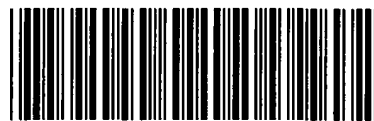

NEW ERA CAP COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

TUESDAY



A654631L

A14

25/04/2017

#94

COMPANIES HOUSE

NEW ERA CAP COMPANY LIMITED

COMPANY INFORMATION

Directors	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

CONTENTS

	Page
Group strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Company statement of financial position	9
Consolidated statement of changes in equity	10
Company statement of changes in equity	11
Consolidated Statement of cash flows	12
Notes to the financial statements	13 - 30

NEW ERA CAP COMPANY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present the strategic report for the company for the year ended 31 December 2016.

Business review

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

Despite the continuing unfavourable currency markets, the company was able to achieve significant growth across the region, reversing the trend experienced in 2015, and resulting in an increase in turnover of 39% (2015: reduction of 27%) from £37.6m in 2015 to £52.3m.

The increased overall activity included significant increases in the main regional markets. UK turnover moved from £9,155,692 in 2015 to £14,302,901 in 2016, an increase of 56.2%. Turnover in the non-UK regions was £38,008,139 (2015 - £28,474,504). The company's efforts to alleviate the effects of the continued weakness of both the Pound and the Euro against the US Dollar meant that gross margin was stabilised at 52.3% compared to 52.6% in the previous year.

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:

	2016 £	2015 £
United Kingdom	14,302,901	9,155,692
Rest of the world	38,008,139	28,474,504
Total	52,311,040	37,630,196

Profit before taxation

The profit before taxation was £1,810,432, compared with the prior year loss of £1,812,552. After taxation, but before dividends £1,394,996 has been added to reserves (2015 - £1,470,357 deducted).

The total reserves at the year end are £10,022,184 (2015 - £8,627,188).

NEW ERA CAP COMPANY LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

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



.....
A Jones
Director

Date: 06.09.2017

NEW ERA CAP COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 they are 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 for the Group's financial statements 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;
- 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 profit for the year, after taxation, amounted to £1,394,996 (2015 - loss £1,470,357).

The directors have declared and paid dividends for the year ending December 2016 of £nil (2015 - £160,725).

Directors

The directors who served during the year were:

C Koch
A Jones
P Gils
K R Wilson

NEW ERA CAP COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Future developments

The steps taken to address the issues faced by the business in 2015 by working closely with our customers resulted in a significant increase in business and a return to profitability. 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 2017 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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.

Auditor

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: 06.04.2017

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 2016, set out on pages 7 to 30. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 on page 3, 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 Financial Reporting Council'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 2016 and of the Group's profit or 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.

NEW ERA CAP COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ERA CAP COMPANY LIMITED
(CONTINUED)**

Opinion on other matter 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

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.

Neil Carter *ACA* *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: 10.04.17

NEW ERA CAP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover		52,311,040	37,630,196
Cost of sales		(24,974,073)	(17,854,666)
Gross profit		27,336,967	19,775,530
Distribution costs		(249,541)	(172,948)
Administrative expenses		(25,276,389)	(21,416,569)
Operating profit/(loss)		1,811,037	(1,813,987)
Interest receivable and similar income	9	95	2,653
Interest payable and expenses	10	(700)	(1,218)
Profit/(loss) before taxation		1,810,432	(1,812,552)
Tax on profit/(loss)	11	(415,436)	342,195
Profit/(loss) for the year		1,394,996	(1,470,357)
Foreign exchange		2,737	5,641
Other comprehensive income for the year		2,737	5,641
Total comprehensive income for the year		1,397,733	(1,464,716)
Profit for the financial year attributable to:			
Owners of the parent Company		1,394,996	(1,470,357)
		1,394,996	(1,470,357)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		1,397,733	(1,464,716)
		1,397,733	(1,464,716)


The notes on pages 13 to 30 form part of these financial statements.


NEW ERA CAP COMPANY LIMITED
REGISTERED NUMBER: 04599312

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	2,390,215	2,485,257
		<u>2,390,215</u>	<u>2,485,257</u>
Current assets			
Stocks	16	8,647,766	5,602,854
Debtors: amounts falling due within one year	17	11,265,227	11,546,507
Cash at bank and in hand	18	3,940,886	1,954,442
		<u>23,853,879</u>	<u>19,103,803</u>
Creditors: amounts falling due within one year	19	(16,073,616)	(12,798,492)
Net current assets		<u>7,780,263</u>	<u>6,305,311</u>
Total assets less current liabilities		<u>10,170,478</u>	<u>8,790,568</u>
Provisions for liabilities			
Deferred taxation		(148,294)	(163,380)
Net assets		<u><u>10,022,184</u></u>	<u><u>8,627,188</u></u>
Capital and reserves			
Called up share capital	22	2,000	2,000
Foreign exchange reserve	23	(28,699)	(31,436)
Profit and loss account	23	10,048,883	8,656,624
Equity attributable to owners of the parent Company		<u><u>10,022,184</u></u>	<u><u>8,627,188</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: 06.04.2017


NEW ERA CAP COMPANY LIMITED
REGISTERED NUMBER: 04599312

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	2,190,939	2,228,880
Investments	15	59,454	59,454
		<u>2,250,393</u>	<u>2,288,334</u>
Current assets			
Stocks	16	8,588,305	5,537,479
Debtors: amounts falling due within one year	17	11,128,503	11,475,761
Cash at bank and in hand	18	3,396,572	1,696,982
		<u>23,113,380</u>	<u>18,710,222</u>
Creditors: amounts falling due within one year	19	(16,078,449)	(12,779,506)
Net current assets		<u>7,034,931</u>	<u>5,930,716</u>
Total assets less current liabilities		<u>9,285,324</u>	<u>8,219,050</u>
Provisions for liabilities			
Deferred taxation		(148,294)	(163,380)
Net assets		<u>9,137,030</u>	<u>8,055,670</u>
Capital and reserves			
Called up share capital	22	2,000	2,000
Profit and loss account	23	9,135,030	8,053,670
		<u>9,137,030</u>	<u>8,055,670</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: 06.04.2017

NEW ERA CAP COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	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)
Movement of foreign exchange	-	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)
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 1 January 2016	2,000	(31,436)	8,656,624	8,627,188
Comprehensive income for the year				
Profit for the year	-	-	1,394,996	1,394,996
Movement of foreign exchange	-	2,737	-	2,737
Other comprehensive income for the year	-	2,737	-	2,737
Total comprehensive income for the year	-	2,737	1,394,996	1,397,733
Transfer to/from profit and loss account	-	-	(2,737)	(2,737)
Total transactions with owners	-	-	(2,737)	(2,737)
At 31 December 2016	2,000	(28,699)	10,048,883	10,022,184

NEW ERA CAP COMPANY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Profit and loss account £	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 1 January 2016	2,000	8,053,670	8,055,670
Comprehensive income for the year			
Profit for the year	-	1,081,360	1,081,360
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,081,360	1,081,360
Total transactions with owners	-	-	-
At 31 December 2016	2,000	9,135,030	9,137,030

NEW ERA CAP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,394,996	(1,470,357)
Adjustments for:		
Depreciation of tangible assets	553,326	452,115
Loss on disposal of tangible assets	122,939	163,936
Increase in stocks	(3,044,912)	(1,652,797)
Interest paid	700	1,218
Interest received	(95)	(2,653)
Taxation	415,437	(342,195)
Increase in debtors	173,459	(1,724,724)
Decrease in amounts owed by groups	(227,275)	148,233
Increase in creditors	1,589,446	(315,401)
Increase in amounts owed to groups	1,582,520	4,367,010
Corporation tax	(35,115)	(58,324)
Net cash generated from operating activities	2,525,426	(433,939)
Cash flows from investing activities		
Purchase of tangible fixed assets	(539,866)	(695,447)
Sale of tangible fixed assets	1,489	1,000
Interest received	95	2,653
Net cash from investing activities	(538,282)	(691,794)
Cash flows from financing activities		
Dividends paid	-	(160,725)
Interest paid	(700)	(1,218)
Net cash used in financing activities	(700)	(161,943)
Net increase / (decrease) in cash and cash equivalents	1,986,444	(1,287,676)
Cash and cash equivalents at beginning of year	1,954,442	3,242,118
Cash and cash equivalents at the end of year	3,940,886	1,954,442
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,940,886	1,954,442
	3,940,886	1,954,442

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

New Era Cap Company Limited is a company incorporated in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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 Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

2.3 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.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 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.

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.

Depreciation is provided on the following basis:

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 in the Consolidated statement of comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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.

2.7 Debtors

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

2.8 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 Group's cash management.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 debtors and creditors, 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 out-right 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.

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

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.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 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 2016

2. Accounting policies (continued)

2.11 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 Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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.

2.12 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.

2.13 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.14 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 payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income 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.

2.15 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.16 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 Consolidated statement of comprehensive income 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.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 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.

3. 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.

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Turnover

The whole of the turnover is attributable to the principal business activity.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	14,302,901	9,155,692
Rest of the world	38,008,139	28,474,504
	<u>52,311,040</u>	<u>37,630,196</u>

5. Operating profit/(loss)

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

	2016 £	2015 £
Depreciation of tangible fixed assets	550,897	452,115
Auditor's remuneration	47,350	39,000
Exchange differences	(119,367)	(14,938)
Other operating lease rentals	2,171,500	2,528,164
Defined contribution pension cost	166,327	114,143
	<u>2,716,707</u>	<u>3,018,484</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	40,600	36,250
Other services relating to taxation	6,750	2,750
	<u>47,350</u>	<u>39,000</u>

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. Employees

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

	2016 £	2015 £
Wages and salaries	5,944,797	5,423,788
Social security costs	830,140	688,283
Cost of defined contribution scheme	166,327	114,143
	<u>6,941,264</u>	<u>6,226,214</u>

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

	2016 No.	2015 No.
Administration	50	39
Sales and Marketing	77	77
	<u>127</u>	<u>116</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	736,841	442,285
Company contributions to defined contribution pension schemes	35,996	4,650
	<u>772,837</u>	<u>446,935</u>

During the year retirement benefits were accruing to 2 directors (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £472,388 (2015 - £269,042).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £25,306 (2015 - £NIL).

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.

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Interest receivable

	2016	2015
	£	£
Other interest receivable	95	2,653
	<u><u>95</u></u>	<u><u>2,653</u></u>

10. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	700	1,218
	<u><u>700</u></u>	<u><u>1,218</u></u>

11. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	436,399	(416,353)
Adjustments in respect of previous periods	(5,876)	-
Total current tax	<u><u>430,523</u></u>	<u><u>(416,353)</u></u>
Deferred tax		
Origination and reversal of timing differences	(15,087)	74,158
Total deferred tax	<u><u>(15,087)</u></u>	<u><u>74,158</u></u>
Taxation on profit/(loss) on ordinary activities	<u><u>415,436</u></u>	<u><u>(342,195)</u></u>

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,810,432</u>	<u>(1,812,552)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	362,086	(362,510)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,835	7,634
Capital allowances for year in excess of depreciation	14,103	27,313
Adjustments to tax charge in respect of prior periods	(5,876)	-
Other differences leading to an increase (decrease) in the tax charge	26,288	(14,632)
Total tax charge for the year	<u><u>415,436</u></u>	<u><u>(342,195)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2016 £	2015 £
Dividends paid on equity capital	-	160,725
	<u>-</u>	<u>160,725</u>

13. 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 profit after tax of the parent Company for the year was £1,081,360 (2015 - *loss* £1,286,556).

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. Tangible fixed assets

Group

	Long term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2016	2,368,803	142,748	1,303,432	3,814,983
Additions	112,199	3,395	424,272	539,866
Disposals	(152,087)	(118,554)	(200,011)	(470,652)
Exchange adjustments	41,071	-	63,901	104,972
At 31 December 2016	2,369,986	27,589	1,591,594	3,989,169
Depreciation				
At 1 January 2016	612,659	81,212	635,854	1,329,725
Charge for the period on owned assets	300,602	4,725	245,570	550,897
Disposals	(68,029)	(66,595)	(211,600)	(346,224)
Exchange adjustments	27,093	-	37,463	64,556
At 31 December 2016	872,325	19,342	707,287	1,598,954
Net book value				
At 31 December 2016	1,497,661	8,247	884,307	2,390,215
At 31 December 2015	1,756,143	61,536	667,578	2,485,257

NEW ERA CAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. Tangible fixed assets (continued)

Tangible fixed assets

Company

	Long Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2016	2,108,270	142,748	898,077	3,149,095
Additions	112,199	3,395	410,991	526,585
Disposals	(152,087)	(118,554)	(184,173)	(454,814)
At 31 December 2016	2,068,382	27,589	1,124,895	3,220,866
Depreciation				
At 1 January 2016	440,796	81,212	398,207	920,215
Charge for the period on owned assets	260,866	4,725	175,367	440,958
Disposals	(68,029)	(66,595)	(196,622)	(331,246)
At 31 December 2016	633,633	19,342	376,952	1,029,927
Net book value				
At 31 December 2016	1,434,749	8,247	747,943	2,190,939
At 31 December 2015	1,667,474	61,536	499,870	2,228,880

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
New Era Cap GmbH	Ordinary	100 %	
New Era Cap B.V.	Ordinary	100 %	

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	59,454
At 31 December 2016	59,454
Net book value	
At 31 December 2016	59,454
At 31 December 2015	59,454

16. Stocks

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Finished goods and goods for resale	8,647,766	<i>5,602,854</i>	8,588,305	<i>5,537,479</i>

Stock recognised in cost of sales during the year as an expense was £22,195,909 (2015 - £16,701,716).

An impairment loss of £362,800 (2015 - £177,456) 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 2016**

17. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	7,169,032	8,285,211	7,062,274	8,260,751
Amounts owed by group undertakings	993,200	765,926	993,200	765,926
Other debtors	2,877,757	2,234,693	2,857,387	2,202,222
Prepayments and accrued income	225,238	260,677	215,642	246,862
	11,265,227	11,546,507	11,128,503	11,475,761

18. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	3,940,886	1,954,442	3,396,572	1,696,982
	3,940,886	1,954,442	3,396,572	1,696,982

19. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	3,301,630	2,099,655	3,260,533	2,087,974
Amounts owed to group undertakings	7,885,317	6,302,798	7,926,275	5,905,749
Corporation tax	122,601	19,437	-	-
Taxation and social security	166,163	193,021	157,777	186,834
Other creditors	306,264	214,176	289,044	201,435
Accruals and deferred income	4,291,641	3,969,404	4,444,820	4,397,515
	16,073,616	12,798,491	16,078,449	12,779,507

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 2016

20. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	11,039,989	11,285,830	10,912,861	11,228,899
	<u>11,039,989</u>	<u>11,285,830</u>	<u>10,912,861</u>	<u>11,228,899</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(15,774,370)	(12,577,592)	(15,920,673)	(12,592,673)
	<u>(15,774,370)</u>	<u>(12,577,592)</u>	<u>(15,920,673)</u>	<u>(12,592,673)</u>

Financial assets that are debt instruments 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 and accruals.

21. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	163,380	89,222
Charged to the profit or loss	(15,086)	74,158
At end of year	<u>148,294</u>	<u>163,380</u>

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. Deferred taxation (continued)

Company

	2016 £	2015 £
At beginning of year	163,380	89,222
Charged to the profit or loss	(15,086)	74,158
At end of year	148,294	163,380

The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	148,293	163,380	148,293	163,380

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
2,000 Ordinary shares shares of £1 each	2,000	2,000

23. Reserves

Foreign exchange reserve

This reserve relates to the retranslated share capital and reserves balances at the year end date and prior periods.

Profit & loss account

The profit and loss reserve includes all current and prior retained period profits and losses.

24. 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 £161,827 (2015 - £110,361). Contributions totalling £28,525 (2015 - £18,451) 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 2016**

25. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Land and buildings				
Not later than 1 year	1,426,886	<i>1,130,021</i>	1,143,615	<i>1,130,021</i>
Later than 1 year and not later than 5 years	4,013,511	<i>3,732,592</i>	3,921,544	<i>3,732,592</i>
Later than 5 years	2,710,808	<i>2,968,694</i>	2,710,808	<i>2,968,694</i>
Total	8,151,205	<i>7,831,307</i>	7,775,967	<i>7,831,307</i>
	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Other				
Not later than 1 year	137,737	<i>109,201</i>	100,806	<i>109,201</i>
Later than 1 year and not later than 5 years	130,501	<i>93,124</i>	87,290	<i>93,124</i>
Total	268,238	<i>202,325</i>	188,096	<i>202,325</i>

26. Related party transactions

During the year, New Era Cap Company Limited was charged a total of £1,602,919 (2015 - £1,870,466) in respect of goods and recharged expenses by New Era Cap Co. Inc. New Era Cap Co. Inc. was recharged £8,686,409 (2015 - £6,239,217) for recharged expenses. At the year end, included within creditors New Era Cap Company Limited owed New Era Cap Co. Inc. £7,360,768 (2015 - £5,608,561).

During the year, New Era Cap Company Limited paid expenses on behalf of New Era Cap SAS for a total of £92,144 (2015 - £75,300). At the year end, included within debtors, New Era Cap Company Limited was owed £992,325 (2015 - £765,051) 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 £857,567 (2015 - £662,078) 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 £524,549 (2015 - £239,280). 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.

NEW ERA CAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

27. 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.