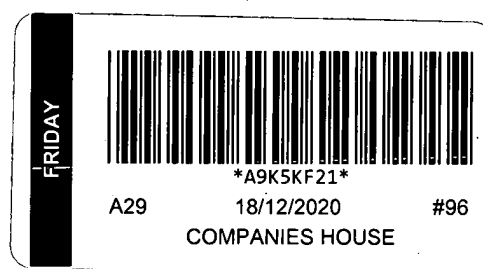


Company Registration No. 03722366 (England and Wales)

OKA DIRECT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
28 DECEMBER 2019



OKA DIRECT LIMITED

COMPANY INFORMATION

Directors	Viscountess Astor S C Jones L I Waterhouse M J J Little E G Foa
Secretary	M J J Little
Company number	03722366
Registered office	Purchas Road Didcot Oxfordshire OX11 7BF United Kingdom
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

OKA DIRECT LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 28 DECEMBER 2019

The directors present the strategic report for the period ended 28 December 2019.

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 is a high-end, omnichannel retailer 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 the business presents it makes OKA stand out from its peers. The company sells a broad range of home lifestyle products directly to the end consumer and in recent years has invested significantly in its website to provide an enhanced customer experience alongside its retail stores, interior design service and trade offer. Several collaborations with leading designers have been launched, which has been complemented by further investment in a brand marketing campaign both online and in traditional media as well as via the company's retail stores.

The senior management team has been strengthened in 2019 with the recruitment of a Chief Technology Officer, Chief Commercial Officer and Global Supply Chain Director, bringing valuable experience of international markets and the furniture sector. In addition, to ensure the future growth plans can be operationally met, the business has secured a new centralised warehouse facility in Didcot, Oxfordshire which also accommodates the Oxford-based office functions and a new retail store and was fully operational in February 2020.

Whilst the retail sector has continued to be challenging, total sales have increased by 15% compared to the 48 week period last year, and within this, retail stores saw an increase of 10.1% and online sales saw an increase of 12.4%. The business has continued to invest in its operational infrastructure, management team, marketing activities and the further development of the digital channel which has included investment in CRM, content and inspirational stories through the new blog, optimised navigation and a new product detail page design.

This has resulted in an increase in operating costs which has contributed to a reduction in EBITDA to £-1.78m for the year to December 2019 (£0.38m last year).

Exceptional costs of £9.31m (2018: £2.82m) were incurred relating to restructuring activities, the integration of Newsom Designs LLC and other one-off material items as set out in note 4. The performance of Newsom Designs LLC is below management's expectations and therefore provisions for impairment totalling £8m have been recognised against the value of the investment and the amounts due from group undertakings.

The company remains in a strong liquidity position with cash reserves of £5.17m (2018: £1.66m) at the year end.

Business model

The company operates its brand through an Omni-channel distribution network optimising client reach and maximising brand strength:

- Retail showrooms: the brand operates 14 strategically placed stores across the UK (as at the date of issue of these financial statements)
- Web: the brand operates a scalable and growing e-commerce business in 3 currencies (UK£, US\$ and Euro€)
- Mail order: the OKA brand operates phone based ordering systems via call centres based in the UK.
- Interior design: the brand employs a number of Interior Designers in the UK 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 providing its customers with a constantly improving and adapting shopping experience to meet their expectations, through a multi-channel offering in the UK.

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

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 reviews 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.

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 during the current year 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 is funded via its group by a mixture of permanent equity and long-term shareholder loan notes 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.

The company's funding via shareholder loan notes held by the upward group was increased during the period by a further £15m, with a repayment date on the loan notes of January 2028.

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 28 DECEMBER 2019

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, amortisation, loss on disposal of fixed assets and exceptional costs ("EBITDA"), and EBITDA as a percentage return on turnover.

EBITDA for the period under review was a £1,782,734 loss (2018: £381,107 profit) and delivered a margin of -5.9% (2018: 1.4%).

Other key performance indicators are:

	52 weeks to 28 December 2019	48 weeks to 29 December 2018
Sales £000's	30,164	26,342
Margin £000's	16,378	14,618
Employees	262	244

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.

Covid-19

The company reacted quickly and decisively to the pandemic in line with government guidelines. Communication channels were established with colleagues and customers to ensure they remained informed of the developing situation and office based teams transitioned effectively to working from home.

The business continued to operate the UK distribution centre and whilst retail stores were temporarily closed, the performance of online channels provided partial mitigation to the lost revenue during that period. All stores continue to trade in the UK.

The board would like to express its gratitude to the company's stakeholders for their support through this challenging period including our landlords, who agreed to a combination of payment deferrals and rent reductions.

The directors recognise the environment in the new financial year is likely to be challenging and will require the business to be agile in how it provides a safe and enjoyable shopping experience for our customers as the company continues to assess the continued impact of COVID-19.

Going concern

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.

Recognising the potentially severe cashflow impact of the Coronavirus pandemic, a series of cost reduction measures aimed at conserving cash have been implemented in 2020, including delaying capital expenditure alongside utilising the UK Government Job Retention Scheme and business rates relief scheme and negotiating property rent concessions.

To increase cash reserves, in June 2020 the business secured an incremental £9m investment from the group's major shareholder (in the form of a secured loan note). The company is entirely funded by shareholder contributions which do not have financial covenants attached to them.

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

Going concern (continued)

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 has a flexible multi-channel business model which affords partial protection of revenue if temporary store closures related to the virus pandemic are enforced by government across the UK.

Cashflow projections have been prepared reflecting a sales downside sensitivity to circa -20% year on year in the year ending December 2021 and these demonstrate sufficient cash resources exist in the company throughout this period.

Putting this sensitivity analysis into context, in the ten months to October 2020, which has seen the start of the Covid pandemic impact and temporary retail store closures, the company's sales were below the prior year by only 4.5%.

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.

Post balance sheet events

The decision was taken to wind up the trade of Newsom Designs LLC in the period after the reporting date. Newsom Designs LLC ceased trading in September 2020 and it is expected that the formal liquidation process will be completed in 2021.

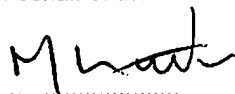
Recognising the potentially severe cashflow impact of the Coronavirus pandemic, the directors have implemented a series of cost reduction measures and engaged with the group's majority shareholder to explore new funding arrangements. A new issue of unsecured loan notes maturing in June 2027 for £9,000,000 has been completed. Interest on these loan notes accrues at a rate of 10% per annum.

Following the post year-end debt restructuring the company no longer maintains an overdraft facility with Barclays Bank.

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: 15/12/20

OKA DIRECT LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 28 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 28 December 2019. During the prior 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. The previous reporting period presented in these financial statements is the 48 week period ended 29 December 2018 therefore the amounts are not entirely comparable with the current year.

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)

S C Jones

L I Waterhouse

M J J Little

E G Foa

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.

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 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.

Auditor

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

OKA DIRECT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

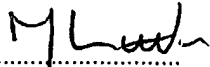
Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the strategic report information required to be contained in the directors' report, including financial risk management, future developments and post balance sheet events.

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.

On behalf of the board



M J J Little

Director

Date: 15/12/20

OKA DIRECT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 28 DECEMBER 2019

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

Opinion

We have audited the financial statements of OKA Direct Limited (the 'company') for the period ended 28 December 2019 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 28 December 2019 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)

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.

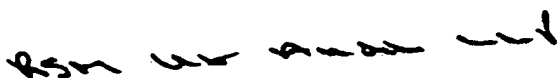
Auditor's responsibilities for the audit of the financial statements

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 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

16 December 2020

OKA DIRECT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 DECEMBER 2019

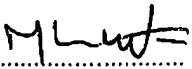
		Period ended 28 December 2019 £	Period ended 29 December 2018 £
	Notes		
Turnover	3	30,163,767	26,341,690
Cost of sales		(13,785,867)	(11,723,944)
Gross profit		16,377,900	14,617,746
Administrative expenses		(28,508,208)	(17,667,420)
EBITDA*		(1,782,734)	381,107
Amortisation		(29,411)	(6,212)
Depreciation		(859,883)	(602,902)
Exceptional costs	4	(9,308,821)	(2,821,667)
Loss on disposal of fixed assets		(149,459)	-
Operating loss	7	(12,130,308)	(3,049,674)
Interest receivable and similar income	8	453,530	115,900
Interest payable and similar expenses	9	(1,222,410)	(203,431)
Other gains and losses	10	(150,397)	309,631
Loss before taxation		(13,049,585)	(2,827,574)
Tax on loss	11	25,672	88,806
Loss for the financial period		(13,023,913)	(2,738,768)

* Earnings before interest, tax, depreciation, amortisation, loss on disposal of fixed assets and exceptional costs

OKA DIRECT LIMITED**BALANCE SHEET****AS AT 28 DECEMBER 2019**

		28 December 2019		29 December 2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		94,616		27,468
Tangible assets	13		3,666,314		3,044,271
Investments	14		-		3,188,654
			<u>3,760,930</u>		<u>6,260,393</u>
Current assets					
Stocks	16	6,445,697		6,467,392	
Debtors falling due after more than one year	17	5,713,289		4,151,698	
Debtors falling due within one year	17	8,673,270		7,168,120	
Cash at bank and in hand		5,166,975		1,663,510	
		<u>25,999,231</u>		<u>19,450,720</u>	
Creditors: amounts falling due within one year	18	<u>(8,053,214)</u>		<u>(7,647,968)</u>	
Net current assets			<u>17,946,017</u>		<u>11,802,752</u>
Total assets less current liabilities			<u>21,706,947</u>		<u>18,063,145</u>
Creditors: amounts falling due after more than one year	19		<u>(23,856,087)</u>		<u>(7,208,372)</u>
Provisions for liabilities	22		<u>(1,196,419)</u>		<u>(1,176,419)</u>
Net (liabilities)/assets			<u><u>(3,345,559)</u></u>		<u><u>9,678,354</u></u>
Capital and reserves					
Called up share capital	24		162,567		162,567
Share premium account			5,879,110		5,879,110
Profit and loss reserves	25		<u>(9,387,236)</u>		<u>3,636,677</u>
Total equity			<u><u>(3,345,559)</u></u>		<u><u>9,678,354</u></u>

The financial statements were approved by the board of directors and authorised for issue on 15/12/20 and are signed on its behalf by:


 M J J Little
 Director

OKA DIRECT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 DECEMBER 2019

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 28 January 2018	162,567	5,879,110	6,375,445	12,417,122
Period ended 29 December 2018:				
Loss and total comprehensive income for the period	-	-	(2,738,768)	(2,738,768)
Balance at 29 December 2018	162,567	5,879,110	3,636,677	9,678,354
Period ended 28 December 2019:				
Loss and total comprehensive income for the period	-	-	(13,023,913)	(13,023,913)
Balance at 28 December 2019	162,567	5,879,110	(9,387,236)	(3,345,559)

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 DECEMBER 2019

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 Purchas Road, Didcot, Oxfordshire, United Kingdom, OX11 7BF.

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 have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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 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, Purchas Road, Didcot, Oxfordshire, OX11 7HJ. 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 28 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

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.

Recognising the potentially severe cashflow impact of the Coronavirus pandemic, a series of cost reduction measures aimed at conserving cash have been implemented in 2020, including delaying capital expenditure alongside utilising the UK Government Job Retention Scheme and business rates relief scheme and negotiating property rent concessions.

To increase cash reserves, in June 2020 the business secured an incremental £9m investment from its major shareholder (in the form of a secured loan note). The company is entirely funded by shareholder contributions which do not have financial covenants attached to them.

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 has a flexible multi-channel business model which affords partial protection of revenue if temporary store closures related to the virus pandemic are enforced by government across the UK.

Cashflow projections have been prepared reflecting a sales downside sensitivity to circa -20% year on year in the year ending December 2021 and these demonstrate sufficient cash resources exist in the company throughout this period.

Putting this sensitivity analysis into context, in the ten months to October 2020, which has seen the start of the Covid pandemic impact and temporary retail store closures, the company's sales were below the prior year by only 4.5%.

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 previous reporting period presented in these financial statements is the 48 week period ended 29 December 2018 therefore the amounts are not entirely comparable with the current year.

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 are available to be 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 28 DECEMBER 2019

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 28 DECEMBER 2019

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 28 DECEMBER 2019

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 28 DECEMBER 2019

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.

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.

Lease incentives

Incentives received to enter into an operating lease, either in the form of landlord contributions to fit-out costs or rent free periods, are credited to the Statement of Comprehensive Income, to reduce the lease expense, on a straight-line basis over the period of the lease. The landlord contribution or rent-free accrual are recognised within accruals and deferred income.

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 28 DECEMBER 2019

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 investment in its subsidiary undertakings and amounts owed at the balance sheet date. Provisions for impairment have been recognised based on forecasted trading results and cash flow projections.

3 Turnover

	28 December 2019 £	29 December 2018 £
Turnover analysed by class of business		
Turnover derived from the company's principal activity predominantly in the UK	30,163,767	26,341,690

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

4 Exceptional costs

	28 December 2019 £	29 December 2018 £
Restructuring costs	1,101,242	1,462,156
Stock provision	-	246,637
Property dilapidations	-	1,176,419
Insurance compensation	3,423	(63,545)
Pre-opening costs	252,932	-
Impairment of intercompany debtors	4,762,570	-
Impairment of investment	3,188,654	-
	<u>9,308,821</u>	<u>2,821,667</u>

5 Employees

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

	28 December 2019 Number	29 December 2018 Number
Management and administration	151	120
Showrooms	111	124
	<u>262</u>	<u>244</u>

Their aggregate remuneration comprised:

	28 December 2019 £	29 December 2018 £
Wages and salaries	7,059,718	5,495,270
Social security costs	703,291	476,174
Pension costs	270,449	153,934
	<u>8,033,458</u>	<u>6,125,378</u>

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

6 Directors' remuneration

	28 December 2019 £	29 December 2018 £
Remuneration for qualifying services	415,417	548,764
Company pension contributions to defined contribution schemes	22,152	14,538
	<u>437,569</u>	<u>563,302</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (29 December 2018 - 5).

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

	28 December 2019 £	29 December 2018 £
Remuneration for qualifying services	142,100	128,333
Company pension contributions to defined contribution schemes	7,826	4,900
	<u>149,926</u>	<u>133,233</u>

7 Operating loss

	28 December 2019 £	29 December 2018 £
Operating loss for the period is stated after charging/(crediting):		
Exchange losses/(gains)	339,073	(342,264)
Fees payable to the company's auditor for the audit of the company's financial statements	40,000	38,000
Depreciation of owned tangible fixed assets	859,883	602,902
Loss on disposal of tangible fixed assets	149,459	-
Amortisation of intangible assets	29,411	6,212
Operating lease charges	3,009,746	2,773,403
	<u>4,386,572</u>	<u>3,487,317</u>

8 Interest receivable and similar income

	28 December 2019 £	29 December 2018 £
Interest income		
Interest on bank deposits	-	959
Interest receivable from group companies	453,530	114,941
	<u>453,530</u>	<u>115,900</u>
Total income	<u>453,530</u>	<u>115,900</u>

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

8 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	453,530	115,900
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	28 December 2019 £	29 December 2018 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	1,222,410	203,431
	<u> </u>	<u> </u>

10 Other gains and losses

	28 December 2019 £	29 December 2018 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(150,397)	309,631
	<u> </u>	<u> </u>

11 Taxation

	28 December 2019 £	29 December 2018 £
Current tax		
Adjustments in respect of prior periods	(25,672)	(19,355)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	-	(69,675)
Adjustment in respect of prior periods	-	224
	<u> </u>	<u> </u>
Total deferred tax	-	(69,451)
	<u> </u>	<u> </u>
Total tax credit	(25,672)	(88,806)
	<u> </u>	<u> </u>

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

11 Taxation (Continued)

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

	28 December 2019 £	29 December 2018 £
Loss before taxation	(13,049,585)	(2,827,574)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (29 December 2018: 19.00%)	(2,479,421)	(537,239)
Tax effect of expenses that are not deductible in determining taxable profit	1,795,594	282,077
Additional deduction for land remediation expenditure	-	(2,167)
Adjustments in respect of prior years	(25,672)	(19,355)
Other permanent differences	-	150
Deferred tax adjustments in respect of prior years	-	224
Fixed asset timing differences	21,704	17,152
Adjust deferred tax to average rate	64,764	25,267
Deferred tax not recognised	597,359	145,085
Taxation credit for the period	(25,672)	(88,806)

The company has tax losses of £5,463,441 (29 December 2018: £1,217,575) to carry forward against future trading profits. A potential deferred tax asset of £886,857 has not been recognised on these tax losses due to uncertainty as to the timing of utilisation.

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.

In the Budget of 11 March 2020, the Chancellor announced the reversal of the previously enacted reduction in the rate of corporation tax. This reversal was subsequently confirmed by a resolution under the Provisional Collection of Taxes Act 1968, which set the rate at 19%.

Deferred taxes at the Balance Sheet date have been measured in these financial statements using the enacted tax rate at the year end.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

12 Intangible fixed assets

	Domain names £
Cost	
At 30 December 2018	49,995
Additions	96,559
At 28 December 2019	146,554
Amortisation and impairment	
At 30 December 2018	22,527
Amortisation charged for the period	29,411
At 28 December 2019	51,938
Carrying amount	
At 28 December 2019	94,616
At 29 December 2018	27,468

13 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Total £
Cost			
At 30 December 2018	634,530	6,396,610	7,031,140
Additions	471,370	1,160,015	1,631,385
Disposals	-	(437,691)	(437,691)
At 28 December 2019	1,105,900	7,118,934	8,224,834
Depreciation and impairment			
At 30 December 2018	378,882	3,607,987	3,986,869
Depreciation charged in the period	53,577	806,306	859,883
Eliminated in respect of disposals	-	(288,232)	(288,232)
At 28 December 2019	432,459	4,126,061	4,558,520
Carrying amount			
At 28 December 2019	673,441	2,992,873	3,666,314
At 29 December 2018	255,648	2,788,623	3,044,271

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

14 Fixed asset investments

	Notes	28 December 2019 £	29 December 2018 £
Investments in subsidiaries	15	-	3,188,654

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 30 December 2018 & 28 December 2019	3,188,654
Impairment	
At 30 December 2018	-
Impairment losses	3,188,654
At 28 December 2019	3,188,654
Carrying amount	
At 28 December 2019	-
At 29 December 2018	3,188,654

15 Subsidiaries

Details of the company's subsidiaries at 28 December 2019 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
OKA USA, LLC	As above	Furniture and home furnishings sales	Ordinary	100.00

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

16 Stocks

	28 December 2019 £	29 December 2018 £
Finished goods and goods for resale	6,445,697	6,467,392

17 Debtors

	28 December 2019 £	29 December 2018 as restated £
Amounts falling due within one year:		
Trade debtors	745,877	104,490
Corporation tax recoverable	-	214,361
Amounts owed by group undertakings	4,452,844	4,121,665
Derivative financial instruments	-	51,580
Other debtors	216,809	238,838
Prepayments and accrued income	3,257,740	2,437,186
	<u>8,673,270</u>	<u>7,168,120</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	3,879,401	4,036,757
Other debtors	1,833,888	114,941
	<u>5,713,289</u>	<u>4,151,698</u>
Total debtors	<u>14,386,559</u>	<u>11,319,818</u>

Included within other debtors is £549,266 (29 December 2018: £114,941) relating to accrued interest receivable.

Included within amounts owed by group undertakings due after more than one year are loan notes amounting to £3,879,401 (29 December 2018: £4,036,757) due for repayment on 14 September 2028. Interest is accrued at 10% per annum and is payable on the earlier of a change of control event or the final repayment date. Any unpaid interest compounds yearly on the anniversary of each loan.

The comparative for debtors: amounts falling due within one year (amounts owed by group undertakings, and prepayments and accrued income) has been restated to reclassify intercompany loan notes of £4,036,757 and accrued interest of £114,941 respectively as debtors: amounts falling due after more than one year (amounts owed by group undertakings, and other debtors) to correctly reflect the settlement date of the loan notes which is 2028.

These restatements had no impact on the loss, net assets or equity of any prior period.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

18 Creditors: amounts falling due within one year

		28 December 2019	29 December 2018 as restated
	Notes	£	£
Bank loans and overdrafts	20	12,014	-
Trade creditors		2,119,506	985,554
Amounts owed to group undertakings		416,338	1,399,731
Taxation and social security		671,503	737,907
Derivative financial instruments		98,817	-
Other creditors		69,371	47,605
Accruals and deferred income		4,665,665	4,477,171
		<u>8,053,214</u>	<u>7,647,968</u>

19 Creditors: amounts falling due after more than one year

		28 December 2019	29 December 2018 as restated
		£	£
Amounts owed to group undertakings		22,043,926	7,004,941
Other creditors		1,812,161	203,431
		<u>23,856,087</u>	<u>7,208,372</u>

Included within other creditors is £1,425,841 (29 December 2018: £203,431) relating to accrued interest payable.

Included within amounts owed to group undertakings is £7,004,941 (29 December 2018: £7,004,941) due for repayment on 14 September 2028, £3,624,871 due for repayment on 12 April 2029, £6,369,810 due for repayment on 17 August 2029 and £5,044,303 due for repayment on 19 December 2029. Interest on all loans is accrued at 10% per annum and is payable on the earlier of a change of control event or the final repayment date. Any unpaid interest compounds yearly on the anniversary of each loan.

The comparative for creditors: amounts falling due within one year (accruals and deferred income) has been restated to reclassify £203,431 in respect of accrued interest on intercompany loan notes as creditors: amounts falling due after more than one year (other creditors) to correctly reflect the settlement date of the balance which is 2028.

These restatements had no impact on the loss, net assets or equity of any prior period.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

20 Borrowings

	28 December 2019 £	29 December 2018 £
Bank overdrafts	12,014	-
Payable within one year	12,014	-

21 Financial instruments

	28 December 2019 £	29 December 2018 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	-	51,580
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	98,817	-

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 \$3.3m (29 December 2018: US \$2.15m).

22 Provisions for liabilities

	28 December 2019 £	29 December 2018 £
Dilapidations	1,196,419	1,176,419
Movements on provisions:		
		Dilapidations £
At 30 December 2018		1,176,419
Additional provisions in the year		20,000
At 28 December 2019		1,196,419

Provisions for dilapidations are made where the company is required to perform repairs on its leased properties. Provision for such costs are made when a present legal obligation has been incurred and the liability can be reasonably quantified. The obligations will ordinarily be incurred at the end of the lease period to which they relate.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

23 Retirement benefit schemes

	28 December 2019	29 December 2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	270,449	153,934

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.

24 Share capital

	28 December 2019	29 December 2018
	£	£
Ordinary share capital		
Issued and fully paid		
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
	162,567	162,567

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

25 Reserves

Profit and loss reserve

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.

26 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:

	28 December 2019	29 December 2018
	£	£
Within one year	3,290,864	2,362,132
Between one and five years	11,615,906	7,065,801
In over five years	8,690,739	4,124,438
	23,597,509	13,552,371

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 DECEMBER 2019

27 Post balance sheet events

The decision was taken to wind up the trade of Newsom Designs LLC in the period after the reporting date. Newsom Designs LLC ceased trading in September 2020 and it is expected that the formal liquidation process will be completed in 2021.

Recognising the potentially severe cashflow impact of the Coronavirus pandemic, the directors have implemented a series of cost reduction measures and engaged with the group's majority shareholder to explore new funding arrangements. A new issue of unsecured loan notes maturing in June 2027 for £9,000,000 has been completed. Interest on these loan notes accrues at a rate of 10% per annum.

Following the post year-end debt restructuring the company no longer maintains an overdraft facility with Barclays Bank.

28 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 £53,212 (29 December 2018: £34,131) at the company's usual list prices. £18,945 (2018: £nil) was outstanding at the period end.

29 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.