

**Company Registered Number: 02667809**

**WIGGLE LIMITED**

**Annual Report and Financial Statements**

**for the 52 weeks ended 30 December 2018**

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**Officers and Professional Advisors**

**DIRECTORS**

A Bruce (appointed 31 May 2019)  
A Clemmow (appointed 31 January 2019)  
M Davy (appointed 9 May 2018)  
N Gresham (resigned 31 May 2019)  
W Kernan (resigned 31 January 2019)  
B McBride (resigned 9 May 2018)

**REGISTERED OFFICE**

1000 Lakeside, Suite 310  
Third Floor, N E Wing  
Portsmouth, PO6 3EN

**BANKER**

HSBC Bank plc  
165 High Street  
Southampton, SO14 2NZ

**SOLICITOR**

Travers Smith LLP  
10 Snow Hill  
London, EC1A 2AL

**AUDITOR**

KPMG LLP  
Gateway House  
Tollgate  
Chandler's Ford  
Southampton, SO53 3TG

## Strategic Report

The Directors present their report and the audited financial statements for the 52 weeks ended 30 December 2018.

### Corporate Structure

Mapil Topco Limited and its subsidiary companies form the Mapil Topco Group of Companies ("the Group"). Wiggle Limited and Bike24 GMBH are the main trading companies in the Group. In addition Wiggle Australia (Pty) Limited, Hotlines Europe Limited, Decade Europe Limited and Chain Reaction Cycles Retail Limited are also trading companies all controlled by Mapil Topco Limited ("the Group"). Chain Reaction Cycles Limited provides management services to Wiggle Limited.

Wiggle Limited is a direct subsidiary of Ensco 503 Limited and is indirectly owned by Mapil Topco Limited and comprises two trading brands, Wiggle and Chain Reaction Cycles which together are referred to as "WiggleCRC".

### Principal Activity

WiggleCRC is the world's leading online cycling and multisport business trading worldwide through two well established brands. The Wiggle brand specialises in multi-sport products including cycling, running, swimming, outdoor, gym and nutrition, to inspire everybody, everywhere to experience the joy of sport. The brand offers a wide range of equipment, clothing, accessories and sports events, which it ensures are competitively priced versus its competitors in each market in which it trades. Chain Reaction Cycles ("CRC") focuses on cycling with a particular emphasis on mountain and road cycling, including components and clothing. CRC follows similar processes to Wiggle to ensure their products are competitively priced. The Company services customers across the globe for Wiggle and CRC from its operating facilities in the UK.

### Business Review

The Company serves a large global market driven by the increasing consumer interest in exercise and mass participation events, healthier lifestyles, and life experiences. In addition, the Company is expected to benefit from the ongoing shift towards "online" shopping and the consolidation of the supply base.

During the period the Company has continued to improve efficiency and to lower costs through the integration of Wiggle and CRC, as well as continuing to develop the customer proposition.

By the end of the period the Company had completed a significant proportion of the integration of Wiggle and CRC. This integration has moved both Wiggle and CRC onto one common ERP IT platform, with a common product pool, and with the exception of marketing and digital, combined all other head office functions. Distribution has been consolidated from 5 main sites into 2 and inventory has been reduced by over 7%. This has already driven significant cost and efficiency improvements, with further benefits to be realised in 2019.

The final stage of the integration commenced during the period, with the start of a project to migrate the CRC website onto the same platform as the Wiggle website. This will remove a significant amount of duplicated cost from the business in terms of developing and maintaining two websites. This project is planned for completion in 2020.

The Company has significantly improved the customer proposition during the period with a specific focus on improving product availability, accessing & purchasing pools of sought-after stock from leading cycling brands and offering these to customers at very competitive prices and developing a portfolio of premium own brands. Revenues from own brands have grown strongly during the period and are an increasing proportion of WiggleCRC's sales mix. The portfolio of own brands includes DHB, Nukeproof, Vitus and Prime. The ability to market these brands across the Wiggle, CRC and Bike24 websites allows new customers to be targeted with this unique offering and, as a result, sales of these brands have grown by 25% in 2018 at a margin rate above that of third-party brands. Continued growth in this area is a key strategic focus for the business in the coming years.

On 25 March 2019 the Group's banking facilities with HSBC were refinanced with the maturity date of the debt extended to December 2022. The financial covenants have been re-set in order to replace the EBITDA to Net Debt covenant with a minimum liquidity-based measure. The margin interest on the facilities will be capitalised, rather than cash paid, for the next three years.

To coincide with the refinancing of the HSBC banking facilities, shareholders subscribed to an additional £10m of loan notes. This investment was made to support the ongoing transformation of the business and it demonstrates the strong support from all stakeholders in the long-term prospects of the Group.

On 28 August 2017 the trade and assets of Chain Reaction Cycles Limited were transferred to Wiggle Limited. Therefore, the current and previous period results, whilst both for a 52-week period, are not comparable because the current year contains twelve months of CRC brand online trade. The transfer of the trade and assets of Chain Reaction Cycles Limited means that the Company has acquired the CRC website, and all sales from both the Wiggle and the CRC website are now attributable to Wiggle Limited.

Revenue has increased to £345,482,000 (2017: £259,187,000), driven by the inclusion of CRC trade for the full 12 months as opposed to 4 months of the comparative period.

**Strategic Report (continued)**

The Directors believe that the most appropriate measure of the Company's profitability is EBITDA, and this is considered a key performance indicator. EBITDA is represented in the profit and loss account as Operating profit before interest, depreciation, amortisation, impairment and management charges. Management charges relating to monitoring fees are also recoded below EBITDA. During the period IFRS16 was early adopted, therefore the financial results are not directly comparable with the prior period. For the current period, EBITDA was a loss of £1,382,000 (2017: Loss of £8,288,000) before taking account of non-recurring costs. Loss before tax and before taking account of non-recurring costs was £35,730,000 (2017: Loss of £17,212,000). For the current period, the total loss before tax was £37,950,000 (2017: £23,219,000) after taking account of non-recurring costs.

The company has net liabilities of £46,337,000 (2017: £8,378,000).

**Financial Risk Management Objectives and Policies**

The Group's activities expose it to a number of financial risks including currency risk, credit risk, liquidity risk and interest rate risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes. Further detail can be found in note 18 of the Group accounts.

**Currency risk**

The Company's costs are predominantly in GBP with 75% of payments being denominated in GBP, whilst only 50% of turnover and 66% of cash receipts are denominated in GBP. The principal foreign currencies where more is received than paid are Euros, Australian Dollars and Japanese Yen. This means that when GBP strengthens against these currencies, the GBP value of sales reduces. The principal foreign currency where more is paid than received is the US Dollar. This means that when GBP strengthens against this currency the GBP value of costs reduces. The Company manages this exposure as part of its day to day management of trading margins and profitability.

**Credit risk**

The Group's principal financial assets are bank balances, cash in transit and trade and other receivables. The Group's credit risk is low as it has limited trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

**Brexit**

Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

This Strategic Report was approved by the Board on 19 June 2019

By order of the Board:



A Bruce  
Director

1000 Lakeside, Suite 310  
Third Floor N E Wing  
Portsmouth  
PO6 3EN

## Directors' Report

The Directors present their report and the audited financial statements for the 52 week period ended 30 December 2018 (2017: 52 week period ended 31 December 2017).

Details of the Company's principal activity, performance, principal risks and uncertainties and risk management can be found in the Strategic Report on pages 2 to 3.

### Going Concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the principal activities as well as the business risks, as set out in the Strategic Report. Key events which the Board have taken into account in reaching their assessment are set out below.

The company meets its day to day working capital requirements from loans and trading balances from entities within the group headed by Mapil Topco Limited (see notes 12 and 13). Mapil Topco meets its day to day working capital requirements and is able to make those loans available from bank loans held by fellow group companies, Shareholder loan notes, preference shares and equity. There are cross-guarantees in place across a number of entities in the Group in relation to the bank debt (see note 16).

The directors have received a letter of support from an intermediate parent company, Mapil Topco Limited, setting out its intention to continue to provide financial and other support to the Company to allow it to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. In assessing the ability of Mapil Topco Limited to provide this support, the Directors have considered the following factors:

On 25 March 2019 the Group's banking facilities with HSBC were refinanced with the maturity date of the debt extended to December 2022. The financial covenants have been re-set in order to replace the EBITDA to Net Debt covenant with a minimum liquidity-based measure. The margin element of the interest on the facilities will be rolled into the outstanding balance, rather than cash paid, for the next three years.

To coincide with the refinancing of the HSBC banking facilities, shareholders of Mapil Topco Limited subscribed to an additional £10m of loan notes in a subsidiary company in the Group. This investment was made to support the ongoing turnaround of the business' performance along with its capital plan for 2019 and 2020 and demonstrated the continued support and belief of the investors in the long-term prospect for the Group.

Detailed cash flow projections have been prepared which demonstrate the Group has sufficient financial resources and is forecast to trade within the revised financial covenants set out in the new agreement. Those forecasts are based on key assumptions for revenue growth, margin improvement, cost efficiencies and the continuation of existing supplier arrangements.

These projections have been sensitized against reasonable downside scenarios for the foreseeable future, being at least 12 months from the date of this report, including reduced revenue growth, reduced margins and higher overheads. Those downside forecasts indicate that the Group may require the successful implementation of mitigating actions, including working capital management, the deferral of discretionary capital expenditure and overhead cost reduction in order to remain within the group's available facilities.

On the basis of their assessment of the Group's financial position the Company's Directors are confident that the Company will be able to continue in operational existence for the foreseeable future.

### Directors

The Directors who held office during the period and to the date of this report were as follows:

A Bruce (appointed 31 May 2019)  
A Clemmow (appointed 31 January 2019)  
M Davy (appointed 9 May 2018)  
N Gresham (resigned 31 May 2019)  
W Kernan (resigned 31 January 2019)  
B McBride (resigned 9 May 2018)

The Directors who held office at the end of the period had no disclosable interest in the shares of the Company.

The Group provides Directors' and Officers' insurance protection for all of the Directors of the companies in the Group.

### Shareholders

As set out in note 17, Wiggle Limited's parent company is Ensco 503 Limited and its ultimate parent company is Mapil Topco Limited. Bridgepoint is Mapil Topco Limited's major shareholder and has been since 2011.

Bridgepoint holds the investment within its Bridgepoint Europe IV Fund.

## Directors' Report (continued)

### People and colleagues

#### *Equal opportunities*

The Group values diversity and aims to ensure the effective use of colleagues in the best interest of both the Group and its people. It is the policy of the Group to provide employment and development opportunities to persons regardless of age, race, colour, religion, sex, sexual preference, marital status, nationality, ethnic origin or disability.

#### *Employee engagement and participation*

Employees are encouraged to participate actively in the business and with its strategy. Regular updates are held to inform employees about the business performance and the main factors that delivered success, including financial and economic factors affecting the company. These include regular updates and conferences where the Group communicates and engages with all employees on its key priorities, business plans and the ongoing development of its brands.

Employees are invited to participate in regular employee surveys to facilitate and aid consultation on decisions that affect their interests and concerns as employees.

### Health and Safety

The safety of our operations is of great importance to us. There is a comprehensive structure of processes and procedures to mitigate the health and safety risk, including risk assessment, accident reporting and nominated health and safety representatives across the business.

### Charitable and Political Contributions

The Company is committed to supporting the local community, both in respect of employment and social responsibility. We encourage employees to take part in various community initiatives and charity events. The Company made direct charitable contributions of £nil (2017: £nil) during the period.

The Company made no political contributions during the period.

### Proposed Dividend

The Directors do not recommend the payment of a dividend (2017: £nil).

### Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### Auditor

KPMG LLP were appointed as the Company's Auditor during the period. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Directors' Report was approved by the Board on 19 June 2019

By order of the Board:



A Bruce  
Director

1000 Lakeside, Suite 310  
Third Floor N E Wing  
Portsmouth  
PO6 3EN

**Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Reports and the Financial Statements**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF WIGGLE LIMITED

### Opinion

We have audited the financial statements of Wiggle Limited ("the company") for the 52 week period ended 30 December 2018 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 101 Reduced Disclosure Framework* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Brexit other matter paragraph

The impact of uncertainties due to the UK exiting the European Union on our audit.

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill<sup>1</sup> and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF WIGGLE LIMITED (CONTINUED)

### Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

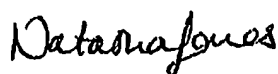
### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.



Natasha Jones (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Gateway House  
Tollgate  
Chandler's Ford  
Southampton  
SO53 3TG  
United Kingdom

26 June 2019

## Profit and Loss Account and Statement of Other Comprehensive Income

For the 52 weeks ended 30 December 2018

(2017: For the 52 weeks ended 31 December 2017)

					(Restated Note 2)	(Restated Note 2)	(Restated Note 2)
		Trading results	Non-recurring costs	Total reported results	Trading results	Non-recurring costs	Total reported results
		30 December 2018	30 December 2018	30 December 2018	31 December 2017	31 December 2017	31 December 2017
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	3	345,482	-	345,482	259,187	-	259,187
Cost of sales		(248,738)	-	(248,738)	(188,209)	-	(188,209)
Gross Profit		96,744	-	96,744	70,978	-	70,978
Selling and distribution expenses	4	(42,973)	(386)	(43,359)	(31,640)	(984)	(32,624)
Administrative expenses	4	(55,152)	(1,834)	(56,986)	(47,626)	(5,023)	(52,649)
Operating loss before interest, depreciation, amortisation, impairment and management charges		(1,381)	(2,220)	(3,601)	(8,288)	(6,007)	(14,295)
Depreciation, amortisation and impairment	4	(17,029)	-	(17,029)	(6,805)	-	(6,805)
Management charges	6	(1,128)	-	(1,128)	(791)	-	(791)
Operating loss		(19,538)	(2,220)	(21,758)	(15,884)	(6,007)	(21,891)
Interest receivable and similar income	6	-	-	-	629	-	629
Interest payable and similar charges	6	(3,699)	-	(3,699)	801	-	801
Interest payable to group companies	6	(12,493)	-	(12,493)	(2,758)	-	(2,758)
Loss before tax		(35,730)	(2,220)	(37,950)	(17,212)	(6,007)	(23,219)
Taxation	7	(431)	422	(9)	(1,424)	1,156	(268)
Loss for the period		(36,161)	(1,798)	(37,959)	(18,636)	(4,851)	(23,487)
Other comprehensive income							
Items that may be subsequently reclassified to the profit and loss:							
Effective portion of changes in fair values of cash flow hedges, net of tax		-	-	-	1,693	-	1,693
Other comprehensive income for the period		-	-	-	1,693	-	1,693
Total comprehensive income for the period		(36,161)	(1,798)	(37,959)	(16,943)	(4,851)	(21,794)

All items within the income statement were derived from continuing operations.

The notes on pages 12 to 26 are an integral part of these financial statements.

**Balance sheet****At 30 December 2018****(2017: At 31 December 2017)**

		<b>30 December</b>	<b>31 December</b>
		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>			
Intangible assets	8	36,302	38,324
Tangible assets	9	15,642	13,120
		<u>51,944</u>	<u>51,444</u>
<b>Current assets</b>			
Inventory	10	54,827	63,303
Trade and other receivables	11	45,332	109,652
Cash and cash equivalents		3,890	7,519
<b>Total current assets</b>		<u>104,049</u>	<u>180,474</u>
Creditors: amounts falling due within one year	12	(89,047)	(156,597)
<b>Net current assets / (liabilities)</b>		<u>15,002</u>	<u>23,877</u>
<b>Total assets less current liabilities</b>		<u>66,946</u>	<u>75,321</u>
Creditors: amounts falling due after more than one year	13	(111,459)	(81,943)
Provisions for liabilities and charges	14	(1,824)	(1,756)
<b>Net (liabilities) / assets</b>		<u>(46,337)</u>	<u>(8,378)</u>
<b>Capital and reserves</b>			
Share capital	15	1	1
Capital contribution		1,593	1,593
Profit and loss		(47,931)	(9,972)
<b>Total equity</b>		<u>(46,337)</u>	<u>(8,378)</u>

The notes on pages 12 to 26 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19 June 2019.

Signed on behalf of the Board of Directors



**A Bruce**  
**Director**

**Statement of changes in equity****At 30 December 2018**

	<b>Capital</b>				
	<b>Share Capital</b>	<b>Contribution Reserve</b>	<b>Retained Earnings</b>	<b>Hedging Reserve</b>	<b>Total Equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 January 2017</b>	1	1,593	13,515	(1,693)	13,416
Loss for the period	-	-	(23,487)	-	(23,487)
Other comprehensive income				1,693	1,693
<b>Total comprehensive income</b>	-	-	(23,487)	1,693	(21,794)
<b>At 31 December 2017</b>	1	1,593	(9,972)	-	(8,378)
Loss for the period	-	-	(37,959)	-	(37,959)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	(37,959)	-	(37,959)
<b>At 30 December 2018</b>	1	1,593	(47,931)	-	(46,337)

The notes on pages 12 to 26 are an integral part of these financial statements.

**Notes to the financial statements****1. General information**

Wiggle Limited ("Company") is a private company incorporated in the United Kingdom on 3 December 1991 with company number 02667809. The registered address of the Company is 1000 Lakeside, Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN, United Kingdom.

**2. Summary of significant accounting policies**

A summary of the significant accounting policies is set out below; these have been applied consistently in the financial period.

**Statement of compliance**

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 (FRS101) issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to companies reporting under FRS101.

**Basis of preparation**

The Company's ultimate parent undertaking, Mapil Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Mapil Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ. In these financial statements, the company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Mapil Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements are prepared on a going concern basis under the historical cost convention as modified by financial instruments at fair value through the profit and loss.

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 and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS2 and measurements that have some similarity to fair value but are not fair value, such as net realisable value in IAS2 or value in use in IAS 36.

**Going Concern**

In adopting the going concern basis for preparing the financial statements, the Directors have considered the principal activities as well as the business risks, as set out in the Strategic Report. Key events which the Board have taken into account in reaching their assessment are set out below.

The company meets its day to day working capital requirements from loans and trading balances from entities within the group headed by Mapil Topco Limited (see notes 12 and 13). Mapil Topco meets its day to day working capital requirements and is able to make those loans available from bank loans held by fellow group companies. Shareholder loan notes, preference shares and equity. There are cross-guarantees in place across a number of entities in the Group in relation to the bank debt (see note 16).

The directors have received a letter of support from an intermediate parent company, Mapil Topco Limited, setting out its intention to continue to provide financial and other support to the Company to allow it to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. In assessing the ability of Mapil Topco Limited to provide this support, the Directors have considered the following factors:

On 25 March 2019 the Group's banking facilities with HSBC were refinanced with the maturity date of the debt extended to December 2022. The financial covenants have been re-set in order to replace the EBITDA to Net Debt covenant with a minimum liquidity-based measure. The margin element of the interest on the facilities will be rolled into the outstanding balance, rather than cash paid, for the next three years.

To coincide with the refinancing of the HSBC banking facilities, shareholders of Mapil Topco Limited subscribed to an additional £10m of loan notes in a subsidiary company in the Group. This investment was made to support the ongoing turnaround of the business' performance along with its capital plan for 2019 and 2020 and demonstrated the continued support and belief of the investors in the long-term prospect for the Group.

## Notes to the financial statements (continued)

### 2. Summary of significant accounting policies (continued)

#### Going Concern (continued)

Detailed cash flow projections have been prepared which demonstrate the Group has sufficient financial resources and is forecast to trade within the revised financial covenants set out in the new agreement. Those forecasts are based on key assumptions for revenue growth, margin improvement, cost efficiencies and the continuation of existing supplier arrangements.

These projections have been sensitized against reasonable downside scenarios for the foreseeable future, being at least 12 months from the date of this report, including reduced revenue growth, reduced margins and higher overheads. Those downside forecasts indicate that the Group may require the successful implementation of mitigating actions, including working capital management, the deferral of discretionary capital expenditure and overhead cost reduction in order to remain within the group's available facilities.

On the basis of their assessment of the Group's financial position the Company's Directors are confident that the Company will be able to continue in operational existence for the foreseeable future.

#### Revenue

Revenue arising from sales represents the invoiced amounts of goods and services, adjusted at the period end for items which have yet to reach the customer, stated net of value added tax and after any concession fees. Revenue arising from the sale of gift vouchers is deferred and recognised at the point of redemption. A breakage assumption is applied to customer vouchers based on historic voucher expiry data. Commission revenue received in advance for tickets sold on behalf of third party event organisers is deferred to the statement of financial position until such time as the event occurs, at which point it is recognised within revenue. Commissions earned on the sale of insurance and legal cover on behalf of third party providers is recognised as revenue, with the Group acting as agent on the transaction. With the exception of the customer loyalty programme set out below, there are no other performance obligations arising from the sale of goods to customers that require disaggregation. Rights to return are estimated based on historic returns data and an estimate of sales to be refunded and stock returned made within the accounts. There are no separable or enhanced warranties that are sold to customers that would require disaggregation.

#### Customer loyalty programmes

The Group operates a loyalty programme where customers are awarded discounts on future purchases based on expenditure over the previous 365 days attaining certain thresholds. The entitlement to future discounts are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the entitlement and the other components of the sale such that the entitlements are initially recognised as deferred income at their fair value. Revenue from the entitlement is recognised when the discounts are utilised or expire.

#### Cost of sales

Cost of sales includes the cost of goods sold and all direct costs associated with landing these goods into the warehouse, including import duty and import freight. The cost of damaged and lost stock is included within cost of sales as is the impairment of stock from cost to net realisable value.

#### Selling and Distribution expenses

Direct costs associated with selling and distributing goods to customers are included within selling and distributing expenses. This includes courier and packaging costs, direct outbound staff costs and credit card acquiring charges.

#### Management charges

Management charges comprise a charge from another Group company relating to strategic management of the trading entity and a service charge that is a recharge of staff services on a cost plus basis. This has been reviewed in the current year, it is more appropriate to separately analyse management charges relating to staff services into administrative expenses within the Statement of Comprehensive Income and the prior year figures have been restated in line with the new policy. The effect of this on the prior year statement of comprehensive income is to move £9,939,809 from management charges into administrative expenses. If this change had not been made then the current year management charge would be £11,067,809. This change has no impact to the statement of financial position.

#### Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors. Dividends are paid at the discretion of the Board of Directors.

#### Pensions

The Group operate a defined contribution scheme and pays contributions to publicly or privately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

#### Net finance costs

Net finance costs comprise interest payable, finance charges on leases, interest receivable on funds invested and foreign exchange gains and losses, that are recognised in the income statement. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

#### Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Income tax relating to items recognised in comprehensive income or directly in equity is recognised in comprehensive income or equity and not in the income statement.

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

<b>Asset Class</b>	<b>Depreciation Policy</b>
Leasehold land and buildings	Life of the lease
Equipment and fixtures:	
Computer and communications equipment	2 to 4 years
Fixtures, fittings and furniture	5 to 7 years
Plant and machinery	4 to 5 years
Motor vehicles	4 years

**Intangible assets**

Acquired intangible assets are capitalised at costs incurred to acquire and bring into use. These costs are amortised over their estimated useful lives as follows:

<b>Asset Class</b>	<b>Amortisation Policy</b>
Goodwill	Annual impairment review
Brands	5 to 10 years
Customer relationships	5 years
Customer database	3 years
Trademarks	10 years or registered life if shorter
Software and licenses	3 to 10 years or licence period

Certain costs incurred in connection with the development of software to be used internally or for providing services to customers are capitalised once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs that qualify for capitalisation include both internal and external costs, but are limited to those that are directly related to the specific project. Computer software costs are included at capitalised costs less accumulated amortisation and any recognised impairment loss.

Amortisation is calculated to write down the cost of the asset on a straight line basis over their estimated useful lives, which range from 3 to 10 years. Useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

**Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 ("CGU") to which the asset belongs. For tangibles and intangibles the allocation is made to those CGU units that are expected to benefit from the asset.

Any impairment charge is recognised in the income statement in the period in which it occurs. With the exception of goodwill; when an impairment loss subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount providing it doesn't exceed the original carrying amount before impairment. Any impairment loss related to goodwill is non reversible.



**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****Financial Instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

*Effective interest method*

The effective interest method is a method of calculating amortised cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows related to the financial instrument over its expected life, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Financial Assets*

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurements included in profit or loss. Fair value is determined in the manner described in note 17 of the Group financial statements.

*Impairment of financial assets*

An assessment of whether there is objective evidence of impairment is carried out for all financial assets at the balance sheet date. A financial asset is considered to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For financial assets carried at amortised cost, the charge to the income statement reflects the movement in the level of provisions made, together with amounts written off net of recoveries in the period.

*Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurements included in profit or loss.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the effect of discounting is immaterial.

*Derecognition of financial liabilities*

The Company derecognises a financial liability when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and consideration paid or payable is recognised in profit or loss.

*Other financial liabilities*

Other financial liabilities (including borrowings and trade and other payables) are subsequently remeasured at amortised cost using the effective interest rate method.

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)***Derivative financial Instruments*

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts and interest rate swaps.

*Hedge accounting*

The Company designates certain hedging instruments, which include derivatives, as cash flow hedges. Hedges of foreign exchange risk on highly probable forecast transactions and firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

*Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains or losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the profit or loss, in the same line as the recognised item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedge instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in there comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**Leasing***Current year accounting - IFRS16*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payment, including in-substance fixed payments.
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, leases payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "tangible assets" and lease liabilities in "creditors: amounts falling due within one year" or "creditors: amounts falling due after more than one year" in the statement of financial position.

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Comparative period - IAS17**

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the leases, lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

**Trading stock**

Inventories are valued at the lower of cost and net realisable value. The Directors consider the current sales prices, sales levels and inventory holding levels to determine if provisions are required to write inventories down to net realisable value.

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Deferred taxation**

Deferred income tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

**Employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****Newly adopted IFRS****IFRS9**

The Company has applied IFRS 9 and therefore the comparative information has not been restated and continues to be reported under IAS 39. The details of accounting policies under IAS 39 are disclosed separately if they are different from those under IFRS 9 and the impact of changes is disclosed below.

It has been assessed that there is no impact due to the change of standard in this area.

**IFRS15**

The Company has applied IFRS 15 and therefore the comparative information has not been restated and continues to be reported under IAS 11, IAS 18, SIC 31, IFRIC 13, IFRIC 15 and IFRIC 18. The details of accounting policies under IAS 11, IAS 18, SIC 31, IFRIC 13, IFRIC 15 and IFRIC 18 are disclosed separately if they are different from those under IFRS 15 and the impact of changes is disclosed below.

It has been assessed that there is no impact due to the change of standard in this area.

**IFRS16**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed below. For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use asset. An arrangement conveyed the right to use asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

**Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements in accordance with IFRS requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.

Accounting estimates made by the Group's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The estimates and assumptions for which there is a significant risk of a material adjustment to the financial statements within the next financial year are set out below.

**Inventories**

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling prices, and is consequently a source of estimation uncertainty. The provision is determined based on the choice of an appropriate percentage in accordance with the ageing and turnover of stock.

**Impairment**

The carrying amounts of the Company's and the Group's assets other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The value in use is remeasured based upon recent performance and a realistic view of the business turnaround plan, the key assumptions in calculating the value in use are the revenue and margin growth rates along with the cost percentages, discount rate and terminal growth rate. Impairment losses are recognised in the income statement. The result of the impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

**Release of aged GRNI**

During the normal course of operation, a build up of old unmatched stock receipts occurs within the Goods Received Not Invoiced account ("GRNI"). The Group has a policy of releasing unmatched receipts that are older than 3 months if there is no evidence that these will subsequently be required for invoice matching.

**Notes to the financial statements (continued)****2. Summary of significant accounting policies (continued)****Non-recurring items:**

The Group has a policy of separating the treatment of items that are of a one-off, non-recurring, extraordinary or exceptional nature as outside underlying operating profit before interest, tax, depreciation, amortisation and impairment ("EBITDA"). This supports the reader of the accounts in understanding the underlying EBITDA performance of the Group. The definition identifies activities that are <sup>1)</sup> not in the normal course of business trading <sup>2)</sup> duplication of spend in transition to a new operating model <sup>3)</sup> Non-contributory to business performance e.g. loss of office payments.

**3. Turnover**

	30 Dec 2018 £'000	31 Dec 2017 £'000
United Kingdom	172,421	122,319
Europe	74,358	58,084
Rest of World	98,703	78,784
	<u>345,482</u>	<u>259,187</u>

This analysis is based on the geographical location of customers.

**4. Expenses and Auditor's Remuneration**

Included in the income statement for the period are the following:

	30 Dec 2018 £'000	31 Dec 2017 £'000
<b>Non-recurring items</b>		
<i>Within selling and distribution expenses:</i>		
Integration of CRC into Wiggle <sup>2</sup>	386	964
<i>Within other operating expenses:</i>		
New warehouse costs <sup>1</sup>	-	474
Integration of CRC into Wiggle <sup>2</sup>	-	3,559
Consultancy fees <sup>3</sup>	-	507
Restructuring and loss of office payments <sup>4</sup>	1,294	503
Closure and exit of warehouse facilities <sup>5</sup>	440	-
Legal disputes <sup>6</sup>	100	-
<i>Within Taxation</i>		
Tax effect of the non-recurring items recognised in the period	(422)	(1,156)
<b>Non-recurring items for the period</b>	<u>1,798</u>	<u>4,851</u>

<sup>1</sup> In 2015 Wiggle commenced the transfer of warehousing operations from Portsmouth to Citadel. During the transfer the costs identified as exceptional include incentivisation and redundancy costs, recruitment and training, seconded management, dual running costs and the associated disruption and inefficiency that resulted from successfully executing the move whilst maintaining customer SLAs. The final impact of this transfer was completed in 2017.

<sup>2</sup> During the prior year, a significant change programme to transfer and integrate the CRC and Wiggle operations was completed. This included the integration of CRC into the Wiggle IT stack, the transfer of stock and operations from the Northern Irish distribution centres to the Citadel facility in the Midlands, closure of sites in Northern Ireland, and restructuring of teams across all locations. The non-capital spend associated with this change programme and elements of the associated business disruption are considered to be one-off in nature.

<sup>3</sup> During the year, an external consultant was engaged as part of a review of the long term strategy of the business. These costs were non-contributory to business performance and associated with the transition to a new business model that was not completed.

<sup>4</sup> Costs relate to the restructuring of the head office teams, these costs include the provision of termination payments and the provision for onerous lease payments.

<sup>5</sup> During the year the bike workshop in Portsmouth was exited and operations transferred to Belfast. During the transfer the costs identified as exceptional include dual running costs and the associated disruption and inefficiency that resulted from successfully executing the move whilst maintaining customer SLAs. The final impact of this transfer was completed in 2018.

<sup>6</sup> During the year a provision has been booked relating to a specific legal dispute.

**Notes to the financial statements (continued)****4. Expenses and Auditor's Remuneration (continued)**

	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other charges/ (credits):</b>		
Depreciation of tangible assets	11,379	3,319
Amortisation and impairment of intangible assets	5,534	3,486
Onerous lease provision	183	-
	17,096	6,805
Operating leases - land and buildings	-	2,089
Gain on disposal of tangible assets	(67)	(11)
	<u>17,029</u>	<u>8,883</u>

	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Auditor's remuneration:</b>		
Statutory audit services	60	46
Other services relating to taxation and sundry matters	37	99
	<u>97</u>	<u>145</u>

**5. Staff numbers and costs**

	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Costs of Employees (excluding Directors) during the period amounted to:</b>		
Wages and salaries	16,331	13,494
Social security costs	1,505	1,276
Other Pension Costs	604	391
Healthcare Costs	67	79
	<u>18,507</u>	<u>15,240</u>

Average number of employees employed by the Company during the period analysed by category, was as follows:

	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Group executive Directors	2	3
Head office and administration	344	351
Warehouse	270	213
	<u>616</u>	<u>567</u>

In addition to this, there were £7,342,000 of costs recharged to Wiggle Limited by Chain Reaction Cycles Limited another Group company, these costs have been included within administrative costs.

**Directors' Emoluments**

Key management includes the Directors as identified in the Directors' report. The compensation paid or payable to key management for employee services to Wiggle Limited and other companies within the Group is shown below:

	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Short-term employee benefits	967	1,018
Termination benefits	-	362
	<u>967</u>	<u>1,380</u>

**Notes to the financial statements (continued)****5. Staff numbers and costs (continued)**

	30 Dec 2018 £'000	31 Dec 2017 £'000
Highest paid Director	564	543

Retirement benefits are accruing to zero (2017: zero) Directors under a money purchase scheme.

At the period-end £50,000 (2017: £192,232) was owed to the Directors in respect of period-end bonus.

**6. Finance income and finance cost**

	30 Dec 2018 £'000	31 Dec 2017 £'000
<i>Finance income</i>		
Exchange gain	-	629
	-	629

	30 Dec 2018 £'000	31 Dec 2017 £'000
<i>Finance costs</i>		
Payable to group companies	12,493	2,758
	12,493	2,758
<i>Finance costs</i>		
Bank interest and other similar charges	141	(801)
Amortisation of lease asset	809	-
Exchange loss	2,749	-
	3,699	(801)

	30 Dec 2018 £'000	31 Dec 2017 £'000
<i>Management charges</i>		
Management charges	1,128	791
	1,128	791

**7. Taxation**

	30 Dec 2018 £'000	31 Dec 2017 £'000
<b>Recognised in the income statement</b>		
<i>Current tax</i>		
UK corporation tax on profits for the periods	-	-
Adjustments in respect of prior periods	9	-
<b>Total current tax</b>	9	-
<i>Deferred tax</i>		
Movement in deferred tax asset	-	268
<b>Total deferred tax</b>	-	268
<b>Tax charge in the Income Statement</b>	9	268

**Notes to the financial statements (continued)****7. Taxation (continued)**

<b>Reconciliation of effective income tax credit</b>	<b>30 Dec 2018 £'000</b>	<b>31 Dec 2017 £'000</b>
Loss before tax	(37,950)	(23,219)
<b>Weighted average tax rate</b>	<b>19.00%</b>	<b>19.25%</b>
At the weighted average income tax rate	(7,210)	(4,470)
Expenses not deductible for tax purposes	28	291
Group relief	2,389	2,042
Fixed asset differences	277	-
Research and development credit	(45)	-
Impact of rate change	397	-
Movement in unrecognised deferred tax asset	4,164	2,405
Adjustments in respect of prior periods	9	-
	<u>9</u>	<u>268</u>

Reductions in the UK corporation tax rate 19% to 18% were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future tax charge accordingly. The deferred tax balances at 30 December 2018 have been calculated based on the rate of 17% substantively enacted at the balance sheet date.

<b>Deferred tax</b>	<b>Accelerated Capital allowances £'000</b>	<b>Other short term temporary differences £'000</b>	<b>Total £'000</b>
At 1 January 2017	344	32	376
Movement in the year	(236)	(32)	(268)
Transfer in	(108)	-	(108)
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>
Movement in the year	<u>-</u>	<u>-</u>	<u>-</u>
At 30 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

A deferred tax asset in respect of tax losses carried forward, short term timing differences and accelerated capital allowances has not been recognised in the statement of financial position due to uncertainty relating to the sufficiency of taxable profits against which to utilise the benefits of the temporary differences, and when they are expected to reverse in the foreseeable future. At 30 December 2018 the Company had unrecognised deferred tax assets of £8,643,000 (2017: £4,479,000), tax losses do not expire under current legislation.



**Notes to the financial statements (continued)****8. Intangible assets**

	CIP	Trade marks	Software and licences	Total
Cost	£'000	£'000	£'000	£'000
At 31 December 2017	18,827	916	28,627	48,370
Additions	1,840	170	1,433	3,443
Transfer on completion	(18,827)	-	18,827	-
Transfer from tangible assets	-	-	11,434	11,434
At 30 December 2018	1,840	1,086	60,321	63,247
<b>Accumulated amortisation</b>				
At 31 December 2017	-	529	9,517	10,046
Amortisation and impairment	-	60	5,474	5,534
Transfer from tangible assets	-	-	11,365	11,365
At 30 December 2018	-	589	26,356	26,945
<b>Net book value</b>				
At 30 December 2018	1,840	497	33,965	36,302
At 31 December 2017	18,827	387	19,110	38,324

Cost includes direct costs incurred in bringing assets into their present condition, which includes certain labour costs.

**9. Tangible assets**

	Right of use asset	Land and buildings	Equipment and fixtures	Motor vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 31 December 2017	-	9,368	15,471	280	25,119
Additions	11,363	198	2,704	-	14,265
Movement in asset retirement provisions	-	(112)	-	-	(112)
Transfer to intangible assets	-	-	(11,434)	-	(11,434)
At 30 December 2018	11,363	9,454	6,741	280	27,838
<b>Accumulated depreciation</b>					
At 31 December 2017	-	2,917	8,846	236	11,999
Depreciation	1,862	638	8,838	41	11,379
Transfer to intangible assets	-	-	(11,365)	-	(11,365)
Onerous lease	183	-	-	-	183
At 30 December 2018	2,045	3,555	6,319	277	12,196
<b>Net book value</b>					
At 30 December 2018	9,318	5,899	422	3	15,642
At 31 December 2017	-	6,451	6,625	44	13,120

**Notes to the financial statements (continued)**

<b>10. Inventory</b>	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Finished goods and goods for resale	<u>54,827</u>	<u>63,303</u>

All inventories are carried at cost less a provision to take account of slow moving and obsolete items and stock selling below cost.

The cost of inventories recognised as an expense during the year was £248,563,000 (2017: £188,209,000).

The cost of inventories recognised as an expense includes £1,040,000 (2017: £3,999,000) in respect of write-downs to net realisable value.

<b>11. Trade and other receivables</b>	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current</i>		
Amount due from group companies	25,328	97,590
Prepayments and accrued income	13,838	10,892
Corporation tax	110	119
Other taxes and social security	4,703	565
Other receivables	1,353	486
	<u>45,332</u>	<u>109,652</u>

Amounts due from group companies are non interest bearing and are repayable on demand. Prepayments and accrued income includes accrued income of £1,840,327 (2017: £1,539,000). This arises as agreed buying targets with suppliers are met which in turn has triggered an amount due from the supplier.

<b>12. Creditors: amounts falling due within one year</b>	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group companies	34,827	89,798
Trade creditors	38,892	39,161
Other taxes and social security	2,704	2,346
Lease liability	1,745	-
Other creditors & accruals	10,879	25,292
	<u>89,047</u>	<u>156,597</u>

Amounts owed to group companies are non interest bearing and are repayable on demand. Trade payables are non-interest bearing and are payable on average within 43 days at 30 December 2018 (2017: 56 days). The Bank overdraft and short term loans are secured by a fixed and floating charge over the assets of the Company and are repayable on demand.

<b>13. Creditors: amounts falling due after more than one year</b>	<b>30 Dec</b>	<b>31 Dec</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group companies	100,382	81,943
Lease liability	11,077	-
	<u>111,459</u>	<u>81,943</u>

Interest on the loans from group companies is charged at a weighted average rate of 14% per annum (2017: 12%). These loans are repayable in full within five years.

**Notes to the financial statements (continued)****14. Provisions for liabilities and charges**

	30 Dec 2018	31 Dec 2017
	£'000	£'000
<i>Dilapidations and asset retirement provision</i>		
Balance at beginning of the period	1,756	1,332
Provisions made during the period	68	424
Utilised in the period	-	-
	<u>1,824</u>	<u>1,756</u>

A dilapidations and asset retirement provision is made to cover the exceptional future cost of returning properties to the condition required by the lessor upon exit from the lease. It is based on management's assessment of the current state of properties in the Company's portfolio and an assessment of inflation and discount rates. These provisions are expected to be used within the next 15 years.

**15. Share capital**

	30 Dec 2018	31 Dec 2017
	£	£
<i>Called up, allotted and fully paid</i>		
400 Ordinary shares of £1 each	400	400
100 A Ordinary shares of £1 each	100	100
100 B Ordinary shares of £1 each	100	100
100 C Ordinary shares of £1 each	100	100
100 D Ordinary shares of £1 each	100	100
	<u>800</u>	<u>800</u>

All shares rank pari passu with regard to voting and distribution rights.

**16. Commitments, contingencies and leases*****Cross Company Guarantees***

The cross company guarantees are in relation to shareholder and bank loans. Shareholder loans in Mapil Midco 2 Limited amount to £75,917,000 and bank loans in Mapil Bidco Limited and Mapil Midco 2 Limited amount to £65,836,000. No claims are expected in respect of these guarantees.

The Company leases assets including land and buildings and equipment and fixtures. Information about leases for which the Company is a lessee is presented below.

**Right-of-use assets**

	Land and building £'000	Equipment and fixtures £'000	Total £'000
Balance at 31 December 2017	-	-	-
On adoption of IFRS16	10,325	1,038	11,363
Depreciation	(1,637)	(225)	(1,862)
Onerous lease	(183)	-	(183)
Balance at 30 December 2018	<u>8,505</u>	<u>813</u>	<u>9,318</u>

**Lease liabilities*****Maturity analysis - contractual undiscounted cash flows***

	30 Dec 2018	31 Dec 2017
	£'000	£'000
Less than one year	2,360	-
One to five years	6,485	-
More than five years	7,892	-
Total undiscounted lease liabilities	<u>16,737</u>	<u>-</u>

**Notes to the financial statements (continued)****16. Commitments, contingencies and leases (continued)**

	30 Dec 2018 £'000	31 Dec 2017 £'000
<b>Lease liabilities included in the statement of financial position</b>		
Current	1,745	-
Non-current	11,077	-
	<u>12,822</u>	<u>-</u>
	30 Dec 2018 £'000	31 Dec 2017 £'000
<b>Amounts recognised in profit and loss</b>		
Interest on lease liabilities	809	-
	<u>809</u>	<u>-</u>
	30 Dec 2018 £'000	31 Dec 2017 £'000
<b>Amounts recognised in the statement of cashflow</b>		
Total cash outflow for leases	2,582	-
	<u>2,582</u>	<u>-</u>

**17. Ultimate and immediate parent undertaking and controlling party**

The Company's immediate parent is Ensco 503 Limited. The registered office of Ensco 503 Limited is 1000 Lakeside, Suite 310, N E Wing, Third Floor, Portsmouth, PO6 3EN. The ultimate parent company is Mapil Topco Limited, a company incorporated in the UK and registered in England and Wales. Mapil Topco Limited and all its subsidiaries form the Mapil Topco Group of Companies ("the Group").

At 30 December 2018, the results of the Company are consolidated in Mapil Topco Limited. The consolidated financial statements of this company are available to the public from Companies House, Cardiff, CF14 3UZ. The registered office Mapil Topco Limited is 1000 Lakeside, Suite 310, Third Floor, N E Wing, Portsmouth, PO6 3EN. The Group's controlling shareholder is Bridgepoint Europe IV (Nominees) Limited. The registered office of Bridgepoint Europe IV (Nominees) Limited is 95 Wigmore Street, London, W1U 1FB. Bridgepoint Europe IV (Nominees) Limited holds the shares as nominee for the partnerships which make up the Bridgepoint Europe IV Fund, which is managed by Bridgepoint Advisers Holdings a company regulated by the Financial Conduct Authority and incorporated in England and Wales. The registered office of Bridgepoint Advisers Holdings is 95 Wigmore Street, London, W1U 1FB.

**18. Related party disclosures****Identity of related parties**

Christopher Watson a Director of the Group is also a director of ASCEF Limited. The registered office of ASCEF Limited is 184 Rashee Road, Ballyclare, Northern Ireland, BT39 9JB.

**Other transactions with controlling parties**

At the period end there was £1,134,275 (2017: £1,134,275) outstanding in relation to management fees payable to Bridgepoint. Wiggle Limited paid Bridgepoint £nil (2017: £26,262) in respect of carbon credits purchased on their behalf during the period. No amounts were outstanding at the period end.

At the period end there was £397,462 (2017: £nil) outstanding in relation to commission fees payable to ASCEF Limited. Wiggle Limited paid ASCEF Limited £326,757 (2017: £76,645) during the period in relation to commission fees. Since the period end the Group have made payments to ASCEF Limited of £nil (2017: £nil).

After the period end Bridgepoint extended a further £10,000,000 (2017: £17,500,000) of loan notes to the Group.

As the Company is a wholly owned subsidiary of Mapil Topco Limited, the Company has taken advantage of the exemption contained in FRS101 and has not disclosed transactions or balances with entities which form part of the Group.