

Registered No: 06866013

Ashworth and Parker Limited

Financial Report and Statements

For the year ended 31 March 2018



Ashworth and Parker Limited

Directors

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

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
Newcastle upon Tyne
NE27 0QG

Strategic Report

The directors present the strategic report for the year ended 31 March 2018.

Business review

Trading as END, we are a contemporary menswear retailer that combines the best of luxury fashion and emerging designers with the most exclusive sport and streetwear. We work closely with over 400 brands to provide globally sourced products with provenance, innovation, creativity and exclusivity, creating a unique proposition for our customers.

We operate online at www.endclothing.com, through our iOS and Android apps and from our high street premises.

We have made significant investments in our online offering through in-house development of our website and apps. We receive over 10m online visitors per month and have over 2m followers on social media. We also invest significantly in our physical stores, with a high-quality fit-out that creates an immersive and luxury customer experience. We operated from two stores during the year (Glasgow and Newcastle) and saw good results from both.

During the financial year, we acquired a new and substantially larger site that will become our new distribution centre and head office. It will provide around a five-fold increase in capacity and will support the next stage of our growth. It is located close to the A1 in Washington (south of Newcastle upon Tyne) and we will be fully operational from this site in the next calendar year.

The Directors are pleased with results for the year. It is a great credit to our team which grew to 369 people by the end of the year (31 March 2017: 285), their focus, creativity and energy, that we have once again been able to deliver very strong levels of profitable growth. We saw 45.1% year-on-year growth in revenue and 42.0% growth in operating profit.

The new financial year has started well, with continued strong levels of growth and good margins. We are excited to be opening our new London store in October and are confident in the prospects for the future.

Headline financials

	2018	2017	Change
	£'000	£'000	%
Revenue	101,051	69,627	45.1%
Gross profit	38,890	27,377	42.1%
Operating profit	22,991	16,189	42.0%
Profit before tax	23,088	16,283	41.8%

Strategic Report (continued)

Principal risks and uncertainties

The company's principal financial instrument is cash. Other financial assets and liabilities, such as trade debtors and creditors arise directly from the company's operating activities and the main risks are set out below.

Foreign currency risk

The company is a UK based retailer selling globally. Purchases and sales are made in different currencies. As such, the company has potential exposure to exchange rate movements that could impact both revenues and cost of sales. Exchange rates, purchases and selling prices are actively monitored and reviewed to mitigate risk.

Liquidity risk

The company aims to mitigate liquidity risk through managing cash generated from its operations.

Stock risk

Sourcing and maintaining the right levels of saleable stocks, in a fast-moving consumer driven market is an ongoing risk for the company. Management has significant experience in both procuring and selling stock, and regularly reviews stock levels and updates purchasing and sales strategies.

Systems risks

The company is reliant on technology, both its online offerings and in-house systems to support sales and its business operations. Systems failures could impact performance. The company has onsite and offsite back-up systems and regularly tests resilience.

Property risk

The company owns the freeholds of some premises and leases others. There is a risk that the value of freehold premises may become impaired, or that lease obligations may become onerous. Events such as a fire, flood, or other disaster that led to a closure of facilities could impact trading. Company policies, systems and specialist property expertise help mitigate these risks. Insurance is also in place.

This strategic report has been approved by the Board.



On behalf of the Board of Directors

R C Ashworth

Director

1 October 2018

Directors' report

The directors present their report and financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year after taxation amounted to £18.992m (2017 – profit of £13.227m). The directors do not recommend a final dividend (2017 – £nil).

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
M H Helfgott, appointed 1 April 2017
G Zocco

Future developments

The Directors expect further growth in sales, maintaining broadly stable margins to those achieved for the year ended 31 March 2018. This will be achieved by continuing to broaden the range of brands and products offered to our customers online, and from our retail stores.

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



R C Ashworth
Director
1 October 2018

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 2018 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 16, 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 2018 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.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.



Darren Rutherford (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle Upon Tyne

1 October 2018

Income statement

for the year ended 31 March 2018

	Notes	2018 £000	2017 £000
Revenue	2	101,051	69,627
Cost of sales		(62,161)	(42,250)
Gross profit		38,890	27,377
Operating expenses		(15,899)	(11,188)
Operating profit	3	22,991	16,189
Bank interest receivable		97	94
Profit		23,088	16,283
Tax on profit	6	(4,096)	(3,056)
Profit for the financial year		18,992	13,227

All activities of the company are continuing.

Statement of other comprehensive income

for the year ended 31 March 2018

	2018 £000	2017 £000
Profit for the financial year	18,992	13,227
Cash flow hedge movement	-	235
Profit for the financial year	18,992	13,462

Statement of changes in equity

for the year ended 31 March 2018

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Hedge reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 April 2016	-	6,870	(235)	12,396	19,031
Profit for the year	-	-	-	13,227	13,227
Utilisation of cash flow hedge	-	-	235	-	235
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

Statement of financial position

at 31 March 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	7	9,415	4,055
Current assets			
Stocks: goods held for resale		21,452	14,428
Debtors	8	3,056	1,332
Cash at bank and in hand		27,343	19,048
		51,851	34,808
Creditors: amounts falling due within one year	9	(9,643)	(6,170)
Net current assets		42,208	28,638
Total assets less current liabilities		51,623	32,693
Provisions for liabilities and charges			
Deferred taxation	6(c)	(138)	(164)
Onerous lease provision		-	(36)
		51,485	32,493
Capital and reserves	11		
Called up share capital		-	-
Share premium account		6,870	6,870
Profit and loss account		44,615	25,623
Equity shareholders' funds		51,485	32,493



R C Ashworth

Director

1 October 2018

Registered No. 06866013

Statement of cash flows

for the year ended 31 March 2018

	Notes	2018 £000	2017 £000
<i>Net cash inflow from operating activities</i>	13(a)	14,152	9,420
<i>Returns on investments and servicing of finance</i>			
Interest received		97	94
<i>Capital expenditure</i>			
Payments to acquire tangible fixed assets		(5,954)	(1,176)
<i>Increase in cash</i>		<u>8,295</u>	<u>8,338</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2018 £000	2017 £000
Movement in cash at bank		8,295	8,338
Change in net funds resulting from cash flows		<u>8,295</u>	<u>8,338</u>
<i>Movement in net funds in the year</i>		8,295	8,338
<i>Net funds at 1 April</i>		19,048	10,710
<i>Net funds at 31 March</i>	13(b)	<u>27,343</u>	<u>19,048</u>

Notes to the financial statements

at 31 March 2018

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 2018.

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.

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 6.

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.

Notes to the financial statements (continued)

at 31 March 2018

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

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.

Other 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.

Depreciation

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
Leasehold improvements	–	over the associated lease period
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.

Notes to the financial statements (continued)

at 31 March 2018

1. Accounting policies (continued)

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.

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.

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.

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 activity of menswear retail.

3. Operating profit

This is stated after charging/(crediting):

	2018	2017
	£000	£000
Auditors' remuneration		
- audit services	20	15
- tax compliance services	2	2
- other taxation advisory services	24	24
Depreciation of owned fixed assets	594	453
Net Foreign exchange losses/ (gains)	778	(916)
Operating lease rentals		
- land and buildings	654	345
- other	11	7
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

at 31 March 2018

4. Directors' remuneration

	2018 £000	2017 £000
Aggregate remuneration in respect of qualifying services	388	351
Aggregate value of company contributions to pension scheme	50	58
	<u>438</u>	<u>409</u>

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

In respect of the highest paid director:

	2018 £000	2017 £000
Remuneration in respect of qualifying services	170	168
Value of company contributions to pension scheme	25	24
	<u>195</u>	<u>192</u>

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

5. Staff costs

	2018 £000	2017 £000
Wages and salaries	6,818	4,873
Social security costs	579	411
Pension costs	131	116
	<u>7,528</u>	<u>5,400</u>

The monthly average number of employees, including directors, during the year was 316 (2017 – 238)

6. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2018 £000	2017 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	4,231	3,066
Adjustments in respect of previous periods	(110)	(8)
Total current tax	<u>4,121</u>	<u>3,058</u>

Notes to the financial statements (continued)

at 31 March 2018

6. Tax on profit (continued)

	2018 £000	2017 £000
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(27)	-
Adjustments in respect of previous periods	(2)	8
Effect of changes in tax rates	3	(10)
Total deferred tax (note 6(c))	(26)	(2)
<i>Tax on profit on ordinary activities (note 6(b))</i>	4,096	3,056

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 20%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	23,088	16,283
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	4,387	3,257
<i>Effects of:</i>		
Expenses not deductible	71	223
Income not taxable	(253)	(414)
Tax rate changes	(112)	-
Adjustments in respect of previous periods	3	(10)
Total tax charge for the year (note 6(a))	4,096	3,056

(c) Deferred tax

	£000	£000
At 1 April 2017/1 April 2016	164	166
Credit for the year (note 6(a))	(26)	(2)
At 31 March 2018/31 March 2017	138	164

Notes to the financial statements (continued)

at 31 March 2018

6. Tax on profit (continued)

The deferred tax liability is made up as follows:

	2018 £000	2017 £000
Fixed asset timing differences	171	182
Other timing differences	(33)	(18)
	<u>138</u>	<u>164</u>

(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. Tangible fixed assets

	Freehold land and buildings £000	Equipment, fixtures and vehicles £000	Total £000
<i>Cost:</i>			
At 1 April 2017	1,903	3,127	5,030
Additions	5,186	768	5,954
At 31 March 2018	<u>7,089</u>	<u>3,895</u>	<u>10,984</u>
<i>Depreciation:</i>			
At 1 April 2017	48	927	975
Provided during the year	15	579	594
At 31 March 2018	<u>63</u>	<u>1,506</u>	<u>1,569</u>
<i>Net book value:</i>			
At 31 March 2018	<u>7,026</u>	<u>2,389</u>	<u>9,415</u>
At 1 April 2017	<u>1,855</u>	<u>2,200</u>	<u>4,055</u>

Notes to the financial statements (continued)

at 31 March 2018

8. Debtors:

	2018	2017
	£000	£000
Trade debtors	60	87
Other debtors	1,900	511
Prepayments and accrued income	1,096	734
	<u>3,056</u>	<u>1,332</u>

All amounts fall due within one year.

9. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	4,521	3,139
Corporation tax	1,833	1,542
Other taxes and social security	663	21
Accruals and deferred income	2,626	1,468
	<u>9,643</u>	<u>6,170</u>

10. Obligations under operating leases

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

	<i>Land and buildings</i>	
	2018	2017
	£000	£000
Amounts payable		
Within one year	928	393
In one to two years	1,034	378
Two to five years	1,733	615
Over five years	298	420
	<u>3,993</u>	<u>1,806</u>

Notes to the financial statements (continued)

at 31 March 2018

11. Issued share capital and reserves

	No.	2018 £	No.	2017 £
<i>Allotted, called up and fully paid</i>				
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
	<u>12,089,552</u>	<u>121</u>	<u>12,089,552</u>	<u>121</u>

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.

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

	2018 £000	2017 £000
Financial assets measured at amortised cost:		
Cash at bank and in hand	27,343	19,048
Trade and other debtors	1,960	598
	<u>29,303</u>	<u>19,646</u>
Financial liabilities measured at amortised cost:		
Trade creditors	4,521	3,139
	<u>4,521</u>	<u>3,139</u>

13. Notes to the statement of cash flows

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

	2018 £000	2017 £000
Operating profit	22,991	16,189
Depreciation of tangible fixed assets	594	453
Increase in stocks	(7,024)	(6,000)
Increase in debtors	(1,724)	(156)
Increase in creditors	3,182	1,047
(Decrease)/Increase in provisions	(36)	(137)
Other non-cash items	-	235
Corporation tax paid	(3,831)	(2,211)
Net cash inflow from operating activities	<u>14,152</u>	<u>9,420</u>

Notes to the financial statements (continued)

at 31 March 2018

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

(b) Analysis of net cash

	<i>At</i> <i>1 April</i> <i>2017</i> <i>£000</i>	<i>Cash flow</i> <i>£000</i>	<i>At</i> <i>31 March</i> <i>2018</i> <i>£000</i>
Cash at bank and in hand	19,048	8,295	27,343
Net cash	<u>19,048</u>	<u>8,295</u>	<u>27,343</u>

14. Capital commitments

At 31 March 2018 the company had capital commitments of £nil (2017 – £nil).

15. Controlling party and related party transactions

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

16. Approval

The financial statements were approved by the Board of Directors on 1 October 2018.