

Proportion London Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2015



Company Registration No. 02597122

Proportion London Limited

COMPANY INFORMATION

DIRECTORS

TJ Billings
RN Taylor
AM D'Marco
TK Reynolds
RH McPherson
MAV Henderson
AM Jordan

SECRETARY

TJ Billings

REGISTERED OFFICE

16 Hickman Avenue
London E4 9JG

AUDITOR

Mercer & Hole
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

SOLICITORS

SGH Martineau
American Square Conference
1 America Square
Crosswall
London EC3N 2SG

BANKERS

National Westminster Bank plc
Walthamstow Central
204 High Street
Walthamstow
London E17 7LL

Proportion London Limited

STRATEGIC REPORT

The directors submit their strategic report and the financial statements of Proportion London Limited for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture and distribution of display busts, mannequins and other display equipment.

REVIEW OF THE BUSINESS

The turnover for the year was £5,656,667 and the profit before tax was £318,714. The financial results and profit were adversely impacted by a decline in turnover, one-off costs associated with the factory and showroom relocation in 2016 and an increase in interest payable on long-term company debt. The company's gross profit margin was also lower due to the write down of obsolete stock associated with the factory relocation.

However, the business also benefited from two property related one-off financial benefits that meant an overall increase in EBIT.

The fall in turnover was again anticipated due to further slowing down of a single client's large roll out.

In November the company appointed a new Managing Director with significant international experience to lead the development of its business.

In spite of the fall in sales, the company continues to improve its reputation and position within the market place but recognises the continued uncertain retail climate. To ensure the company remains ahead of its competitors, the business will continue to invest in sales, the creative functions within the business, and its UK manufacturing facility.

The company's key financial indicators during the period were as follows;

	2015	2014	Change %
	£	£	%
Turnover	5,656,667	6,327,702	-10.6%
Gross profit	3,075,797	3,609,997	-14.8%
Gross margin %	54.4%	57.1%	-4.9%
EBIT	447,654	327,406	36.7%

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The company has well established relationships with a number of customers and suppliers across different geographic areas and has sufficient financial resources and access to additional funding if required. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is based on a review of profit and cash flow forecasts covering 2016 and up to 2019. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the company can broadly be grouped as competitive, macroeconomic and financial.

Proportion London Limited

STRATEGIC REPORT

Competitive risks

The visual merchandise industry remains competitive in both the UK and abroad. However, the directors believe the business maintains a competitive advantage through its UK manufacturing facility, focus on improving service to customers and continuous delivery of new products to market.

Macroeconomic risks

The retail market continues to face uncertainties as a result of the global recession and changing retail environment. The UK's economy is strengthening and the company's ability to respond to market changes will be critical moving forward.

Financial risks

In connection with the change in ownership on 31st July 2014, the company took on an appropriate amount of bank debt to finance the acquisition. The company recognises the risks associated with an increase in net debt but feels its exposure to interest rate risk is not significant. The business remains strongly cash generative, with good interest cover headroom. Debt is being paid down on an annual basis.

FUTURE DEVELOPMENTS

The business continues to trade successfully and no changes in trading activity are envisaged in the near future.

By order of the board



TJ Billings
Secretary

[8/6/16]

Proportion London Limited

DIRECTORS' REPORT

The directors submit their directors' report and the financial statements of Proportion London Limited for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture and distribution of display busts, mannequins and other display equipment.

DIVIDENDS

The directors do not recommend payment of a dividend (2014: £Nil).

DIRECTORS

The following directors have held office since 1 January 2015:

TJ Billings
RN Taylor
AM D'Marco
TK Reynolds
RH McPherson
MAV Henderson
AM Jordan

appointed 11 November 2015

AUDITOR

Mercer & Hole Chartered Accountants have indicated their willingness to continue in the office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



TJ Billings
Secretary

[8/6/16]

Proportion London Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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 PROPORTION LONDON LIMITED

We have audited the financial statements on pages 7 to 21. 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 Financial Reporting Standard 102.

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 more fully explained 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. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.

Mercer & Hole

Andrew Lawes (Senior Statutory Auditor)
For and on behalf of Mercer & Hole, Statutory Auditor
Chartered Accountants
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

Date: *14 June 2016*

Proportion London Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

	Notes:	2015 £	2014 £
TURNOVER	1	5,656,667	6,327,702
Cost of sales		(2,580,870)	(2,717,705)
Gross profit		<u>3,075,797</u>	<u>3,609,997</u>
Other operating expenses	2	(3,279,766)	(3,282,591)
		<u>(203,969)</u>	<u>327,406</u>
Other operating income	5	651,623	-
OPERATING PROFIT		<u>447,654</u>	<u>327,406</u>
Investment income	3	983	355
Profit on sale of investments		-	548,001
Interest payable	4	(129,923)	(53,200)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>318,714</u>	<u>822,562</u>
Tax on profit on ordinary activities	7	24,513	(25,832)
PROFIT FOR THE FINANCIAL YEAR	17	<u><u>343,227</u></u>	<u><u>796,730</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>343,227</u></u>	<u><u>796,730</u></u>

The operating profit for the year arises from the company's continuing operations.

Proportion London Limited

BALANCE SHEET

31 December 2015

Company Registration No 02597122

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible fixed assets	8	1,173,726	569,194
CURRENT ASSETS			
Stock	9	658,499	755,545
Debtors due within one year	10	1,045,919	804,322
Debtors due after more than one year	10	6,667,403	7,034,258
Cash at bank and in hand		535,912	354,713
		<u>8,907,733</u>	<u>8,948,838</u>
CREDITORS: Amounts falling due within one year	11	(1,372,367)	(1,142,087)
NET CURRENT ASSETS		<u>7,535,366</u>	<u>7,806,751</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,709,092</u>	<u>8,375,945</u>
CREDITORS: Amounts falling due after more than one year	12	(798,790)	(858,398)
PROVISIONS FOR LIABILITIES	14	(92,275)	(42,747)
NET ASSETS		<u>7,818,027</u>	<u>7,474,800</u>
CAPITAL AND RESERVES			
Called up share capital	15	833	833
Share premium account		43,109	43,109
Profit and loss account		7,774,085	7,430,858
SHAREHOLDERS' FUNDS		<u>7,818,027</u>	<u>7,474,800</u>

The financial statements on pages 7 to 21 were approved by the board of directors and authorised for issue on [8/6/16] and are signed on its behalf by:



TJ Billings
Director

Proportion London Limited
STATEMENT OF CHANGES IN EQUITY
31 December 2015

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2014	833	43,109	6,634,128	6,678,070
Period ended 31 December 2014				
Profit and total comprehensive income for the year	-	-	796,730	796,730
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	833	43,109	7,430,858	7,474,800
Period ended 31 December 2015				
Profit and total comprehensive income for the year	-	-	343,227	343,227
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	<u>833</u>	<u>43,109</u>	<u>7,774,085</u>	<u>7,818,027</u>

Proportion London Limited

ACCOUNTING POLICIES

Company information

Proportion London Limited is a limited company domiciled in England and Wales. The registered office is 16 Hickman Avenue, London, E4 9JG.

Accounting convention

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

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

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

These financial statements for the year ended 31 December 2015 are the first financial statements of Proportion London Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

In accordance with FRS102, the company has taken advantage of the exemptions from the following requirements:

- Section 7 'Statement of Cash Flows' – Presentation of Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation of key management personnel.
- Section 26 'Share based Payments'
 - Requirement to disclose the number and weighted average exercise prices of share options for options outstanding at the beginning of the period, granted in the period, forfeited during the period, exercised during the period, expiring in the period and outstanding and exercisable at the end of the period.
 - Requirement to disclose information about how the fair value of options granted has been determined.
 - Requirement to disclose an explanation of modifications made to share based payment arrangements.
 - Requirement to disclose the total expense recognised in the profit or loss for the period and the total carrying value at the end of the period for liabilities arising for share based payment transactions.

The financial statement of the company are consolidated in the financial statements of Brightstar Capital (Proportion) Limited. Copies of its financial statements are available from its registered office.

Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods sold to customers and is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, usually on despatch of the goods.

Proportion London Limited

ACCOUNTING POLICIES

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Collection development	5 years
Plant/showroom and office equipment	10 to 15 years
Motor vehicles	4 years
Production moulds	4 years
Computer equipment	4 years

Collection development costs capitalised are design, sculpting and moulding costs incurred in making new ranges of display busts, mannequins and other display equipment available to our customers.

Impairment of assets

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

Recoverable amount is the higher of fair value less costs to sell 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stock

Stock and work in progress is valued at the lower of cost and net realisable value.

Cash and cash equivalents

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

Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Proportion London Limited

ACCOUNTING POLICIES

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

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

Taxation

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

Current tax

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

Proportion London Limited

ACCOUNTING POLICIES

Deferred tax

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

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

Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

Share based payments

The company's ultimate parent, Brightstar Capital (Proportion) Limited, has issued share options to certain of its employees. The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread on a straight line basis over the vesting period. The fair value of the options granted is measured using a binomial model taking account of the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest where forfeiture is due to performance criteria not being met during the life of the option.

Retirement benefits

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

Leases

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

Foreign exchange

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

Proportion London Limited

ACCOUNTING POLICIES

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, 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 the revision and future periods where the revision affects both current and future periods.

Proportion London Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following destinations:

	2015 £	2014 £
Asia	279,914	506,895
Europe	672,607	848,516
United Kingdom	4,371,179	4,674,778
United States of America	332,967	297,513
	<u>5,656,667</u>	<u>6,327,702</u>

2 OTHER OPERATING EXPENSES

	2015 £	2014 £
Distribution costs	779,559	864,853
Administrative expenses	2,500,207	2,417,738
	<u>3,279,766</u>	<u>3,282,591</u>

3 INVESTMENT INCOME

	2015 £	2014 £
Bank interest	177	355
Other interest	806	-
	<u>983</u>	<u>355</u>

The above interest relates to financial assets not measured at fair value through the profit and loss account.

4 INTEREST PAYABLE

	2015 £	2014 £
Invoice discounting and related loans	32,924	12,398
Loan notes	96,999	40,662
Other interest paid	-	140
	<u>129,923</u>	<u>53,200</u>

The above interest relates to financial liabilities measured of amortised cost.

Proportion London Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2015	2014
		£	£
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets	244,663	388,307
	Loss on disposal of fixed assets	12,866	-
	Auditors' remuneration - audit fees	20,000	20,000
	- other services relating to tax	4,500	4,500
	Operating lease rentals - land & buildings	367,984	195,417
	- plant & machinery	21,225	-
	Net loss on foreign currency translation	-	20,945
	Other operating income	(651,623)	-
		<u> </u>	<u> </u>

Other operating income in the current year relates to compensation received for a lease surrender, commission earned following the sale of a freehold interest in its current leasehold premises and rents received.

6	EMPLOYEES	2015	2014
		No.	No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Office and management	19	18
	Manufacturing	46	51
	Distribution	6	7
		<u> </u>	<u> </u>
		71	76
		<u> </u>	<u> </u>
		2015	2014
		£	£
	Staff costs for above persons:		
	Wages and salaries	2,011,942	2,271,277
	Social security costs	199,132	235,712
	Other pension costs	51,096	50,650
		<u> </u>	<u> </u>
		2,262,170	2,557,639
		<u> </u>	<u> </u>

Certain of the company's senior employees have share options in the company's ultimate parent undertaking, Brightstar Capital (Proportion) Limited, details of which are disclosed in its financial statements. No material charge in respect of these options arises under Financial Reporting Standard 102.

Proportion London Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

6	EMPLOYEES (continued)	2015 £	2014 £
	DIRECTORS' REMUNERATION		
	Emoluments (including benefits in kind)	385,071	228,569
	Pension contributions	16,648	23,358
		<u>401,719</u>	<u>251,927</u>
	Directors emoluments disclosed above include the following payments in respect of the highest paid director:		
	Emoluments (including benefits in kind)	90,200	90,289
	Pension contributions	8,253	14,482
		<u>98,453</u>	<u>104,771</u>
	The number of directors receiving contributions to their personal pension plan is 2 (2014: 3).		
7	TAXATION	2015 £	2014 £
	Current tax:		
	UK corporation tax on profits of the period	-	-
	Adjustments in respect of previous periods	(74,041)	-
	Total current tax	<u>(74,041)</u>	<u>-</u>
	Deferred taxation:		
	Origination and reversal of timing differences	49,528	25,832
	Tax on profit on ordinary activities	<u>(24,513)</u>	<u>25,832</u>
	Factors affecting tax charge for period:	2015 £	2014 £
	The tax assessed for the period is lower than the effective rate of corporation tax in the UK (20%) as explained below:		
	Profit on ordinary activities before tax	318,714	822,562
	Profit on ordinary activities multiplied by effective rate of corporation tax in the UK 20% (2013: 21.5%)	63,742	176,795
	Effects of:		
	Income not subject to corporation tax	(32,000)	-
	Expenses not deductible for tax purposes	20,531	19,781
	Deduction of exercise of share options	-	(168,815)
	Adjustments in respect of previous periods	(74,041)	-
	Other timing differences	(2,745)	(1,929)
	Tax charge for period	<u>(24,513)</u>	<u>25,832</u>

Proportion London Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

8 TANGIBLE FIXED ASSETS

	Collection develop- ment £	Plant & equipment £	Motor vehicles £	Production moulds £	Computer equipment £	Total £
Cost:						
1 January 2015	371,000	430,564	67,291	620,211	73,117	1,562,183
Additions	84,393	654,323	-	114,342	26,003	879,061
Disposals	-	(299,920)	(39,093)	-	-	(339,013)
31 December 2015	455,393	784,967	28,198	734,553	99,120	2,102,231
Depreciation:						
1 January 2015	226,837	313,175	41,722	366,257	44,998	992,989
Charged in year	58,963	43,205	7,266	124,118	11,111	244,663
Disposals	-	(285,541)	(23,606)	-	-	(309,147)
31 December 2015	285,800	70,839	25,382	490,375	56,109	928,505
Net book value						
31 December 2015	169,593	714,128	2,816	244,178	43,011	1,173,726
31 December 2014	144,163	117,389	25,569	253,954	28,119	569,194

9 STOCK

	2015 £	2014 £
Raw materials and consumables	405,205	479,749
Finished goods	229,265	191,695
Work in progress	24,029	84,101
	658,499	755,545

10 DEBTORS

	2015 £	2014 £
Due within one year:		
Trade debtors	862,140	558,756
Corporation tax recoverable	-	134,208
Other debtors	37,577	275
Prepayments and accrued income	146,202	111,083
	1,045,919	804,322
Due after more than one year		
Other debtors	6,667,403	7,034,258
	7,713,322	7,838,580

Included within other debtors due after more than one year is a balance due from related party Brightstar Capital (Proportion) Limited of £6,667,403 (2014: £7,034,258). The balance is repayable on demand but is not expected to be recoverable within one year

Proportion London Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

11	CREDITORS: Amounts falling due within one year	2015 £	2014 £
	Loans (note 12)	184,379	234,212
	Trade creditors	511,680	418,822
	Other taxation and social security	169,711	135,374
	Other creditors	86,303	70,672
	Accruals and deferred income	420,294	283,007
		<u>1,372,367</u>	<u>1,142,087</u>

12	CREDITORS: Amounts falling after more than one year	2015 £	2014 £
	Loans	218,790	278,398
	Loan notes (note 19)	580,000	580,000
		<u>798,790</u>	<u>858,398</u>

The loans and loan notes are repayable within 5 years and are secured on the assets of the company

13	FINANCIAL INSTRUMENTS	2015 £	2014 £
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	<u>7,567,120</u>	<u>7,593,289</u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	<u>1,581,142</u>	<u>1,582,104</u>

14	PROVISIONS FOR LIABILITIES	2015 £	2014 £
	DEFERRED TAXATION		
	Balance at 1 January 2015	42,747	16,915
	Charged to profit and loss	49,528	25,832
	Balance at 31 December 2015	<u>92,275</u>	<u>42,747</u>

Provision for deferred tax liabilities has been made as follows:

	Accelerated capital allowances	114,879	45,477
	Other timing differences	(3,554)	(2,730)
	Tax losses carried forward and other deductions	(19,050)	-
		<u>92,275</u>	<u>42,747</u>

Proportion London Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

15	CALLED UP SHARE CAPITAL	2015	2014
		£	£
	Allotted, issued and fully paid:		
	50,000 ordinary shares of £0.01 each	500	500
	33,333 ordinary A shares of £0.01 each	333	333
		<u>833</u>	<u>833</u>

16	RESERVES		
	Share premium		
	This reserve records the amount above the nominal value received for shares sold, less transaction costs.		

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the company had total commitments under non-cancellable operating leases as follows:

	2015	2014
	£	£
Land and buildings		
due within one year	463,549	427,700
due in one to two years	463,549	346,000
due in two to five years	1,126,162	1,038,000
due in over five years	3,027,500	3,373,500
	<u>5,080,760</u>	<u>5,185,200</u>
Plant and machinery		
due within one year	43,998	-
due in one to two years	43,998	-
due in two to five years	108,960	-
	<u>196,956</u>	<u>-</u>

18 ULTIMATE CONTROL

The company's immediate parent company is Proportion Limited, a company incorporated in the United Kingdom.

The company's ultimate parent company is Brightstar Capital (Proportion) Limited, a company incorporated in the United Kingdom. Copies of its financial statements are available from the registered office. The directors do not consider there to be an ultimate controlling party.

Proportion London Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

19 RELATED PARTY TRANSACTIONS

Advantage is taken of the FRS102 exemption from disclosure of certain intra group transactions.

On 31 July 2014 PS Ferstendik and A Knight, a person connected with Brightstar Capital (Proportion) Limited, made loans to the company of £380,000 and £200,000 respectively. The loans bear interest at 15% and 20% respectively and are repayable on 31 July 2017 (note 12).

20 RETIREMENT BENEFITS

The company makes contributions to the personal pension plans of certain employees. The pension cost charged against profits represents the amounts payable to the personal pension plans in respect of the year. Contributions during the year totalled £32,623 (2014: £47,122). Contributions totalling £1,416 were outstanding at year end (2014: £18,432).

On 1st October 2014 the company commenced making contributions to an Auto-enrolment scheme open to all qualifying employees. The contributions to this scheme during the year totalled £18,473 (2014: £3,528).

22 CAPITAL COMMITMENTS

At 31 December 2015 the company had outstanding capital commitments of £13,954 (2014: £565,979) in respect of obligations on plant and equipment.