Ashworth and Parker Limited

Report and Financial Statements

31 March 2016

Directors
J D Parker
R C Ashworth
P L Emerson
G Zocco

Secretary
J D Parker

Auditor
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne NE1 4JD

Bankers
HSBC plc
Maingate
Kingsway North
Team Valley Trading Estate
Gateshead NE11 0BE

Registered Office
Unit C
Merlin Way
New York Industrial Park
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Strategic report

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

Principal activity and review of the business

The company's principal activity is that of a menswear retailer, operating from both high street premises and online at www.endclothing.com.

The key financial and other performance indicators used to measure business performance during the year were as follows:

	2016	*2015*	*Change*
	£000	*£000*	*%*
Turnover	37,931	26,739	41.9%
Gross profit	14,240	9,727	46.4%
Operating profit	6,715	4,601	45.9%

The directors are satisfied with the results for the year, which show a 41.9% growth in top line revenue whilst also continuing to maintain strong gross margin and operating profit ratios.

Principal risks and uncertainties

The company's principal financial instruments comprise cash and a long term bank loan. Other financial assets and liabilities, such as trade creditors arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below. The company does undertakes hedging activity as necessary and any significant financial risks are addressed on a case-by-case basis.

Price risk

The company manages fluctuations in currency exchange rates by daily monitoring of exchange rates and utilising forward exchange rate contracts to hedge expected future receipts where these are deemed sufficiently material to affect the results of the business.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations and applying robust working capital management procedures.

In addition, the company faces operational risks as follows:

Stock risk

Sourcing and maintaining the right levels of saleable stocks, in a fast-moving consumer driven market, is a key risk facing the company. This is managed through implementing a rigorous procurement process

Property risk

The company leases various premises and acquires the freehold of some others. There is a risk that lease obligations may become onerous or that the value of freehold premises may become impaired. This risk is managed through a Group Property specialist, who carefully considers and implements the Group Property policy.

On behalf of the Board

R C Ashworth
Director

20 October 2016

Registered No. 06866013

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £5,523,000 (2015 – profit of £3,620,000). The directors do not recommend a final dividend (2015 – £nil). Dividend payments of £nil (2015 – £430,000) were made during the year.

Going concern

The directors have considered the company's current and future prospects and its availability of continued financing from the shareholders and other external sources, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

Directors

The directors who served the company during the year were as follows:

J D Parker
R C Ashworth
P L Emerson
G Zocco

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board

C. Ashworth

R C Ashworth
Director

20 October 2016

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Ashworth and Parker Limited

We have audited the financial statements of Ashworth and Parker Limited for the year ended 31 March 2016 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standard applicable to 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 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 Report and Financial Statements 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

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

Ernst & Young

Mark Hatton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

20 October 2016

Income statement
for the year ended 31 March 2016

	Notes	2016 £000	2015 £000
Turnover	2	37,931	26,739
Cost of sales		(23,691)	(17,012)
Gross profit		14,240	9,727
Operating expenses		(7,525)	(5,126)
Operating profit	3	6,715	4,601
Bank interest receivable		74	23
Interest payable and similar charges	6	-	(26)
Profit on ordinary activities before taxation		6,789	4,598
Tax on profit on ordinary activities	7	(1,266)	(978)
Profit for the financial year		5,523	3,620

Statement of changes in equity

for the year ended 31 March 2016

	Share capital £000	*Share premium £000*	*Hedge reserve £000*	*Profit and loss account £000*	*Total £000*
At 1 April 2014	-	-	-	3,683	3,683
Profit for the year	-	-	-	3,620	3,620
Share issue (net of issue costs)	-	6,870	-	-	6,870
Dividends payable		-	-	(430)	(430)
At 31 March 2015	-	6,870	-	6,873	13,743
Profit for the year	-	-	-	5,523	5,523
Valuation of cash flow hedge	-	-	(235)	-	(235)
At 31 March 2016	-	6,870	(235)	12,396	19,031

Statement of financial position
at 31 March 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Tangible assets	9	3,332	2,266
Current assets			
Stocks		8,428	3,582
Debtors	10	1,176	465
Cash at bank and in hand		10,710	10,276
		20,314	14,323
Creditors: amounts falling due within one year	11	(4,276)	(2,780)
Net current assets		16,038	11,543
Total assets less current liabilities		19,370	13,809
Creditors: amounts falling due after more than one year		-	-
Provisions for liabilities and charges			
Deferred taxation	7(c)	(166)	(66)
Onerous lease		(173)	-
		19,031	13,743
Capital and reserves			
Called up share capital	13	-	-
Share premium account		6,870	6,870
Hedge reserve		(235)	-
Profit and loss account		12,396	6,873
Equity shareholders' funds		19,031	13,743

C. Ashworth

R C Ashworth

Director

20 October 2016

Statement of cash flows

for the year ended 31 March 2016

	Notes	2016 £000	2015 £000
Net cash inflow from operating activities	15(a)	2,578	4,914
Returns on investments and servicing of finance			
Interest received		74	23
Interest paid on bank loans		-	(25)
Interest paid on finance leases and hire purchase contracts		-	(1)
		74	(3)
Taxation			
Corporation tax paid		(880)	(720)
Capital expenditure			
Payments to acquire tangible fixed assets		(1,338)	(275)
Equity dividends paid	8	-	(430)
Financing			
Issue of new shares		-	6,870
Repayment of long term loans		-	(1,329)
Repayments of capital element of hire purchase contracts		-	(9)
		-	5,532
Increase in cash		434	9,018

Reconciliation of net cash flow to movement in net funds/(debt)

	Notes	2016 £000	2015 £000
Movement in cash at bank		434	9,018
Repayment of long term loans		-	1,329
Repayments of capital element of hire purchase contracts		-	9
Change in net funds resulting from cash flows		434	10,356
Movement in net funds in the year		434	10,356
Net funds/(debt) at 1 April		10,276	(80)
Net funds at 31 March	15(b)	10,710	10,276

Notes to the financial statements

at 31 March 2016

1. Accounting policies

Statement of compliance

Ashworth and Parker Limited is a limited liability company incorporated in England.

The Registered Office is:

Unit C
Merlin Way
New York Industrial Park
Newcastle upon Tyne NE27 0QG

The company's financial statements have been prepared in accordance with FRS102, for the first time, as it applies to the financial statements of the company for the year ended 31 March 2016.

The company transitioned from the previously extant UK GAAP to FRS102 as at 1 April 2014. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 16.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared using accounting principles based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the company and rounded to the nearest £'000.

Judgements 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. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Tangible fixed assets

Management estimation is required to determine the appropriate asset lives over which to depreciate the company's tangible fixed assets, in light of ongoing developments and the company's strategic plans.

Provisions and accruals for liabilities

Management estimation is required to determine the appropriate amounts of accruals and provisions for bad and doubtful debts, inventories and certain administrative expenses accruals. Where a lease obligation becomes onerous, full provision is made for the estimated costs of fulfilling or exiting those lease commitments.

Notes to the financial statements

at 31 March 2016

1. Accounting policies (continued)

Significant accounting policies

Going concern

The directors have prepared the financial statements on a going concern basis as they believe that the company can continue to pay its debts as they fall due for a year of at least 12 months from the date of approval of these financial statements. In making their assessment the directors have considered the company's trading prospects and its availability of cash and funding from existing cash resources, current and future bank funding and funding from shareholders.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful economic life as follows:

Freehold land	–	not depreciated
Freehold buildings	–	50 years straight line to estimated residual value
Equipment, fixtures and vehicles	–	3 - 5 years straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks of goods for resale are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, after making due allowance for obsolete and slow-moving stocks.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative Instruments

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Notes to the financial statements

at 31 March 2016

1. Accounting policies (continued)

Leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term. Where a lease obligation becomes onerous, full provision is made for the estimated costs of fulfilling or exiting those lease commitments.

Pensions

The company offers a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover is recorded net of an appropriate deduction for actual and expected returns and sales taxes, and is recognised upon dispatch from the warehouse, or at the in-store point of sale, at which point title and risk passes to third parties. The turnover is attributable to the continuing activity of a menswear retailer.

3. Operating profit

This is stated after charging/(crediting):

		2016	*2015*
		£000	*£000*
Auditors' remuneration – audit services		12	12
Depreciation of owned fixed assets		250	130
Loss on disposal of fixed assets		22	41
Foreign exchange gains		(194)	(105)
Operating lease rentals	- land and buildings	400	142
	- other	3	3

4. Directors' remuneration

	2016	*2015*
	£000	*£000*
Aggregate emoluments	402	353

In respect of the highest paid director:

	2016	*2015*
	£000	*£000*
Aggregate emoluments	189	147

Notes to the financial statements

at 31 March 2016

5. Staff costs

	2016	*2015*
	£000	*£000*
Wages and salaries	3,347	1,882
Social security costs	274	167
Pension costs	90	80
	3,711	2,129

The monthly average number of employees, including directors, during the year was 146 (2015 – 92).

6. Interest payable and similar charges

	2016	*2015*
	£000	*£000*
Bank loans	-	25
Finance charges payable under finance leases and hire purchase contracts	-	1
Other interest	-	-
	-	26

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax profit is made up as follows:

	2016	*2015*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	1,211	979
Adjustments in respect of previous periods	(45)	(39)
Total current tax (note 7(b))	1,166	940
Deferred tax:		
Origination and reversal of timing differences	118	24
Adjustments in respect of previous periods	-	14
Effect of changes in tax rates	(18)	-
Total deferred tax (note 7(c))	100	38
Tax on profit on ordinary activities	1,266	978

Notes to the financial statements

at 31 March 2016

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 21%). The differences are explained below:

	2016	*2015*
	£000	*£000*
Profit on ordinary activities before tax	6,789	4,598
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2015: 21%)	1,358	965
Effects of:		
Expenses not deductible	39	54
Income not taxable	(68)	(14)
Tax rate changes	(18)	(3)
Adjustments in respect of previous periods	(45)	(24)
Current tax for the year (note 7(a))	1,266	978

(c) Deferred tax

	£000
At 1 April 2015	66
Charge for the year (note 7(a))	100
At 31 March 2016	166

The deferred tax charge is made up as follows:

	2016	*2015*
	£000	*£000*
Origination and reversal of timing differences	118	24
Adjustments in respect of prior periods	-	14
Effect of tax rate changes	(18)	-
	100	38

(d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and is effective from 1 April 2015. A rate of 20% has therefore been applied to the deferred tax liability at the balance sheet date.

Notes to the financial statements

at 31 March 2016

8. Dividends

	2016 £000	2015 £000
Declared and paid during the year	-	430

9. Tangible fixed assets

	Freehold land and buildings £000	Equipment, fixtures and vehicles £000	Total £000
Cost:			
At 1 April 2015	1,903	635	2,538
Additions	-	1,365	1,365
Disposals	-	(49)	(49)
At 31 March 2016	1,903	1,951	3,854
Depreciation:			
At 1 April 2015	18	254	272
Provided during the year	15	235	250
At 31 March 2016	33	489	522
Net book value:			
At 31 March 2016	1,870	1,462	3,332
At 1 April 2015	1,885	381	2,266

10. Debtors

	2016 £000	2015 £000
Trade debtors	3	7
Other debtors	687	230
Prepayments and accrued income	486	228
	1,176	465

Notes to the financial statements

at 31 March 2016

11. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	2,343	1,329
Corporation tax	695	409
Other taxes and social security	180	292
Derivative financial instruments (note 14)	235	-
Accruals and deferred income	823	750
	4,276	2,780

12. Obligations under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2016 £000	2015 £000
Operating leases which expire:		
Within one year	221	108
In one to two years	374	108
Two to five years	990	81
Over five years	600	-
	2,185	297

13. Issued share capital

	2016 No.	2016 £	2015 No.	2015 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	-	-	-	-
Ordinary shares of £0.00001 each	7,761,194	78	7,761,194	78
Series A Preferred shares of £0.00001 each	4,328,358	43	4,328,358	43
	12,089,552	121	12,089,552	121

During the prior year, the company sub-divided its existing 100 Ordinary shares of £1 each into 10,000,000 Ordinary shares of £0.00001 each. The company then designated 2,238,806 Ordinary shares of £0.00001 each to be Series A Preferred shares of £0.00001 each.

The company also issued 2,089,552 Series A Preferred shares of £0.00001 each for a consideration of £6,870,021 (net of issue costs of £130,000), representing a premium of £6,870,000 over their par value.

All shares rank pari passu. On any relevant return of capital or other circumstances, the Series A Preferred shares will receive preferences on surpluses achieved.

Notes to the financial statements

at 31 March 2016

14. Financial instruments

	2016	*2015*
	£000	*£000*
Financial assets measured at amortised cost:		
Trade and other debtors	690	237
Financial liabilities measured at amortised cost:		
Trade creditors	2,343	1,329
Financial liabilities recorded at fair value:		
Derivative financial instruments	235	-

The company purchases forward foreign currency contracts to hedge currency exposure on future currency commitments. These contracts fall due within one year.

15. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflows from operating activities

	2016	*2015*
	£000	*£000*
Operating profit	6,715	4,601
Depreciation of tangible fixed assets	250	130
Loss on disposal of fixed assets	22	41
Increase in stocks	(4,846)	(954)
(Increase) / decrease in debtors	(711)	118
Increase in creditors	975	978
Increase in provisions	173	-
Net cash inflow from operating activities	2,578	4,914

(b) Analysis of net cash

	At 1 April 2015	*Cash flow*	*At 31 March 2016*
	£000	*£000*	*£000*
Cash at bank and in hand	10,276	434	10,710
Net cash	10,276	434	10,710

16. Transition to FRS102

The company transitioned to FRS102 from previously extant UK GAAP as at 1 April 2014. There were no restatements required upon transitioning as no significant differences to existing accounting policies were noted.

Notes to the financial statements

at 31 March 2016

17. Capital commitments

At 31 March 2016 the company had capital commitments of £253,000 (2015 – £nil).

18. Controlling party and related party transactions

In the opinion of the directors none of the shareholders have outright control of the company.

19. Approval

The financial statements were approved by the Board of Directors on 20 October 2016.