

Registered No: 06866013

**Ashworth and Parker Limited**  
**Financial Report and Statements**  
For the year ended 31 March 2019



**Directors**

R C Ashworth  
J D Parker  
P L Emerson (Non Executive)  
M H Helfgott (Non Executive)  
D Rimer (Non Executive)

**Secretary**

J D Parker

**Auditor**

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

**Bankers**

HSBC UK Bank plc  
Floor 3  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

**Registered Office**

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

## Strategic Report

The Directors present the strategic report for the year ended 31 March 2019.

### Business Review

#### Overview

Trading as END, we are a leading voice in contemporary menswear, driven by a mission to create inclusive, exciting and memorable retail experiences for our customers. We harness the power of our multi-channel platform to reach a global audience and continually challenge ourselves to innovate, grow and evolve.

END's pioneering brand mix and content output defines new trends and encourages our customers to push the boundaries of their style each season by blending categories and luxury and contemporary brands.

From our buying to our marketing; our content to our flagship stores, every action taken by END is driven by our vision to create and curate market-leading experiences which establish clear authority with our customers and cement END as the go-to source for premium menswear and exclusive sneaker drops.

Operating online at endclothing.com, through our bespoke iOS and Android apps, and from our market-leading retail spaces, END strives to provide a truly omni-channel shopping experience to a developing generation of digital-first menswear shoppers. Our innovative Launches platform provides access to limited edition, high-demand releases. This platform levels the playing field for the consumer with an automated raffle system designed to deliver a best-in-class customer experience.

#### Year in review

The year ended 31 March 2019 saw another strong period of growth, with credit going to our dedicated and passionate teams, whose energy, focus and creativity fuels our performance. Their positive approach, collaborative style and drive for excellence helps us to continually raise the bar. Our team grew to 555 people by the end of the year (31 March 2018: 369).

Our loyal and discerning customer base (c.2.7m registered customers) continues to grow across the world, inspiring and informing our decisions each season and we strive to continually improve our customer service.

END's success has been supported by our long-term approach and the energy we put in to developing positive and lasting relationships. In addition to the relationships we enjoy with our customers, we are proud to work with a world-class roster of partners, including the 400+ brands we collaborate with every day. A cornerstone of END's DNA, is the pride we take in building and developing our brand relationships, and we work tirelessly to represent each individual brand in the most authentic and aspirational way we can.

During the financial year we have made significant investments into our digital offering, with a particular focus on the continued in-house development of our website and apps. We welcome over 10 million visitors to our website(s) and apps each month and are proud to host a community of over 2.4 million followers on social media.

## Strategic Report (Continued – Business Review)

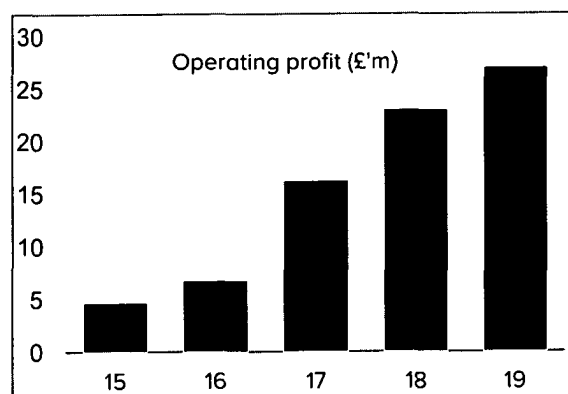
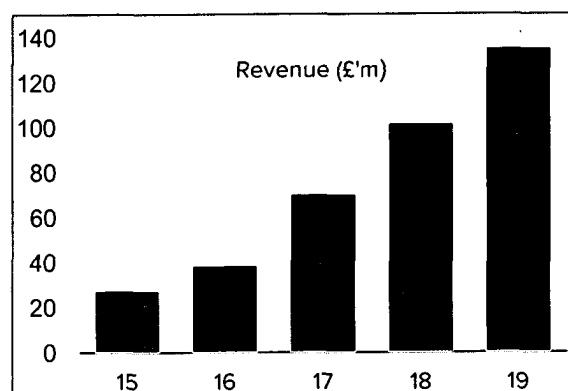
October 2018 saw the opening of our latest flagship store, 59 Broadwick Street in the heart of Soho, London's premiere shopping district. We are hugely proud of the team's achievement in creating our largest bricks-and-mortar retail space to date. The store provides a physical representation of the END. brand; finished to the highest quality specification, to provide a truly immersive luxury experience, underpinned by END.'s friendly and inclusive customer service.

We also made further progress at our new distribution centre, close to the A1 in Washington (south of Newcastle Upon Tyne). The majority of our operations will transition there in late 2019, providing us with a significant increase in capacity to support the next stage of our growth.

We are pleased with the results for the year, having delivered a 33.3% increase in revenue to £134.7m whilst delivering a strong operating profit margin at 20.0%.

### Headline financials

	2019 £m	2018 £'000	Change %
Revenue	134.7	101.0	33.3%
Gross profit	50.9	38.9	30.8%
Operating profit	27.0	23.0	17.4%
Operating profit margin	20.0%	22.8%	(2.8pps)
Profit before tax	27.2	23.1	17.9%



Over the 2015 - 2019 period END. has delivered a compound annual growth rate in revenue and operating profit of 50% and 56% respectively.

### Outlook

The 2020 financial year has started well, with END. seeing continued growth and healthy margins. Through continuing to invest in our infrastructure, systems, processes, technology and people, we are building a powerful platform to support our ambitious plans for growth. We are confident in the prospects for the future.

## Strategic Report (Continued)

### Risk

Our risk management framework is designed to identify, assess and manage the principal risks to our business and ensure they are being monitored and controlled appropriately and that required actions have clear ownership and accountability.

### Principal risks and uncertainties

We have undertaken a comprehensive assessment of our principal risks and uncertainties, recognising that as a global business, some of our risks can be dynamic and influenced by the macroeconomic environment.

Description	Mitigating activity
<b>People risk</b> Our success relies on attracting, engaging and retaining a high calibre team in a competitive market: senior managers, technical experts and highly committed and passionate employees throughout our business. Our people are focused on delivering an exceptional experience for our customers.	We review and develop our people policies to support our strategic objectives and focus on delivering long-term growth and an excellent experience for our customers.  We provide development opportunities, career progression and support internal promotion. We are focusing on END. being a great place to work.
<b>Brand risk</b> Our brand relationships, supply, curation and edit provides a compelling offer for our customers. We aim to be at the forefront of latest trends and market developments.  Problems with access to supply and/or a substandard offering could impact our business performance.	Our experienced buyers and collaborations with key designers and brands over the long-term provide access to high quality products, which our marketing and e-commerce teams edit and curate to provide an exciting and engaging experience for our customers.
<b>International expansion risk</b> As our global expansion continues, it is important to evolve the structure our international business, to reduce barriers to revenue growth and to avoid undue costs which could negatively impact performance.  Geopolitical changes could also impact our ability to trade and supply customers.  We continue to monitor potential impacts that Brexit could cause.	We will continue to change and adapt to support our progression in international markets. We regularly review our company structure, partners, compliance requirements and operating capability.  In addition to our operational flexibility, our financial strength and balance sheet places us in a strong position to be able to deal with potential changes Brexit could bring. Around 10% of our sales are to the EU (excluding the UK), other overseas sales are by airfreight which provides some resilience.
<b>Market risk</b> END. is a market leading business which has delivered strong growth in revenue and healthy profitability.  Competition from other e-commerce players and physical retailers could pose a risk to marketing costs (including digital marketing investments and brand marketing both online and in stores).	Our customers are offered a unique shopping experience via our website, iOS and Android Apps, and in store. We sell in multiple local currencies with good shipping options, well packaged goods and excellent service.  Our e-commerce experience, brand and digital marketing and our loyal customer base provides competitive advantages. We continue to innovate and evolve to move the business forward.

## Strategic Report (Continued – Risk)

Description	Mitigating activity
<p><b>Supply risk</b></p> <p>We are reliant on third-party suppliers and service providers in our supply chain. If there is a failure of a key partner, it could disrupt our operations and impact the products we can offer and deliver to our customers.</p> <p>We do not have direct engagement with the next tier of our supply chain in many circumstances. Ethical practices including human rights, labour and modern slavery; health and safety; the environment and animal welfare are important to END. There is the risk that they could be contravened without our knowledge and that this could negatively impact our reputation.</p>	<p>Supply is spread over multiple partners which reduces concentration risk. We use large, well established delivery partners. Levels of inventory are adequate to cover short periods of supply delay. We have strategies and alternative contingency options for those systems/suppliers where there is a key reliance.</p> <p>END. is continuing to develop internal training and reporting mechanisms to ensure there are ways of flagging and assessing any potential failures. Supplier assessments and code of conduct requirements are also being reviewed and further developed.</p>
<p><b>Distribution risk</b></p> <p>The growth in our sales has required us to scale-up our warehouse capacity.</p> <p>Our warehousing and distribution operations are fundamental to the efficient running of our business. Risks include business interruption due to physical damage, access restrictions, breakdowns, capacity and resourcing shortages, IT systems failure, inefficient processes and third-party failures.</p>	<p>Our new warehouse will become fully operational during the coming financial year. We have grown and continue to strengthen our logistics team.</p> <p>Planning and process improvements are ongoing to ensure our warehouse has capacity and flexibility and meets our expected future needs. We have a business continuity plan and insurance that would help mitigate the impact of any major business interruptions.</p>
<p><b>Retail risk</b></p> <p>Stores in desirable locations, with a compelling offering mitigates against reduced footfall and low conversion rates. Our performance relies on our active management, including lease, refurbishment and decisions made to enhance our customer experience.</p>	<p>Our property and retail teams actively manage our store portfolio, with openings, refits and any closures considered in detail. We will continue to invest to develop and enhance our portfolio and customer offering.</p>
<p><b>Technology risk</b></p> <p>The availability and integrity of our systems is critical to our success. Our systems process high volumes of data and underpin stock management and decision making.</p> <p>Continuous development and investment in new systems is required to maintain our responsiveness and prevent obsolescence. Systems changes need to be carefully managed to reduce any potential negative impact on information integrity and performance.</p>	<p>Significant investment in systems' development and security programmes are ongoing. Systems vulnerability and penetration testing is carried out regularly by both internal and external parties to evaluate and improve our processes.</p> <p>Risks are managed through internal policies, change management processes, capacity management and contractual service agreements with our suppliers.</p>
<p><b>Finance risk</b></p> <p>Maintaining a strong business performance through active management of financial, treasury, liquidity and credit risks will support our progression.</p> <p>International expansion will bring greater foreign exchange risk and profits will be affected by moves in foreign exchange rates.</p>	<p>Our finance function is responsible for managing liquidity, interest and foreign currency risks.</p> <p>END. has a strong balance sheet, with no reliance on banks or capital markets to provide funding. Cash flow is regularly monitored, and projections are updated to support planning and optimisation of resources.</p>

This strategic report has been approved by the Board. On behalf of the Board of Directors:

  
R C Ashworth, Director, 12 September 2019

## Directors' Report

The directors present their report and financial statements for the year ended 31 March 2019.

### Results and dividends

The profit for the year after taxation amounted to £21.7m (2018 – profit of £19.0m). The directors do not recommend a final dividend (2018 – £nil).

### Going concern

The directors have considered the company's current and future prospects, its financial strength, and its availability of continued financing from its shareholders and other external sources (if required) 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. The directors therefore 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

M H Helfgott

G Zocco, Resigned 10 January 2019

D Rimer, Appointed 10 January 2019

### Future developments

The Directors expect further growth in sales and robust margins relative to those achieved for the year ended 31 March 2019. This will be achieved through our marketing activity and by continuing to broaden the range of brands and products offered to our customers online, and from our retail stores.

### Employees

The Company is committed to treating all of our people fairly and promoting diversity and inclusion to ensure current employees and potential employees are treated with respect. It is our intention to provide equal treatment of all job applicants and employees regardless of their age, ability, marital or partnership status, race, religion or belief, gender or sexual orientation.

Employment applications are welcome from people with disabilities and, where existing employees develop disabilities, we support them to remain in employment, wherever practicable, by providing appropriate adjustments to their roles and/or effective redeployments. We recognise the importance of gender balance and we are committed to encouraging more women to join our Company to develop their careers in the retailing and IT sectors.

## Directors' Report (Continued)

### 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.



On behalf of the Board of Directors:  
R C Ashworth, Director  
12 September 2019



## Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report (including the Strategic Report and 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 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**

### **Opinion**

We have audited the financial statements of Ashworth and Parker Limited for the year ended 31 March 2019 which comprise: the income statement, statement of other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows, and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent Auditor's Report to the Members of Ashworth and Parker Limited (Continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which 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.

## Independent Auditor's Report to the Members of Ashworth and Parker Limited (Continued)

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 8) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

On behalf of Ernst & Young LLP, Statutory Auditor:



Darren Rutherford (Senior statutory auditor)  
Newcastle Upon Tyne  
12 September 2019

## Income Statement

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Revenue	2	134,658	101,051
Cost of sales		(83,794)	(62,161)
Gross profit		50,864	38,890
Operating expenses		(23,879)	(15,899)
Operating profit	3	26,985	22,991
Bank interest receivable		239	97
Profit before tax		27,224	23,088
Tax on profit	6	(5,543)	(4,096)
Profit for the financial year		21,681	18,992

The activities of the company are continuing.

## Statement of Other Comprehensive Income

For the year ended 31 March 2019

	2019 £'000	2018 £'000
Profit for the financial year	21,681	18,992
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>21,681</b>	<b>18,992</b>

## Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 31 March 2017	-	6,870	25,623	32,493
Profit for the year	-	-	18,992	18,992
At 31 March 2018	-	6,870	44,615	51,485
Profit for the year	-	-	21,681	21,681
<b>At 31 March 2019</b>	<b>-</b>	<b>6,870</b>	<b>66,296</b>	<b>73,166</b>

## Statement of Financial Position

As at 31 March 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	7(a)	282	-
Tangible assets	7(b)	12,458	9,415
		<b>12,740</b>	<b>9,415</b>
<b>Current assets</b>			
Stocks: goods held for resale		37,979	21,452
Debtors	8	2,650	3,056
Cash at bank and in hand	13(b)	36,582	27,343
		<b>77,211</b>	<b>51,851</b>
<b>Creditors: amounts falling due within one year</b>	9	<b>(16,763)</b>	<b>(9,643)</b>
<b>Net current assets</b>		<b>60,448</b>	<b>42,208</b>
<b>Total assets less current liabilities</b>		<b>73,188</b>	<b>51,623</b>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	6(c)	(22)	(138)
<b>Net assets</b>		<b>73,166</b>	<b>51,485</b>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Share premium account	11	6,870	6,870
Profit and loss account	11	66,296	44,615
<b>Equity shareholders' funds</b>		<b>73,166</b>	<b>51,485</b>

The financial statements were approved by the Board of Directors on DD MM 2019 and signed on their behalf by:



R C Ashworth  
Director  
12 September 2019

## Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Net cash inflow from operating activities	13(a)	13,249	14,152
Returns on investments and servicing of finance			
Interest received		239	97
Capital expenditure – payments to acquire tangible and intangible fixed assets		(4,249)	(5,954)
<b>Increase in cash</b>	<b>13(b)</b>	<b>9,239</b>	<b>8,295</b>

### Reconciliation of net cash flow to movement in net funds

	Notes	2019 £'000	2018 £'000
Movement in cash at bank		9,239	8,295
Change in net funds resulting from cash flows		9,239	8,295
Net funds at 1 April		27,343	19,048
Movement in net funds in the year		9,239	8,295
<b>Net funds at 31 March</b>	<b>13(b)</b>	<b>36,582</b>	<b>27,343</b>



## Notes to the Financial Statements

As at 31 March 2019

### 1. Accounting policies

#### Statement of compliance

Ashworth and Parker Limited is a private limited liability company, limited by shares, 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, as it applies to the financial statements of the company for the year ended 31 March 2019.

In these financial statements, the company has applied the exemptions available under FRS102 in respect of the requirements of Section 4.12(a)(iv)

#### Basis of preparation

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

#### 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 potential future bank funding and funding from shareholders.

#### 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.

## Notes to the Financial Statements

As at 31 March 2019

### 1. Accounting policies (continued)

#### Intangible assets

##### Software development

The costs of developing and acquiring software are stated at historic cost less accumulated amortisation. The costs include payroll and payroll related costs of employees directly associated with the project and other direct external costs. Costs are only capitalised for specifically identifiable projects that will bring future economic benefit. Website and App development and maintenance costs are not capitalised, they are expensed as they are incurred.

Amortisation is charged to the income statement where applicable over two to five years, based on the estimated useful lives.

#### 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.

#### Depreciation

Depreciation is charged to the income statement where applicable over the estimated useful economic lives, as follows:

Freehold land	– not depreciated
Freehold buildings	– 50 years on a straight-line basis
Fixtures, fittings, plant and machinery	– 5 – 15 years
Computer equipment, general equipment and vehicles	– 3 – 5 years

#### 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 operating expenses.

#### 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.

#### Cash and cash equivalents

Cash at bank and in hand in the statement of financial position comprises cash, bank balances and short-term deposits with an original maturity date of 12 months or less.

## Notes to the Financial Statements

As at 31 March 2019

### 1. Accounting policies (continued)

#### Leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis. 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.

#### Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

#### 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.

#### 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.

#### Foreign currencies

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.

## Notes to the Financial Statements

As at 31 March 2019

### Accounting policies (continued)

#### 2. Revenue

Revenue 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 revenue is attributable to the continuing retail activity.

## Notes to the Financial Statements

As at 31 March 2019

### 3. Operating profit

This is stated after charging/(crediting):

	2019 £'000	2018 £'000
Auditors' remuneration		
- audit services	24	20
- tax compliance services	2	2
- other taxation advisory services	22	24
Depreciation of owned tangible fixed assets	909	594
Amortisation of intangible fixed asset	15	-
Net foreign exchange (gains)/losses	(177)	778
Operating lease rentals		
- land and buildings	1,205	654
- other	16	11

### 4. Directors' remuneration

	2019 £'000	2018 £'000
Aggregate remuneration in respect of qualifying services	391	388
Aggregate value of company contributions to pension scheme	48	50
	439	438

The Directors are considered to be the only key management personnel of the company.

In respect of the highest paid director:

	2019 £'000	2018 £'000
Remuneration in respect of qualifying services	171	170
Value of company contributions to pension scheme	24	25
	195	195

There were 3 directors (2018: 3) participating in the company's defined contribution pension scheme arrangement.

## Notes to the Financial Statements

As at 31 March 2019

### 5. Staff costs

	2019 £'000	2018 £'000
Wages and salaries	10,510	6,818
Social security costs	848	579
Pension costs	232	131
	<b>11,590</b>	<b>7,528</b>

The monthly average number of employees, including directors, during the year was 464 (2018: 316).

### 6. Tax on profit

#### (a) Tax on profit

The tax charge is made up as follows:

	Notes	2019 £'000	2018 £'000
<b>Current tax</b>			
UK corporation tax on the profit for the year		5,429	4,231
Adjustments in respect of previous periods		230	(110)
<b>Total current tax</b>		<b>5,659</b>	<b>4,121</b>

		2019 £'000	2018 £'000
<b>Deferred tax</b>			
Origination and reversal of timing differences		(130)	(27)
Adjustments in respect of previous periods		-	(2)
Effects of changes in tax rates		14	4
<b>Total deferred tax</b>	6(c)	<b>(116)</b>	<b>(25)</b>
<b>Tax on profit</b>	6(b)	<b>5,543</b>	<b>4,096</b>

No current tax was recognised in other comprehensive income (2018: £nil).

## Notes to the Financial Statements

As at 31 March 2019

### 6. Tax on profit (continued)

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

The charge for the year can be reconciled to the profit per the income statement as follows:

	Notes	2019 £'000	2018 £'000
Profit before tax		27,224	23,088
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)		5,173	4,387
Effects of:			
Expenses not deductible		126	71
Adjustments in respect of previous periods		230	(112)
Tax rate changes		14	3
R&D tax credits		-	(253)
<b>Total tax charge for the year</b>	<b>6(a)</b>	<b>5,543</b>	<b>4,096</b>

#### (c) Deferred tax

	Notes	2019 £'000	2018 £'000
At 1 April		138	164
Credit for the year	6(a)	(116)	(26)
<b>At 31 March</b>		<b>22</b>	<b>138</b>

## Notes to the Financial Statements

As at 31 March 2019

### 6. Tax on profit (continued)

The deferred tax liability is made up as follows:

	2019 £'000	2018 £'000
Fixed asset timing differences	142	171
Other timing differences	(120)	(33)
<b>At 31 March</b>	<b>22</b>	<b>138</b>

Deferred tax asset will be recovered within 12 months, and liability is payable within 12 months.

#### (d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted at the balance sheet date. A rate of 17% has therefore been applied to the deferred tax liability at the balance sheet date. These charges will reduce the company's future tax charges accordingly.

### 7. Fixed assets

#### (a) Intangible assets

	2019 £'000	2018 £'000
Software development	282	-

The company has incurred costs totalling £297,000 in relation to new software development. The amortisation charge for the year for software fully implemented was £15,000.

The costs of developing and acquiring software are stated at historic cost less accumulated amortisation. The costs include payroll and payroll related costs of employees directly associated with the project and other direct external costs. Costs are only capitalised for specifically identifiable projects that will bring future economic benefit. This does not include website and App development and maintenance costs, which are expensed as they are incurred.

Amortisation is charged to the income statement where applicable over two to five years, based on the estimated useful lives.



## Notes to the Financial Statements

As at 31 March 2019

### 7. Fixed assets (continued)

#### (b) Tangible assets

	Freehold land and buildings	Equipment, fixtures and vehicles	Total
	£'000	£'000	£'000
<b>Cost:</b>			
At 1 April 2018	7,089	3,895	10,984
Additions	2,007	1,945	3,952
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>9,096</b>	<b>5,840</b>	<b>14,936</b>
<b>Depreciation:</b>			
At 1 April 2018	63	1,506	1,569
Provided during the year	136	773	909
<b>At 31 March 2019</b>	<b>199</b>	<b>2,279</b>	<b>2,478</b>
<b>Net book value:</b>			
<b>At 31 March 2019</b>	<b>8,897</b>	<b>3,561</b>	<b>12,458</b>
At 1 April 2018	7,026	2,389	9,415

### 8. Debtors

	2019 £'000	2018 £'000
Trade debtors	825	60
Other debtors	1,178	1,900
Trade debtors and other debtors	2,003	1,960
Prepayments and accrued income	647	1,096
	<b>2,650</b>	<b>3,056</b>

All amounts fall due within one year.

## Notes to the Financial Statements

As at 31 March 2019

### 9. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	8,327	4,521
Corporation tax	1,756	1,833
Other taxes and social security	1,072	663
Accruals and deferred income	5,608	2,626
	<b>16,763</b>	<b>9,643</b>

### 10. Obligations under operating leases

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

	Land and buildings	
	2019 £'000	2018 £'000
Amounts payable		
Within one year	1,234	928
In one to two years	1,060	1,034
Two to five years	2,052	1,733
Over five years	1,093	298
	<b>5,439</b>	<b>3,993</b>

### 11. Issued share capital and reserves

	No.	2019 £	No.	2018 £
<b>Allotted, called up and fully paid</b>				
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
	<b>12,089,552</b>	<b>121</b>	<b>12,089,552</b>	<b>121</b>

The statement of financial position is presented in thousands therefore the above allotted, called up and fully paid shares of £121 is displayed as £-.

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

## Notes to the Financial Statements

As at 31 March 2019

### 11. Issued share capital and reserves (continued)

	2019 £'000	2018 £'000
Share premium account	6,870	6,870
Profit and loss account	66,296	44,615

The Share premium account represents the premium paid over par value for shares issued.

The profit and loss account reserve represents cumulative comprehensive income less any dividends paid.

### 12. Financial instruments

	2019 £'000	2018 £'000
Financial assets measured at amortised cost:		
Cash at bank and in hand	36,582	27,343
Trade and other debtors	2,003	1,960
	<b>38,585</b>	<b>29,303</b>
Financial liabilities measured at amortised cost:		
Trade creditors	8,327	4,521

### 13. Notes to the statement of cash flows

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

	2019 £'000	2018 £'000
Operating profit	29,985	22,991
Depreciation of tangible fixed assets	909	594
Amortisation of intangible fixed assets	15	-
Increase in stocks	(16,527)	(7,024)
Decrease/(Increase) in debtors	406	(1,724)
Increase in creditors/accruals	7,198	3,146
Corporation tax paid	(5,737)	(3,831)
Net cash inflow from operating activities	<b>13,249</b>	<b>14,152</b>

## Notes to the Financial Statements

As at 31 March 2019

### 13. Notes to the statement of cash flows (continued)

#### (b) Analysis of net cash

	At 1 April 2018 £'000	Cash flow £'000	At 31 March 2019 £'000
Cash at bank and in hand	27,343	9,239	36,582
Net cash	27,343	9,239	36,582

### 14. Capital commitments

At 31 March 2019 the company had capital commitments of £1.5m (2018 – £nil).

### 15. Controlling party and related party transactions

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