
NEW ERA CAP COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



NEW ERA CAP COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS	P Augustine (resigned 1 June 2015) C Koch A Jones P Gils K R Wilson
COMPANY SECRETARY	A Jones
REGISTERED NUMBER	04599312
REGISTERED OFFICE	1st Floor East CBX 2 Midsummer Boulevard Mikton Keynes Buckinghamshire MK9 2EA
INDEPENDENT AUDITOR	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Chancery House 199 Silbury Boulevard Milton Keynes MK9 1JL

NEW ERA CAP COMPANY LIMITED

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NEW ERA CAP COMPANY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The directors present the strategic report for the company for the year ended 31 December 2015.

BUSINESS REVIEW

The principal activity of the group during the period was that of the sale and distribution of headwear, apparel and accessories.

2015 was a period of difficult trading conditions at retail and continuing unfavourable currency markets. The combination of these factors resulted in a reduction in turnover of 27% (2014: growth of 2.0%) from £51.5m in 2014 to £37.6m.

The reduced overall activity included a variety of movements in the main regional markets. UK turnover moved from £9,838,784 in 2014 to £9,155,692 in 2015, a reduction of 7%. Turnover in the non-UK regions was £28,474,504 (2014 - £41,645,657). The continued weakness of both the Pound and the Euro against the US Dollar compared to the prevailing rates in 2014 was a major factor in reducing overall profitability, and resulted in a reduction in gross margin from 61.6% to 52.6%.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the business comprise:

- General economic factors in the EMEA region, including potential risks of continued low general growth for the major regions
- Effects of currency fluctuation on costs and revenues

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators which we consider to be relevant to the financial performance and strength of the company are as follows:

Turnover

The turnover of the company by geographical division was:


	2015	2014
	£	£
United Kingdom	9,155,692	9,838,785
Rest of the World	28,474,504	41,645,657
Total	37,630,196	51,484,442

Loss before taxation

The loss before taxation was £1,812,552, compared with the prior year profit of £3,664,617. After taxation, but before dividends £1,470,357 (2014 - added to reserves of £2,735,127) has been deducted from reserves.

The total reserves at the year end are £8,627,188 (2014 - £10,258,270).

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


.....
A Jones
Director

Date: 11.05.2016

NEW ERA CAP COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,470,357 (2014 - profit £2,735,127).

The directors have declared and paid dividends for the year ending December 2015 of £160,725 (2014 - £1,661,175).

DIRECTORS

The directors who served during the year were:

P Augustine (resigned 1 June 2015)
C Koch
A Jones
P Gils
K R Wilson

NEW ERA CAP COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

FUTURE DEVELOPMENTS

The directors have taken steps to address the issues faced by the business in 2015, working with our customers to plan for 2016. The unfavourable currency exchange rates seem unlikely to improve in the short term, but based on the commercial decisions taken and future outlook we consider that the business is in a good position to continue its development in 2016 and beyond. The business will continue its planned activities in the following areas:

- Further development of existing and new developing territories in the EMEA region and consolidation of our established markets.
- Continuing to identify key individuals and developing our staff to fulfil their potential and support the business.

The market continues to be competitive and our profitability will continue to be dependant to an extent on conditions within the UK and European economies.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

POST BALANCE SHEET EVENTS

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

AUDITORS

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

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



.....
A Jones
Director

Date: 11.05.2016

NEW ERA CAP COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ERA CAP COMPANY LIMITED

We have audited the financial statements of NEW ERA CAP COMPANY LIMITED for the year ended 31 December 2015, set out on pages 6 to 30. 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'.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NEW ERA CAP COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ERA CAP COMPANY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Hillier Hopkins LLP

Neal Carter ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants

Statutory Auditor

Chancery House

199 Silbury Boulevard

Milton Keynes

MK9 1JL

Date: 18/05/16

NEW ERA CAP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015


	Note	2015 £	2014 £
Turnover		37,630,196	51,484,441
Cost of sales		(17,854,666)	(19,779,214)
Gross profit		19,775,530	31,705,227
Distribution costs		(172,948)	(380,922)
Administrative expenses		(21,416,569)	(27,658,784)
Operating (loss)/profit		(1,813,987)	3,665,521
Interest receivable and similar income	8	2,653	448
Interest payable and expenses	9	(1,218)	(1,352)
(Loss)/profit before taxation		(1,812,552)	3,664,617
Tax on (loss)/profit	10	342,195	(929,490)
(Loss)/profit for the year		(1,470,357)	2,735,127
Foreign exchange		5,641	4,498
Other comprehensive income for the year		5,641	4,498
Total comprehensive income for the year		(1,464,716)	2,739,625
Profit for the financial year attributable to:			
Owners of the parent Company		(1,470,357)	2,735,127
		(1,470,357)	2,735,127
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(1,464,716)	2,739,625
		(1,464,716)	2,739,625


NEW ERA CAP COMPANY LIMITED
REGISTERED NUMBER:04599312

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	13	2,485,261	2,406,862
		<u>2,485,261</u>	<u>2,406,862</u>
Current assets			
Stocks	15	5,602,854	3,950,056
Debtors: amounts falling due within one year	16	11,546,507	9,502,311
Cash at bank and in hand		1,954,442	3,242,118
		<u>19,103,803</u>	<u>16,694,485</u>
Creditors: amounts falling due within one year	17	(12,798,496)	(8,753,855)
Net current assets		<u>6,305,307</u>	<u>7,940,630</u>
Total assets less current liabilities		<u>8,790,568</u>	<u>10,347,492</u>
Provisions for liabilities			
Deferred taxation		(163,380)	(89,222)
Net assets		<u><u>8,627,188</u></u>	<u><u>10,258,270</u></u>
Capital and reserves			
Called up share capital	20	2,000	2,000
Foreign exchange reserve		(31,436)	(37,077)
Profit and loss account		8,656,624	10,293,347
Equity attributable to owners of the parent Company		<u><u>8,627,188</u></u>	<u><u>10,258,270</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
A Jones
Director


.....
K R Wilson
Director

Date: 11.05.2016


The notes on pages 14 to 30 form part of these financial statements.


NEW ERA CAP COMPANY LIMITED
REGISTERED NUMBER:04599312

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	13	2,228,880	2,053,846
Investments	14	59,454	59,454
		<u>2,288,334</u>	<u>2,113,300</u>
Current assets			
Stocks	15	5,537,479	3,908,456
Debtors: amounts falling due within one year	16	11,475,761	9,409,293
Cash at bank and in hand		1,696,982	2,790,124
		<u>18,710,222</u>	<u>16,107,873</u>
Creditors: amounts falling due within one year	17	(12,779,506)	(8,629,000)
Net current assets		<u>5,930,716</u>	<u>7,478,873</u>
Total assets less current liabilities		<u>8,219,050</u>	<u>9,592,173</u>
Provisions for liabilities			
Deferred taxation		(163,380)	(89,222)
Net assets		<u>8,055,670</u>	<u>9,502,951</u>
Capital and reserves			
Called up share capital	20	2,000	2,000
Profit and loss account		8,053,670	9,500,951
		<u>8,055,670</u>	<u>9,502,951</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
A Jones
Director


.....
K R Wilson
Director

Date: 11.05.2016

NEW ERA CAP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 January 2015	2,000	(37,077)	10,293,347	10,258,270
Comprehensive income for the year				
Loss for the year	-	-	(1,470,357)	(1,470,357)
Other movement type 1	-	5,641	-	5,641
Other comprehensive income for the year	-	5,641	-	5,641
Total comprehensive income for the year	-	5,641	(1,470,357)	(1,464,716)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(160,725)	(160,725)
Transfer to/from profit and loss account	-	-	(5,641)	(5,641)
Total transactions with owners	-	-	(166,366)	(166,366)
At 31 December 2015	2,000	(31,436)	8,656,624	8,627,188

NEW ERA CAP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 January 2014	2,000	(41,575)	9,223,893	9,184,318
Comprehensive income for the year				
Profit for the year	-	-	2,735,127	2,735,127
Movement of foreign exchange	-	4,498	-	4,498
Other comprehensive income for the year	-	4,498	-	4,498
Total comprehensive income for the year	-	4,498	2,735,127	2,739,625
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,661,175)	(1,661,175)
Transfer to/from profit and loss account	-	-	(4,498)	(4,498)
Total transactions with owners	-	-	(1,665,673)	(1,665,673)
At 31 December 2014	2,000	(37,077)	10,293,347	10,258,270

The notes on pages 14 to 30 form part of these financial statements.

NEW ERA CAP COMPANY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	2,000	9,500,951	9,502,951
Comprehensive income for the year			
Loss for the year	-	(1,286,556)	(1,286,556)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,286,556)	(1,286,556)
Contributions by and distributions to owners			
Dividends: Equity capital	-	(160,725)	(160,725)
Total transactions with owners	-	(160,725)	(160,725)
At 31 December 2015	2,000	8,053,670	8,055,670

NEW ERA CAP COMPANY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

	Share capital £ 2,000	Retained earnings £ 8,509,801	Total equity £ 8,511,801
At 1 January 2014			
Comprehensive income for the year			
Profit for the year	-	2,652,325	2,652,325
	-	-	-
Other comprehensive income for the year			
	-	2,652,325	2,652,325
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,661,175)	(1,661,175)
Total transactions with owners	-	(1,661,175)	(1,661,175)
At 31 December 2014	2,000	9,500,951	9,502,951

The notes on pages 14 to 30 form part of these financial statements.

NEW ERA CAP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	(1,470,357)	2,735,127
Adjustments for:		
Depreciation of tangible assets	452,115	367,378
Loss on disposal of tangible assets	163,936	147,220
Increase in stocks	(1,652,797)	346,792
Interest paid	1,218	1,352
Interest received	(2,653)	(448)
Taxation	(342,195)	929,490
Increase in debtors	(1,724,724)	(1,115,757)
Decrease in amounts owed by groups	148,233	(121,162)
Increase in creditors	(315,401)	547,812
Increase in amounts owed to groups	4,367,010	888,945
Corporation tax	(58,324)	(1,335,741)
Net cash generated from operating activities	(433,939)	3,391,008
Cash flows from investing activities		
Purchase of tangible fixed assets	(695,447)	(1,719,403)
Sale of tangible fixed assets	1,000	9,156
Interest received	2,653	448
Net cash from investing activities	(691,794)	(1,709,799)
Cash flows from financing activities		
Dividends paid	(160,725)	(1,661,175)
Interest paid	(1,218)	(1,352)
Net cash used in financing activities	(161,943)	(1,662,527)
Net increase / (decrease) in cash and cash equivalents	(1,287,676)	18,682
Cash and cash equivalents at beginning of year	3,242,118	3,223,436
Cash and cash equivalents at the end of year	1,954,442	3,242,118
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,954,442	3,242,118
	1,954,442	3,242,118

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 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.

Revenue is recognised when goods are dispatched. Revenue from retail sales is recognised at the point of sale. 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 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.4 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Leasehold land and buildings	-	10% straight line
Plant and machinery	-	33% straight line
Motor vehicles	-	33% straight line
Fixtures, fittings and equipment	-	33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Benefits received an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Stocks

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.10 Financial instruments

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

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

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.

1.11 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.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.12 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 the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Income statement 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 Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.15 Interest income

Interest income is recognised in the Income statement using the effective interest method.

1.16 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change 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 and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.18 Debt Factoring

The company takes advantage of a debt factoring arrangement to control cash flow. The arrangement is with recourse and as such disclosure is on a separation of assets and liabilities whereby the amounts passed over to be factored are disclosed in debtors and the amounts drawn down on those debts are disclosed within creditors.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	9,155,692	9,838,784
Rest of the world	28,474,504	41,645,657
	<u>37,630,196</u>	<u>51,484,441</u>

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	452,115	367,378
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	39,000	38,000
Exchange differences	(14,938)	476,398
Defined contribution pension cost	114,143	108,104
	<u>580,220</u>	<u>990,880</u>

5. AUDITOR'S REMUNERATION

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	36,250	35,550
Other services relating to taxation	2,750	2,450
	<u>39,000</u>	<u>38,000</u>

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	5,423,788	6,385,475
Social security costs	688,283	829,491
Cost of defined contribution scheme	114,143	108,104
	<u>6,226,214</u>	<u>7,323,070</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Administration	39	39
Sales and Marketing	77	94
	<u>116</u>	<u>133</u>

7. DIRECTORS' REMUNERATION

	2015 £	2014 £
Directors' emoluments	442,285	923,037
Company contributions to defined contribution pension schemes	4,650	4,523
	<u>446,935</u>	<u>927,560</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £269,042 (2014 - £681,956).

The directors, who have the authority and reasonability for planning, directing and controlling the activities of the Group, are considered to be the key management.

8. INTEREST RECEIVABLE

	2015 £	2014 £
Other interest receivable	<u>2,653</u>	<u>448</u>

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank interest payable	1,218	1,352

10. TAXATION

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	(416,353)	858,792
Adjustments in respect of previous periods	-	(104)
Total current tax	(416,353)	858,688
Deferred tax		
Origination and reversal of timing differences	74,158	70,802
Total deferred tax	74,158	70,802
Taxation on (loss)/profit on ordinary activities	(342,195)	929,490

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - *lower than*) the standard rate of corporation tax in the UK of 20% (2014 - 21). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(1,812,552)	3,664,617
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	(362,510)	769,570
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,634	30,377
Capital allowances for year in excess of depreciation	27,313	184
Adjustments to tax charge in respect of prior periods	-	(104)
Other differences leading to an increase (decrease) in the tax charge	(14,632)	129,463
Total tax charge for the year	(342,195)	929,490

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. TAXATION (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

11. DIVIDENDS

	2015	2014
	£	£
Dividends paid on equity capital	160,725	1,661,175
	160,725	1,661,175

12. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £1,286,556 (2014 - profit £2,652,325).

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

13. TANGIBLE FIXED ASSETS

Group

	Long term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 January 2015	2,383,717	140,204	4,300	1,277,386	3,805,607
Additions	642,869	2,544	-	50,034	695,447
Disposals	(641,613)	-	(4,300)	-	(645,913)
Exchange adjustments	(16,170)	-	-	(23,988)	(40,158)
At 31 December 2015	2,368,803	142,748	-	1,303,432	3,814,983
Depreciation					
At 1 January 2015	896,059	63,983	4,300	434,402	1,398,744
Charge owned for the period	222,442	17,229	-	212,444	452,115
Disposals	(497,305)	-	(4,300)	-	(501,605)
Exchange adjustments	(8,536)	-	-	(10,993)	(19,529)
At 31 December 2015	612,660	81,212	-	635,853	1,329,725
At 31 December 2015	1,756,143	61,536	-	667,579	2,485,258
<i>At 31 December 2014</i>	<i>1,487,658</i>	<i>76,221</i>	<i>-</i>	<i>842,983</i>	<i>2,406,862</i>

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

TANGIBLE FIXED ASSETS (continued)

Company

	Long Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 January 2015	2,107,014	140,204	4,300	866,890	3,118,408
Additions	642,869	2,544	-	31,187	676,600
Disposals	(641,613)	-	(4,300)	-	(645,913)
At 31 December 2015	2,108,270	142,748	-	898,077	3,149,095
Depreciation					
At 1 January 2015	749,984	63,983	4,300	246,295	1,064,562
Charge owned for the period	188,117	17,229	-	151,912	357,258
Disposals	(497,305)	-	(4,300)	-	(501,605)
At 31 December 2015	440,796	81,212	-	398,207	920,215
At 31 December 2015	1,667,474	61,536	-	499,870	2,228,880
<i>At 31 December 2014</i>	<i>1,357,030</i>	<i>76,221</i>	<i>-</i>	<i>620,595</i>	<i>2,053,846</i>

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. FIXED ASSET INVESTMENTS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding
New Era Cap GmbH	Germany	Ordinary	100 %
New Era Cap B.V.	Netherlands	Ordinary	100 %

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	59,454
At 31 December 2015.	<u>59,454</u>
 At 31 December 2015	 <u>59,454</u>
 <i>At 31 December 2014</i>	 <u><u>59,454</u></u>

15. STOCKS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Finished goods and goods for resale	<u>5,602,854</u>	<u>3,950,056</u>	<u>5,537,479</u>	<u>3,908,456</u>

Stock recognised in cost of sales during the year as an expense was £16,701,716 (2014: £16,717,954).

An impairment loss of £177,456 (2014: £8,220) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. DEBTORS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	8,285,211	6,886,202	8,260,751	6,839,715
Amounts owed by group undertakings	765,926	914,159	765,926	914,159
Other debtors	2,234,693	1,413,914	2,202,222	1,387,925
Prepayments and accrued income	260,677	288,036	246,862	267,494
	11,546,507	9,502,311	11,475,761	9,409,293

17. CREDITORS: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	2,099,655	1,377,248	2,087,974	1,367,649
Amounts owed to group undertakings	6,302,798	1,935,788	5,905,748	1,891,882
Corporation tax	19,437	26,409	-	-
Taxation and social security	193,021	255,118	186,834	254,562
Other creditors	214,181	280,223	201,435	263,534
Accruals and deferred income	3,969,404	4,879,069	4,397,515	4,851,373
	12,798,496	8,753,855	12,779,506	8,629,000

There is a fixed and floating charge in place over all the property and assets of the company.

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. FINANCIAL INSTRUMENTS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	11,285,830	9,214,275	11,228,899	9,141,799
	<u>11,285,830</u>	<u>9,214,275</u>	<u>11,228,899</u>	<u>9,141,799</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(12,577,592)	(8,461,920)	(12,592,673)	(8,374,437)
	<u>(12,577,592)</u>	<u>(8,461,920)</u>	<u>(12,592,673)</u>	<u>(8,374,437)</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors and accrued income.

Financial Liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, accruals and deferred income.

19. DEFERRED TAXATION

Group	Deferred tax £
At 1 January 2015	(89,222)
Charged to the profit or loss	(74,158)
At 31 December 2015	<u>(163,380)</u>

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Company

**Deferred tax
£**

At 1 January 2015	(89,222)
Charged to the profit or loss	(74,158)
At 31 December 2015	(163,380)

The provision for deferred taxation is made up as follows:

	Group 2015 £	<i>Group 2014 £</i>	Company 2015 £	<i>Company 2014 £</i>
Accelerated capital allowances	<u>(163,380)</u>	<u>(89,222)</u>	<u>(163,380)</u>	<u>(89,222)</u>

20. SHARE CAPITAL

	2015 £	<i>2014 £</i>
Allotted, called up and fully paid		
2,000 Ordinary shares shares of £1 each	<u>2,000</u>	<u>2,000</u>

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £110,361 (2014 - £99,382). Contributions totalling £18,451 (2014 - £20,266) were payable to the fund at the balance sheet date and are included in creditors.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Land and buildings				
Not later than 1 year	1,130,021	833,842	1,130,021	833,842
Later than 1 year and not later than 5 years	3,732,592	2,079,173	3,732,592	2,079,173
Later than 5 years	2,968,694	2,075,751	2,968,694	2,075,751
Total	7,831,307	4,988,766	7,831,307	4,988,766
	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Other				
Not later than 1 year	109,201	121,346	109,201	121,346
Later than 1 year and not later than 5 years	93,124	83,862	93,124	83,862
Total	202,325	205,208	202,325	205,208

23. RELATED PARTY TRANSACTIONS

During the year, New Era Cap Company Limited was charged a total of £1,870,466 (2014 - £6,657,579) in respect of goods and recharged expenses by New Era Cap Co. Inc. New Era Cap Co. Inc. was recharged £6,239,217 (2014 - £7,308,784) for recharged expenses. At the year end, included within creditors New Era Cap Company Limited owed New Era Cap Co. Inc. £5,608,561 (2014 - £1,528,903).

During the year, New Era Cap Company Limited paid expenses on behalf of New Era Cap SAS for a total of £75,300 (2014 - £204,863). At the year end, included within debtors, New Era Cap Company Limited was owed £765,051 (2014 - £890,211) from New Era SAS. New Era SAS is owned by New Era Cap Co. Inc.

During the year, New Era Cap Company Limited was charged a total of £662,078 (2014 - £1,050,372) in respect of commission fees from New Era Cap Srl. At the year end, included within other creditors, New Era Cap Company Limited owed New Era Cap Srl £239,280 (2014 - £362,979). New Era Srl is owned by New Era Cap Co. Inc.

C Koch is a director and controlling shareholder of CKCK LLC and a director and shareholder of New Era Cap Co. Inc., a company registered in the United States.

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is CKCK LLC, a company registered in the United States.

CKCK LLC is controlled by C Koch.

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

25. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.