

DOUBLE TWO LIMITED
FINANCIAL STATEMENTS
30 DECEMBER 2021



ArmstrongWatson®
Accountants, Business & Financial Advisers

DOUBLE TWO LIMITED

COMPANY INFORMATION

Directors	Richard John Donner Richard John Donner Junior
Company secretary	Richard John Donner Junior
Registered number	00540034
Registered office	PO Box 1 Thornes Lane Wharf Wakefield WF1 5RQ
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Third Floor 10 South Parade Leeds West Yorkshire LS1 5QS

DOUBLE TWO LIMITED

CONTENTS

	Page
Strategic Report	1 - 4
Directors' Report	5 - 6
Independent Auditors' Report	7 - 10
Statement of Income and Retained Earnings	11
Statement of Financial Position	12
Notes to the Financial Statements	13 - 23

DOUBLE TWO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 DECEMBER 2021

Introduction

The directors present their strategic report for the company for the period ended 30 December 2021. The business continues to be wholesaler of Double Two branded garments, own label garments and uniforms as well as selling to the public through our own shops and the internet.

Business review

COVID-19 continued to weigh on the clothing sector during the first half of 2021 as the world began to re-open more slowly than had been expected. The positive operational changes made in 2020 led to the Group being in a stronger position to benefit from market recovery when it finally happened.

Despite the continued operating loss in the year, the Group did see an increase in the net assets of the business.

Looking ahead to 2022 there are still challenges to face; strikes at ports delaying the receipt and invoicing of goods, a rapid rise in inflation leading to customers having lower disposable income to purchase non-essential clothing. However, the restructuring and improvements to processes across the business has made for a leaner workforce.

Retail has seen improvements across all areas whether it be growth from our own stores, concessions, and the continuing development of our online offering. This has led to 2022 seeing the Group return to profitability in the first 6 months of the year with the full year forecast expected to be exceeded in both Turnover and Profit.

Since the year end the Group has also undertaken the process of re-financing. This will be invested into the growth of the business as it moves to an even more profitable 2023.

DOUBLE TWO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2021

Principal risks and uncertainties

COVID 19

The directors are aware of continuing risks and uncertainties surrounding the global pandemic COVID 19 outbreak. The directors are aware that any future plans may be subject to unforeseen circumstances outside the directors' control. Further details of how the company has minimised these risks can be seen in the notes to the financial statements.

Sales and exports

Market conditions, particularly as they relate to consumer demand in the UK economy, can adversely affect sales and profitability. The directors have partially mitigated this risk by developing and growing export sales into mainland Europe, North America, Africa and the Middle East.

The UK leaving the European Union has changed the terms on which goods are bought and sold between the UK and EU member countries. The directors will continue to review the financial impact changes have on current methods of trading with these countries and consider alternative options where sensible to do so.

Sourcing & Imports

The company has strong relationships with its suppliers across multiple countries and locations within countries. The company is able to respond to political uncertainty or natural disasters on its strong supplier network.

The director's are aware of risks surrounding International shipping delays and price volatility and take action to mitigate these risks where possible.

Raw materials

The prices of raw materials such as cotton are traded commodities and prices can be volatile. Then company reviews and attempts to change prices on a regular basis in order to manage the risks of raw material inflation.

Exchange rates

The group has an overall exposure to movements in the US dollar as a significant portion of raw material are purchased in US dollars. The group continuously monitors dollar/sterling exchange rate and from time to time places forward exchange contracts in order to manage exchange rate risk.

Reputation

The directors believe that the reputation of the group is based on the quality of its products and the way it communicates and treats its customers, suppliers and employees. The group ensures that every product is inspected at stages in the process. Regular inspections by external auditors and key members of the company's staff ensure that each supplying factory is fully compliant with local laws and the requirements for the International Labour Organisation and UN Convention of Human Rights. The company source all its own fabrics from mills which are accredited to Oeko-tex 100 standard to ensure that they are not hazardous to health. Suppliers are paid within agreed terms and there is a rigorous commitment to high level of customer service as part of the group's mission statement.

Information technology

The company has on site and off site back up facilities with appropriate disaster recovery procedures to safeguard the business in the case of major damage or system failure.

DOUBLE TWO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2021

Financial key performance indicators

Sales

The directors monitor sales levels across major channels and market sectors and compare these to budget and to prior years. The sales leadership team reports its performance to the board during the monthly management meeting.

EBITDA

The directors monitor the performance of each business with reference to its underlying EBITDA through the monthly management accounts.

Gross profit

Margin reporting is used and its remit widened to encourage stronger decision-making based margins as well as sales volumes and sales values.

Overheads

Overhead analysis is presented each month to the board through the monthly board meeting where costs are monitored relative to last year and to budget.

Other key performance indicators

Personnel

The levels of personnel working in each costs centre are regularly reviewed by the board. Recommendations for attaining are reviewed and considered at the monthly board meeting.

Quality systems

The company is registered to ISO9001 2015 standards. The system is monitored and improved by the quality assurance manager who reports to the CEO. Systems are externally audited twice per year.

Supplier performance

A monthly report by the quality manager is prepared and used by the directors to review the performance of the suppliers and customer satisfaction.

The environment

The company is registered to ISO 14001. The quality assurance manager prepares analysis for the board on a monthly basis highlighting performance relative to last year on energy usage and spend, package spend, travels costs and transportation mileage.

DOUBLE TWO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 DECEMBER 2021**

Going concern

The financial statements of the company have been prepared on a going concern basis. The Directors' conclusion around going concern are set out in note 2.3 to these financial statements.

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



.....
Richard John Donner Junior
Director

Date: 20th December, 2022

DOUBLE TWO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 DECEMBER 2021

The directors present their report and the financial statements for the year ended 30 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £336,134 (2020 - loss £1,129,246).

No dividends were recommended.

Directors

The directors who served during the year were:

Richard John Donner
Richard John Donner Junior

Future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

Matters covered in the Strategic Report

Information is not shown in the directors' report because it is shown in the strategic report instead under S414C (11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

DOUBLE TWO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 DECEMBER 2021**

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, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
Richard John Donner Junior
Director

Date: 20th December, 2022

DOUBLE TWO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOUBLE TWO LIMITED

Opinion

We have audited the financial statements of Double Two Limited (the 'Company') for the year ended 30 December 2021, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 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 state of the Company's affairs as at 30 December 2021 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.

DOUBLE TWO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOUBLE TWO 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 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 the 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 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.

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.

DOUBLE TWO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOUBLE TWO 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:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

DOUBLE TWO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOUBLE TWO LIMITED (CONTINUED)



Matthew Osbourne (Senior Statutory Auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants
Statutory Auditors

Leeds

Date: 24.12.22

DOUBLE TWO LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	4,967,474	4,941,435
Cost of sales		(3,399,099)	(3,379,060)
Gross profit		1,568,375	1,562,375
Distribution costs		(356,462)	(701,580)
Administrative expenses		(1,515,183)	(2,257,673)
Other operating income	5	-	414,863
Exceptional other operating charges		(11,382)	(128,765)
Operating loss	6	(314,652)	(1,110,780)
Interest payable and similar expenses	10	(21,482)	(18,466)
Loss before tax		(336,134)	(1,129,246)
Tax on loss		-	-
Loss after tax		(336,134)	(1,129,246)
Retained earnings at the beginning of the year		(5,120,886)	(3,991,640)
		(5,120,886)	(3,991,640)
Loss for the year		(336,134)	(1,129,246)
Retained earnings at the end of the year		(5,457,020)	(5,120,886)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 13 to 23 form part of these financial statements.

DOUBLE TWO LIMITED
REGISTERED NUMBER: 00540034

STATEMENT OF FINANCIAL POSITION
AS AT 30 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	185,409	179,290
		<u>185,409</u>	<u>179,290</u>
Current assets			
Stocks	13	1,003,536	1,410,324
Debtors: amounts falling due after more than one year	14	54,668	-
Debtors: amounts falling due within one year	14	1,358,233	1,882,265
Cash at bank and in hand	15	79,492	19,925
		<u>2,495,929</u>	<u>3,312,514</u>
Creditors: amounts falling due within one year	16	(2,729,687)	(2,830,402)
Net current (liabilities)/assets		<u>(233,758)</u>	482,112
Total assets less current liabilities		<u>(48,349)</u>	661,402
Creditors: amounts falling due after more than one year	17	(1,407,281)	(1,780,898)
Net liabilities		<u><u>(1,455,630)</u></u>	<u><u>(1,119,496)</u></u>
Capital and reserves			
Called up share capital	18	4,000,000	4,000,000
Other reserves	19	1,390	1,390
Profit and loss account	19	(5,457,020)	(5,120,886)
		<u><u>(1,455,630)</u></u>	<u><u>(1,119,496)</u></u>

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



.....
Richard John Donner Junior
 Director

Date: 20th December, 2022

The notes on pages 13 to 23 form part of these financial statements.

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

1. General information

Double Two Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom, with the registration number 00540034. The company is a tax resident in the United Kingdom.

The principal activity of the business is the wholesale of clothing and footwear and the registered office is PO BOX 1, Thornes Lane Wharf, Wakefield, WF1 5RQ.

These financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the group operates.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Wakefield Shirt Company Limited as at 30 December 2021 and these financial statements may be obtained from its registered office of PO Box 1, Thornes Lane Wharf, Wakefield, West Yorkshire, WF1 5RQ..

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

2. Accounting policies (continued)

2.3 Going concern

Going concern At Group and Company level, notwithstanding the year end net current liabilities position and a loss during the year, the financial statements of the Company and the Group have been prepared on a going concern basis.

In common with retail businesses across the country, the last couple of years have been difficult for the group. The Covid-19 pandemic and subsequent restrictions have had a significant impact on revenues and, subsequently, the group's liquidity and net asset base.

Nonetheless, the directors have used the period to review and reposition the group's strategy, reducing the number of physical stores in order to focus on a more streamlined and profitable business model. Management accounts prepared after the year end reflect a leaner, more efficient business, and the directors are delighted that the group is once again reporting a profit.

However, the directors acknowledge the continued reliance on the support of the group's lenders. The group was in breach of its financial covenants as at 31 December 2021 and, although the bank have not formally waived the covenants, they have also not enforced this breach. In September 2022 the directors were pleased to agree, in principle, a funding package with new lenders, which incorporates a working capital facility and new term loan, which will repay in full the group's current borrowing. The directors expect this facility to be formalised following approval of these financial statements. Furthermore, the directors have also committed that any loans made by themselves to the group, should not be repaid until the group is in a position to do so.

Medium and long-term cash flow projections prepared by the directors, which incorporate prudent assumptions regarding future revenues and costs, demonstrate that the directors expect that the group will be able to operate within its new funding facilities throughout the next 12 months and beyond, while also continuing to meet its other liabilities as they fall due.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

2. Accounting policies (continued)

2.5 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 when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

2. Accounting policies (continued)

2.10 Taxation

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 reporting date in the countries where the Company operates and generates income.

2.11 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.

2.12 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.

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:

Plant and machinery	- 25% on cost, 20% on cost, 10% on cost
Motor vehicles	- 25% 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.

2.13 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

2. Accounting policies (continued)

2.15 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.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock valuation

The valuation of year end stock and any related provision is a key area of judgment, and the Directors have reviewed the standard costing applied and the requirement for any provision expected against net realisable value.

Debtor recoverability

Provisions for trade debtors are reviewed by the directors on an ongoing basis who use their specific industry knowledge and experience to ensure the correct judgements.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company. 58.6% (2020 - 59.8%) of the company's sales are classified as overseas.

DOUBLE TWO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2021**

5. Other operating income

	2021 £	2020 £
Other operating income	-	414,863
	<u>-</u>	<u>414,863</u>

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation	49,982	58,709
	<u>49,982</u>	<u>58,709</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,500	10,000
	<u>10,500</u>	<u>10,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,405,087	1,737,134
Social security costs	98,804	161,884
Cost of defined contribution scheme	50,712	43,853
	<u>1,554,603</u>	<u>1,942,871</u>

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

	2021 No.	2020 No.
Employees	67	86
	<u>67</u>	<u>86</u>

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	88,370	88,168
Company contributions to defined contribution pension schemes	1,413	1,413
	<u>89,783</u>	<u>89,581</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	21,482	18,466
	<u>21,482</u>	<u>18,466</u>

11. Exceptional items

	2021 £	2020 £
Redundancy costs	11,382	128,765
	<u>11,382</u>	<u>128,765</u>

DOUBLE TWO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2021**

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation			
At 31 December 2020	3,836,400	16,500	3,852,900
Additions	56,101	-	56,101
At 30 December 2021	<u>3,892,501</u>	<u>16,500</u>	<u>3,909,001</u>
Depreciation			
At 31 December 2020	3,657,110	16,500	3,673,610
Charge for the year on owned assets	49,982	-	49,982
At 30 December 2021	<u>3,707,092</u>	<u>16,500</u>	<u>3,723,592</u>
Net book value			
At 30 December 2021	<u>185,409</u>	<u>-</u>	<u>185,409</u>
At 30 December 2020	<u>179,290</u>	<u>-</u>	<u>179,290</u>

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

13. Stocks

	2021 £	2020 £
Raw materials and consumables	117,333	67,132
Finished goods and goods for resale	886,203	1,343,192
	<u>1,003,536</u>	<u>1,410,324</u>

14. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	54,668	-
	<u>54,668</u>	<u>-</u>

	2021 £	2020 £
Due within one year		
Trade debtors	600,334	210,968
Amounts owed by group undertakings	690,616	1,494,293
Other debtors	-	48,868
Prepayments and accrued income	67,283	128,136
	<u>1,358,233</u>	<u>1,882,265</u>

15. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	79,492	19,925
Less: bank overdrafts	(1,058,318)	(290,451)
	<u>(978,826)</u>	<u>(270,526)</u>

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	1,058,318	290,451
Bank loans	512,329	1,550,553
Trade creditors	633,862	470,804
Invoice Financing	193,894	62,797
Other taxation and social security	179,975	177,600
Other creditors	31,324	117,476
Accruals and deferred income	119,985	160,721
	<u>2,729,687</u>	<u>2,830,402</u>

The bank loans and overdrafts are secured by way of a debenture dated 17 October 2017 which provides a fixed and floating charge over the assets of the group.

The invoice financing creditor is secured by way of a fixed and floating charge over the assets of the company.

17. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Amounts owed to group undertakings	1,407,281	1,780,898
	<u>1,407,281</u>	<u>1,780,898</u>

Amounts owed to group undertakings bear interest at 2.5%, are unsecured and not repayable within 12 months of the balance sheet date.

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2,500,000 (2020 - 2,500,000) Ordinary shares of £1.00 each	2,500,000	2,500,000
1,500,000 (2020 - 1,500,000) Redeemable Ordinary shares of £1.00 each	1,500,000	1,500,000
	<u>4,000,000</u>	<u>4,000,000</u>

The ordinary and redeemable ordinary shares carry rights of one vote per share.

DOUBLE TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2021

19. Reserves

Other reserves

The capital redemption reserve has arisen on the redemption of preference shares and the purchase of own shares.

20. Contingent liabilities

Under group banking arrangements the company is a party to an unlimited, multilateral guarantee and debentures given to HSBC Bank Plc on 17 October 2014 by the following group companies: Wm Sugden & Sons Limited, Threadneedle Company Image Limited and The Wakefield Shirt Company Limited. At 30 December 2021 the total borrowings guaranteed amounted to £4,732,774 (2020 - £3,458,118).

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £50,712 (2020 - £60,984).

Contributions totalling £9,996 (2019 - £12,264) were payable to the fund at the reporting date and are included in creditors.

22. Commitments under operating leases

At 30 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	84,336	121,817
Later than 1 year and not later than 5 years	125,661	125,661
	<u>209,997</u>	<u>247,478</u>

23. Related party transactions

The company has taken advantage of the exemptions available in paragraph 33.1A of FRS102 not to publish details of related party transactions with group undertakings as the company is a wholly owned subsidiary of The Wakefield Shirt Company Limited.

24. Controlling party

The ultimate parent company is The Wakefield Shirt Company Limited, a company registered in England and Wales.