

Crew Clothing Co. Limited

Report and Financial Statements

Year ended

29 October 2017

Company Number 03265824

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Crew Clothing Co. Limited

Report and financial statements for the year ended 29 October 2017

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Directors

David Butler
Menoshi Shina

Secretary and registered office

David Butler, 20 Lydden Road, London, SW18 4LR

Company number

03265824

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Crew Clothing Co. Limited

Strategic report for the year ended 29 October 2017

Strategic report

The Directors present their strategic report together with the audited financial statements for the year ended 29 October 2017.

Principal activities

Crew is the go-to British smart.casual lifestyle brand and the principal activity is to create high quality men's and women's clothing, shoes and accessories for sale through Crew's retail stores, website and wholesale accounts.

Business Review and Key Performance Indicators

	2017 £'000	2016 £'000	Change %
Turnover	59,289	58,295	2
EBITDA *	3,409	2,926	17

Turnover has increased by £994,000 (2%) to £59,289,000 (2016 - £58,295,000) because of continued investment in the product range, E-Commerce platform and store portfolio.

EBITDA (Earnings before interest, tax, depreciation and amortisation) has increased by 17% reflecting payback from prior period investments.

The income statement is set out on page 9 and shows the profit for the period. The profit for the period amounted to £838,000 (2016 – loss of (£639,000) reflecting payback from prior period investments.

The Company monitors a range of key performance indicators (KPIs) on a regular basis to manage the business, enable timely decision-making and to react quickly to a rapidly changing trading environment. Particular attention is paid to the weekly KPIs and trading information with variances to budget and forecasts for individual product ranges and channels to market being reviewed. The two primary KPI's are turnover and EBITDA.

EBITDA (Earnings before interest, tax, depreciation and amortisation) is calculated as operating loss adjusted for depreciation and loss on disposal and amortisation of £2,018,000 (2016 - £2,134,000), management fee £850,000 (2016 - £862,000) and exceptional and other costs of £173,000 (2016 - £96,000).

The board remains supportive of the longer term strategy that has been put in place by the executive team and is positive about the future prospects of the business.

Principal risks and uncertainties

Crew is a well-established brand, with a loyal customer following, however we acknowledge and manage the following risks.

Trading Risk

The company, as with all retailers, faces uncertainties in its trading environment.

Crew Clothing Co. Limited

Strategic report for the year ended 29 October 2017

A positive economic and favourable legislative environment is key to the overall success of the retail sector in the UK and as a consequence that of Crew Clothing.

A significant challenge is attracting new and retaining existing customers in a very competitive and promotional retail environment. The management remain cognisant of the UK retail market, competitor activity and consumer behaviours in order to react and make the correct decisions required to satisfy customers and drive the business forward.

Financial Risk Management

The existence of various financial instruments, primarily loans, cash, trade debtors and trade creditors, exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are currency risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained substantially unchanged from previous years.

Currency risk

The company is significantly reliant on production overseas and therefore is exposed to foreign exchange risk principally in US Dollars and Euros. To manage the risk the company arranges currency forward contracts once the buy for each season is confirmed.

Liquidity risk

The Company seeks to manage liquidity risk by regularly forecasting future cashflows and monitoring banking facilities to ensure sufficient funds are available to meet the Company's financial obligations for the foreseeable future.

Short-term flexibility is achieved by way of committed working capital facility.

Credit risk

The Company's principal financial assets are cash and trade debtors. Credit risk associated with cash balances is managed by the Company monitoring the financial position of the counterparties involved.

In order to manage credit risk arising from trade debtors, the directors set limits for customers based on a combination of payment history and size of account. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history, and credit limits are adjusted on a regular basis.

Crew Clothing Co. Limited

Strategic report for the year ended 29 October 2017 (*continued*)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the principal activities and business review on page 1.

The financial position of the Company has remained stable during the year, despite the challenging market conditions.

The main financial risks arising from the activities of the Company are set out in the strategic report on page 2, together with the Company's policies and processes for managing these risks.

The Company has prepared forecasts which take into account possible changes in trading which have been reviewed by the directors. These forecasts show that the Company should be able to operate within the existing working capital facilities.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements for the Company.

Post balance sheet events

On 5 December 2017, the Company's ultimate parent Crew Clothing Holdings Ltd and its subsidiary were acquired by Broadgate 1960 Company Ltd, a subsidiary of Three Wishes Limited.

Approval

This Strategic Report was approved by order of the Board on 29.05.18

David Butler
Director



Crew Clothing Co. Limited

Directors' report for the year ended 29 October 2017

The directors present their Annual Report together with the audited financial statements and Auditor's Report, for the period ended 29 October 2017.

Directors

The Directors of the company during the period were:

Alastair Parker-Swift (resigned 5 December 2017)
Amy Bastow (resigned 28 July 2017)
Louise Barnes (resigned 5 December 2017)
David Butler (appointed on the 5 December 2017)
Menoshi Shina (appointed on the 5 December 2017)

Dividend

The Directors have not recommended a dividend (2016 - £Nil).

Directors' responsibilities

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

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

In preparing these financial statements, the directors are required to:

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

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

Disabled Persons and Employee Involvement

It is company policy to encourage and develop all members of staff. Wherever possible, vacancies are filled from within the company and adequate opportunities for internal promotion are created. The Company has a comprehensive training and development programme creating the opportunity for employees to maintain and improve their performance and to develop their potential to a maximum level of attainment. The company supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, age, nationality, religion, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability. It is also company policy, where possible, to give sympathetic consideration to disabled persons in their application for employment and to protect the interests of existing members of the staff who are disabled.

Crew Clothing Co. Limited


Directors' report for the year ended 29 October 2017

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed.

By order of the Board



Director

Date 29.05.18

Crew Clothing Co. Limited

Independent auditor's report

TO MEMBERS OF CREW CLOTHING CO. LIMITED

Opinion

We have audited the financial statements of Crew Clothing Co. Limited ("the Company") for the period from 31 October 2016 to 29 October 2017 which comprise the income statement, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 October 2017 and of its profit for 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Crew Clothing Co. Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Crew Clothing Co. Limited

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



*Diane Campbell (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date *7 June 2018*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Crew Clothing Co. Limited

Income statement for the year ended 29 October 2017

	Note	2017 £'000	2016 £'000
Turnover	3	59,289	58,295
Cost of sales		25,238	25,669
Gross profit		34,051	32,626
Administrative expenses		33,683	32,792
Operating profit / (loss)	5	368	(166)
Interest payable and similar charges	6	101	344
Profit / (Loss) on ordinary activities before taxation		267	(510)
Taxation (credit) / charge on profit / (loss) from ordinary activities	7	(571)	129
Profit / (Loss) for the financial period		838	(639)

All amounts relate to continuing activities.

All recognised gains and losses are included in the income statement.

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

Crew Clothing Co. Limited

Statement of comprehensive income for the year ended 29 October 2017

	Note	2017 £'000	2016 £'000
Loss for the financial period		838	(639)
Movement in cash flow hedge	15	(200)	(68)
Taxation in respect of items of other comprehensive income		50	(4)
Other comprehensive income for the period		(150)	(72)
Total comprehensive income for period		688	(711)

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

Crew Clothing Co. Limited

Balance sheet at 29 October 2017

Company Number 03265824	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		4,312		4,461
			<u>4,312</u>		<u>4,461</u>
Current assets					
Stocks	11	10,298		9,964	
Debtors	12	6,117		6,847	
Cash at bank and in hand		1,303		1,885	
		<u>17,718</u>		<u>18,696</u>	
Creditors: amounts falling due within one year	13	<u>12,367</u>		<u>14,242</u>	
Net current assets			<u>5,351</u>		<u>4,454</u>
Total assets less current liabilities			<u>9,663</u>		<u>8,915</u>
Creditors: amounts falling due after more than one year	14		<u>792</u>		<u>732</u>
			<u>8,871</u>		<u>8,183</u>
Capital and reserves					
Called up share capital	17		250		250
Cash flow hedge reserve			(147)		3
Profit and loss account			8,768		7,930
			<u>8,871</u>		<u>8,183</u>
Shareholders' funds			<u>8,871</u>		<u>8,183</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29.05.18

David Butler
Director



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

Crew Clothing Co. Limited

Statement of changes in equity for the year ended 29 October 2017

	Share Capital £'000	Profit and loss account £'000	Cash flow hedge reserve £'000	Total Equity £'000
31 October 2016	250	7,930	3	8,183
Comprehensive income for the period:				
Profit for the period	-	838	-	838
Hedge effective portion of change in fair value of designated hedging instrument	-	-	(200)	(200)
Taxation in respect of other comprehensive income	-	-	50	50
Total comprehensive income for the period	-	838	(150)	688
29 October 2017	250	8,768	(147)	8,871
	Share capital £'000	Profit and loss account £'000	Cash flow hedge reserve £'000	Total equity £
26 October 2015	250	8,569	75	8,894
Comprehensive income for the period:				
Loss for the period	-	(639)	-	(639)
Hedge effective portion of change in fair value of designated hedging instrument	-	-	(68)	(68)
Taxation in respect of other comprehensive income	-	-	(4)	(4)
Total comprehensive income for the period	-	(639)	(72)	(711)
30 October 2016	250	7,930	3	8,183

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

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 29 October 2017

1 Accounting policies and basis of preparation

Crew Clothing Co. Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Cash flow statement

The directors have taken advantage of the exemption in FRS102 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

The following principal accounting policies have been applied:

Basis of preparation

These financial statements have been prepared under the historical cost convention for the 52 week period ended 29 October 2017. The comparative financial statements were prepared for the 53 week period ended 30 October 2016.

Turnover

Turnover is the total amount receivable by the company, less credits and returns, in the ordinary course of business with customers for goods supplied, excluding VAT and trade discounts. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on the point of sale. Online and wholesale sales are recognised on dispatch of goods to the customer.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	-	20% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	20% - 33% on cost

Depreciation is only charged once the asset is available for use within the business.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hedge accounting

The company has entered into forward currency contracts to manage its exposure to currency risk on its stock purchases. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in the statement of comprehensive income.

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 29 October 2017 (*continued*)

1 Accounting policies (*continued*)

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income statement.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws in the United Kingdom that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws in the United Kingdom that have been enacted or substantively enacted by the reporting date.

Foreign currency transactions and balances

With the exception of hedged transactions, foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to reserves.

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 29 October 2017 (*continued*)

1 Accounting policies (*continued*)

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

Fixed asset impairment – Factors taken into consideration include economic viability and expected future financial performance of the asset.

Stock provisioning – Factors taken into consideration include seasonality of the stock, current economic environment and historic trade patterns in ensuring that stock recoverability is appropriately estimated.

Dilapidation provisioning – Factors taken into consideration include dilapidation costs associated with previous store closures, known contractual obligations and current store lease dates.

Deferred Tax Asset Recognition – Factors taken into consideration include tax rates at which the asset will be recovered and recoverability of the asset based on future profitability and / or the reversal of other timing differences.

Other key sources of estimation uncertainty:

Useful economic life of tangible fixed assets (see note 10) – the actual lives of assets and residual value are assessed annually and may vary depending on a number of factors such as product life cycles. Residual value assessments include issues such as future market conditions, the remaining life of the asset and disposal values.

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 29 October 2017 (continued)

3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

	2007 £'000	2016 £'000
Analysis of geographical market:		
United Kingdom	59,051	58,063
Rest of Europe	157	142
Rest of World	81	90
	<u>59,289</u>	<u>58,295</u>

4 Employees

	2007 £'000	2016 £'000
Staff costs consist of:		
Wages and salaries	9,945	9,965
Social security costs	772	830
Other pension costs	106	105
	<u>10,823</u>	<u>10,900</u>

Pension costs include £18,000 (2016 - £17,000) of unpaid pension contributions at the year end.

	2017 Number	2016 Number
The average number of employees (including directors) during the year was:		
Sales	316	296
Warehousing and distribution	5	26
Control and administration	110	105
	<u>431</u>	<u>427</u>

Remuneration in respect of directors for the year was £ Nil (2016 - £ Nil). All directors are remunerated by Crew Clothing Holdings Limited.

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 29 October 2017 (continued)

5 Operating profit / (loss)

	2017 £'000	2016 £'000
This has been arrived at after charging/(crediting):		
Depreciation:		
- owned fixed assets	1,987	2,134
Auditor's remuneration:		
- fees payable to the company's auditor for the audit of the current year's company's annual accounts	53	52
- fees payable to the company's auditors for the audit of the prior year's company's annual accounts	8	25
- fees payable to the company's auditor for other services	36	14
Operating lease costs:		
- Land and buildings	4,695	4,841
Foreign exchange gain	(7)	(47)
Loss on disposal of fixed asset	31	11
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2017 £'000	2016 £'000
Bank interest	64	248
Amortisation of old loan arrangement fees	-	81
Amortisation of new loan arrangement fees	37	15
	<u> </u>	<u> </u>
	101	344
	<u> </u>	<u> </u>

7 Taxation on loss from ordinary activities

	2017 £'000	2016 £'000
(a) Analysis of charge for year		
Current tax		
UK corporation tax on profits of the year	-	81
Adjustments to tax charge in respect of previous periods	(244)	39
	<u> </u>	<u> </u>
Total current tax	(244)	120
Deferred tax		
Origination and reversal of timing differences (note 16)	(71)	(26)
Adjustments in respect of prior periods	(256)	-
Effect of tax rate change on opening balance	-	35
	<u> </u>	<u> </u>
Taxation (credit)/ charge on profit / (loss) on ordinary activities	(571)	129
	<u> </u>	<u> </u>

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 29 October 2017 (continued)

7 Taxation on loss from ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed for the year is higher (2016 - higher) than the standard rate of corporation tax in the UK.
The differences are explained below:

	2017 £'000	2016 £'000
Profit / (loss) on ordinary activities before tax	267	(510)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.42% (2016 - 20%)	52	(102)
Effects of:		
Group relief surrendered / (claimed)	(218)	-
Adjustments to tax charge in respect of previous periods		
- Current tax	(244)	38
- Deferred tax	(256)	-
Deferred tax		
Deferred tax charged directly to equity	-	(4)
Expenses not deductible for tax purposes	85	154
Tax rate differences	10	43
Total tax (credit) / charge for year (note 7(a))	(571)	129

8 Dividends

	2017 £'000	2016 £'000
Ordinary shares		
No dividend has been paid in the year (2016 - £Nil)	-	-

9 Intangible assets

	Goodwill £
Cost and net book value At 30 October 2016 and 29 October 2017	1

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 29 October 2017 (*continued*)

10 Tangible assets

	Leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>				
At 31 October 2016	5,690	11,667	3,750	21,107
Additions	67	1,443	360	1,870
Disposals	-	(51)	-	(51)
At 29 October 2017	5,757	13,059	4,110	22,926
<i>Depreciation</i>				
At 31 October 2016	5,683	8,822	2,141	16,646
Charge for the year	45	1,228	714	1,987
Released on disposals	-	(19)	-	(19)
At 29 October 2017	5,728	10,031	2,855	18,614
<i>Net book value</i>				
At 29 October 2017	29	3,028	1,255	4,312
At 30 October 2016	7	2,845	1,609	4,461

The Company holds no assets under finance leases.

11 Stocks

	2017 £'000	2016 £'000
Goods for resale	10,298	9,964

There is no material difference between the replacement cost of stocks and the amounts stated above.

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 29 October 2017 (continued)

12 Debtors

	2017 £'000	2016 £'000
Trade debtors	1,844	1,983
Prepayments and accrued income	1,874	2,938
Other debtors	196	110
Amounts owed by parent undertaking	1,363	1,569
Deferred tax (note 16)	596	220
Fair value of cash flow hedge	-	27
Corporation Tax	244	-
	<u>6,117</u>	<u>6,847</u>

With the exception of the deferred tax balance, all amounts above fall due for payment within the year.

13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loans (secured)	4,750	5,904
Trade creditors	4,676	3,871
Other taxation and social security	779	530
Other creditors	951	973
Pension creditor	18	17
Accruals and deferred income	1,020	2,863
Corporation Tax	-	84
Fair value of cash flow hedge	173	-
	<u>12,367</u>	<u>14,242</u>

14 Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Accruals and deferred income	792	732
	<u>792</u>	<u>732</u>

Accruals and deferred income due after more than one year relate to rent free periods on property leases and reflect the timing of when the balances are expected to reverse.

The bank borrowings are under a 3 year rolling credit facility agreement, signed on 20 May 2016 and are secured by a fixed and floating charge over the company's assets. The bank borrowings carry a variable interest rate of LIBOR plus 1.75% per annum.

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 29 October 2017 (continued)

14 Creditors: amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

Maturity of debt:	2017 £'000	2016 £'000
Within one year:		
Bank loans	4,750	5,904
After one and within two years:		
Bank loan	-	-
After two and within five years:		
Bank loan	-	-
	<u>4,750</u>	<u>5,904</u>

In the year, arrangement fees totalling £37,212 (2016 - £96,255) have been amortised and are included in note 6.

15 Financial instruments

The company's financial instruments may be analysed as follows:

	2017 £'000	2016 £'000
Financial assets		
Financial assets measured at amortised cost	4,706	5,548
Derivative financial instruments designated as hedges of foreign exchange cash flow risk	-	27
	<u></u>	<u></u>
Financial liabilities		
Financial liabilities measured at amortised cost	12,208	14,359
Derivative financial instruments designated as hedges of foreign exchange cash flow risk	173	-
	<u></u>	<u></u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by parent undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, accruals, pension creditor and amounts due to parent undertakings.

At 29 October 2017 the company had entered into contracts for the purchase of foreign currencies on forward contracts totalling £8,259,000 (2016 - £6,290,000). The fair value of these contracts was a liability of £173,000 (2016 - an asset of £27,000).

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 29 October 2017 (*continued*)

16 Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2017 £'000	2016 £'000
Deferred tax asset (note 12)	596	220

The movement in the deferred taxation account during the year was:

	2017 £'000	2016 £'000
Asset at start of period	220	234
Deferred tax credit / (charged) in the Profit and loss account for the period	326	(9)
Deferred tax credit / (charge) in the statement of total recognised gains and losses	50	(5)
Balance carried forward (note 12)	596	220

Deferred taxation

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2017 £'000	2016 £'000
Capital allowances	550	228
Short term timing differences	46	(8)
Balance carried forward (note 12)	596	220

17 Share capital

	2017 Number	Allotted, called up and fully paid 2016 Number	2017 £'000	2016 £'000
Ordinary shares of £1 each	250,000	250,000	250	250

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 29 October 2017 (continued)

18 Related party transactions

As a wholly owned subsidiary of Crew Clothing Holdings Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other members of the Group.

During the year the company leased premises from Alastair Parker-Swift, a director, for a total charge of £350,000 (2016 - £280,000) and no amounts were outstanding at the year-end. The company paid in full £50,000 (2016 - £45,000) to Stephen Parker-Swift, the father of one of the directors, for the rental of a retail site and no amounts were outstanding at the year-end. The company paid in full £6,000 (2016 - Nil) to Louise Parker –Swift, the sister of one of the directors for consultancy work and no amounts were outstanding at the year-end.

The company regards key management personnel to be the directors of the company.

19 Commitments under operating leases

As at 29 October 2017, the company had minimum lease payments under non-cancellable operating leases as set out below:

	2017 £'000	2016 £'000
Within one year	4,807	5,091
In two to five years	13,566	14,030
Over five years	6,284	4,385
	<u>24,657</u>	<u>23,506</u>

20 Capital commitments

At the year end the company had capital commitments of £Nil (2016 - £Nil).

21 Ultimate controlling party

The directors consider the ultimate controlling party at 29 October 2017 to be Alastair Parker-Swift by virtue of his investment in the business together with investments by other family members.

On 5 December 2017, Crew Clothing Holdings Ltd and its subsidiary were acquired by Broadgate 1960 Company, a company incorporated in England. The ultimate parent company of the Group is now Three Wishes Ltd, a company incorporated in Hong Kong. The ultimate controlling party following the change in ownership is Menoshi Shina.

22 Post balance events

On 5 December, the Company's ultimate parent Crew Clothing Holdings Ltd and its subsidiaries were acquired by Broadgate 1960 Company Ltd, a subsidiary of Three Wishes Ltd.