

Company Registration No. 03722366 (England and Wales)

OKA DIRECT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
27 JANUARY 2018



OKA DIRECT LIMITED

COMPANY INFORMATION

Directors	Viscountess Astor M Christie S C Jones L I Waterhouse P N Taylor M J J Little
Secretary	M J J Little
Company number	03722366
Registered office	170 Brook Drive Milton Park Abingdon Oxfordshire OX14 4SD
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

OKA DIRECT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 27 JANUARY 2018

The directors present the strategic report for the year ended 27 January 2018.

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.

The business continues to make progress and has delivered another significant increase in sales and growth in EBITDA, reflecting the focus on strengthening our multi-channel presence, the opening of a new showroom in Edgbaston and developing our product offering to satisfy the home lifestyle requirements of our customers. Web and Mail Order showed good progress as our growing customer base shop across more than one channel. Our Interior Design service has contributed significantly to the sales growth as customers recognise the added value that our in-house designers can bring to their homes. We have continued to develop our Home Accessories ranges, with more focus on categories such as faux flowers and lighting whilst introducing new ranges into Furniture.

The company remains in a strong financial position with cash reserves increasing to £5.3 million from £3.2 million last year, and tight stock control. We look forward to a year of strong growth ahead.

In January 2018, the company was acquired by Global Industrial Holding S.a.r.l. and this will enable OKA to realise its growth ambitions in the coming years.

Business model

The company's business model is based on developing a range of differentiated and beautifully presented premium home lifestyle products for sale in the UK and overseas.

Brand awareness is driven through focussed, efficient and in house direct marketing campaigns as well as PR and advertorials with select publications. As a result OKA has a strong market positioning within the UK marketplace.

The company operates through the following channels:

- Retail showrooms: the brand operates 15 stores across the UK (as at the date of issue of these financial statements).
- Web: the brand operates a scalable and growing web business in 3 currencies (UK£, US\$ and Euro€).
- Mail order: the brand operates a phone based ordering system via a call centre based in the UK.
- 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

In March 2018, we opened a new showroom in Guildford and this is trading ahead of expectations.

OKA will continue to focus on developing a multi-channel offering in the UK, explore opportunities to launch the brand in new international markets and focus on improving the customer experience both online and in showrooms. To deliver this, the company will continue to invest in its people, infrastructure and systems.

OKA DIRECT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 27 JANUARY 2018

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.

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

The company finances its operations through its positive trading cash flow. An overdraft facility of £2.4 million is in place to cover any seasonal cash flow requirements.

Liquidity risk

The company seeks 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.

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 YEAR ENDED 27 JANUARY 2018

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 £3,438,924 (2017: £2,414,354), an increase of 42.4% on the previous period, which delivered 12.0% (2017: 8.7%).

Other key performance indicators are:

	52 weeks to 27 January 2018	53 weeks to 28 January 2017
Sales £000's	28,721	27,828
Margin £000's	16,597	14,959
Employees	238	218

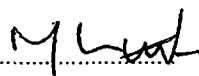
In addition the directors use a number of commercial performance measures including cashflow, average order value, demand, back orders and stock availability. Specific measures are also reviewed in relation to each business channel:

- 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: 20/7/18

OKA DIRECT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 27 JANUARY 2018

The directors present their annual report and financial statements for the year ended 27 January 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 year and up to the date of signature of the financial statements were as follows:

Viscountess Astor

M Christie

A K Hadden-Paton ACA

(Resigned 4 January 2018)

A J Hickin ACMA

(Resigned 6 July 2018)

S C Jones

L I Waterhouse

H J W Ropner

(Resigned 4 January 2018)

P A G Seers

(Resigned 4 January 2018)

P Chappelow

(Resigned 4 January 2018)

P N Taylor

M J J Little

(Appointed 4 January 2018)

Results and dividends

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

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 year. 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.

On behalf of the board



M J J Little

Director

Date: 26/1/18

OKA DIRECT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 27 JANUARY 2018

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 year ended 27 January 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 27 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 5, 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.

RSM UK Audit Ltd

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

23/07/18

OKA DIRECT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 27 JANUARY 2018

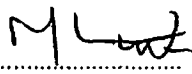
	Notes	2018 £	2017 £
Turnover	3	28,721,267	27,828,413
Cost of sales		(12,123,879)	(12,869,636)
Gross profit		16,597,388	14,958,777
Administrative expenses		(13,987,859)	(13,256,025)
Other operating income		-	10,947
Exceptional costs	4	(895,547)	-
EBITDA*		3,438,924	2,414,354
Amortisation		(6,778)	(5,827)
Depreciation		(561,429)	(554,828)
Exceptional costs		(895,547)	-
Share based payment charge		(261,188)	(140,000)
Operating profit	8	1,713,982	1,713,699
Interest receivable and similar income	9	11,888	14,043
Other gains and losses	10	(317,226)	(138,290)
Profit before taxation		1,408,644	1,589,452
Tax on profit	11	18,320	(353,423)
Profit for the financial year		1,426,964	1,236,029

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

OKA DIRECT LIMITED**BALANCE SHEET****AS AT 27 JANUARY 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	12	33,680		40,458	
Tangible assets	13	2,636,094		2,490,552	
		<u>2,669,774</u>		<u>2,531,010</u>	
Current assets					
Stocks	14	7,604,637		6,530,927	
Debtors	15	1,547,362		1,834,823	
Cash at bank and in hand		5,342,053		3,188,251	
		<u>14,494,052</u>		<u>11,554,001</u>	
Creditors: amounts falling due within one year	16	<u>(4,677,253)</u>		<u>(4,162,420)</u>	
Net current assets		<u>9,816,799</u>		<u>7,391,581</u>	
Total assets less current liabilities		<u>12,486,573</u>		<u>9,922,591</u>	
Provisions for liabilities	18	<u>(69,451)</u>		<u>(87,771)</u>	
Net assets		<u><u>12,417,122</u></u>		<u><u>9,834,820</u></u>	
Capital and reserves					
Called up share capital	21	162,567		142,917	
Share premium account	22	5,879,110		5,004,610	
Share based payment reserve	23	-		266,961	
Treasury reserve	23	-		-	
Profit and loss reserves	24	6,375,445		4,420,332	
Total equity		<u><u>12,417,122</u></u>		<u><u>9,834,820</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 20/7/18 and are signed on its behalf by:


 M J J Little
 Director

OKA DIRECT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 27 JANUARY 2018

	Notes	Share capital £	Share premium account £	Share based payment reserve £	Treasury reserve £	Profit and loss reserves £	Total £
Balance at 24 January 2016		142,544	5,004,610	126,961	(387)	3,184,303	8,458,031
Year ended 28 January 2017:							
Profit and total comprehensive income for the year		-	-	-	-	1,236,029	1,236,029
Issue of share capital	21	373	-	-	-	-	373
Share based payments		-	-	140,000	-	-	140,000
Shares issued from treasury		-	-	-	387	-	387
Balance at 28 January 2017		142,917	5,004,610	266,961	-	4,420,332	9,834,820
Year ended 27 January 2018:							
Profit and total comprehensive income for the year		-	-	-	-	1,426,964	1,426,964
Issue of share capital	21	19,650	874,500	-	-	-	894,150
Share based payments		-	-	261,188	-	-	261,188
Share options exercised		-	-	(528,149)	-	528,149	-
Balance at 27 January 2018		162,567	5,879,110	-	-	6,375,445	12,417,122

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 JANUARY 2018

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.

These financial statements are for the 52 week period ending 27 January 2018. Comparative figures are for the 53 week period ending 28 January 2017.

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 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.

Going concern

The directors are confident that the company's trading forecasts and cash flow projections show that it has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of the financial statements.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

1 Accounting policies (Continued)

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.

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 if the fair value 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.

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.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

1 Accounting policies (Continued)

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.

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.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

1 Accounting policies (Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including 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 direct issue 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 period.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 27 JANUARY 2018

1 Accounting policies (Continued)

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.

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. The provision is then spread over the 2 years prior to exiting the property.

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 income 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 leased asset are consumed.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 27 JANUARY 2018

1 Accounting policies (Continued)

Foreign Currencies

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.

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.

3 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
Turnover derived from the company's principal activity predominantly in the UK	28,721,267	27,828,413
	<u> </u>	<u> </u>
	2018 £	2017 £
Other revenue		
Interest income	11,888	14,043
	<u> </u>	<u> </u>

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

4 Exceptional costs

	2018 £	2017 £
Exceptional costs	895,547	-

The exceptional costs were incurred in relation to the sale of the company.

5 Employees

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

	2018 Number	2017 Number
Management and administration	117	111
Showrooms	121	107
	238	218

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	6,172,423	5,549,656
Social security costs	584,472	491,489
Pension costs	118,941	110,898
Cost of employee share schemes	261,188	140,000
	7,137,024	6,292,043

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	883,937	921,722
Company pension contributions to defined contribution schemes	31,379	18,431
	915,316	940,153

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2017 - 5).

The number of directors who exercised share options during the year was 5 (2017 - 0).

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

6 Directors' remuneration (Continued)

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

	2018 £	2017 £
Remuneration for qualifying services	225,077	185,495
Company pension contributions to defined contribution schemes	-	18,431
	<u>225,077</u>	<u>203,926</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 is generally between 3 to 4 years. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before the options vest.

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

	Number of share options		Weighted average exercise price	
	2018 Number	2017 Number	2018 £	2017 £
Outstanding at 29 January 2017	1,995,000	1,995,000	0.46	0.46
Exercised	(1,965,000)	-	0.46	-
Expired	(30,000)	-	0.46	-
Outstanding at 27 January 2018	<u>-</u>	<u>1,995,000</u>	<u>-</u>	<u>0.46</u>
Exercisable at 27 January 2018	<u>-</u>	<u>1,995,000</u>	<u>-</u>	<u>0.46</u>

Cash-settled share based payments

The company has issued growth shares that require the company to pay the intrinsic value of the share appreciation rights at the date of exercise.

The accounting charge in the year relating to the growth shares and share options was £261,188 (2017: £140,000).

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

8 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	37,000	36,000
Depreciation of owned tangible fixed assets	561,429	554,828
Loss on disposal of tangible fixed assets	-	23,987
Amortisation of intangible assets	6,778	5,827
Cost of stocks recognised as an expense	7,958,894	7,208,953
Operating lease charges	2,626,766	2,590,422

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to losses of £52,745 (2017: gain of £567,865).

9 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	11,888	14,043

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	11,888	14,043
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10 Other gains and losses

	2018 £	2017 £
Fair value losses on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(317,226)	(138,290)

11 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	-	347,811
Deferred tax		
Origination and reversal of timing differences	(18,320)	10,177
Changes in tax rates	-	(4,565)
Total deferred tax	(18,320)	5,612
Total tax (credit)/charge	(18,320)	353,423

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

11 Taxation (Continued)

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

	2018 £	2017 £
Profit before taxation	1,408,644	1,589,452
Expected tax charge based on the standard rate of corporation tax in the UK of 19.17% (2017: 20.00%)	270,037	317,890
Tax effect of expenses that are not deductible in determining taxable profit	245,852	46,092
Adjustments in respect of prior years	-	(22,934)
Other non-reversing timing differences	-	(15,143)
Other permanent differences	(540,671)	-
Fixed asset timing differences	16,813	27,518
Losses carried back	(924)	-
Adjust deferred tax to average rate	1,006	-
Deferred tax not recognised	(10,433)	-
Taxation (credit)/charge for the year	(18,320)	353,423

12 Intangible fixed assets

	Domain names and branding £
Cost	
At 29 January 2017 and 27 January 2018	49,995
Amortisation and impairment	
At 29 January 2017	9,537
Amortisation charged for the year	6,778
At 27 January 2018	16,315
Carrying amount	
At 27 January 2018	33,680
At 28 January 2017	40,458

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

13 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Total £
Cost			
At 29 January 2017	570,869	4,742,221	5,313,090
Additions	51,785	655,186	706,971
At 27 January 2018	622,654	5,397,407	6,020,061
Depreciation and impairment			
At 29 January 2017	276,219	2,546,319	2,822,538
Depreciation charged in the year	51,312	510,117	561,429
At 27 January 2018	327,531	3,056,436	3,383,967
Carrying amount			
At 27 January 2018	295,123	2,340,971	2,636,094
At 28 January 2017	294,650	2,195,902	2,490,552

14 Stocks

	2018 £	2017 £
Finished goods and goods for resale	7,604,637	6,530,927

15 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	105,681	86,959
Corporation tax recoverable	152,108	-
Derivative financial instruments	-	59,175
Other debtors	487,651	803,825
Prepayments and accrued income	801,922	884,864
	1,547,362	1,834,823

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,099,816	1,196,801
Amounts due to group undertakings	205,365	-
Corporation tax	-	135,810
Other taxation and social security	1,064,059	743,783
Derivative financial instruments	258,051	-
Other creditors	30,627	-
Accruals and deferred income	2,019,335	2,086,026
	<u>4,677,253</u>	<u>4,162,420</u>

17 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	-	59,175
	<u>-</u>	<u>59,175</u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	258,051	-
	<u>258,051</u>	<u>-</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 year end, the total carrying amount of outstanding foreign exchange contracts that OKA Direct Limited has committed to is US \$4.96m (2017: US \$1.80m).

18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	<u>69,451</u>	<u>87,771</u>

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

19 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	44,773	58,212
Short term timing differences	24,678	29,559
	<u>69,451</u>	<u>87,771</u>
Movements in the year:		2018 £
Liability at 29 January 2017		87,771
Credit to profit or loss		(18,320)
Liability at 27 January 2018		<u>69,451</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	118,941	110,898

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.

21 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
16,069,963 (2017: 14,104,976) ordinary shares of 1p each	160,700	141,050
1,867,000 (2017: 1,867,000) growth shares of 0.1p each	1,867	1,867
	<u>162,567</u>	<u>142,917</u>

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

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

22 Share premium account

Share premium

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

23 Other reserves

Share based payment reserve

The cumulative share based payment expense.

Treasury shares reserve

The company is authorised to purchase its own shares by its Articles of Association and approval by the shareholders.

24 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

25 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:

	2018 £	2017 £
Within one year	2,804,188	2,620,269
Between one and five years	7,768,505	8,272,130
In over five years	5,928,599	5,653,300
	<u>16,501,292</u>	<u>16,545,699</u>

Other operating lease payments recognised as an administrative expense for the period totalled £60,943 (2017: £56,012). Rent reviews do apply on certain properties and tenant break clauses exist allowing leases to be terminated.

26 Related party transactions

Transactions with related parties

During the year the company sold goods to certain directors and connected family members amounting to £92,324 (2017: £35,548) at the company's usual list prices. There were no amounts outstanding at the period end.

Purchases of services in the year include £15,000 (2017: £15,000) with an entity which had an interest in the share capital of OKA Direct Limited.

OKA DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 27 JANUARY 2018

27 Controlling party

During the year 100% of the share capital of the company was purchased by Luxury British Design 2 Limited, which is the immediate parent 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 year ended 29 January 2018 are publicly available and can be obtained from Companies House.

The ultimate parent undertaking is Bi-Invest Compartment Fund SICAV-SIF, a company incorporated in Luxembourg.