

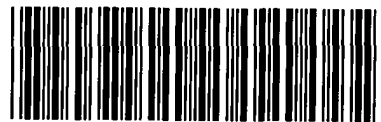
**The White Company (UK) Limited**

**Annual report and financial statements**

**for the period ended 31 March 2018**

Registered number: 02998082

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# **The White Company (UK) Limited**

## **Contents**

	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

# **The White Company (UK) Limited**

## **Report and financial statements 2018**

3

### **Officers and professional advisers**

#### **Directors**

B C Rucker  
N C T Wheeler  
L A Campbell  
M E Homer (appointed 6 September 2017)

#### **Company Secretary**

R Miller (appointed 16 May 2018)  
P Clarke (resigned 16 May 2018)

#### **Registered Office**

2 Television Centre  
101 Wood Lane  
London  
W12 7FR

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
London

# The White Company (UK) Limited

## Strategic report

The directors present their strategic report for the 53 week (2017: 52 week) period ended 31 March 2018.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Principal activity

The principal activity of the company is the sale of high quality bed linen and other household accessories, clothing, gifts and a separate children's range, providing impeccably stylish everyday luxury, principally in white. This is not expected to change in the foreseeable future.

### Key performance indicators (KPIs)

The company uses a range of financial and non-financial performance measures to monitor and manage the business effectively. These include a suite of KPIs that are reported on a weekly basis, including turnover, gross profit, stock, channel and store performance and customer metrics.

The KPI's are assessed versus annual budget, quarterly forecasts and prior years.

Selected KPIs have been presented below:

	2018	2017	
Adjusted operating profit	£18.1m	£17.7m	Operating profit excluding Market Support Payments and Derivative adjustments
Turnover growth	4%	8%	Year on year sales growth expressed as a %
Gross profit margin	53%	53%	Gross profit expressed as a % of revenue

### Business Review

2018 was another profitable year for The White Company (UK) Limited ("the company"), with an adjusted Operating Profit of £18.1m (2017: £17.7m), an increase of 3% on 2017.

It is positive to report underlying profit growth in a year where the business has proactively reduced the amount of discounting available whilst continuing to operate in a highly competitive retail environment. The shift away from discounting should put the company in a good place for future top line growth through increased full price sales.

Whilst there is an improvement in adjusted profits, our Operating Profit, as shown on page 10, was £11.7m, down from £17.6m in 2017. This was driven by two specific factors:

Firstly, the fair value adjustment of foreign exchange contracts under FRS102 in the year resulted in a £1.7m negative adjustment compared with only £0.1m in 2017. This was caused by the impact of the dollar exchange rate at the year-end date compared to the hedged rate of future USD foreign exchange contracts.

Secondly, in 2018 The White Company opened its first stores outside of the UK – two stores in the United States and one in the Republic of Ireland, which are operated through separate new legal entities (The White Company, Inc. and TWC Retail (Ireland) Ltd). The UK entity made a significant investment to support the startup of these companies and new stores, amounting to £4.6m in 2018 (2017 £nil).

Turnover for the period increased to £205.3m (2017: £198.4m) with all trading channels showing growth on the year, despite the change in trading stance, as mentioned previously. During the year we re-sited three of our stores, two of which encompassed bringing our standalone 'Little White Company' stores into our main store location in each particular location. At the end of the period, the Company was trading 55 (2017: 57) UK stores, including eight concessions.

The cash position of the business remains positive, with a closing cash balance of £6.3m (2017: £5.6m). We have continued to invest in the business, with capital expenditure on stores, our website, our IT systems as well as the relocation of our head office, all having been incurred in the year. We also continued to pay down our long term debt, with only £4.4m (2017: £6.9m) of the £10m Term Loan remaining.

# **The White Company (UK) Limited**

## **Strategic report (continued)**

### **Business Review (continued)**

During the year, Mary Homer joined the business as the new CEO. Mary joins The White Company following 30 years at Topshop, latterly as Managing Director.

### **Principal risks and uncertainties**

The company remains focused on maintaining and improving its brand proposition in a very competitive market. The principal risks facing the company are to retain existing customers and recruit new ones. These risks are regularly monitored through the KPIs and are mitigated through actions taken across the company.

The company has some exposure to foreign exchange risk. A proportion of finished goods are purchased in US Dollars or Euros, and this exposure is mitigated by entering into forward foreign exchange contracts.

The company has credit facilities in place which are used to manage seasonal working capital requirements. The company monitors cash flow as part of its day to day control procedures. The Operating Board reviews cash flow projections on a monthly basis and ensures that appropriate facilities are in place.

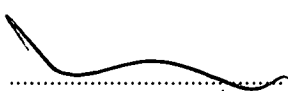
### **Future developments and events after the balance sheet date**

The markets in which the company operates remain very competitive. The Board remains focused on maintaining and improving the brand in all of its aspects, including product quality, product range and service offering. The business has plans to open further stores in the UK, in appropriate locations, and to attract new customers to the brand.

The company is also focused on ensuring its infrastructure is appropriate for the current business and its future growth, and is planning to invest accordingly.

Details of significant events since the balance sheet date are contained in note 29 to the financial statements.

Approved by the Board on 21 November 2018 and signed on its behalf by:

  
.....  
R Miller  
Company Secretary

2 Television Centre  
101 Wood Lane  
London  
W12 7FR

# **The White Company (UK) Limited**

## **Directors' report**

The directors present their annual report on the affairs of The White Company (UK) Limited ("the company"), together with the financial statements and auditor's report, for the period ended 31 March 2018.

The company has chosen in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the company in the Strategic report which otherwise would be required to be disclosed in the Director's report.

### **Future developments and events after the balance sheet date**

Details of future developments and events after the balance sheet date can be found in the Strategic report on page 3.

### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements (note 2).

### **Results and dividends**

The profit for the year was £8.9m (2017: £13.5m).

The directors declared an interim dividend of £1.0m paid in the period (2017: £5.0m).

### **Financial risk management objectives and policies**

#### **Objectives and policies**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

#### **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to mitigate these exposures.

#### **Credit risk**

The company's principal financial assets are bank balances and cash and trade and other receivables.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for bad debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the accounting policies in the financial statements (note 2).

# **The White Company (UK) Limited**

## **Directors' report (continued)**

### **Directors**

The directors who served during the period were as follows:

B C Rucker  
N C T Wheeler  
L A Campbell  
M E Homer

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, a newsletter and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, all employees are invited to be part of the company's bonus scheme.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 21 November 2018 and signed on its behalf by:



R Miller  
Company Secretary

2 Television Centre  
101 Wood Lane  
London  
W12 7FR

# **The White Company (UK) Limited**

## **Directors' responsibilities statement**

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), 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 company and of the profit or loss of the company 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; and
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **The White Company (UK) Limited**

## **Independent auditor's report to the members of The White Company (UK) Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of The White Company (U.K.) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

#### **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.

# **The White Company (UK) Limited**

## **Independent auditor's report to the members of The White Company (UK) Limited**

### **Other information (continued)**

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 respect of these matters.

### **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 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 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **The White Company (UK) Limited**

### **Independent auditor's report to the members of The White Company (UK) Limited**

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

#### **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.



Sukhbinder Kooner (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 21 November 2018

# The White Company (UK) Limited

## Profit and loss account

For the period ended 31 March 2018

		Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
	Note		
<b>Turnover</b>	4	205,308	198,362
Cost of sales		(95,632)	(92,258)
<b>Gross profit</b>		109,676	106,104
Administrative expenses		(97,932)	(88,514)
<b>Operating profit</b>		11,744	17,590
Interest receivable	6	2	-
Interest payable	7	(224)	(278)
<b>Profit on ordinary activities before taxation</b>	5	11,522	17,312
Tax on profit on ordinary activities	11	(2,617)	(3,790)
<b>Profit for the financial period</b>		8,905	13,522

The above results were derived from continuing operations.

The company has no other comprehensive income for the period other than the results above and therefore, no statement of comprehensive income is presented.

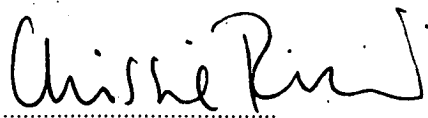
# The White Company (UK) Limited

## Balance sheet

As at 31 March 2018

	Note	31 March 2018 £'000	25 March 2017 £'000
<b>Fixed assets</b>			
Intangible assets	13	12,620	9,651
Tangible assets	14	18,859	16,560
Investments	15	-	-
		<u>31,479</u>	<u>26,211</u>
<b>Current assets</b>			
Stocks	16	25,720	23,566
Debtors			
- Amounts falling due within one year	17	14,881	12,200
- Amounts falling due after one year	17	912	1,196
Cash at bank and in hand		6,343	5,561
		<u>47,856</u>	<u>42,523</u>
<b>Total assets</b>		<u>79,335</u>	<u>68,734</u>
<b>Creditors: amounts falling due within one year</b>	18	(37,019)	(32,065)
<b>Net current assets</b>		<u>10,837</u>	<u>10,458</u>
<b>Total assets less current liabilities</b>		<u>42,316</u>	<u>36,669</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(2,117)	(4,375)
<b>Total liabilities</b>		<u>(39,136)</u>	<u>(36,440)</u>
<b>Net assets</b>		<u>40,199</u>	<u>32,294</u>
<b>Capital and reserves</b>			
Called-up share capital	20	-	-
Share premium reserve	20	126	126
Profit and loss account	20	40,073	32,168
<b>Shareholders' funds</b>		<u>40,199</u>	<u>32,294</u>

The financial statements of The White Company (UK) Limited (registered number 02998082) were approved by the board of directors and authorised for issue on 21 November 2018. They were signed on its behalf by:



B C Rucker  
Director

The notes on pages 13 to 27 form an integral part of these financial statements.

## The White Company (UK) Limited

### Statement of changes in equity

For the period ended 31 March 2018

	Called-up share capital £'000	Share premium reserve £'000	Profit and loss account £'000	Total £'000
<b>At 26 March 2016</b>	-	126	23,646	23,772
Profit for the period	-	-	13,522	13,522
Dividends paid on equity shares	-	-	(5,000)	(5,000)
<b>At 25 March 2017</b>	-	126	32,168	32,294
Profit for the period	-	-	8,905	8,905
Dividends paid on equity shares	-	-	(1,000)	(1,000)
<b>At 31 March 2018</b>	-	126	40,073	40,199

# **The White Company (UK) Limited**

## **Notes to the financial statements** **For the period ended 31 March 2018**

### **1. Company information**

The White Company (UK) Limited is a private company limited by share capital incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office is:

2 Television Centre  
101 Wood Lane  
London  
W12 7FR

The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

### **2. Accounting policies**

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the current and prior period.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **Basis of accounting**

These financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The White Company (UK) Limited is exempt from the obligation to prepare and deliver group accounts under FRS 102.9.27A.

The accounting reference date of the company is 31 March. The financial statements have been prepared for 53 weeks (2017: 52 weeks) up to 31 March 2018 (2017: 25 March 2017), the closest Saturday to 31 March.

The White Company (UK) Limited meets the definition of a qualifying entity under FRS 102 and is ultimately consolidated into Bectin Limited (see note 28). It has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statements, related party transactions and remuneration of key management personnel.

The functional currency of The White Company (UK) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Revenue recognition**

Turnover represents sales to customers at invoiced amounts less value added tax and other sales related taxes. Retail turnover is recognised when the company sells a product to the customer. Web, mail order and wholesale turnover is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 2. Accounting policies (continued)

#### Revenue recognition (continued)

The company sells retail products with the right of return and experience is used to estimate and provide for the value of such returns at the time of sale when considered significant. Credit note, exchanges or refunds are available to customers returning unwanted products with proof of purchase within 30 days of the date of receipt.

Sales of gift cards and e-gifts are treated as future liabilities and turnover is recognised when these products are redeemed against a later transaction.

#### Intangible assets

Intangible fixed assets are initially recognised at cost. Subsequently intangible fixed assets are stated at cost net of amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost of the intangible fixed assets over their useful lives. The carrying value of intangible fixed assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### Amortisation

#### Amortisation rate

Trademarks and patents  
Computer software

10 years  
3 years or 5 years for major system developments

#### Tangible assets

All fixed assets are initially recorded at cost. Subsequently tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

#### Depreciation

#### Asset class

#### Depreciation rate

Leasehold and property improvements  
Fixtures and fittings  
Plant and machinery  
Office equipment

The higher of 4 years and next lease break for retail stores and over the lease term for Head Office assets  
4-6 years  
4 years  
4 years

#### Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Financial assets and liabilities

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



# **The White Company (UK) Limited**

## **Notes to the financial statements** **For the period ended 31 March 2018**

### **2. Accounting policies (continued)**

#### **Investments**

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

#### **Derivative financial instruments**

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss.

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 taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### **Leased assets**

(i) Finance leases - Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as tangible assets and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Operating leases – Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

# **The White Company (UK) Limited**

## **Notes to the financial statements** **For the period ended 31 March 2018**

### **2. Accounting policies (continued)**

#### **Lease incentives**

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period of the lease term.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

# The White Company (UK) Limited

## Notes to the financial statements

For the period ended 31 March 2018

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Stocks and finished goods provisions

The accounting estimate related to valuation of stocks is considered a "critical accounting estimate" because it is susceptible to changes from period-to-period due to the requirement for management to make estimates relative to each of the underlying factors, ranging from purchasing, to sales, to production. If actual demand or market conditions differ from estimates, stocks adjustments to lower market values would result in a reduction to the carrying value of stocks, an increase in stocks write-offs and a decrease to gross margins.

### 4. Turnover

The analysis of the company's turnover is as follows:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Sale of goods	205,308	198,362

The analysis of the company's turnover by geographical market is set out below:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Turnover:		
United Kingdom	192,543	188,069
Rest of the world	12,765	10,293
	205,308	198,362

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Depreciation of tangible fixed assets (see note 14)	5,047	4,430
Amortisation of intangible assets (see note 13)	3,416	2,589
Operating lease rentals - land and buildings	16,883	15,605
Net foreign exchange losses	1,336	391
Cost of stocks recognised as expense	76,703	73,359
Write downs of stocks recognised as an expense	1,374	2,010
Market support payments made during the year	4,640	-

### 6. Interest receivable

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Other interest receivable	2	-

### 7. Interest payable

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Bank loans and overdrafts	224	278

### 8. Staff costs

The average monthly number of employees (including executive directors) was:

	Period Ending 31 March 2018	Period Ending 25 March 2017
Sales	1,223	1,218
Administration	286	248
Distribution	124	104
	1,633	1,570

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 8. Staff costs (continued)

Their aggregate remuneration comprised:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Wages and salaries	29,805	29,015
Social security costs	2,636	2,537
Other pension costs (see note 24)	543	473
	<u>32,984</u>	<u>32,025</u>

### 9. Directors' remuneration

The directors' remuneration for the period was as follows:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Emoluments	<u>724</u>	<u>2,064</u>

During the period the directors received benefits as follows:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Amounts receivable (other than shares and shares options) under long term incentive schemes	-	1,665
Company contributions to money purchase pension scheme	-	61
	<u>-</u>	<u>1,726</u>

In respect of the highest paid director:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Emoluments (including amounts receivable under long term incentive schemes)	665	1,653
Company contributions to money purchase pension schemes	-	61
	<u>665</u>	<u>1,714</u>

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 10. Auditor's remuneration

Fees payable to the auditor for the audit of the company's annual accounts were £40,000 (2017: £40,000). See table below for analysis.

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	40	40
<b>Total audit fees</b>	<b>40</b>	<b>40</b>
Audit related services	6	3
Taxation compliance services	10	10
Taxation advisory services	97	39
Accounts preparation services	6	6
IT consultancy services	-	130
<b>Total non-audit fees</b>	<b>119</b>	<b>188</b>

### 11. Tax on profit on ordinary activities

The tax charge comprises:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
<b>Current taxation</b>		
UK corporation tax	2,636	3,214
UK corporation tax adjustment to prior periods	(304)	(43)
	<b>2,333</b>	<b>3,171</b>
<b>Deferred tax</b>		
Arising from origination and reversal of timing differences	(67)	570
Arising from changes in tax rates and laws	7	14
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	344	35
<b>Total deferred tax</b>	<b>284</b>	<b>619</b>
<b>Total tax on profit on ordinary activities</b>	<b>2,617</b>	<b>3,790</b>

# The White Company (UK) Limited

## Notes to the financial statements

For the period ended 31 March 2018

### 11. Tax on profit on ordinary activities (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Profit on ordinary activities before tax	11,522	17,312
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 20%)	2,189	3,462
Effects of:		
Expenses not deductible for tax purposes	430	322
Adjustment to tax charge in respect of previous periods	40	(8)
Deferred tax expense relating to changes in tax rates or laws	7	14
Income not taxable	(49)	-
<b>Tax charge for the year</b>	<b>2,617</b>	<b>3,790</b>

### Factors that may affect future tax charges

The corporate tax rate was reduced from 20% to 19% with effect from April 2017. A further reduction in the rate to 17% from April 2020 was announced in the Finance Bill 2016, which was substantially enacted on 6 September 2016.

### 12. Dividends

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Interim dividend of £1,000,000 declared and paid in the period (2017: £5,000,000).	1,000	5,000

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 13. Intangible assets

	Trademarks and patents £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 25 March 2017	40	21,358	21,398
Additions (*)	-	6,387	6,387
Disposals	-	(5)	(5)
At 31 March 2018	40	27,740	27,780
<b>Amortisation</b>			
At 25 March 2017	40	11,707	11,747
Charge for the period	-	3,416	3,416
Disposals	-	(3)	(3)
At 31 March 2018	40	15,120	15,160
<b>Net book value</b>			
At 31 March 2018	0	12,620	12,620
At 25 March 2017	0	9,651	9,651

(\*) £3,080k of computer software additions has not been amortised within the financial year as the projects are still in progress.

### 14. Tangible assets

	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Computer hardware £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
<b>Cost</b>						
At 25 March 2017	17,639	22,210	7,377	55	355	47,636
Additions (**)	5,621	1,255	793	-	35	7,704
Disposals	(1,599)	(2,221)	(62)	-	(12)	(3,894)
At 31 March 2018	21,661	21,244	8,108	55	378	51,446
<b>Depreciation</b>						
At 25 March 2017	10,618	15,282	4,784	46	346	31,076
Charge for the period	1,946	2,183	905	3	10	5,047
Disposals	(1,501)	(1,982)	(43)	-	(10)	(3,536)
At 31 March 2018	11,063	15,483	5,646	49	346	32,587
<b>Net book value</b>						
At 31 March 2018	10,598	5,761	2,462	6	32	18,859
At 25 March 2017	7,021	6,928	2,593	9	9	16,560

(\*\*) £891k of leasehold improvement and computer software additions has not been depreciated within the financial year as the projects are still in progress.



# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 15. Fixed asset investments

	31 March 2018 £
<b>Subsidiaries</b>	
<b>Cost or valuation</b>	
At 25 March 2017 and 31 March 2018	1
<b>Provisions for impairment</b>	
At 25 March 2017	-
At 31 March 2018	-
<b>Net book value</b>	
At 31 March 2018	1
At 25 March 2017	1

### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Principal activity	Holding	Proportion of voting rights and shares held
<b>Subsidiary undertakings</b>				
TWC Delivery Company Limited*	England and Wales	Delivery services for The Ordinary White Company Group	100%	

\*The registered address of TWC Delivery Company Ltd is: 2 Television Centre, 101 Wood Lane, London W12 7FR

### 16. Stocks

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Finished goods and goods for resale	25,720	23,566

There are no material differences between the replacement cost of stocks and the amounts stated above.

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 17. Debtors

		Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
	Note		
<b>Amounts falling due within one year:</b>			
Trade debtors		4,293	3,307
Amounts owed by group undertakings		4,204	2,008
Other debtors		547	1,673
Prepayments and accrued income		4,313	4,397
Other tax recoverable		1,524	-
Derivative financial assets	27	-	815
		<u>14,881</u>	<u>12,200</u>
<b>Amounts falling due after one year:</b>			
Deferred tax asset	19	912	1,196
		<u>912</u>	<u>1,196</u>

### 18. Creditors

		Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
	Note		
<b>Creditors: amounts falling due within one year</b>			
Trade creditors		16,912	13,501
Amounts owed to group undertaking		54	46
Social security and other taxes		1,384	801
Accruals and deferred income		14,900	13,848
Corporation tax		308	1,369
Bank loans and finance leases	21	2,556	2,500
Derivative financial liability	27	905	-
		<u>37,019</u>	<u>32,065</u>

		Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
	Note		
<b>Creditors: amounts falling due after more than one year</b>			
Bank loans and finance leases	21	2,117	4,375
		<u>2,117</u>	<u>4,375</u>

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 19. Deferred tax

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
At 25 March 2017	1,196	1,815
Origination and reversal of timing differences	60	(570)
Adjustment in respect of previous periods	(344)	(35)
Effect of changes in tax rates	-	(14)
At 31 March 2018	912	1,196
Timing differences relating to fixed asset	546	894
Short-term timing differences	366	302
Deferred tax asset	912	1,196

### 20. Called-up share capital and reserves

	Period Ending 31 March 2018 £	Period Ending 25 March 2017 £
<b>Authorised</b>		
20,000 Ordinary shares of £0.01 each	200	200
<b>Called up, allotted and fully paid</b>		
10,000 Ordinary shares of £0.01 each	100	100

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

#### Share premium

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

#### Profit and loss

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 21. Loans and borrowings

Borrowings are repayable as follows:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
<b>Total borrowings including finance leases</b>		
Not later than one year	2,556	2,500
Later than one year and not later than five years	2,117	4,375
	<u>4,673</u>	<u>6,875</u>

Interest is payable on the four year bank loan at a variable rate of LIBOR plus margin.

### 22. Other financial assets and liabilities

		Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
	Note		
Current financial (liabilities)/assets			
Forward foreign exchange contracts	27	(905)	815

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

### 23. Obligations under operating leases

#### Operating leases - land and buildings

The total of future minimum lease payments is as follows:

	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Not later than one year	13,129	12,952
Later than one year and not later than five years	34,151	34,727
Later than five years	9,841	16,180
	<u>57,121</u>	<u>63,859</u>

### 24. Pension commitments

The company operates a defined contribution pension scheme. Contributions during the period totaled £543k (2017: £473k). The unpaid contributions outstanding at the period end were £81k (2017: £38k).

# The White Company (UK) Limited

## Notes to the financial statements For the period ended 31 March 2018

### 25. Financial guarantee contracts

The company has a duty deferment guarantee in favour of HM Customs & Excise of £1,199,640 (2017: £1,199,640).

The company has a letter of credit in favour of The White Company, Inc. of \$1,796,940 (2017: \$1,350,000).

### 26. Related party transactions

In accordance with FRS102 s.33.1A: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of Bectin Limited Group as related parties, as it is a wholly owned subsidiary of a parent undertaking publishing consolidated financial statements. The following other related party transactions occurred during the period.

Included in other debtors is an amount owed to the company by B C Rucker, a director of the company, of £nil (2017: £999,926).

### 27. Derivative financial instruments

#### Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the period-end:

	Principal		Fair value	
	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000	Period Ending 31 March 2018 £'000	Period Ending 25 March 2017 £'000
Due within one year				
Forward foreign exchange contracts	14,670	20,293	(905)	815
	<u>14,670</u>	<u>20,293</u>	<u>(905)</u>	<u>815</u>

Forward foreign currency contracts are valued using forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

### 28. Parent and ultimate parent undertaking

The company is a wholly-owned subsidiary of The White Company Holding Co Limited, a company registered in the United Kingdom. In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Bectin Limited, a company incorporated in United Kingdom. The White Company Holding Co Limited is the parent undertaking of the smallest group in which the results of the company are consolidated. Bectin Limited is the parent undertaking of the largest group in which the results of the company are consolidated.

Copies of the consolidated financial statements of The White Company Holding Co Limited and Bectin Limited may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, United Kingdom.

### 29. Subsequent events

There have been no significant events affecting the company since year end.