Missguided Limited

Company registered no: 03235904

Missguided Limited
Annual report and financial statements
for the 52 week period ended 26 March 2017

Contents

Missguided Limited

Company information

Director
Mr Nitin Passi

Secretary
Ms Bhavisha Mistry

Company number
03235904

Registered office
75 Trafford Wharf Road
Trafford Park
Manchester
M17 1ES

Bankers
HSBC
Manchester Commercial Centre
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester M3 3EB

Strategic report for the year ended 26 March 2017

The directors present the strategic report, together with the audited consolidated financial statements for the 52 week period ended 26 March 2017 (2016: 52 week period ended 27 March 2016). Throughout these financial statements headings refer to 2017 and 2016.

During the year a number of companies were incorporated and brought into the Group. On 28 July 2016, Mennace Limited and Mischv Limited were incorporated. These companies did not trade during the year.

Principal activities
The principal activity of the Group is the sale of clothing, footwear and accessories.

Review of the business and future developments

The Group has seen continued growth in its ecommerce and wholesale channels during the year and has diversified into bricks and mortar retailing with the launch of its first retail store.

Ecommerce continued to have strong sales performance in both the UK (40% growth) and international markets. Sales growth exceeded 100% in the US, France and Germany, with other international territories having excellent growth in top line sales through their in-country websites. The Group has made a significant investment in marketing activity which has contributed to growth in both top line sales and the customer base, with the active customer base growing from 1,900,000 to 2,800,000 in the year. Further investment in infrastructure, technology and people has been made to prepare the business for future growth and enable the Group to operate as a multi-channel retailer.

The wholesale channel, established in the previous year, achieved sales growth of 165%. Established accounts have performed well with significant additional growth from new accounts.

The Group launched a new Menswear brand "Mennace" in the year, initially selling through wholesale customers prior to the launch of the Mennace website post year end in September 2017. During this financial year Mennace generated net sales of £200,000 and an earnings before interest tax, depreciation and amortisation ('EBITDA') loss of £100,000.

The Group, via its subsidiary undertaking, Missguided Retail Limited, commenced the roll out of retail stores during the year. The first retail store was opened in the Westfield Shopping Centre, London on 23 November 2016 and the Group took possession of a second store at Bluewater Shopping Centre, Kent on 9 February 2017. The Bluewater store commenced trading after the year end on 3 June 2017. Missguided Retail established a central retail team to set up stores and provide central management. The central team have worked alongside consultants to develop an infrastructure to run the retail business. During this first year of trading Missguided Retail incurred set up/ operational costs from the central team and pre trading operational expenses of £1,200,000. The EBITDA loss for the retail business was £2,400,000 in the year. Management will continue to review the performance of the stores to ensure they are running effectively both in terms of sales volumes and operational costs.

The Group has invested heavily in its capital infrastructure in the year. It moved into a new purpose built warehouse facility in Manchester (fit out costs of £4,800,000), which continues to be managed by XPO Supply Chain Uk Limited ('XPO'), ensuring the Group has the capacity to support future growth. Further investment was made in systems, both front end websites and back office systems. The Group implemented a SAP ERP solution for the new retail stores and will roll out SAP across the remainder of the business later in the 2017 calendar year.

Missguided Limited

Strategic report for the year ended 26 March 2016 (continued)

Key performance indicators

The Group's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£'000s	**205,825**	117,217
EBITDA before exceptional items	£'000s	**3,742**	2,561
Gross profit	% of sales	**51.9**	55.5
Operating profit before exceptional items	% of sales	**0.3**	1.0
EBITDA before exceptional items	% of sales	**1.3**	2.2

Principal risks and uncertainties

IT systems

The Group relies on the efficient and uninterrupted operation of both its IT systems and the internet. System problems or internet problems can result in customer orders going unprocessed which could result in delays to order deliveries.

The Group reduces its exposure to these risks by ensuring that its systems are continuously monitored and updated. Internal systems have strong controls and measures in place to reduce the risk of downtime and security breaches. The servers are backed up in a remote location to mitigate the risk of hardware and software failure. Insurance is in place to protect against cyber risk, and security thresholds are assessed on a continuous basis.

Fixed overheads

A high proportion of the high street retail operations overheads are fixed, therefore there is a risk that any significant changes in revenue may lead to an inability to cover such costs. Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented where appropriated.

Product obsolescence

In common with many other retailers, products are subject to seasonality and trends, hence, as a result, obsolescence. The directors are committed to the on-going monitoring of these trends and are confident that the Group is able to react effectively to developments withing the market.

Financial risk management

Objectives and policies

The principal financial instruments of the Group are the bank balances, trade creditors, trade debtors and derivatives.

Price risk liquidity risk and cash flow risk

The Group does not currently have any investments and is therefore not subject to price risks. Purchase prices are monitored by the buying department; the Group is not dependent on any single supplier.

Credit risk

Sales receipts from ecommerce sales are received immediately before despatch of goods therefore reducing any credit risk. Sales receipts from retail sales are received immediately at point of sale therefore reducing any credit risk. Receipts from wholesale customers are on commercial terms and processes are in place to ensure that credit risk is minimised.

Strategic report for the year ended 26 March 2016 (continued)

Liquidity risk and cash flow risk

The Group has funded capital investment through a mortgage of the head office property and also loans from third parties in relation to capital investment in the warehouse operations. Working capital is largely funded through internally generated funds. Given the level of debt within the Group the interest rate risk exposure is not material to the Group, but it is monitored to ensure that the exposure to any interest rate fluctuations within the Group's risk appetite,

Cash flow risk

The Group is exposed to foreign exchange rates in the fact that it sells product in multiple currencies and also buys a proportion of goods and services in foreign currency. The exchange rate exposure is monitored by the business on a regular basis and the Group has put in place foreign exchange contracts in order to provide certainty over a proportion of the exposure in the year.

Approved by the Board on 12 December 2017 and signed on its behalf by:

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Mr Nitin Passi
Director

Missguided Limited

Directors' report for the year ended 26 March 2017

The directors present the report and the audited consolidated financial statements for the 52 week period ended 26 March 2017 (2016: 52 week period ended 27 March 2016).

Results and dividends

The Group's loss after tax for the financial year is £1,391,000 (2016: profit £239,000). The directors have not proposed the payment of a dividend during the year (2016: £135,000). No final dividend is proposed (2016: £NIL). The loss for the financial year has been deducted from reserves.

The future developments of the Group are included in the Strategic Report on page 2.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

Mr Nitin Passi

Mr Paul Masters (resigned 30 June 2017)

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against the directors.

Employee communications

The Group regularly communicates up to date information and measurement of performance to employees through informal meetings or e-mail. The Group will continue to devote resources to the maintenance of good communication with employees at all levels. The directors consider effective communication with the staff to be an integral part of good management.

Employment of disabled people

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Financial risk management

Details of the Group's financial risk management are included in the Strategic Report on page 3.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Statement of directors' responsibilities (continued)

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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

In accordance with Section 418, the directors' report shall include a statement, in the case of each director in office at the date the directors report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 12 December 2017 and signed on its behalf by:

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Mr Nitin Passi
Director

Register number: 03235904
Missguided Limited
75 Trafford Wharf Road
Trafford Park, Manchester
M17 1ES

Missguided Limited

Independent auditors' report to the members of Missguided Limited

Report on the financial statements

In our opinion, Missguided Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 26 March 2017 and of the Group's loss and cash flows for the 52 week period (the "period") 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.

What we have audited
The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 26 March 2017;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated and company statements of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

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Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
12 December 2017

Missguided Limited

Consolidated profit and loss account for the year ended 26 March 2017

	Note	2017 £000	2016 £000
Turnover	4	**205,825**	117,217
Cost of sales		**(98,916)**	(52,123)
Gross profit		**106,909**	65,094
Distribution, selling and marketing costs		**(74,784)**	(44,074)
Administrative expenses		**(33,582)**	(20,639)
Operating profit before exceptional items		**580**	1,160
Exceptional costs	6	**(2,037)**	(779)
Operating (loss)/profit	5	**(1,457)**	381
Interest receivable and similar income	8	**-**	4
Interest payable and similar expense	8	**(179)**	(62)
(Loss)/profit before taxation		**(1,636)**	323
Tax on (loss)/profit	9	**245**	(84)
(Loss)/profit for the financial year		**(1,391)**	239

Consolidated statement of comprehensive income for the year ended 26 March 2017

	2017 £000	2016 £000
(Loss)/profit for the financial year	**(1,391)**	239
Cash flow hedges: change in value of hedging instrument	**(173)**	-
Total comprehensive (expense)/ income for the year	**(1,564)**	239

Turnover and operating profit derive wholly from continuing operations.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the Company for the year was £776,000 (2016: £239,000).

Missguided Limited

Consolidated balance sheet as at 26 March 2017

	Note	26 March 2017 £000	27 March 2016 £000
Fixed assets			
Intangible assets	10	**9,515**	4,848
Tangible assets	11	**15,352**	7,166
		24,867	12,014
Current assets			
Inventories	12	**19,767**	9,281
Debtors: amounts falling due within one year	13	**9,259**	3,819
Cash at bank and in hand		**345**	4,397
		29,371	17,497
Creditors: Amounts falling due within one year	14	**(45,784)**	(19,685)
Net current liabilities		**(16,413)**	(2,188)
Total assets less current liabilities		**8,454**	9,826
Creditors: Amounts falling due after more than one year	15	**(3,242)**	(2,790)
Provisions for liabilities	17	**(278)**	(538)
Net assets		**4,934**	6,498
Capital and reserves			
Called up share capital	19	**-**	-
Cash flow hedge reserve		**(173)**	-
Retained earnings		**5,107**	6,498
Total shareholders' funds		**4,934**	6,498

The notes on pages 14 to 35 are an integral part of these financial statements.

The financial statements on pages 9 to 35 were approved by the Board on 12 December 2017 and were signed by:

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Mr Nitin Passi
Director

Missguided Limited
Registered number: 03235904

Missguided Limited

Company balance sheet as at 26 March 2017

	Note	26 March 2017 £000	27 March 2016 £000
Fixed assets			
Intangible assets	10	**9,515**	4,848
Tangible assets	11	**10,620**	7,166
Investments	27	**-**	-
		20,135	12,014
Current assets			
Inventories	12	**19,477**	9,281
Debtors: amounts falling due within one year	13	**15,216**	3,819
Cash at bank and in hand		**-**	4,397
		34,693	17,497
Creditors: Amounts falling due within one year	14	**(44,258)**	(19,685)
Net current liabilities		**(9,565)**	(2,188)
Total assets less current liabilities		**10,570**	9,826
Creditors: Amounts falling due after more than one year	15	**(3,242)**	(2,790)
Provisions for liabilities	17	**(227)**	(538)
Net assets		**7,101**	6,498
Capital and reserves			
Called up share capital	19	**-**	-
Cash flow hedge reserve		**(173)**	-
Retained earnings at start of year		**6,498**	6,394
Profit for the year		**776**	239
Retained earnings at end of year		**7,274**	6,498
Total shareholders' funds		**7,101**	6,498

The notes on pages 14 to 35 are an integral part of these financial statements.

The financial statements on pages 9 to 35 were approved by the Board on 12 December 2017 and were signed by:

Nitin Passi

Mr Nitin Passi
Director

Missguided Limited
Registered number: 03235904

Missguided Limited

Consolidated statement of changes in equity for the year ended 26 March 2017

	Called up share capital	Cash flow hedge reserve	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
Balance as at 1 April 2015	-	-	6,394	6,394
Profit for the financial year	-	-	239	239
Total comprehensive income for the year	-	-	239	239
Dividends	-	-	(135)	(135)
Balance as at 27 March 2016	-	-	6,498	6,498
Balance as at 28 March 2016	-	-	6,498	6,498
Loss for the financial year	-	-	(1,391)	(1,391)
Change in fair value of hedge instrument	-	(173)	-	(173)
Total comprehensive expense for the year	-	(173)	(1,391)	(1,564)
Balance as at 26 March 2017	**-**	**(173)**	**5,107**	**4,934**

Company statement of changes in equity for the year ended 26 March 2017

	Called up share capital	Cash flow hedge reserve	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
Balance as at 1 April 2015	-	-	6,394	6,394
Profit for the financial year	-	-	239	239
Total comprehensive income for the year	-	-	239	239
Dividends	-	-	(135)	(135)
Balance as at 27 March 2016	-	-	6,498	6,498
Balance as at 28 March 2016	-	-	6,498	6,498
Profit for the financial year	-	-	776	776
Change in fair value of hedge instrument	-	(173)	-	(173)
Total comprehensive income for the year	-	(173)	776	603
Balance as at 26 March 2017	-	(173)	7,274	7,101

Missguided Limited

Consolidated cash flow statement for the year ended 26 March 2017

	Note	2017 £000	2016 £000
Net cash inflow from operating activities	24	**8,065**	8,958
Taxation received/(paid)		**436**	(869)
Net cash generated from operating activities		**8,501**	8,089
Cash flow from investing activities			
Purchase of intangible assets		**(6,155)**	(4,279)
Purchase of tangible assets		**(10,402)**	(2,539)
Proceeds from disposal of tangible assets		**49**	-
Interest received		**-**	4
Net cash used in investing activities		**(16,508)**	(6,814)
Cash flow from financing activities			
Repayment of bank loans		**(610)**	(883)
New other loans		**4,593**	577
Dividends paid		**(135)**	-
Interest paid		**(179)**	(62)
Net cash generated from /(used in) financing activities		**3,669**	(368)
Net (decrease)/ increase in cash and cash equivalents		**(4,338)**	907
Cash and cash equivalents at the beginning of the year		**4,397**	3,441
Exchange gains on cash and cash equivalents		**17**	49
Cash and cash equivalents at the end of the year	25	**76**	4,397

Notes to the financial statements for the year ended 26 March 2017

1. General information

Missguided Limited ("the Company") is a fashion brand, retailing through e-commerce, wholesale and high street retail channels. The e-commerce sites operate in the UK and specific other countries with goods shipped to over 160 countries.

The Company is a private Company limited by shares and is incorporated in England. The address of the registered office is 75 Trafford Wharf Road, Trafford Park, Manchester, M17 1ES.

2. Statement of compliance

The Group and individual financial statements of Missguided Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below and have been applied consistently throughout the year.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of note 3.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

The financial statements are presented in Sterling (£).

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

3. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from the preparation of a cash flow statement and related notes in accordance with FRS 102 section 7 as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 26 March 2017.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.
All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency

The Group financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

3. Accounting policies (continued)

The Group sells goods via its websites for delivery to the customer. Revenue is recognised when the Company has despatched the goods to the buyer. Deferred income arises when goods have not been delivered, but card payment has been taken. Retail revenue is recognised at the point of sale in store.

It is the Group's policy to offer retail and web customers the right to return within 14 days. The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

For wholesale customers revenue is recognised at the point goods are despatched to the customer. Retail revenue is recognised at the point of sale in store.

Exceptional items

The Group presents certain items as exceptional on the face of the profit and loss account in arriving at operating profit. These are items which in management's judgement need to be disclosed separately by virtue of their size, nature and occurrence.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan
The Group operates a stakeholder pension scheme for its employees. This is a defined contribution plan and is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Annual bonus plan
The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Accounting policies (continued)

Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Websites and software	3-4 years

Amortisation
Amortisation is charged to Administrative expenses in the Profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Where assets are constructed over a period of time, they are classified as assets under construction and are not depreciated until the asset is commissioned and put into use. At this point they are moved into the relevant category.

3. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life. Depreciation is time-apportioned in the year of acquisition and in the year of disposal. Depreciation is provided as follows:

Asset class	*Depreciation method and rate*
Freehold buildings	2% straight line basis
Leasehold improvements	Straight line basis over the lease term
Office equipment and machinery	10 - 25% straight line basis
Fixtures and fittings	10 - 25% straight line basis
Computer equipment	25% straight line basis

Assets under construction are not depreciated, given that they are not ready and fully available for use.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Inventories

Inventories are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on expected selling price less cost to sell.

Cost is determined on the weighted average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Borrowings

Borrowings are initially measured at fair value, taken to be the fair value of the consideration received. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. All borrowing costs are recognised in the profit and loss in the period in which they are incurred.

3. Accounting policies (continued)

Cash and cash equivalents

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

Provisions and contingencies

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price.

At the end of each reporting period financial assets are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the estimated realisable value from future cash flows. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, and other loans 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

3. Accounting policies (continued)

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and 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.

(iv) Hedging arrangements

The Group applies hedge accounting to certain forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

3. Accounting policies (continued)

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions:

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Customer refunds
Accruals for sales refunds are estimated based on recent historical returns and management's best estimates and are allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates.

Inventory valuation
The inventory provision is determined by ageing stock appropriately into specific categories based on management's knowledge and experience of stock movements. An appropriate level of provision is then applied and is based on the mark down that management would expect to sell the stock at.

4. Turnover

During the year, 42.5% of the Group's turnover related to exports (2016: 32.4%). All turnover is derived from the sale of clothing and accessories. An analysis of turnover by geographical location is given below:

	2017	2016
	£000	£000
Sales – UK	**118,302**	79,243
Sales - European Union (excluding UK)	**36,827**	11,866
Sales - Rest of world	**50,696**	26,108
	205,825	117,217

5. Operating (loss)/ profit

Operating (loss)/ profit is stated after charging/(crediting):

	Company		Group	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Wages and salaries	**10,609**	8,100	**11,771**	8,100
Social security costs	**1,109**	731	**1,159**	731
Other pension costs	**218**	100	**221**	100
Total staff costs	**11,936**	8,931	**13,151**	8,931
Amounts capitalised	**(1,139)**	(561)	**(1,139)**	(561)
Staff costs charged to profit and loss	**10,797**	**8,370**	**12,012**	**8,370**

	2017	2016
	£000	£000
Operating leases:		
Land & buildings	**944**	-
Other	**53**	198
Foreign currency losses	**50**	185
Loss on sale of tangible fixed assets	**492**	4
Depreciation of owned assets	**1,674**	814
Amortisation of intangible assets	**1,488**	587
Dilapidations provision (released)/charged	**(170)**	63
Inventory recognised as an expense	**98,805**	51,994
Impairment of inventory (included in cost of sales)	**112**	223
Exceptional costs	**2,037**	779
Fees payable to the Company's auditors:		
Audit of financial statements	**27**	21
Audit of subsidiaries	**8**	-
Fees payable to the Company's auditors and its associates:		
- other services	**3**	4

6. Exceptional costs

	2017	**2016**
	£000	**£000**
Warehouse relocation	**1,063**	-
Restructuring costs	**704**	-
Legal claims and other costs	**270**	
Head office relocation & warehouse outsourcing	**-**	779
	2,037	779

7. Employees and directors

Employees

The average monthly number of persons employed by the Group (including directors) during the year was as follows:

	Group		Company	
	2017	2016	**2017**	2016
Administration and support	**333**	279	**333**	279
Retail	**103**	14	**-**	14
	436	293	**333**	293

Directors

The directors' emoluments were as follows:

Group and Company	**2017**	2016
	£000	£000
Aggregate emoluments	**213**	263

The emoluments of the highest paid director were £178,000 (2016: £228,000). One director contributes to the stakeholder pension scheme. No other benefits are accruing for the directors.

8. Net interest expense

	2017	2016
	£000	£000
(a) Interest receivable and similar income		
Bank interest	**-**	4
Total interest receivable and similar income	**-**	4
(b) Interest payable and similar expenses		
Interest payable on bank loans	**(67)**	(56)
Other interest payable	**(112)**	(6)
Total interest payable and similar expenses	**(179)**	(62)
(c) Net interest expense		
Interest receivable and similar income	**-**	4
Interest payable and similar expenses	**(179)**	(62)
Net interest expense	**(179)**	(58)

9. Tax on (loss)/profit on ordinary activities

(a) Tax (credit)/expense included in profit and loss account

	2017	2016
	£000	£000
Current tax		
- *Corporation tax credit*	**(137)**	(86)
- Adjustments in respect of prior years	**(18)**	(42)
Total current tax	**(155)**	(128)
Deferred tax		
- Origination and reversal of timing differences	**(135)**	180
- Adjustments in respect of prior years	**45**	32
Total deferred tax (note 17)	**(90)**	212
Tax on (loss)/ profit on ordinary activities	**(245)**	84

(b) Reconciliation of tax (credit)/ charge

The tax assessed for the year is lower (2016: higher) than the standard effective rate of corporation tax in the UK for the year ended 26 March 2017 of 20%. The differences are explained below.

	2017	2016
	£000	£000
(Loss)/profit before taxation	**(1,636)**	323
(Loss)/profit before taxation multiplied by standard rate of 20% (2016: 20%)	**(327)**	65
Disallowable expenses	**11**	18
Non qualifying depreciation	**34**	11
Adjustments in respect of prior years	**27**	(10)
Capital items expensed	**10**	-
Total tax (credit)/charge for the year	**(245)**	84

Factors affecting current and future tax charges

The Finance Act 2015 and 2016 have both been substantively enacted resulting in a reduction to the corporation tax rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax at the balance sheet date has been measured at the enacted tax rate and reflected in these financial statements

There is no unprovided deferred tax at the year end end.

10. Intangible assets

Group and Company	Software	Assets in course of construction	Total
	£000	£000	£000
Cost			
At beginning of period	4,542	1,035	5,577
Additions	21	6,134	6,155
Reclassification	5,266	(5,266)	-
At end of period	**9,829**	**1,903**	**11,732**
Accumulated amortisation			
At beginning of period	(729)	-	(729)
Provided for in the period	(1,488)	-	(1,488)
At end of period	**(2,217)**	**-**	**(2,217)**
Net book value			
At end of period	**7,612**	**1,903**	**9,515**
At beginning of period	3,813	1,035	4,848

The useful life of the software is based on its expected utilisation by the Group.

11. Tangible assets

Group

	Freehold buildings	Leasehold improvements	Office equipment and machinery	Fixtures and fittings	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At beginning of period	3,875	316	642	1,866	2,270	4	8,973
Additions	-	477	65	7,402	750	1,708	10,402
Disposals	-	(303)	-	(695)	-	-	(998)
At end of period	**3,875**	**490**	**707**	**8,573**	**3,020**	**1,712**	**18,377**
Accumulated depreciation							
At beginning of period	(39)	(226)	(74)	(247)	(1,221)	-	(1,807)
Provided for in the period	(78)	(41)	(384)	(569)	(602)	-	(1,674)
Disposals		241	-	215	-	-	456
At end of period	**(117)**	**(26)**	**(458)**	**(601)**	**(1,823)**	**-**	**(3,025)**
Net book value							
At end of period	**3,758**	**464**	**249**	**7,972**	**1,197**	**1,712**	**15,351**
At beginning of period	3,836	90	568	1,619	1,049	4	7,166

Notes to the financial statements for the year ended 26 March 2017 (continued)

11. Tangible assets (continued)

Company	Freehold buildings	Leasehold improvements	Office equipment and machinery	Fixtures and fittings	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At beginning of period	3,875	316	642	1,866	2,270	4	8,973
Additions	-	-	61	4,921	477	-	5,459
Reclassification				4		(4)	-
Disposals	-	(303)	-	(695)	-	-	(998)
At end of period	**3,875**	**13**	**703**	**6,096**	**2,747**	**-**	**13,434**
Accumulated Depreciation							
At beginning of period	(39)	(226)	(74)	(247)	(1,221)	-	(1,807)
Provided for in the period	(78)	(25)	(384)	(404)	(572)	-	(1,463)
Disposals		241	-	215	-	-	456
At end of period	**(117)**	**(10)**	**(458)**	**(436)**	**(1,793)**	**-**	**(2,814)**
Net book value							
At end of period	**3,758**	**3**	**245**	**5,660**	**954**	**-**	**10,620**
At beginning of period	3,836	90	568	1,619	1,049	4	7,166

12. Inventories

	Group		Company	
	26 March 2017 £000	27 March 2016 £000	**26 March 2017 £000**	27 March 2016 £000
Goods for resale	**19,767**	9,281	**19,477**	9,281

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of £518,000 (2016: £406,000).

13. Debtors, amounts falling due within one year

	Group		Company	
	26 March 2017 £000	27 March 2016 £000	**26 March 2017 £000**	27 March 2016 £000
Trade debtors	**5,080**	1,966	**5,080**	1,966
Amounts owed by Group undertakings	**-**	-	**6,558**	-
Other debtors	**1,570**	194	**1,430**	194
Corporation tax	**391**	671	**-**	671
Prepayments and accrued income	**2,218**	988	**2,148**	988
	9,259	3,819	**15,216**	3,819

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

14. Creditors: Amounts falling due within one year

	Group		Company	
	26 March 2017 £000	27 March 2016 £000	**26 March 2017 £000**	27 March 2016 £000
Bank loans and overdrafts	**3,434**	210	**3,434**	210
Other loans	**706**	129	**706**	129
Trade creditors	**23,864**	8,908	**22,450**	8,908
Corporation tax	**-**	-	**161**	-
Other taxation and social security	**1,222**	1,437	**1,222**	1,437
Other creditors	**5,615**	3,956	**5,573**	3,956
Derivative financial liability	**300**	119	**300**	119
Accruals and deferred income	**10,643**	4,926	**10,412**	4,926
	45,784	19,685	**44,258**	19,685

Creditors: Amounts falling due within one year (continued)
Bank loans and overdrafts include amounts totalling £210,000 (2016: £210,000), payable within one year in respect of a mortgage on the office property.

Other loans represent amounts loaned from XPO, the Company to which warehouse operations are outsourced. XPO provides loan facilities on certain capital assets which are repayable over 5 years. The interest rate on the loan is fixed at 5.5% for the year to 31 March 2017, and thereafter at 5% plus Bank of England base rate.

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

	Group		Company	
	26 March 2017 £000	27 March 2016 £000	**26 March 2017 £000**	27 March 2016 £000
Bank loans and overdrafts	**2,185**	2,342	**2,185**	2,342
Other loans	**1,057**	448	**1,057**	448
	3,242	2,790	**3,242**	2,790

16. Loans and borrowings

	Group		Company	
	26 March 2017 £000	27 March 2016 £000	**26 March 2017 £000**	27 March 2016 £000
Bank loans and overdrafts	**5,619**	2,552	**5,619**	2,552
Other loans	**1,763**	577	**1,763**	577
	7,382	3,129	**7,382**	3,129

The maturity of the Group's debt obligations is as follows:

	Debt	
	26 March 2017 £000	27 March 2016 £000
Within one year	**4,140**	339
Within two and five years	**1,598**	1,356
Greater than five years	**1,644**	1,434
	7,382	3,129

Bank loans and overdrafts are in respect of the mortgage taken out on the purchase of the office property in the year. Interest is being charged at 1.5% over the base rate, for a 15 year period.

Other loans represent amounts loaned from XPO, the Company to which warehouse operations are outsourced. XPO provides loan facilities on certain capital assets which are repayable over 5 years. The interest rate on the loan is fixed at 5.5% for the year to 31 March 2017, and thereafter at 5% plus Bank of England base rate. The Bank overdraft and mortgage are secured by a fixed and floating charge over all the assets of the Company.

17. Provisions for liabilities

Group	Dilapidations provision	Deferred tax	Total
	£000	£000	£000
At 26 March 2016	184	354	538
Credited to the profit and loss account	(170)	(90)	(260)
At 26 March 2017	**14**	**264**	**278**

Company	Dilapidations provision	Deferred tax	Total
	£000	£000	£000
At 26 March 2016	184	354	538
Credited to the profit and loss account	(184)	(127)	(311)
At 26 March 2017	**-**	**227**	**227**

Dilapidations provision

Dilapidation costs are incurred to bring a leased building back to the condition in which it was originally leased. Provision has been made for the expected costs incurred on the termination of the existing warehouse and office building.

Analysis of deferred tax

	Group		Company	
	26 March 2017	27 March 2016	**26 March 2017**	27 March 2016
	£000	£000	**£000**	£000
Accelerated capital allowances	**229**	298	**192**	298
Other short term timing differences	**35**	56	**35**	56
	264	354	**227**	354

There are no unused tax losses or unused tax credits. The deferred tax liability expected to reverse in 2018 is £193,000. This primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions.

18. Financial instruments

The Group has the following financial instruments

	Group		Company	
	26 March 2017	27 March 2016	**26 March 2017**	27 March 2016
	£000	£000	**£000**	£000
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	**5,080**	1,966	**5,080**	1,966
- Other debtors	**1,570**	194	**1,430**	194
- Accrued income	**911**	177	**911**	177
Financial liabilities measured at fair value through profit and loss				
- Derivative financial instruments	**(300)**	(119)	**(300)**	(119)
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	**(5,619)**	(2,552)	**(5,619)**	(2,552)
- Other loans	**(1,763)**	(577)	**(1,763)**	(577)
- Trade creditors	**(25,078)**	(8,908)	**(22,450)**	(8,908)
- Accruals	**(9,716)**	(4,926)	**(9,486)**	(4,926)
- Other creditors	**(5,615)**	(3,956)	**(5,573)**	(3,956)

Derivative financial instruments – Forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 26 March 2017, the outstanding contracts all mature within 12 months (2016: nil) of the year end. The Group is committed to sell €27,500,000 and receive a fixed sterling amount (2016: AUD$900,000 and €2,400,000).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR. The forward currency contracts have a mark to market valuation at 26 March 2017 amounting to a liability of £300,000 (2016: £119,000). During 2017, a loss of £173,000 was recognised in Other Comprehensive Income for changes in the fair value of the forward-foreign currency contracts.

19. Called up share capital

Allotted and fully paid shares

Company	**2017**	2016
	£	£
2 (2016: 2) ordinary shares of £1 each	**2**	2

20. Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

21. Dividends

A dividend of £nil per ordinary share (2016: £67,500 – paid 1 April 2016) was proposed and approved in the current financial year.

22. Commitments

As at 26 March 2017 and 27 March 2016, the Group had total commitments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Land and buildings				
In less than one year	**3,588**	192	**1,238**	192
Within two and five years	**14,351**	-	**4,951**	-
Greater than five years	**12,045**	-	**1,238**	-
	29,984	192	**7,427**	192
Other				
In less than one year	-	-	-	-
Within two and five years	19	7	19	7
Greater than five years	-	-	-	-
	19	7	**19**	7

23. Capital commitments

The Company had capital commitments of £Nil at the year end (2016: £Nil).

24. Net cash inflow from operating activities

	2017 £000	2016 £000
(Loss)/profit for the financial year	**(1,391)**	239
Adjustments for:		
Tax on (loss)/ profit on ordinary activities	**(245)**	84
Net interest expense	**179**	58
Operating (loss)/profit	**(1,457)**	381
Amortisation of intangible assets	**1,488**	587
Depreciation of tangible assets	**1,674**	814
Loss on disposal of fixed assets	**492**	4
Working capital movements:		
- (Increase)/decrease in stocks	**(10,486)**	520
- Increase in debtors	**(5,720)**	(1,246)
- Increase in creditors	**22,074**	7,898
Net cash inflow from operating activities	**8,065**	8,958

25. Analysis of net funds

	At 28 March 2016 £000	Cash flow £000	Non-cash changes £000	At 26 March 2017 £000
Cash at bank and in hand	4,397	(4,069)	17	**345**
Cash and cash equivalents	**4,397**	**(4,069)**	**17**	**345**
Bank loans and overdrafts	(2,552)	(3,067)	-	**(5,619)**
Other loans	(577)	(1,186)	-	**(1,763)**
Derivative financial instruments	(119)	-	(181)	**(300)**
Total	**1,149**	**(8,322)**	**(164)**	**(7,337)**

Non-cash movements represent foreign exchange translation adjustments and adjustments to fair values of derivative financial instruments.

Group	**26 March 2017 £000**	27 March 2016 £000
Cash and cash equivalents	**345**	4,397
Bank overdrafts	**(269)**	-
	76	4,397

26. Related party transactions

The Company is exempt from the requirements of Financial Reporting Standard 102 section 33 to disclose transactions with members of the Group headed by Missguided Limited for the year ended 26 March 2017 on the grounds that 100% of the voting rights in the Company are controlled within the Group.

During the year, the Company made the following related party transactions:

Debbie Morgan Macao Commercial Offshore Limited

(The immediate holding Company of Debbie Morgan Macao Commercial Offshore Limited is Nakai Investments Ltd which also owns the whole of the issued share capital in Missguided Limited.)
Debbie Morgan Macao Commercial Offshore Limited helps to procure goods from China and facilitates payments to suppliers in China. The Company pays a service charge to Debbie Morgan Macao Commercial Offshore Limited. The charge is based on the costs incurred for activities performed on behalf of Missguided Limited.

Payments made in relation to stock procured through Debbie Morgan Macao Commercial Offshore Limited for the year ended 26 March 2017 amounted to £37,013,410 (2016: £9,374,181). At the balance sheet date, the amount due to Debbie Morgan Macao Commercial Offshore Limited included within trade creditors was £1,268,617 (2016: £339,416).

Hamstead Limited

(A Company of the Passi family)
The Company makes payments on behalf of Hamstead Limited which are recharged at cost.

Total payments made during the year amounted to £488,232 (2016: £285,831). At the balance sheet date, the amount due from Hamstead Limited included in trade debtors was £181,924 (2016: £50,000).

S.R.G. Apparel PLC

(S.R.G. Apparel PLC is controlled by the uncle of Mr. Nitin Passi who is a director of Missguided Limited)
Included in the financial statements are management charges totalling £19,084 (2016: £2,358). These amounts are recharges for the provision of services by S.R.G. Apparel PLC. At the balance sheet date, the amount due to S.R.G. Apparel PLC was £19,084 (2016: £Nil).

By Design LLC

(A Company of the Passi family)
The Company performs stock re-processing services for the Company.

Total purchases made during the year amounted to £487,723 (2016: £722,975). At the balance sheet date, the amount due from By Design LLC included in trade debtors was £Nil (2016: £Nil).

27. Investments

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Country of incorporation	Nature of business	Interest
Missguided USA (Finance) Inc	USA	Payment processing	100%
Missguided Retail Limited	UK	– Retailer	100%
Mennace Limited	UK	Dormant	100%
Mischv Limited	UK	Dormant	100%

Mennace Limited and Mischv Limited were both incorporated on 28 July 2016. The share capital issued for both Companies on incorporation was 2 £1 ordinary shares. The Companies did not trade in the current financial year.

The registered office of all the UK subdiairies is 75 Trafford Wharf Road, Trafford Park, Manchester, M17 1ES. Missguided USA (Finance) Inc's registered office is 874 Walker Road, Suite C, Dover, Kent, Delaware USA.

28. Controlling party

The Company is controlled by Nakai Investments Ltd, which owns 100% of the called up share capital and is incorporated in the British Virgin Islands. The ultimate parent and controlling party is R Holding Company Limited. The consolidated financial statements are not available to the public.