Thomas Pink Limited

Annual Report and Financial statements

for the year ended 31 December 2016

Registered number: 01995666

Thomas Pink Limited

Officers and professional advisors

Directors
J C I Heilbron – resigned 31st March 2017
J A Richards – resigned 31st March 2017
A F Belloni – appointed 1st April 2017, resigned 9th April 2017
R R Penny – appointed 11th March 2016
C C Zanardi-Landi – appointed 10th April 2017

Secretary

R R Penny

Registered Office

1 Palmerston Court
Palmerston Way
London
SW8 4AJ

Bankers

HSBC
Level 30
8 Canada Square
London
E14 5HQ

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London, United Kingdom
EC4A 3BZ

Thomas Pink Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

State of affairs and future prospects

The results of Thomas Pink Limited ("the Company") for the year, and the state of the Company's affairs at 31 December 2016 are shown in the financial statements and notes thereto on pages 8 to 25.

The directors consider that the principle key performance indicators of the Company are its Revenue and Operating result, which are shown on page 8. Non-financial KPI's are not used by the Company as a measure of performance. The key assets of the business including the Pink brand, remain secure at the year end and can be leveraged to produce future growth.

Turnover decreased by 1.7% to £34,403,000 in the year (2015: £35,001,000) due to reduced sales volumes plus increased discounting in the year, reflecting the tough trading conditions faced by the Company. Gross margin of 65.5% (2015: 65.7%) was similarly affected by the increased discounting. The Company made an operating loss of £4,040,000 (2015: £4,546,000). The loss on ordinary activities after taxation amounted to £3,932,000 (2015: loss of £4,566,000). The Operating loss in the year, has decreased net current assets from £4,069,000 at the end of 2015 to a net current liability of £203,000at 31 December 2016.

The directors are disappointed by the Company's performance during the year but are satisfied that the underlying value in the Thomas Pink brand, the Company's know-how and its support from its shareholders are sound, even with the expectation of continued difficult trading conditions in the key UK market.

The economy of the UK is expected to remain challenging and potentially volatile as the UK embarks on new trade negotiations worldwide. However, the Company's continued product innovation, its focus on customer service and its ongoing investment in online and international channels are expected to drive growth in the business going forward.

Business review

Thomas Pink Limited sells high-quality men's and ladies' shirts, together with ties, suits and other complementary products through retail stores and the internet, as well as franchise and wholesale partners. Throughout the year, the Company continued to use its substantial knowledge of designing, sourcing and marketing the best shirts across a range of price points. The Thomas Pink brand is accessible through many channels, all of which are operated to provide the highest service levels to its customers around the world. Shirting, being the Company's area of expertise, continued to adapt to meet customer needs together with further development to product ranges. In contrast to many competitors, a made to order offering is provided in the major stores.

Retail on the UK high street remains tough for the brand, as discounters in the key shirting category continue to grow market share and traffic generally continued to fall throughout the year. Further, the trend for customer traffic to move away from stores and onto web, tablet and mobile continues. As a result, the Company has continued to invest in alternate channels as well as its own stores.

The franchise and wholesale area of the business continued to grow during the year with over 40 franchise stores open at the end of 2016 around the world, including China, the Middle East and Mexico.

Principal risk factors and uncertainties

Operating results of the Company and its liquidity are significantly influenced by a number of risk factors, many of which are not within the Company's control. These factors, which are not ranked in any particular order, include:

Currency risk
The Company purchases products and services in currencies other than Pound Sterling, particularly Euros. Further, the underlying costs of key suppliers to the Company are often in currencies other than Pound Sterling, often US Dollars. Accordingly, exchange rate fluctuations can affect the profitability of the Company directly, or indirectly through pressure on buying margins.

The Company's requirement for these key currencies is hedged through related companies in Ireland and the USA, which are not generators of Euro and US Dollars respectively. Currency holdings are managed in collaboration with the parent group.

Strategic report (continued)

Principal risk factors and uncertainties (continued)

The overall strength of the international economy
A significant portion of the Company's customers are business-oriented, and often travel internationally. External factors affecting the international economy can therefore have a significant impact on the Company.

Seasonality and lead times
The high design content and relatively low volumes bought by the Company results in extended lead times for the supply of product. The Company operates in a market that is influenced by seasonal product and thus faces an increased impact from unexpected events after the seasonal purchasing commitments have been placed.

Competition
The Company faces intense competition from an increasing number of market participants and product offerings. Within this environment, the positioning of the Company's products depends upon the image of its brand and reputation and the exemplary quality and innovative content of its products.

Qualified personnel
The Company's business is largely a service business in which the ability of its employees to develop and maintain relationships with customers and suppliers is essential to the Company's success. Moreover, the value of the business is supported by its employees' deep understanding of the Thomas Pink brand and the know-how to create the highest quality products in key categories. Thus, the retention of its key specialists and members of management is essential to maintaining the value of the business.

Counterfeiting
The Thomas Pink brand and production methods can be counterfeited or copied. Products may be distributed in parallel retail networks without the Company's consent.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk and liquidity risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the directors consider currency risk to be the principal financial risk.

Future development

The continuing downward pressure on the general markets in key territories has led the Company to reduce its footprint on the UK high street in the early months of 2017. Further portfolio reviews will be carried out during the upcoming months.

Events after the balance sheet date

Subsequent to the year end a new Creative Director was appointed and several poorly performing stores have been closed. Further investment in the ecommerce operations has been made during the year, and into 2017 including the launch of a new website in August 2017.

Approved by the Board of Directors and signed on its behalf by:

Richard Penny

R R Penny
Director

26th September 2017

Directors' report

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2016.

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report including future developments, events after the balance sheet date and financial risk management, the details of which can be found on pages 2 to 3 and form part of this report by cross reference.

Principal activities

The principal activity of the Company during the year was the sale of high-quality men's and ladies' shirts, together with ties and fashion accessories and suits, through its retail outlets, the internet and to franchise partners.

Dividends

The directors do not recommend the payment of a dividend for 2016 (2015: £nil).

Directors

The directors who served the Company during the year and to the date of this report were as follows:

J C I Heilbron – resigned 31st March 2017
J A Richards – resigned 31st March 2017
A F Belloni – appointed 1st April 2017, resigned 9th April 2017
R R Penny – appointed 11th March 2016
C C Zanardi-Landi – appointed 10th April 2017

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2016, the Company had an average of 33 days (2015: 32 days) purchases outstanding in trade creditors.

Going concern

The directors, having taken into consideration the profitability and financial position of the Company, have prepared the financial statements on a going concern basis. The directors have noted the tough economic environment in the UK and worldwide, but believe that actions in product innovation, customer service and investment in stores and the web will provide growth. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements, in particular it retains the ongoing support of the ultimate parent company.

Specific actions already taken include the appointment of a new Creative Director ensuring the quality and innovation of the product, plus the closure of non-profitable retail space. Further investment in the ecommerce operations has been made during the year and into 2017, including the launch of a new website in August 2017.

Employees

It remains the policy of the Company to provide employees with information on matters of concern to them and to keep them informed about the progress and performance of the Company and, where applicable, of the group. This is achieved through formal and informal staff meetings and bi-annual meetings of the Health and Safety Committee.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Charitable and political donations

The Company made charitable donations during the year of £321 (2015: £10,000). No political donations were made during the year (2015: £nil).

Thomas Pink Limited

Directors' report (continued)

Auditor

Each of the directors at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- so far as the director is aware, they have taken all the steps that he/she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Richard Penny

R R Penny
Secretary

26th September 2017

Thomas Pink Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Thomas Pink Limited

We have audited the financial statements of Thomas Pink Limited for the year ended 31 December 2016 which comprise the income statement, the balance sheet, the statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prescribed in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatement in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

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

Emily Cheevers

Emily Cheevers FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 September 2017

Income statement
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	3	34,403	35,001
Cost of sales		(11,876)	(12,005)
Gross profit		22,527	22,996
Distribution costs		(20,351)	(18,612)
Administrative expenses	4	(6,216)	(8,930)
Operating loss		(4,040)	(4,546)
Finance costs	5	(41)	(20)
Loss before taxation		(4,081)	(4,566)
Tax	9	149	-
Loss for the financial year attributable to owners of the Company	10	(3,932)	(4,566)

Revenue and operating loss are all derived from continuing operations.

There are no recognised gains or losses other than the loss of £3,932,000 attributable to the shareholders for the year ended 31 December 2016 (2015: £4,566,000). Accordingly no statement of comprehensive income has been prepared.

Thomas Pink Limited

Balance sheet
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	11	305	34
Property, plant and equipment	12	3,822	3,753
		4,127	3,787
Current assets			
Inventories	13	9,078	8,706
Trade and other receivables	14	6,001	7,612
Cash and bank balances		-	832
		15,079	17,150
Current liabilities			
Trade and other payables	15	(15,282)	(13,081)
Net current (liabilities)/assets		(203)	4,069
Total assets less current liabilities		3,924	7,856
Net assets		3,924	7,856
Equity			
Share capital	16	120	120
Retained earnings		3,804	7,736
Equity attributable to owners of the Company		3,924	7,856

The financial statements of Thomas Pink Limited (registered number 01995666) were approved by the board of directors and authorised for issue on 26th September 2017. They were signed on its behalf by:

C C Zanardi-Landi
Director

Thomas Pink Limited

Statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015	120	12,302	12,422
Loss for the year	-	(4,566)	(4,566)
Total comprehensive loss for the year	-	(4,566)	(4,566)
Balance at 31 December 2015	120	7,736	7,856
Loss for the year	-	(3,932)	(3,932)
Total comprehensive loss for the year	-	(3,932)	(3,932)
Balance at 31 December 2016	120	3,804	3,924

Notes to the financial statements (continued)
For the year ended 31 December 2016

1. General information

Thomas Pink Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

These financial statements are presented in Pound Sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is included in the group accounts of LVMH Möet Hennessy Louis Vuitton SE. The group accounts of LVMH Möet Hennessy Louis Vuitton SE are available to the public and can be obtained as set out in note 19. The registered office address of the parent company preparing consolidated accounts is 22 Avenue Montaigne, 75008 Paris, France.

The Company has applied FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 *Disclosure Initiative*	The Company has adopted the amendments to IAS 1 *Disclosure Initiative* for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance. The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Company.
Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	The Company has adopted the amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances: a) when the intangible asset is expressed as a measure of revenue; or b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. As the Company already uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets, respectively, the adoption of these amendments has had no impact on the Company's financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. General information (continued)

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year (continued)

Amendments to IAS 27 *Equity Method in Separate Financial Statements*	The Company has adopted the amendments to IAS 27 *Equity Method in Separate Financial Statements* for the first time in the current year. The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements: • at cost; • in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or • using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*. The same accounting must be applied to each category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs. The adoption of the amendments has had no impact on the Company's financial statements as the Company accounts for investments in subsidiaries and associates at cost and is not an investment entity.
Annual Improvements to IFRSs 2012-2014 Cycle	The Company has adopted the amendments to IFRSs included in the *Annual Improvements to IFRSs 2012-2014 Cycle* for the first time in the current year. The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead. The adoption of these amendments has had no effect on the Company's financial statements.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies

Basis of accounting

These financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions

Where relevant, equivalent disclosures have been given in the group accounts of LVMH Möet Hennessy Louis Vuitton SE The group accounts of LVMH Möet Hennessy Louis Vuitton SE are available to the public and can be obtained as set out in note 19.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 2 to 3.

The directors, having taken into consideration the profitability and financial position of the Company, have prepared the financial statements on a going concern basis. The directors have noted the tough economic environment in the UK and worldwide, but believe that actions in product innovation, customer service and investment in stores and the web will provide growth. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements, in particular it retains the ongoing support of its parent company.

Specific actions already taken include the appointment of a new Creative Director ensuring the quality and innovation of the product plus the closure of non-profitable retail space. Further investment in the ecommerce operations has been made during the year and, into 2017 including the launch of a new website in August 2017.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Revenue recognition

Revenue mainly comprises direct sales to customers and such sales are principally made through retail outlets. These sales are recognised at the time of purchase by retail customers. Wholesale and franchise sales are recognised when title is transferred to third party Partners, generally on shipment of products from company facilities. Franchise sales also include royalties based on the Partners' retail sales for the period. Turnover is presented net of all forms of discount and value added tax.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on sales or other measures are recognised by reference to the underlying contract.

Leases

All leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Opening costs

Costs arising prior to opening new stores are written off as they are incurred.

Foreign currencies

The financial statements are presented in Pound Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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 income statement 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 balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Property, plant and equipment

All fixed assets are initially recorded at cost, less depreciation and provision for any impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold premises and improvements	-	the period of the lease
Fixtures and fittings	-	3 to 7 years
Motor vehicles	-	4 years
Computer equipment	-	3 years

Computer development costs including the cost of external consultants are capitalised as part of computer equipment. The cost of time spent by the Company's own staff is written off as incurred.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over 2 years. This estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provision is made for obsolete, slow moving or defective items, where appropriate.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Impairment of web platform development costs

Over the prior two years, the Company had capitalised costs associated with the development of a new web platform. Since the end of the financial year to 31 December 2016 the Company has reassessed this development and has decided to move away from the web platform originally proposed to a new E-commerce platform. As a result of this decision the capitalised costs of the earlier development are considered to be impaired and accordingly a provision has been made against all capitalised costs as at 31 December 2016.

Loss-making stores

Within the store portfolio of the Company, some locations have generated a loss in the year to 31 December 2016. While several of these stores are expected to make further losses in the coming year, the Company is confident that the recent and future changes to its product offer, together with specific profit-enhancing actions at the affected stores will return them to profit. As a result no impairment has been made which is the directors' best estimate at the date of these financial statements.

Key sources of estimation uncertainty

The directors believe that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements (continued)
For the year ended 31 December 2016

3. Revenue

Turnover and profit on ordinary activities before tax is wholly derived from the Company's principal continuing activity.

An analysis of the Group's revenue by geographical market is set out below.

	2016 £'000	2015 £'000
Revenue:		
United Kingdom	28,249	29,266
Rest of World	6,154	5,735
	34,403	35,001

4. Administration Costs

Administration costs includes an impairment charge of £351,000 (2015: £1,597,000) made against the development costs of the Company's web platform.

5. Finance costs

	2016 £'000	2015 £'000
Interest to group companies	56	23
Interest from group companies	(12)	(3)
Other interest received	(3)	-
	41	20

6. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £43,400 (2015: £50,000).

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Sales	208	215
Administration	64	61
Warehouse	23	22
	295	298

7. Staff costs (continued)

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	9,147	8,918
Social security costs	870	863
Share based payments	57	54
	10,074	9,835

8. Directors' emoluments

	2016 £'000	2015 £'000
Wages and salaries	550	551
Taxable benefits	11	9
Annual incentives	70	65
Pension	46	50
	677	675

During the year none of the directors exercised share options (2015: none).

The amounts in respect of the highest paid director are as follows:

Remuneration	350	350
	350	350

The directors of the Company are also directors of Thomas Pink Holdings Limited. The directors received total remuneration, where they served during 2016, as detailed above, all of which was paid by the Company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

Notes to the financial statements (continued)
For the year ended 31 December 2016

9. Tax

a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2016 £'000	2015 £'000
Current tax:		
Adjustment in respect of prior period (current & inter-co)	(189)	-
Overseas tax charge	40	66
Total current tax	(149)	66
Deferred tax:		
Release of asset	-	-
Tax on loss on ordinary activities	(149)	66

b) Factors affecting current tax charge

The differences are reconciled below:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(4,081)	(4,566)
Tax on loss on ordinary activities at standard CT rate of 20% (2015: 20.25%)	(816)	(924)
Effects of:		
Fixed asset difference	17	14
Expenses not deductible for tax purposes	88	13
Other differences	-	(14)
Foreign tax credits	40	66
Adjustment to tax charge in respect of previous periods	(189)	-
Deferred tax not recognised	711	911
Total tax	(149)	66

Notes to the financial statements (continued)
For the year ended 31 December 2016

9. Tax (continued)

c) Factors affecting future tax charges

Budget announcements

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

10. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment	1,632	1,484
Impairment of property, plant and equipment	351	1,618
Staff costs (see note 7)	10,074	9,835
Fees payable to the Company's auditor for the audit of the Company's accounts (see note 6)	43	50
Amortisation of intangible assets	30	(32)
Foreign exchange gain	(893)	(76)
Cost of inventories recognised as expense	10,864	10,687
Write downs of inventories recognised as an expense	157	417
Operating lease rentals – land and buildings	2,862	2,785

Notes to the financial statements (continued)
For the year ended 31 December 2016

11. Intangible assets

	Intellectual Property £'000
Cost	
At 1 January 2016	121
Additions	301
At 31 December 2016	422
Amortisation	
At 1 January 2016	87
Charge for the year	30
At 31 December 2016	117
Carrying amount	
At 31 December 2016	305
At 31 December 2015	34

Notes to the financial statements (continued)
For the year ended 31 December 2016

12. Property, plant and equipment

	Land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2016	3,415	7,032	218	5,216	15,881
Additions	1,237	137	-	768	2,142
Disposals	(609)	(3,460)	-	(371)	(4,440)
At 31 December 2016	4,043	3,709	218	5,613	13,583
Accumulated depreciation and impairment					
At 1 January 2016	2,266	6,054	172	3,636	12,128
Depreciation charge for the year	470	384	31	747	1,632
Disposals	(550)	(3,434)	-	(366)	(4,350)
Impairment	-	-	-	351	351
At 31 December 2016	2,186	3,004	203	4,368	9,761
Carrying amount					
At 31 December 2016	1,857	705	15	1,245	3,822
At 31 December 2015	1,149	978	46	1,580	3,753

13. Inventories

	2016 £'000	2015 £'000
Raw materials	562	380
Finished goods and goods for resale	8,516	8,326
	9,078	8,706

Thomas Pink Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

14. Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts receivable for the sale of goods	1,255	1,110
Amounts owed by group undertakings	2,799	3,722
Other receivables	390	518
Prepayments and accrued income	1,557	1,679
Corporation tax	-	583
	6,001	7,612

15. Trade and other payables

	2016 £'000	2015 £'000
Trade payables	1,058	1,069
Amounts owed to group undertakings	8,610	6,271
Other taxation and social security	396	189
Accruals and deferred income	5,218	5,552
	15,282	13,081

16. Share capital

	2016 £'000	2015 £'000
Authorised:		
'A' ordinary shares of £1 each	975	975
'B' non-voting ordinary shares of £1 each	25	25
	1,000	1,000
Issued and fully paid:		
120,000 (2015: 120,000) 'A' ordinary shares	120	120

Notes to the financial statements (continued)
For the year ended 31 December 2016

17. Operating lease arrangements

	2016 £'000	2015 £'000
Lease payments under operating leases recognised as an expense in the year	2,862	2,785

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	2,824	2,655	-	-
In two to five years	2,647	2,664	76	76
In over five years	84	164	-	-
	5,555	5,483	76	76

18. Related party transactions

The Company is exempt per paragraph 8 (j) and (k) of FRS101 from disclosure of transactions with other group undertakings where 100% of the voting rights are held within the group.

19. Controlling party

The Company's immediate parent undertaking is Thomas Pink Holdings Limited. The directors regard LVMH Möet Hennessy Louis Vuitton SE, a company incorporated in France, as the ultimate parent undertaking and controlling party. LVMH Möet Hennessy Louis Vuitton SE is the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are drawn up. Copies of the financial statements are available from 22 Avenue Montaigne, 75008 Paris, France.