

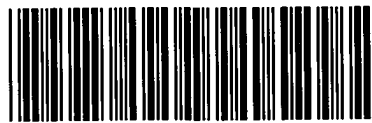
Registered number: 08332008

Wool And The Gang Limited

Directors' report and financial statements

For the Year Ended 31 December 2022

FRIDAY



BCD2AJ4Y

B29

29/09/2023

#37

COMPANIES HOUSE

Wool And The Gang Limited

Company Information

| | |
|-----------------------------|--|
| Directors | Jean-Luc Theophile Bikard A McCormick (appointed 25 April 2022) |
| Registered number | 08332008 |
| Registered office | 1 Gower Street London United Kingdom WC1E 6HD |
| Independent auditors | Kreston Reeves LLP Chartered Accountants & Statutory Auditor 2nd Floor 168 Shoreditch High Street London E1 6RA |

Wool And The Gang Limited

Contents

| | Page |
|--|---------------|
| Directors' report | 1 |
| Independent auditors' report | 2 - 5 |
| Statement of comprehensive income | 6 |
| Balance sheet | 7 |
| Statement of changes in equity | 8 |
| Notes to the financial statements | 9 - 20 |

Wool And The Gang Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

Jean-Luc Theophile Bikard
Noel Eves (resigned 25 April 2022)
A McCormick (appointed 25 April 2022)

Disclosure of information to auditors

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

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

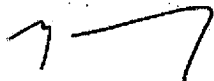
Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



J T Bikard
Director
Date: 26 September 2023

Wool And The Gang Limited

Independent auditors' report to the members of Wool And The Gang Limited

Opinion

We have audited the financial statements of Wool And The Gang Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' and United Kingdom Generally Accepted Accounting Principles.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Wool And The Gang Limited

Independent auditors' report to the members of Wool And The Gang Limited (continued)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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.

Independent auditors' report to the members of Wool And The Gang Limited (continued)

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of stock. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditors' report to the members of Wool And The Gang Limited (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.



Rodney Sutton BA FCA FCCA CA (SA) (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London

27 September 2023

Wool And The Gang Limited

Statement of Comprehensive Income For the Year Ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|------------------|
| Turnover | | 5,899,088 | 7,243,597 |
| Cost of sales | | (3,104,088) | (3,962,867) |
| Gross profit | | 2,795,000 | 3,280,730 |
| Administrative expenses | | (2,935,402) | (3,050,078) |
| Exceptional items | 7 | - | (6,385) |
| Operating (loss)/profit | | (140,402) | 224,267 |
| Interest receivable and similar income | | 10 | - |
| (Loss)/profit before tax | | (140,392) | 224,267 |
| Tax on (loss)/profit | 5 | 89,391 | 79,400 |
| (Loss)/profit for the financial year | | (51,001) | 303,667 |
| Total comprehensive income for the year | | (51,001) | 303,667 |

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 9 to 20 form part of these financial statements.

Wool And The Gang Limited
Registered number: 08332008

Balance Sheet
As at 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 96,758 | 191,209 |
| Tangible assets | 10 | 13,588 | 30,551 |
| Investments | 11 | 1 | 1 |
| | | <u>110,347</u> | <u>221,761</u> |
| Current assets | | | |
| Stocks | 12 | 1,679,612 | 1,940,956 |
| Debtors: amounts falling due within one year | 13 | 952,757 | 1,166,755 |
| Cash at bank and in hand | 14 | 555,869 | 262,033 |
| | | <u>3,188,238</u> | <u>3,369,744</u> |
| Creditors: amounts falling due within one year | 15 | (1,199,355) | (1,441,274) |
| Net current assets | | <u>1,988,883</u> | <u>1,928,470</u> |
| Total assets less current liabilities | | <u>2,099,230</u> | <u>2,150,231</u> |
| Net assets | | <u>2,099,230</u> | <u>2,150,231</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 28,540 | 28,540 |
| Share premium account | | 1,217,818 | 1,217,818 |
| Profit and loss account | | 852,872 | 903,873 |
| | | <u>2,099,230</u> | <u>2,150,231</u> |

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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


J T Bikard
 Director
 Date: 26 September 2023

The notes on pages 9 to 20 form part of these financial statements.

Wool And The Gang Limited**Statement of Changes in Equity
For the Year Ended 31 December 2022**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|----------------------------|---------------------------------|----------------------------------|---------------------------------|-------------------|
| At 1 January 2021 | 28,540 | 1,217,818 | 1,400,206 | 2,646,564 |
| Profit for the year | - | - | 303,667 | 303,667 |
| Dividends: Equity capital | - | - | (800,000) | (800,000) |
| At 1 January 2022 | 28,540 | 1,217,818 | 903,873 | 2,150,231 |
| Loss for the year | - | - | (51,001) | (51,001) |
| At 31 December 2022 | 28,540 | 1,217,818 | 852,872 | 2,099,230 |

The notes on pages 9 to 20 form part of these financial statements.

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Wool And The Gang Limited is incorporated and domiciled in England and Wales. The address of its registered office is 1 Gower Street, London, WC1E 6HD. The Company's principal activity is the business of selling wool and knitting patterns to the public.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 as applicable to small companies.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Lion Cashmere Midco Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company will also continue to be supported by the group. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

2.5 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2.6 Tangible fixed assets

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

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

| | | |
|-----------------------|---|-------------------|
| Fixtures and fittings | - | 20% - 33% on cost |
| Computer equipment | - | 20% - 33% on cost |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.13 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

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

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

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.15 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

| | | |
|-------------------|---|--------------------|
| Computer software | - | 20 % - 33% on cost |
|-------------------|---|--------------------|

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

3. Employees

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

| | 2022 No. | 2021 No. |
|-----------|-------------|-------------|
| Employees | 23 | 24 |

Key management personnel received an aggregate remuneration of £193,321 during the year for their services provided to the group (2021: £328,540).

4. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Directors' emoluments | 131,055 | 176,093 |
| Company contributions to defined contribution pension schemes | 3,547 | 7,917 |
| | <u>134,602</u> | <u>184,010</u> |

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Taxation

| | 2022 £ | 2021 £ |
|--|-----------------|-----------------|
| Corporation tax | | |
| Current tax on profits for the year | (25,597) | - |
| | <u>(25,597)</u> | <u>-</u> |
| Total current tax | <u>(25,597)</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 50,183 |
| Changes to tax rates | (60,000) | (133,945) |
| Adjustments in respect of prior periods | (3,794) | 4,362 |
| Total deferred tax | <u>(63,794)</u> | <u>(79,400)</u> |
| Tax on (loss)/profit | <u>(89,391)</u> | <u>(79,400)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

| | 2022 £ | 2021 £ |
|---|-----------------|-----------------|
| (Loss)/profit on ordinary activities before tax | (140,392) | 224,267 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | (26,674) | 42,611 |
| Effects of: | | |
| Fixed asset differences | - | 7,503 |
| Other timing differences leading to an increase (decrease) in taxation | (62,717) | 69 |
| Remeasurement of deferred tax for changes in tax rates | - | (193,945) |
| Movement in deferred tax not recognised | - | 64,362 |
| Total tax charge for the year | <u>(89,391)</u> | <u>(79,400)</u> |

Factors that may affect future tax charges

On 24 May 2021, the Finance Bill 2021 was substantively enacted, increasing the main rate of corporation tax to 25% on 1 April 2023, for companies with taxable profits above £250,000. Companies with taxable profits below £50,000, will continue to pay at 19%, and marginal relief will apply between these thresholds.

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

6. Dividends

| | 2022 £ | 2021 £ |
|----------------|-----------|-----------|
| Dividends paid | - | 800,000 |
| | - | 800,000 |

7. Exceptional items

| | 2022 £ | 2021 £ |
|-------------------|-----------|-----------|
| Exceptional items | - | 6,385 |
| | - | 6,385 |

8. Intangible assets

| | Computer software £ |
|-------------------------------------|------------------------|
| Cost | |
| At 1 January 2022 | 647,304 |
| Additions - external | 23,687 |
| At 31 December 2022 | 670,991 |
| Amortisation | |
| At 1 January 2022 | 456,095 |
| Charge for the year on owned assets | 118,138 |
| At 31 December 2022 | 574,233 |
| Net book value | |
| At 31 December 2022 | 96,758 |
| At 31 December 2021 | 191,209 |

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

9. Goodwill

| | 2022 £ |
|-----------------------|----------------|
| Cost | |
| At 1 January 2022 | 624,070 |
| At 31 December 2022 | <u>624,070</u> |
| Amortisation | |
| At 1 January 2022 | 624,070 |
| At 31 December 2022 | <u>624,070</u> |
| Net book value | |
| At 31 December 2022 | <u>-</u> |
| At 31 December 2021 | <u>-</u> |

10. Tangible fixed assets

| | Fixtures and fittings £ | Office equipment £ | Total £ |
|-------------------------------------|-------------------------------|--------------------------|----------------|
| Cost or valuation | | | |
| At 1 January 2022 | 53,968 | 102,744 | 156,712 |
| Additions | - | 3,665 | 3,665 |
| At 31 December 2022 | <u>53,968</u> | <u>106,409</u> | <u>160,377</u> |
| Depreciation | | | |
| At 1 January 2022 | 45,977 | 80,184 | 126,161 |
| Charge for the year on owned assets | 7,520 | 13,108 | 20,628 |
| At 31 December 2022 | <u>53,497</u> | <u>93,292</u> | <u>146,789</u> |
| Net book value | | | |
| At 31 December 2022 | <u>471</u> | <u>13,117</u> | <u>13,588</u> |
| At 31 December 2021 | <u>7,991</u> | <u>22,560</u> | <u>30,551</u> |

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Fixed asset investments

| | Investments in subsidiary companies £ |
|---------------------|---|
| Cost or valuation | |
| At 1 January 2022 | 1 |
| At 31 December 2022 | 1 |

12. Stocks

| | 2022 £ | 2021 £ |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | 1,679,612 | 1,940,956 |
| | <u>1,679,612</u> | <u>1,940,956</u> |

13. Debtors

| | 2022 £ | 2021 £ |
|------------------------------------|----------------|------------------|
| Trade debtors | 97,657 | 173,476 |
| Amounts owed by group undertakings | 7,999 | 221,586 |
| Other debtors | 25,597 | 13,220 |
| Prepayments and accrued income | 11,208 | 11,971 |
| Deferred taxation | 810,296 | 746,502 |
| | <u>952,757</u> | <u>1,166,755</u> |

14. Cash and cash equivalents

| | 2022 £ | 2021 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 555,869 | 262,033 |
| | <u>555,869</u> | <u>262,033</u> |

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Creditors: Amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 74,450 | 157,032 |
| Amounts owed to group undertakings | 698,609 | 782,506 |
| Other taxation and social security | 65,050 | 165,317 |
| Other creditors | 49,173 | 24,160 |
| Accruals and deferred income | 312,073 | 312,259 |
| | <u>1,199,355</u> | <u>1,441,274</u> |

Wool And The Gang Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

16. Deferred taxation

| | 2022 £ |
|---------------------------|----------------|
| At beginning of year | 746,502 |
| Charged to profit or loss | 63,794 |
| At end of year | 810,296 |

The deferred tax asset is made up as follows:

| | 2022 £ | 2021 £ |
|----------------------------|----------------|----------------|
| Tax losses carried forward | 810,296 | 746,502 |
| | 810,296 | 746,502 |

17. Share capital

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 2,853,957 (2021 -2,853,957) Ordinary shares shares of £0.0100 each | 28,540 | 28,540 |

18. Controlling party

The company's ultimate parent undertaking is Lion Capital Fund IV. The company's immediate parent undertaking is The DMC Group Holdings Limited.

The results of the company are only consolidated in those of an intermediary entity, Lion Cashmere Midco Limited. Copies of the consolidated financial statements are available from Companies House.