed and comprehensive review of the business, its future prospects and its ability to meet its obligations as they fall due. In the opinion of the Directors, the Company is expected to be able to continue trading within the current arrangements and consequently the financial statements have been prepared on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

2.5 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.7 Taxation

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

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

2.8 Stocks

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Creditors

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

2.12 Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

3. Employees

The average monthly number of employees, including directors, during the period was 4.

4. Debtors

	2021 £000
Trade debtors	5
Amounts owed by group undertakings	8
Other debtors	1
	14

5. Creditors: Amounts falling due within one year

	2021 £000
Trade creditors	139
Amounts owed to group undertakings	163
Accruals and deferred income	46
	348

6. Financial instruments

	2021 £000
Financial assets	
Financial assets measured at amortised cost	272
Financial liabilities	
Financial liabilities measured at amortised cost	(302)

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and intercompany balances

Financial liabilities measured at amortised cost comprise, trade creditors, other creditors, and intercompany balances.

7. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period totalled £2,000.

8. Controlling party

The Company's immediate parent undertaking is Adena Brands Limited which controls 90 per cent of the Company. As at 28 August 2021, the Directors consider that Peter Simon, in his capacity as beneficial owner of 100 per cent of the shares in MA Brands Ltd, to be the ultimate controlling party of the Company.