

Company Registration No. 03399254 (England and Wales)

**TOAST (MAIL ORDER) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**



# TOAST (MAIL ORDER) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Povlsen T Jensen
<b>Company number</b>	03399254
<b>Registered office</b>	Unit 306 Screenworks 22 Highbury Grove London N5 2EF
<b>Auditor</b>	Harris Bassett Limited 5 New Mill Court Phoenix Way Enterprise Park Swansea SA7 9FG

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# TOAST (MAIL ORDER) LIMITED

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# TOAST (MAIL ORDER) LIMITED

## STRATEGIC REPORT

*FOR THE YEAR ENDED 31 JULY 2021*

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The directors present the strategic report for the year ended 31 July 2021.

### **Business review**

Our business aim is to generate increased shareholder value through the retail and wholesale of clothing, homeware and accessories.

We operate under one principal brand, TOAST, a premium lifestyle brand offering womenswear, menswear and homeware. The brand operates a global ecommerce shopping platform and 19 branded shops in the United Kingdom. TOAST products are also available in approximately 12 carefully selected premium concept wholesale accounts positioned strategically around the world and in selected John Lewis stores in the United Kingdom.

Our design team is based in London and we arrange for the products to be manufactured in specialist third party factories in Europe and Asia supervised by local buying offices. The finished articles are available via our ecommerce business and through our own retail stores and selected wholesale accounts.

### **Management of risk**

Our success depends on our ability to produce collections which are attractive to potential customers. We seek to achieve this through retention of experienced and skilled designers and merchandisers and by remaining as operationally flexible as possible, particularly in relation to our supply chain and up front commitments.

Each year the brand produces two main seasonal collections, Spring/Summer and Autumn/Winter. We are keenly aware of our impact on people and the planet. We create clothes and home products that are durable - both in their life cycle and in their style - making it possible to use them for many years, if not decades to come. We carefully consider the suppliers we work with and our choice of materials, sourcing quality fabrics and natural fibres that are biodegradable.

Our brand and the way it is perceived in its respective markets is very important to us. We are very protective of the brand and work to ensure that it is presented in appropriate ways and that it is not misused. The main drivers for brand perception are imagery and our products..

The nature of fashion retail means that it is not always possible to predict customers' reactions to each season's new ranges. Our customers' propensity to spend on clothing is also affected by their personal financial situation and other macroeconomic factors which impact the total size of the retail markets in which we operate.

We consider that, as a small operator at the upper end of the middle market, the impact on our business of macroeconomics elements is considerably smaller than the impact of the success of our designers in producing attractive products.

The global crisis caused by the Coronavirus has impacted the retail industry. We have focussed on growth of our online sales and introduced additional customer service offerings in our stores. We recognise that we need to remain nimble in order to react swiftly to macroeconomic shifts.

### **Key performance indicators**

The Board considers that the key performance indicators for the business are:

- sales achieved in the ecommerce and wholesale channels;
- retail like-for-like sales growth;
- gross margin %;
- underlying operating profit/(loss);
- inventory levels.

# TOAST (MAIL ORDER) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JULY 2021**

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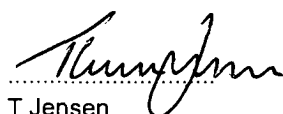
### Key results

The trading of the company for the year ended 31 July 2021 includes the following significant results:

- turnover £28.7 million (2020 : £28.3 million);
- gross margin was 67.6% (2020: 61.0%);
- operating expenses £16.9 million (2020: £15.7 million); and
- profit before tax was £2.5 million (2020: £1.6 million).

The balance sheet of the company remains strong with net assets of £8.4 million (2020: £6.4 million).

On behalf of the board



T Jensen  
Director

Date: 1/11/2021

# **TOAST (MAIL ORDER) LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 JULY 2021***

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The directors present their annual report and financial statements for the year ended 31 July 2021.

### **Principal activities**

The principal activity of the company continued to be the sale of clothing and accessories through retail, mail order and wholesale channels.

### **Directors**

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

A Povlsen  
T Jensen

### **Results and dividends**

The results for the year are set out on page 8.

No dividends were paid during the year.

### **Disclosure of information in the strategic report**

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

### **Disabled persons**

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

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

### **Auditor**

Harris Bassett Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

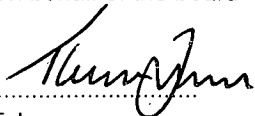
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# TOAST (MAIL ORDER) LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

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On behalf of the board



T Jensen  
Director

Date: 1/11/2021

# **TOAST (MAIL ORDER) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JULY 2021***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.



# TOAST (MAIL ORDER) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TOAST (MAIL ORDER) LIMITED

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#### Opinion

We have audited the financial statements of Toast (Mail Order) Limited (the 'company') for the year ended 31 July 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# TOAST (MAIL ORDER) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TOAST (MAIL ORDER) LIMITED

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#### 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 the directors' report.

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

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

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

#### Auditor's responsibilities for the audit of the financial statements

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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.



Nicholas Bassett (Senior Statutory Auditor)  
for and on behalf of Harris Bassett Limited  
Chartered Accountants  
Statutory Auditor

01/11/21

5 New Mill Court  
Phoenix Way  
Enterprise Park  
Swansea  
SA7 9FG

# TOAST (MAIL ORDER) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
Turnover	3	28,694,132	28,262,765
Cost of sales		(9,297,435)	(11,017,072)
<b>Gross profit</b>		<b>19,396,697</b>	<b>17,245,693</b>
Distribution costs		(11,730,107)	(10,761,487)
Administrative expenses		(5,793,863)	(5,532,023)
Other operating income		638,705	599,738
<b>Operating profit</b>	4	<b>2,511,432</b>	<b>1,551,921</b>
Interest receivable and similar income	6	1,464	-
<b>Profit before taxation</b>		<b>2,512,896</b>	<b>1,551,921</b>
Tax on profit	7	(521,280)	(331,204)
<b>Profit for the financial year</b>		<b>1,991,616</b>	<b>1,220,717</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

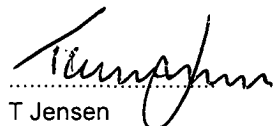
# TOAST (MAIL ORDER) LIMITED

## BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	9		1,372,708		1,311,292
<b>Current assets</b>					
Stocks	10	5,258,446		6,387,586	
Debtors	11	6,575,481		4,911,239	
Cash at bank and in hand		1,789,776		1,611,187	
		13,623,703		12,910,012	
<b>Creditors: amounts falling due within one year</b>	12	(6,611,756)		(7,676,006)	
<b>Net current assets</b>			7,011,947		5,234,006
<b>Total assets less current liabilities</b>			8,384,655		6,545,298
<b>Provisions for liabilities</b>					
Provisions	13	-		152,259	(152,259)
<b>Net assets</b>			8,384,655		6,393,039
<b>Capital and reserves</b>					
Called up share capital	16	4,574,000		4,574,000	
Profit and loss reserves		3,810,655		1,819,039	
<b>Total equity</b>			8,384,655		6,393,039

The financial statements were approved by the board of directors and authorised for issue on 01/11/21 and are signed on its behalf by:



T Jensen  
Director

Company Registration No. 03399254

# TOAST (MAIL ORDER) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2021

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	Share capital £	Profit and loss reserves £	Total £
Balance at 1 August 2019	4,574,000	598,322	5,172,322
Year ended 31 July 2020:			
Profit and total comprehensive income for the year	-	1,220,717	1,220,717
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2020	4,574,000	1,819,039	6,393,039
Year ended 31 July 2021:			
Profit and total comprehensive income for the year	-	1,991,616	1,991,616
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2021	<u>4,574,000</u>	<u>3,810,655</u>	<u>8,384,655</u>

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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### 1 Accounting policies

#### Company information

Toast (Mail Order) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 306, Screenworks, 22 Highbury Grove, London, N5 2EF.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Heartland A/S. These consolidated financial statements are available from its registered office, Inge Lehmanns Gade 2, Aarhus C, 8000 Denmark.

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Copyrights	10 years
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#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	3 to 7 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

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

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

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

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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



# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. 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.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

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 company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and 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 hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

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

#### **1.11 Taxation**

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

##### ***Current tax***

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

##### ***Deferred tax***

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

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

#### **1.12 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 1 Accounting policies

(Continued)

#### 1.13 Employee benefits

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

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

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

#### 1.14 Retirement benefits

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

#### 1.15 Leases

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

#### 1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.17 Foreign exchange

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Sale of clothing and accessories	28,694,132	28,262,765

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

### 3 Turnover and other revenue (Continued)

	2021 £	2020 £
<b>Other significant revenue</b>		
Interest income	1,464	-
Grants received	638,705	599,738
	<u>638,705</u>	<u>599,738</u>
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
UK	26,946,829	22,881,765
Outside of UK	1,747,303	5,381,000
	<u>28,694,132</u>	<u>28,262,765</u>

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(218,149)	(390,137)
Government grants	(638,705)	(599,738)
Fees payable to the company's auditor for the audit of the company's financial statements	20,395	18,750
Depreciation of owned tangible fixed assets	421,681	323,280
Operating lease charges	1,592,872	1,501,286
	<u>1,592,872</u>	<u>1,501,286</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £218,149 (2020: £390,137).

### 5 Employees

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

	2021 Number	2020 Number
Selling, distribution and retail	206	234
Design, development and production management	34	38
Administration	26	24
	<u>266</u>	<u>296</u>
<b>Total</b>	<b>266</b>	<b>296</b>

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2021	2020
		£	£
	Wages and salaries	6,398,598	6,376,075
	Social security costs	555,902	513,427
	Pension costs	180,283	193,135
		<u>7,134,783</u>	<u>7,082,637</u>
6	Interest receivable and similar income		
		2021	2020
		£	£
	Interest income		
	Interest receivable from group companies	1,464	-
		<u>1,464</u>	<u>-</u>
7	Taxation		
		2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	487,116	154,480
	Adjustments in respect of prior periods	(6,135)	-
	Total current tax	<u>480,981</u>	<u>154,480</u>
	Deferred tax		
	Origination and reversal of timing differences	40,299	176,724
		<u>40,299</u>	<u>176,724</u>
	Total tax charge	<u>521,280</u>	<u>331,204</u>

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	2,512,896	1,551,921
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	477,450	294,865
Tax effect of expenses that are not deductible in determining taxable profit	241	1,221
Adjustments in respect of prior years	(6,135)	-
Permanent capital allowances in excess of depreciation	9,424	-
Current year movement on deferred tax asset	40,300	35,118
Taxation charge for the year	521,280	331,204

### 8 Intangible fixed assets

	Copyrights £
<b>Cost</b>	
At 1 August 2020 and 31 July 2021	30,000
<b>Amortisation and impairment</b>	
At 1 August 2020 and 31 July 2021	30,000
<b>Carrying amount</b>	
At 31 July 2021	-
At 31 July 2020	-

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 9 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 August 2020	5,221,592
Additions	483,961
Disposals	(2,906,754)
At 31 July 2021	2,798,799
<b>Depreciation and impairment</b>	
At 1 August 2020	3,910,300
Depreciation charged in the year	421,681
Eliminated in respect of disposals	(2,905,890)
At 31 July 2021	1,426,091
<b>Carrying amount</b>	
At 31 July 2021	1,372,708
At 31 July 2020	1,311,292

### 10 Stocks

	2021 £	2020 £
Finished goods and goods for resale	5,258,446	6,387,586

### 11 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	175,176	204,755
Amounts owed by group undertakings	3,942,121	2,454,069
Other debtors	1,734,144	1,512,639
Prepayments and accrued income	563,262	538,698
	6,414,703	4,710,161
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 14)	160,778	201,078
<b>Total debtors</b>	6,575,481	4,911,239

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 12 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,023,528	3,065,210
Amounts owed to group undertakings	443,182	276,833
Corporation tax	270,622	154,480
Other taxation and social security	816,225	1,715,968
Other creditors	438,301	673,144
Accruals and deferred income	2,619,898	1,790,371
	<u>6,611,756</u>	<u>7,676,006</u>

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

### 13 Provisions for liabilities

2021 £	2020 £
-	152,259
<u>-</u>	<u>152,259</u>

Provisions are recorded to reflect future store dilapidation costs.



# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021 £	Assets 2020 £
<b>Balances:</b>		
Accelerated capital allowances	160,778	172,149
Timing differences	-	28,929
	<u>160,778</u>	<u>201,078</u>
<b>Movements in the year:</b>		<b>2021 £</b>
Asset at 1 August 2020		(201,078)
Charge to profit or loss		40,300
Asset at 31 July 2021		<u>(160,778)</u>

The deferred tax asset relating to accelerated capital allowances set out above is expected to reverse within the short term.

### 15 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>180,283</u>	<u>193,135</u>

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

At the year end, other creditors includes company pension payable of £31,000 (2020: £30,000).

### 16 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>4,574,000</u>	<u>4,574,000</u>	<u>4,574,000</u>	<u>4,574,000</u>

# TOAST (MAIL ORDER) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

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### 17 Operating lease commitments

#### Lessee

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

	2021 £	2020 £
Within one year	1,415,782	1,464,762
Between two and five years	1,134,713	2,349,564
In over five years	74,588	107,738
	<u>2,625,083</u>	<u>3,922,064</u>

### 18 Ultimate controlling party

The ultimate holding company is Heartland A/S, which is incorporated and registered in Denmark. Copies of the Group accounts may be obtained from Group head office at Inge Lehmanns Gade 2, Aarhus C, 8000 Denmark.