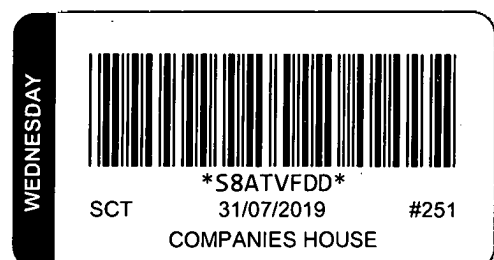


**ARRAN AROMATICS LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2019**  
**PAGES FOR FILING WITH REGISTRAR**



# ARRAN AROMATICS LIMITED

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# ARRAN AROMATICS LIMITED

## BALANCE SHEET

AS AT 28 FEBRUARY 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	4	(43,061)		(355,161)	
Tangible assets	5	172,957		222,457	
		<u>129,896</u>		<u>(132,704)</u>	
<b>Current assets</b>					
Stocks		599,879		751,312	
Debtors	6	267,483		273,020	
Cash at bank and in hand		113,080		72,776	
		<u>980,442</u>		<u>1,097,108</u>	
<b>Creditors: amounts falling due within one year</b>	7	(2,973,246)		(2,222,144)	
<b>Net current liabilities</b>		<u>(1,992,804)</u>		<u>(1,125,036)</u>	
<b>Total assets less current liabilities</b>		<u>(1,862,908)</u>		<u>(1,257,740)</u>	
<b>Capital and reserves</b>					
Called up share capital	8	1		1	
Profit and loss reserves		(1,862,909)		(1,257,741)	
<b>Total equity</b>		<u>(1,862,908)</u>		<u>(1,257,740)</u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

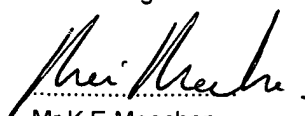
For the financial year ended 28 February 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 13/6/19 and are signed on its behalf by:



Mr K E Meechan  
Director

Company Registration No. 08399920

# ARRAN AROMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 28 FEBRUARY 2019**

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### **1 Accounting policies**

#### **Company information**

Arran Aromatics Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Whitehall Quay, Leeds, West Yorkshire, LS1 4BF.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

During the year, funding of £450,000 (2018 - £1,799,993) has been provided by Endless Fund IV (A) LP and Endless Fund IV (B) LP, which are entities managed by Endless LLP. Endless has continued to support the business by providing further working capital funding beyond the date of this report. It is the current intention of Endless Fund IV A LP and Endless Fund IV B LP to continue to make these facilities available to the company for the foreseeable future and in any event for at least 12 months from the date of this report. Any proposed additional investment in the company by Endless funds will be subject to Endless' normal investment approval process at that time.

Based on the above, the Directors have a reasonable expectation that the company has adequate resources and support to continue in operational existence for the foreseeable future and in any event for at least 12 months from the date of this report.

#### **1.3 Turnover**

Turnover represents net invoiced sale of goods, excluding value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **1.4 Intangible fixed assets - goodwill**

Negative goodwill is recognised where the fair value of the acquired assets is greater than the consideration, and is shown separately on the balance sheet. It is credited to the profit and loss account over a period in which the non-monetary assets are realised either through amortisation or sale.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% straight line
Computers	20% straight line

# ARRAN AROMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

##### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# ARRAN AROMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# ARRAN AROMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 1 Accounting policies (Continued)

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### 2 Exceptional costs/(income)

	2019 £	2018 £
Non recurring exceptional costs	-	1,006,643

On 3 March 2017, the company acquired the trade and assets of Arran Aromatics Limited (in administration). As part of this restructure, £1,006,643 of non recurring exceptional legal and professional fees, due diligence fees, and loan charges were incurred in the prior period.

#### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 82 (2018 - 78).

#### 4 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 March 2018 and 28 February 2019	(1,219,632)
<b>Amortisation and impairment</b>	
At 1 March 2018	(864,471)
Amortisation charged for the year	(312,100)
At 28 February 2019	(1,176,571)
<b>Carrying amount</b>	
At 28 February 2019	(43,061)
At 28 February 2018	(355,161)

# ARRAN AROMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

### 4 Intangible fixed assets (Continued)

Amortisation charges in the year are included within cost of sales.

### 5 Tangible fixed assets

#### Plant and machinery etc £

#### Cost

At 1 March 2018 259,272

Additions 2,369

At 28 February 2019 261,641

#### Depreciation and impairment

At 1 March 2018 36,815

Depreciation charged in the year 51,869

At 28 February 2019 88,684

#### Carrying amount

At 28 February 2019 172,957

At 28 February 2018 222,457

### 6 Debtors

2019 2018

Amounts falling due within one year: £ £

Trade debtors 171,979 111,930

Prepayments and accrued income 95,504 161,090

267,483 273,020



# ARRAN AROMATICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2019

#### 7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	185,713	258,051
Amounts owed to group undertakings	2,591,152	1,799,993
Corporation tax	23,418	-
Other taxation and social security	120,535	89,394
Other creditors	2,658	1,714
Accruals and deferred income	49,770	72,992
	<u>2,973,246</u>	<u>2,222,144</u>

Endless Fund IV (A) LP and Endless Fund IV (B) LP have provided funding of £2,591,152 (2018 - £1,799,993) via Endless LLP (as security agent and trustee). It is the current intention of Endless Fund IV A LP and Endless Fund IV B LP to continue to make these facilities available to the company for the foreseeable future and in any event for at least 12 months from the date of this report.

#### 8 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

#### 9 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019 £	2018 £
	<u>1,539,275</u>	<u>1,970,706</u>

#### 10 Related party transactions

During the year the company incurred fees totalling £338,574 (2018 - £385,777) from Endless LLP in relation to monitoring fees, loan interest and other expenses, and received a loan to the value of £450,000 (2018 - £1,799,993). At 28 February 2019 the company owed Endless LLP £341,159 (2018 - £31,769) in respect of fees charged, and £2,249,993 (2018 - £1,799,993) in respect of the loan payable.

# **ARRAN AROMATICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 28 FEBRUARY 2019***

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### **11 Parent company**

The company's immediate parent is Arran (Scotland) Limited, a company registered in Scotland. Its registered address is Home Farm House, Brodick, Isle Of Arran, Scotland, KA27 8DD.

The ultimate controlling party is Endless LLP, a company registered in England and Wales.