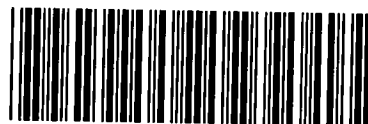


Company Registration No. 03722366 (England and Wales)

**OKA DIRECT LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**29 DECEMBER 2018**

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# **OKA DIRECT LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Viscountess Astor S C Jones L I Waterhouse M J J Little E G Foa
<b>Secretary</b>	M J J Little
<b>Company number</b>	03722366
<b>Registered office</b>	170 Brook Drive Milton Park Abingdon Oxfordshire OX14 4SD
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# OKA DIRECT LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 29 DECEMBER 2018

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The directors present the strategic report for the period ended 29 December 2018.

#### Principal activities

In the period under review the principal activity of the company was selling furniture and home furnishings through an omni-channel distribution network optimising client reach and maximising brand strength.

#### Fair review of the business

OKA Direct Limited was established in 1999 and has become a multi-channel lifestyle business renowned for *high quality and beautifully created furniture and home accessories under the OKA brand*. The focus on a differentiated and curated product and how we present it makes OKA stand out from its peers. The company has built the brand from a mail order furniture business to one that now sells a broad range of home lifestyle products across multiple sale channels including retail stores, web, mail order, an interior design service and trade.

2018 marks the first full year of OKA's development into an international omnichannel retailer underpinned by the support of our shareholders which includes the management team.

The year has seen several major steps towards this goal including investment into the leadership team to deliver across brand, technology and supply chain. In September 2018, OKA acquired Newsom Designs LLC, a USA based multichannel furniture and home decor retailer trading under the Wisteria brand. This marks the first acquisition by OKA in its almost 20 years of operation. The investment in Wisteria is a strategic addition to OKA and has provided OKA with an immediate presence in the US with two retail stores trading as Wisteria as well as the entire back-end infrastructure in place, which will accelerate and de-risk the planned US expansion while providing procurement cost and marketing cost synergies.

In the UK, the general retail climate has been very challenging and total sales were broadly flat compared to last year for the 11 months period. The focus in the period was investment into our website which resulted in a +7% like for like growth against last year. Retail store performance was -6% due to market conditions and the partial closure of our flagship Chelsea store for refit. OKA opened a new store in Guildford in March 2018.

Margin has declined by 2.3% as a result of weaker foreign exchange rates and a warehouse sale event in 2018 to sell through customer returned items at discounted prices.

There have been a series of marketing initiatives to enhance brand awareness alongside investment into the OKA.com website including the development of the mobile site, launch of the OKA App and improvements to the site's functionality to improve our customers' experience.

The business has invested in strengthening the management team, brand marketing and the development of the digital and instore customer experience. This has resulted in a planned increase in operating costs in both OKA and Wisteria which has resulted in a reduction in EBITDA (£0.37m for the period to December 2018 (£3.43m last year).

Exceptional costs of £2.82m (£896k in 2018) were incurred relating to the acquisition of Newsom Designs LLC and other one-off material items as set out in note 4.

The acquisition of Newsom Designs LLC in September 2018 is reflected on the balance sheet as an investment of £3.18m. This balance represents the cost of shares acquired in Luxury American Design Holdings LLC, the US registered acquisition vehicle.

Post year-end, the Group has benefited from further investment from its shareholders in order to develop exciting plans to launch the OKA brand into the United States of America in 2019.

After the investments in reinforcing its management team, brand awareness, marketing and digital and instore customer experience, the company remains in a strong liquidity position with cash reserves of £1.6 million and a total liquidity available of £4.0 million (with undrawn overdraft facilities of £2.4 million).

The company has also managed to reduce the working capital needs related to inventories by £0.9 million as a result of tighter stock control, improved logistics and supply chain management.

# **OKA DIRECT LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 29 DECEMBER 2018**

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### **Business model**

The business operates through the following channels:

- Retail showrooms: the brand operates 14 strategically placed stores across the UK (as at the date of issue of these financial statements) and 2 stores in Dallas, Texas under the Wisteria brand.
- Web: the brand operates a scalable and growing e-commerce business in 3 currencies (UK£, US\$ and Euro€) for OKA and the Wisteria website in the USA.
- Mail order: the OKA and Wisteria brands operate phone based ordering systems via call centres based in the UK and USA respectively.
- Interior design: the brand employs a number of Interior Designers who work with clients to install new interiors in their homes and offices using OKA products.
- Trade: the brand works with high-end 3rd party interior designers who use OKA products for many of their installations.

### **Future developments**

OKA will continue to focus on developing a multi-channel offering in the UK, explore opportunities to launch the brand in new international markets with the first of these being the United States of America in 2019, alongside a continual drive to improve our customers' experience across all sales channels. To deliver this, the group will continue to invest in its people, infrastructure and systems.

### **Principal risks and uncertainties**

The directors understand the need for robust risk management and continue to monitor trading performance on a regular basis.

The directors consider the following matters to be the principal risks and uncertainties to the company:

- Economic and financial conditions resulting in challenging trading conditions. The company may be affected by falls in consumer confidence and changes in buying habits. The company continues to build its business through all of its channels to mitigate the effect of each channel and develop a broad range of products to mitigate the decline of individual product categories.
- The company operates in a competitive market and so continues to differentiate itself through high quality premium products and ongoing range development.
- The company bears a risk of unfavourable changes in the currency markets where payments to suppliers are based in US\$ and Euro€. The movements in exchange rates may have an impact on margins achieved by the company. The company hedges some of its exposure, monitors exchange rates and reviews its overall exchange exposure on a regular basis.
- The principal internal risk arises from the growth of the business putting pressure on key resources. The company depends on its ability to manage its people and infrastructure. The company regularly reviews its future requirements for people, space and systems to understand the impact on the business.
- The management of the supply chain from sourcing through to the company's distribution centre is key to the business. The company continually review the management of product delivery to ensure any problems are managed appropriately and in a timely manner.
- The uncertainty around the terms in which the United Kingdom will leave the European Union remains unclear but could potentially impact the trade regulations that govern the import and export of products to consumers in and out of the United Kingdom. Changes to the trade agreements could result in increased customs duties along with potential delays in the supply chain in importing products to the United Kingdom. Other areas that could be impacted include employment rights of EU nationals working in the United Kingdom; foreign exchange rates and interest rates. Whilst the outcome of Brexit remains unclear, the company will do its best endeavour to minimise risks where possible.

# **OKA DIRECT LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 29 DECEMBER 2018**

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### **Financial risk management objectives and policies**

The company uses financial instruments comprising cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

### **Interest rate risk**

Long term borrowings attract interest at 10% and the bank overdraft facility at 3% per annum. The company does not use interest rate swaps or cash flow hedges. The company matches any scheduled interest with the expected future cash flows from the trading activities.

### **Liquidity risk**

The company actively maintains a mixture of long-term debt and a short term bank overdraft facility to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved through close management control of working capital, ensuring that appropriate facilities are available to be drawn upon where necessary. These facilities comprise:

Long term borrowings of £7 million from Luxury British Design 2 Limited, the company's immediate parent company, are due for repayment on 14 September 2028. This loan helped to finance the acquisition of Newson Designs LLC and further investments made in the management team, brand marketing and the development of the digital and instore customer experience.

An on demand, unsecured bank overdraft facility of £2.4 million is in place to cover any seasonal cash flow requirements.

### **Foreign currency risk**

The majority of the company's stock purchases are invoiced in US dollars and results are therefore subject to fluctuations in the exchange rate between Pound Sterling; the company's reporting currency, and the US Dollar. It is company policy to enter into forward currency contracts to buy US Dollars to reduce the uncertainty of exchange rate fluctuations impacting results to any material extent.

# OKA DIRECT LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

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### Key performance indicators

The directors use various measures to assess the performance of the business. Indicators are measured at channel and company level. The directors believe the most appropriate measure of overall business performance is earnings before interest, tax, depreciation and amortisation ("EBITDA"), adjusted to exclude one off charges for exceptional costs and share based payments, and EBITDA as a percentage return on turnover.

EBITDA for the period under review was £381,107 (27 January 2018: £3,438,924), a decrease of 89% on the previous period, which delivered a margin of 1.4% (27 January 2018: 12.0%).

Other key performance indicators are:

	48 weeks to 29 December 2018	52 weeks to 27 January 2018
Sales £000's	26,342	28,721
Margin £000's	14,618	16,597
Employees	244	238

In addition the directors use a number of commercial performance measures including cashflow, average order value, demand, back orders and stock availability. Specific measures are also reviewed in relation to each business channel:

- Retail stores performance includes store openings, average order value, product mix and weekend participation.
- Web performance includes visits, conversion and response to activity.
- Interior design and trade performance includes pipeline of projects.
- Mail order performance includes average call duration, conversion and outstanding queries.

### Business management and management team

The organisation benefits from a highly experienced and broad management team which includes the original founders of the business. Each department manager manages their department within the guidance provided by the company.

On behalf of the board



M J J Little  
Director

Date: 24/9/19

# **OKA DIRECT LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 29 DECEMBER 2018**

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The directors present their annual report and financial statements for the period ended 29 December 2018. During the period the company changed its accounting reference date from 27 January to 31 December in order to bring the reporting date in line with that of the company's ultimate parent company and other group companies. These financial statements cover a period of 48 weeks ending 29 December 2018.

#### **Principal activities**

The principal activity of the company continued to be that of selling furniture and home furnishings through the web site, direct mail order, showrooms, trade and special projects.

#### **Directors**

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

Viscountess Astor

M Christie

(Resigned 31 May 2019)

A J Hickin ACMA

(Resigned 6 July 2018)

S C Jones

L I Waterhouse

P N Taylor

(Resigned 9 October 2018)

M J J Little

E G Foa

(Appointed 3 October 2018)

#### **Results and dividends**

The results for the period are set out on page 10.

The board of directors assess trading performance using the measure of "EBITDA" which is defined as the earnings before deduction of interest, tax, depreciation and amortisation and any exceptional, non-recurring costs.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

#### **Auditor**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

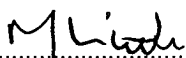
# OKA DIRECT LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

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On behalf of the board



M J J Little  
Director

Date: 24/9/19



# **OKA DIRECT LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 29 DECEMBER 2018**

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The directors are responsible for preparing the Strategic Report and 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKA DIRECT LIMITED

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## Opinion

We have audited the financial statements of OKA Direct Limited (the 'company') for the period ended 29 December 2018 which comprise the statement of comprehensive income, 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 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 29 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKA DIRECT LIMITED (CONTINUED)

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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 set out on page 7, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*Paul Newman*

Paul Newman BSc ACA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

*25/09/19*

# OKA DIRECT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 DECEMBER 2018

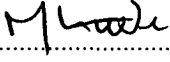
		Period ended 29 December 2018 £	Year ended 27 January 2018 £
	Notes		
Turnover	3	26,341,690	28,721,267
Cost of sales		(11,723,944)	(12,123,879)
<b>Gross profit</b>		<b>14,617,746</b>	<b>16,597,388</b>
Administrative expenses		(14,845,753)	(13,987,859)
Exceptional items	4	(2,821,667)	(895,547)
EBITDA*		381,107	3,438,924
Amortisation		(6,212)	(6,778)
Depreciation		(602,902)	(561,429)
Exceptional costs		(2,821,667)	(895,547)
Share based payment charge		-	(261,188)
<b>Operating (loss)/profit</b>	<b>8</b>	<b>(3,049,674)</b>	<b>1,713,982</b>
Interest receivable and similar income	9	115,900	11,888
Interest payable and similar expenses	10	(203,431)	-
Other gains and losses	11	309,631	(317,226)
<b>(Loss)/profit before taxation</b>		<b>(2,827,574)</b>	<b>1,408,644</b>
Tax on (loss)/profit	12	88,806	18,320
<b>(Loss)/profit for the financial period</b>		<b>(2,738,768)</b>	<b>1,426,964</b>

\* Earnings before interest, tax, depreciation, amortisation, exceptional costs and adjusted for share based payment charge

**OKA DIRECT LIMITED****BALANCE SHEET****AS AT 29 DECEMBER 2018**

		<b>29 December 2018</b>		<b>27 January 2018</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>13</b>		27,468		33,680
Tangible assets	<b>14</b>		3,044,271		2,636,094
Investments	<b>15</b>		3,188,654		-
			<u>6,260,393</u>		<u>2,669,774</u>
<b>Current assets</b>					
Stocks	<b>17</b>	6,467,392		7,604,637	
Debtors	<b>18</b>	11,319,818		1,547,362	
Cash at bank and in hand		1,663,510		5,342,053	
		<u>19,450,720</u>		<u>14,494,052</u>	
<b>Creditors: amounts falling due within one year</b>	<b>19</b>	(7,851,399)		(4,677,253)	
<b>Net current assets</b>			<u>11,599,321</u>		<u>9,816,799</u>
<b>Total assets less current liabilities</b>			<u>17,859,714</u>		<u>12,486,573</u>
<b>Creditors: amounts falling due after more than one year</b>	<b>20</b>		(7,004,941)		-
<b>Provisions for liabilities</b>	<b>22</b>		(1,176,419)		(69,451)
<b>Net assets</b>			<u><u>9,678,354</u></u>		<u><u>12,417,122</u></u>
<b>Capital and reserves</b>					
Called up share capital	<b>25</b>		162,567		162,567
Share premium account			5,879,110		5,879,110
Profit and loss reserves	<b>26</b>		3,636,677		6,375,445
<b>Total equity</b>			<u><u>9,678,354</u></u>		<u><u>12,417,122</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24/9/19...  
and are signed on its behalf by:

  
.....  
M J J Little  
Director

# OKA DIRECT LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Share based payment reserve £	Profit and loss reserves £	Total £
<b>Balance at 29 January 2017</b>		142,917	5,004,610	266,961	4,420,332	9,834,820
<b>Period ended 27 January 2018:</b>						
Profit and total comprehensive income for the period		-	-	-	1,426,964	1,426,964
Issue of share capital	25	19,650	874,500	-	-	894,150
Share based payments		-	-	261,188	-	261,188
Share options exercised	7	-	-	(528,149)	528,149	-
<b>Balance at 27 January 2018</b>		162,567	5,879,110	-	6,375,445	12,417,122
<b>Period ended 29 December 2018:</b>						
Loss and total comprehensive income for the period		-	-	-	(2,738,768)	(2,738,768)
<b>Balance at 29 December 2018</b>		162,567	5,879,110	-	3,636,677	9,678,354

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 DECEMBER 2018

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### 1 Accounting policies

#### Company information

OKA Direct Limited is a private company limited by shares and is registered and incorporated in England. The registered office is 170 Brook Drive, Milton Park, Abingdon, Oxfordshire, OX14 4SD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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. The principal accounting policies adopted are set out below.

#### Reduced disclosures

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 company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of Luxury British Design Holdings Limited. These consolidated financial statements are available from its registered office, 170 Brook Drive, Milton Park, Abingdon, Oxfordshire, OX14 4SD. They are also publicly available and can be obtained from Companies House.

# **OKA DIRECT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 29 DECEMBER 2018**

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#### **1 Accounting policies (Continued)**

##### **Going concern**

The Company incurred a loss of £2.7 million for the period ended 29 December 2018.

In order to assess the going concern assumption, the directors have prepared and considered detailed trading and cash flow projections for a period of at least 12 months from the date of approval of these financial statements which form part of a group-wide business plan prepared through to 31 December 2023 ("Strategic Plan"), alongside the risks inherent in the business, notably liquidity and trading performance.

The Company is funded by a long-term loan from a fellow group undertaking, permanent equity and bank overdraft facilities of £2.4 million. The long term loan was taken out during the period in order to fund the acquisition of Wisteria. As part of the strategic plan, shareholders have invested a further £10m into the wider group in 2019 which underpins the investment programmes in the next 12 months.

As with any business placing reliance on future forecasts, the directors acknowledge that there can be no certainty that budgeted sales will be achieved given the general macro-economic uncertainties currently affecting discretionary consumer spend. The Company is presently seeking to accelerate its growth and has a flexible multi-channel business model which will drive expansion through new market entry, product innovation and brand development. The pace at which these plans are implemented can be flexed to adjust to market conditions, which will change the timing and extent of costs and investment.

Consequently, the directors believe that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They have therefore concluded that there is no material uncertainty about the ability of the Company to continue as a going concern and that it remains appropriate to continue to prepare the financial statements on a going concern basis.

##### **Reporting period**

The reporting period presented in these financial statements is the 48 week period ended 29 December 2018 to bring the reporting date in line with that of the company's ultimate parent company and other group companies. The comparative information shown is for the 52 week period ended 27 January 2018 and therefore the amounts are not entirely comparable.

##### **Turnover**

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

Turnover from own showrooms and concessions is recognised at the point of sale when the goods have been provided. Turnover from website, mail order, interior design and trade activities is recognised when the goods have been dispatched.

##### **Operating profit**

Operating profit relates to profit derived from the business's principal activities before accounting for fair value gains and losses, financing income and costs, taxation and other comprehensive income.

##### **Pre-opening costs**

Pre-opening costs represent costs incurred up to the date of opening new showrooms. These costs are written off to the profit and loss account in the period in which they are incurred.



# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **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.

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:

Domain names	straight line over 10 years
Branding	straight line over 2 years

##### **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:

Leasehold improvements	over the term of the lease
Fixtures and fittings	at various rates between 3 and 10 years

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.

##### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **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.

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated on a weighted average method and consists of materials and freight transportation expenditure. At each reporting date, the company assesses whether stocks are impaired. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

##### **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 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **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.

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### ***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 trade and other creditors and loans from fellow group companies, 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.

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

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

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 hedge accounting is applied and the hedge is a cash flow hedge.

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

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

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of 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.

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Dilapidations**

The company is required to perform dilapidation repairs on its leased properties, prior to the properties being vacated at the end of their lease term, or earlier if the property lease is surrendered or sub-let. Provision for such costs are made where a legal obligation is identified and the liability can be reasonably quantified.

##### **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.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Share-based payments**

The company grants share options and issues growth shares with appreciation rights. Such equity settled share-based transactions are measured at fair value at the date of grant by reference to an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares and share options that will eventually vest. A corresponding adjustment is made to equity.

##### **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.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

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#### 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.

The directors do not consider there to be any key judgements or sources of estimation uncertainty present in the preparation of these financial statements.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Stock provision**

The company has recognised provisions for impairment of stocks in the financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other relevant factors.

#### **Dilapidations**

The company provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs (including strip out costs and professional fees). The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. Managements estimates are based on categorisation of stores by size and capital works performed and price per square foot.

#### **Carrying value of investments in/amounts owed by group undertakings**

The directors have reviewed the carrying value of the company's initial investment in its subsidiary undertakings and amounts owed at the balance sheet date. Based on forecasted trading results and cash flow projections, they are confident that the carrying value of investments in and loans made to these group undertakings will be recoverable in the foreseeable future.

Based on the above the Directors have concluded that no material provision for impairment is required at the balance sheet date.

#### 3 Turnover and other revenue

	29 December 2018 £	27 January 2018 £
<b>Turnover analysed by class of business</b>		
Turnover derived from the company's principal activity predominantly in the UK	26,341,690	28,721,267

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

### 3 Turnover and other revenue (Continued)

	29 December 2018 £	27 January 2018 £
Other revenue		
Interest income	115,900	11,888

### 4 Exceptional costs

	29 December 2018 £	27 January 2018 £
Restructuring costs	1,462,156	-
Stock provision	246,637	-
Property dilapidations	1,176,419	-
Insurance compensation	(63,545)	-
Sale of the company	-	895,547
	2,821,667	895,547

### 5 Employees

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

	29 December 2018 Number	27 January 2018 Number
Management and administration	120	117
Showrooms	124	121
	244	238

Their aggregate remuneration comprised:

	29 December 2018 £	27 January 2018 £
Wages and salaries	5,495,270	5,825,001
Social security costs	476,174	473,075
Pension costs	153,934	118,941
	6,125,378	6,417,017

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

### 6 Directors' remuneration

	29 December 2018 £	27 January 2018 £
Remuneration for qualifying services	548,764	883,937
Company pension contributions to defined contribution schemes	14,538	31,379
	<u>563,302</u>	<u>915,316</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (27 January 2018 - 6).

The number of directors who exercised share options during the period was 0 (27 January 2018 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	29 December 2018 £	27 January 2018 £
Remuneration for qualifying services	128,333	225,077
Company pension contributions to defined contribution schemes	4,900	-
	<u>133,233</u>	<u>225,077</u>

### 7 Share-based payment transactions

#### Equity-settled share based payments

The company had granted a number of approved EMI and unapproved options. The plans provided for a grant price equal to the market price of the company shares on the date of the grant. The vesting period was generally between 3 to 4 years. If options remained unexercised after a period of 10 years from the date of grant, the options expired. Furthermore, options were forfeited if the employee left the Company before the options vested.

The entire exercisable share options were exercised or lapsed following a change in ownership of the company during the year ended 27 January 2018 .

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

#### 7 Share-based payment transactions (Continued)

	Number of share options		Weighted average exercise price	
	29 December 2018 Number	27 January 2018 Number	29 December 2018 £	27 January 2018 £
Outstanding at 28 January 2018	-	1,995,000	-	0.46
Exercised	-	(1,965,000)	-	0.46
Expired	-	(30,000)	-	0.46
Outstanding at 29 December 2018	-	-	-	-
Exercisable at 29 December 2018	-	-	-	-

#### 8 Operating (loss)/profit

	29 December 2018 £	27 January 2018 £
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(342,264)	52,745
Fees payable to the company's auditor for the audit of the company's financial statements	38,000	37,000
Depreciation of owned tangible fixed assets	602,902	561,429
Amortisation of intangible assets	6,212	6,778
Cost of stocks recognised as an expense	7,451,113	7,958,894
Operating lease charges	2,773,403	2,626,766

#### 9 Interest receivable and similar income

	29 December 2018 £	27 January 2018 £
<b>Interest income</b>		
Interest on bank deposits	959	11,888
Interest receivable from group companies	114,941	-
Total income	115,900	11,888
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	115,900	11,888



# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

### 10 Interest payable and similar expenses

	29 December 2018	27 January 2018
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	203,431	-
	<u>          </u>	<u>          </u>

### 11 Other gains and losses

	29 December 2018	27 January 2018
	£	£
<b>Fair value gains/(losses) on financial instruments</b>		
Change in value of financial assets held at fair value through profit or loss	309,631	(317,226)
	<u>          </u>	<u>          </u>

### 12 Taxation

	29 December 2018	27 January 2018
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	(19,355)	-
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(69,675)	(18,320)
Adjustment in respect of prior periods	224	-
	<u>          </u>	<u>          </u>
Total deferred tax	(69,451)	(18,320)
	<u>          </u>	<u>          </u>
Total tax credit	(88,806)	(18,320)
	<u>          </u>	<u>          </u>

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

### 12 Taxation (Continued)

The total tax credit for the period included in the profit and loss account can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	29 December 2018 £	27 January 2018 £
(Loss)/profit before taxation	(2,827,574)	1,408,644
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (27 January 2018: 19.17%)	(537,239)	270,037
Tax effect of expenses that are not deductible in determining taxable profit	282,077	245,852
Additional deduction for land remediation expenditure	(2,167)	-
Adjustments in respect of prior years	(19,355)	-
Other permanent differences	150	(540,671)
Deferred tax adjustments in respect of prior years	224	-
Fixed asset timing differences	17,152	16,813
Losses carried back	-	(924)
Adjust deferred tax to average rate	25,267	1,006
Deferred tax not recognised	145,085	(10,433)
Taxation credit for the period	(88,806)	(18,320)

The company has tax losses of £1,217,575 (29 January 2018: £nil) to carry forward against future trading profits.

The UK main corporation tax rate will reduce to 17% from 1 April 2020, which was announced in the Finance Bill 2016 and was substantively enacted on 12 September 2016. The changes have been substantively enacted at the balance sheet date and are therefore recognised in these financial statements in the measurement of the company's deferred tax assets and liabilities (see note 23).

### 13 Intangible fixed assets

	Domain names £
<b>Cost</b>	
At 28 January 2018 and 29 December 2018	49,995
<b>Amortisation and impairment</b>	
At 28 January 2018	16,315
Amortisation charged for the period	6,212
At 29 December 2018	22,527
<b>Carrying amount</b>	
At 29 December 2018	27,468
At 27 January 2018	33,680

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

### 14 Tangible fixed assets

	Leasehold improve-ments £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 28 January 2018	622,654	5,397,407	6,020,061
Additions	11,876	999,203	1,011,079
At 29 December 2018	634,530	6,396,610	7,031,140
<b>Depreciation and impairment</b>			
At 28 January 2018	327,531	3,056,436	3,383,967
Depreciation charged in the period	51,351	551,551	602,902
At 29 December 2018	378,882	3,607,987	3,986,869
<b>Carrying amount</b>			
At 29 December 2018	255,648	2,788,623	3,044,271
At 27 January 2018	295,123	2,340,971	2,636,094

### 15 Fixed asset investments

	Notes	29 December 2018 £	27 January 2018 £
Investments in subsidiaries	16	3,188,654	-

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 28 January 2018	-
Additions	3,188,654
At 29 December 2018	3,188,654
<b>Carrying amount</b>	
At 29 December 2018	3,188,654
At 27 January 2018	-

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

#### 16 Subsidiaries

Details of the company's subsidiaries at 29 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Luxury American Design Holding, LLC	13780 Benchmark Drive, Farmers Branch, TX 75234, United States	Holding company	Ordinary	100.00	
Newsom Designs, LLC	As above	Furniture and home furnishings sales	Ordinary		100.00

#### 17 Stocks

	29 December 2018 £	27 January 2018 £
Finished goods and goods for resale	6,467,392	7,604,637

#### 18 Debtors

	29 December 2018 £	27 January 2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	104,490	105,681
Corporation tax recoverable	214,361	152,108
Amounts owed by group undertakings	8,158,422	-
Derivative financial instruments	51,580	-
Other debtors	238,838	487,651
Prepayments and accrued income	2,552,127	801,922
	<u>11,319,818</u>	<u>1,547,362</u>

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

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

	29 December 2018 £	27 January 2018 £
Trade creditors	985,554	1,099,816
Amounts owed to group undertakings	1,399,731	205,365
Taxation and social security	737,907	1,064,059
Derivative financial instruments	-	258,051
Other creditors	47,605	30,627
Accruals and deferred income	4,680,602	2,019,335
	<u>7,851,399</u>	<u>4,677,253</u>

### 20 Creditors: amounts falling due after more than one year

	29 December 2018 £	27 January 2018 £
Amounts owed to group undertakings	<u>7,004,941</u>	<u>-</u>

Amounts due to group undertakings of £7,004,941 (29 January 2018: £nil) is due for repayment on 14 September 2028. Interest is accrued at 10% per annum.

### 21 Financial instruments

	29 December 2018 £	27 January 2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	8,501,750	593,332
Instruments measured at fair value through profit or loss	<u>51,580</u>	<u>-</u>
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	-	258,051
Measured at amortised cost	<u>14,118,433</u>	<u>3,355,143</u>

The fair values above relate to foreign currency forward contracts which the company uses to manage the foreign exchange risk of future transactions and cash flows.

At the period end, the total carrying amount of outstanding foreign exchange contracts that OKA Direct Limited has committed to is US \$2.15m (27 January 2018: US \$4.96m).

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

### 22 Provisions for liabilities

	Notes	29 December 2018 £	27 January 2018 £
Dilapidations		1,176,419	-
Deferred tax liabilities	23	-	69,451
		<u>1,176,419</u>	<u>69,451</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations £
Additional provisions in the year	<u>1,176,419</u>

Provisions for dilapidations are made where the company is required to perform repairs on its leased properties. Provision for such costs are made where a legal obligation is identified and the liability can be reasonably quantified.

### 23 Deferred taxation

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

	Liabilities 29 December 2018 £	Liabilities 27 January 2018 £
<b>Balances:</b>		
Accelerated capital allowances	43,769	44,773
Tax losses	(61,903)	-
Short term timing differences	18,134	24,678
	<u>-</u>	<u>69,451</u>

	29 December 2018 £
<b>Movements in the period:</b>	
Liability at 28 January 2018	69,451
Credit to profit or loss	(69,451)
Liability at 29 December 2018	<u>-</u>

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

### 24 Retirement benefit schemes

	29 December 2018	27 January 2018
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	153,934	118,941

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 25 Share capital

	29 December 2018	27 January 2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
16,069,963 Ordinary shares of 1p each	160,700	160,700
1,867,000 Growth shares of 0.1p each	1,867	1,867
	<u>162,567</u>	<u>162,567</u>

The growth shares have no voting rights and offer the holders their right to participate upon an exit event above a predetermined level.

### 26 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### Share premium

The excess of consideration received for shares issued above their nominal value net of transaction costs.

### 27 Contingent assets

During the period the company received insurance proceeds following a fire which destroyed a store. Although the exact amount is uncertain, the remaining proceeds expected to be received are estimated at £40k.

# OKA DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 DECEMBER 2018

#### 28 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:

	29 December 2018 £	27 January 2018 £
Within one year	2,362,132	2,804,188
Between one and five years	7,065,801	7,768,505
In over five years	4,124,438	5,928,599
	<u>13,552,371</u>	<u>16,501,292</u>

#### 29 Related party transactions

##### Transactions with related parties

During the period the company entered into the following transactions with related parties:

During the period the company sold goods to certain directors and connected family members amounting to £34,131 (27 January 2018: £92,324) at the company's usual list prices. There were no amounts outstanding at the period end.

Purchases of services in the year include £nil (27 January 2018: £15,000) with an entity which had an interest in the share capital of OKA Direct Limited.

#### 30 Ultimate controlling party

The immediate parent company is Luxury British Design 2 Limited, a company incorporated in the United Kingdom.

Luxury British Design Holdings Limited, a company incorporated in the United Kingdom, is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Luxury British Design Holdings Limited consolidated financial statements for the period ended 29 December 2018 are publicly available and can be obtained from Companies House.

The ultimate parent undertaking is Global Industrial Holding S.a.r.l., a company incorporated in Luxembourg.