Commercial in confidence

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Registered number:
03824881

AS NATURE INTENDED LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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AS NATURE INTENDED LIMITED

COMPANY INFORMATION

Directors	C R Gooding P W Bullivant T B Gooding
Company secretary	C R Gooding
Registered number	03824881
Registered office	No 1 St Paul's Square Liverpool Merseyside L3 9SJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	Barclays Bank Plc Princes Drive Colwyn Bay Conwy LL29 8HT
Solicitors	Hill Dickinson LLP No. 1 St Pauls Square Liverpool Merseyside L3 9SJ

AS NATURE INTENDED LIMITED

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AS NATURE INTENDED LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

2019 has been a year of expansion for As Nature Intended, with sales increasing by 5.0% compared with the prior financial year.

In January 2019 we overhauled our grocery range, removing 400 slower selling lines and creating space in our stores that enabled us to offer many exciting new products. This new range was warmly welcomed by our existing customers, who are always receptive to innovation. It also helped As Nature Intended to maintain its reputation as a great launchpad for new brands looking to connect with early-adopting consumers.

In Q2 and Q3 we introduced new in-store signage throughout the business, making the customer shopping experience easier.

In July 2019 we reopened our Balham store following an 18-month forced closure during a site redevelopment. Whilst the launch was six months later than originally planned, the store is now achieving steady sales growth.

September saw us launch a new concept, smaller format (1,045 sq ft) store on Lordship Lane in Dulwich, listing a complete range of natural remedies and the 'best of' our ambient lines. Lordship Lane is a well-visited high street with an already thriving and eclectic mix of independent retailers. We are also achieving growth in this location and we hope the format will serve as a blueprint for expansion into further smaller sites, which are in better supply across Greater London.

In 2019 we continued to invest in and experiment with an expansion of our online mail order business. The technology platform was redeveloped and integrated with the new EPOS system, and over 1,000 lines were added to the online range. The number of visitors increased by 87% YoY, transaction numbers rose by 300% and revenue grew by 280% YoY.

High street trading, however, has continued to be tough over the last 12 months and whilst our average spend is consistent, we have seen a decline in customer numbers. This decline in like-for-like sales prompted a review of our central operating costs.

Our head office overheads had increased to over £1 million annually, which the board deemed both disproportionate and unsustainable. In Q4 2019 a restructure was accordingly initiated which has, since it was completed, reduced our head office costs and has significantly streamlined the management reporting structure.

AS NATURE INTENDED LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

Like for like turnover for the period was £10.3m (2018 £9.8m LFL), an increase of 5.0%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were a loss of £151K (2018: profit of £156k).

Reconciliation of EBITDA to net (loss)/profit

	2019 £'000	2018 £'000
Turnover	10,280	9,788
Net (loss)/profit before taxation	(486)	155
Depreciation and amortisation	243	205
Compensation for lost profits – Balham store	-	(95)
One off administration expenses and interest	92	(109)
EBITDA	(151)	156

Finances

The cash for the business has decreased by £119k (2018: decrease of £580k) during the year, in line with expectations. Cash balances at year end were £276k (2018: £395k).

Organic Market

According to the Soil Association, the UK organic market grew by 4.5% in 2019, reaching a record £2.45 billion with independent retailers showing sales growth of 6.5%.

Outlook

The board is confident that the changes rolled out during 2019 are already bearing fruit and we expect a positive impact from them throughout 2020.

The board recognises that customers' habits are changing and that all retailers need to observe these in detail, and adopt a multi-channel approach in order to build buy-in and loyalty. This is also essential to allow us to offer discounts to reward valuable customers and to retain them in the face of increasing competition on price.

With the introduction of a new EPOS and stock control system as a foundation, ANI has begun the design and implementation of a customer loyalty scheme and accompanying mobile app.

This is seen as an important early step in the development of an informed and ROI-based approach to increasing sales.

ANI lists an excellent range of products, has a strong staff training programme and attracts some of the best people in the industry to work in our stores and head office.

We expect sales to increase in 2020 as Balham and Dulwich become established stores within their communities, and we develop our new approach to retaining and communicating with our customers. The Soil Association estimates that the value of the UK organic market will continue to increase, hitting £2.5 billion by the end of 2020.

AS NATURE INTENDED LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The action we have taken to restructure our head office , in conjunction with the introduction of a new stock system which supports automated / sales-based ordering, has given the business what it needs to improve its overall margin and specifically to drive down its retail cost-to-serve ratios significantly in 2020.

As a result of these actions, the board is looking forward to the business returning this year to the profitability it has traditionally achieved throughout its near 20 years of operation.

Principal risks and uncertainties

Sales have continued to be challenging in our Marble Arch store, mainly due to low customer footfall. The Board of Directors has an action plan which gives us confidence that we can grow the sales and profitability of this store.

Leading retail commentators agree that the high street crisis is likely to continue through 2020. However, we are strongly focusing on staff training, making sure that we have the most knowledgeable staff in our industry who can give help and advice to our customers on any ailment, a service that is unrivalled online.

The health food philosophy upon which ANI was founded has now entered the mainstream. The availability of products across the Big Four supermarkets is increasingly overlapping with ANI's range. ANI is also subject to the same intensifying competition from online-only retailers that offer increasingly efficient doorstep delivery. Key to the mitigation of both of these risks is for ANI to differentiate by offering its customers a rapidly and continually evolving range, along with a sense of belonging and participation that they cannot find elsewhere.

Our continued growth and success is dependent upon having competent and skilled staff within our business. Our staff in stores need to give the best possible customer service, follow due diligence checks, and we are continually training our staff to follow GDPR legislation.

As a food retailer, product quality and food safety are paramount to us. If we fail to deliver to our customers' satisfaction in terms of quality or safety, this has the potential to damage our business reputation. To maintain and develop our standards we have robust procedures and policies in place.

The company operates in an environment governed by strict regulations to ensure the safety and protection of customers, shareholders, staff and other stakeholders. These regulations include alcohol licensing, health and safety, data protection and competition law. In all cases, the directors take their responsibilities very seriously, and recognise that any breach of regulation can lead to reputational and financial damage to the company.

Going Concern

After reviewing the company's cash position, forecast and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of the approval of these financial statements. The directors also consider that based on the budget for next year and the continued support of the company's bankers and shareholders the going concern basis is appropriate.

This report was approved by the board on 4th March 2020 and signed on its behalf.

CR Gooding

C R Gooding
Director

AS NATURE INTENDED LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The company's principal activity is the retail of organic groceries, produce and natural health products.

Results and dividends

The loss for the year, after taxation, amounted to £416,005 *(2018: profit of* £119,636*).*

No dividend for the year has been proposed or paid *(2018: £Nil).*

Directors

The directors who served during the year were:

C R Gooding
P W Bullivant
T B Gooding

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AS NATURE INTENDED LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial risk management objectives and policies

The company uses various financial instruments including cash and 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 existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

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

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely. The company policy throughout the period has been to ensure that cash balances are maintained.

Credit risk

The company's principal financial asset is cash. The risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies.

Going concern

See management's comments on 'Going concern' in Note 2.2 of the notes to the financial statements.

Future developments

For future developments, see details contained in the Strategic Report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006

This report was approved by the board on 4th March 2020 and signed on its behalf.

CR Gooding

C R Gooding
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AS NATURE INTENDED LIMITED

Opinion

We have audited the financial statements of As Nature Intended Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.

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.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AS NATURE INTENDED LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and 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.

Matter on which we are required to report under the Companies Act 2006

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 or the Directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, 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.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AS NATURE INTENDED LIMITED

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: 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.

Grant Thornton UK LLP

Carl Williams FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor, Chartered Accountants and Statutory Auditor
Liverpool
Date: 4th March 2020

AS NATURE INTENDED LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	*2018* *£*
Turnover	4	**10,279,853**	*9,788,319*
Cost of sales		**(6,210,476)**	*(5,884,873)*
Gross profit		**4,069,377**	*3,903,446*
Administrative expenses		**(4,476,548)**	*(3,856,035)*
Exceptional Administrative expenses		**(71,780)**	*-*
Total administrative expenses		**(4,548,328)**	*3,856,035)*
Other operating income		**13,021**	*100,437*
Operating (loss)/profit	5	**(465,930)**	*147,848*
Interest receivable and similar income		**-**	*6,846*
Interest payable and expenses	9	**(20,180)**	*-*
(Loss)/profit before tax		**(486,110)**	*154,694*
Tax on loss/(profit)	10	**70,105**	*(35,058)*
(Loss)/profit after tax		**(416,005)**	*119,636*
Retained earnings at the beginning of the year		**(363,143)**	*(482,779)*
		(363,143)	*(482,779)*
(Loss)/profit for the year		**(416,005)**	*119,636*
Retained earnings at the end of the year		**(779,148)**	*(363,143)*

The notes on pages 12 to 26 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	11		**23,812**		*20,275*
Tangible assets	12		**1,656,899**		*1,100,002*
			1,680,711		*1,120,277*
Current assets					
Stocks	13	**780,360**		*653,658*	
Debtors: amounts falling due within one year	14	**431,396**		*454,843*	
Cash at bank and in hand	15	**276,437**		*395,499*	
		1,488,193		*1,504,000*	
Creditors: amounts falling due within one year	16	**(2,530,202)**		*(1,564,526)*	
Net current liabilities			**(1,042,009)**		*(60,526)*
Total assets less current liabilities			**638,702**		*1,059,751*
Deferred tax	18	**(55,350)**		*(60,394)*	
Net assets			**583,352**		*999,357*
Capital and reserves					
Called up share capital	19		**1,362,500**		*1,362,500*
Profit and loss account	20		**(779,148)**		*(363,143)*
			583,352		*999,357*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4th March 2020

CR Gooding

C R Gooding
Director

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	**(416,005)**	*119,636*
Adjustments for:		
Amortisation of intangible assets	**11,210**	*6,065*
Depreciation of tangible assets	**231,809**	*199,426*
Loss on disposal of tangible assets	**542**	*1,359*
Interest received	**-**	*(6,846)*
Interest paid	**20,180**	*-*
Taxation charge	**(70,105)**	*35,058*
(Increase)/decrease in stocks	**(126,702)**	*41,408*
(Increase)/decrease in debtors	**(2,020)**	*260,659*
Increase/(decrease) in creditors	**715,674**	*(1,181,363)*
Net cash generated from operating activities	**364,583**	*(524,598)*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(14,747)**	*(14,794)*
Purchase of tangible fixed assets	**(788,706)**	*(43,366)*
Interest received	**-**	*6,846*
Interest paid	**(20,180)**	*-*
Corporation tax receipts/(payments)	**90,530**	*(4,265)*
Disposal of tangible fixed assets	**(542)**	*750*
Net cash from investing activities	**(733,645)**	*(54,829)*
Cash flows from financing activities		
Loan received	**250,000**	*-*
Net cash from investing activities	**250,000**	*-*
Net (decrease)/increase in cash and cash equivalents	**(119,062)**	*(579,427)*
Cash and cash equivalents at beginning of year	**395,499**	*974,926*
Cash and cash equivalents at the end of year	**276,437**	*395,499*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**276,437**	*395,499*
	276,437	*395,499*

The notes on pages 12 to 26 form part of these financial statements.

1. General information

As Nature Intended Limited is a private company limited by shares and is incorporated in the United Kingdom. Its registered office is No 1 St Paul's Square, Liverpool, Merseyside, L3 9SJ.

The company's principal activity is the retail of organic groceries, produce and natural health products.

The functional and presentational currency is pounds Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

2.2 Going concern

The company meets its day to day working capital requirements through a mixture of cash reserves, bank overdraft facilities and trading activity. The directors are therefore satisfied that the going concern assumption remains appropriate. The directors have undertaken a rigorous assessment of whether the company was a going concern. After reviewing the company's cash position, forecasts and projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of no less than 12 months from the date of approval of these financial statements. The company have received confirmation of ongoing support from the directors and shareholders to assist the company in meeting its working capital requirements.

2.3 Revenue

Turnover is the total amount receivable by the company for goods supplied, excluding VAT. Turnover is recognised when the risks and rewards of the transaction have been transferred which is considered to be at the point of sale within stores.

2.4 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Computer software	-	33 %

2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold premium	- Period of the lease
Shop fittings, plant & machinery	- 10%-15%
Office and computer equipment	- 15%-33%
Improvement to property	- Period of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like other debtors and other creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.11 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Accounting policies (continued)

2.14 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the lease term.

The aggregate benefit of lease incentives are recognised as a reduction to the expense over the lease term on a straight line basis.

3. Significant judgements and estimates

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. The estimates and associated assumptions are based on directorial experience and other relevant factors. Actual results may differ from these estimates. There have been no critical judgements, estimates or assumptions made in the preparation of these accounts.

3.1 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

4. Turnover

The whole of the turnover in both the current and prior year, is attributable to the company's principal activity, being the sale of goods.

All turnover in current and prior year arose within the United Kingdom.

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2019 £	*2018 £*
Depreciation of tangible fixed assets	231,809	*199,426*
Amortisation of intangible assets, including goodwill	11,210	*6,065*
Other operating lease rentals	818,420	*634,193*
Loss on disposal of tangible fixed assets	542	*1,359*

6. Auditor's remuneration

	2019 £	*2018 £*
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	14,000	*13,000*
Fees payable to the company's auditor and its associates in respect of:		
Other accountancy services	-	*1,000*

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	*2018* *£*
Wages and salaries	**1,942,126**	*1,755,026*
Social security costs	**164,044**	*151,591*
Cost of defined contribution scheme	**28,765**	*14,042*
	2,134,935	*1,920,659*

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	*2018* *No.*
Average number of employees	**76**	*71*

8. Directors' remuneration

	2019 £	*2018* *£*
Directors' emoluments	**116,535**	*357,892*
Company contributions to defined contribution pension schemes	**-**	*649*
	116,535	*358,541*

During the year retirement benefits were accruing to no directors *(2018 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £116,535 *(2018 - £202,824)*.

9. Interest payable and similar expenses

	2019 £	*2018 £*
Interest payable	20,180	*-*

10. Taxation

	2019 £	*2018 £*
Corporation tax		
Current tax on profits for the year	(64,973)	*65,065*
Adjustments in respect of previous periods	(88)	*(27,908)*
Total current tax	(65,061)	*37,157*
Deferred tax		
Origination and reversal of timing differences	(5,599)	*(28,493)*
Adjustment in respect of prior periods	(36)	*23,405*
Effect of changes in tax rates	591	*2,989*
Total deferred tax	(5,044)	*(2,099)*
Taxation on (loss)/profit on ordinary activities	(70,105)	*35,058*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018 – higher than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £	*2018* *£*
(Loss)/profit on ordinary activities before tax	**(486,110)**	*154,694*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**(92,361)**	*29,392*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**21,789**	*7,180*
Adjustment in respect of prior periods	**(124)**	*(4,503)*
Change in tax rates	**591**	*2,989*
Total tax charge/(credit) for the year	**(70,105)**	*35,058*

Factors that may affect future tax charges

The Finance Act 2016 was enacted in the prior year which implemented a reduction in the corporation tax rate from 19.25% to 17% with effect from April 2020.

11. Intangible assets

	Development £
Cost	
At 1 January 2019	**29,794**
Additions	**14,747**
At 31 December 2019	**44,541**
Amortisation	
At 1 January 2019	**9,519**
Charge for the year	**11,210**
At 31 December 2019	**20,729**
Net book value	
At 31 December 2019	**23,812**
At 31 December 2018	*20,275*

12. Tangible fixed assets

	Leasehold premium £	Shop fittings, plant and machinery £	Office and computer equipment £	Improvement to property £	Total £
Cost					
At 1 January 2019	171,536	1,902,834	268,274	619,603	2,962,247
Additions	28,746	678,906	78,626	2,428	788,706
Disposals	-	-	(206,392)	-	(206,392)
At 31 December 2019	200,282	2,581,740	140,508	622,031	3,544,561
Depreciation					
At 1 January 2019	157,260	937,814	251,172	515,999	1,862,245
Charge for the year on owned assets	3,873	185,845	23,421	18,670	231,809
Disposals	-	-	(206,392)	-	(206,392)
At 31 December 2019	161,133	1,123,659	68,201	534,669	1,887,662
Net book value					
At 31 December 2019	39,149	1,458,081	72,307	87,362	1,656,899
At 31 December 2018	*14,276*	*965,020*	*17,102*	*103,604*	*1,100,002*

13. Stocks

	2019 £	*2018 £*
Finished goods and goods for resale	780,360	*653,658*

14. Debtors

	2019 £	*2018 £*
Due within one year		
Other debtors	187,011	*179,102*
Prepayments and accrued income	179,411	*185,299*
Tax recoverable	64,974	*90,442*
	431,396	*454,843*

15. Cash and cash equivalents

	2019 £	*2018 £*
Cash at bank and in hand	276,437	*395,499*

16. Creditors: Amounts falling due within one year

	2019 £	*2018 £*
Trade creditors	1,780,583	*887,998*
Other taxation and social security	56,101	*315,074*
Other creditors	37,186	*57,416*
Accruals and deferred income	406,332	*304,038*
Other loans	250,000	*-*
	2,530,202	*1,564,526*

The other loan is unsecured and repayable upon demand.

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	**463,448**	*574,601*
Financial liabilities		
Financial liabilities measured at amortised cost	**(2,224,100)**	*(1,250,924)*

Financial assets measured at amortised cost comprise cash and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

18. Deferred taxation

	2019 £	2018 £
At beginning of year	**(60,394)**	*(62,493)*
Adjustment in respect of prior years	**36**	-
Charged to profit or loss	**5,008**	*2,099*
At end of year	**(55,350)**	*(60,394)*

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Fixed asset timing difference	**(113,255)**	*(60,394)*
Tax losses carried forward	**57,905**	-
	(55,350)	*(60,394)*

19. Share capital

	2019 £	*2018 £*
Authorised		
4,887,500 *(2018 - 4,887,500)* Ordinary shares of £1.00 each	**4,887,500**	*4,887,500*
11,250,000 *(2018 - 11,250,000)* Ordinary shares of £0.01 each	**112,500**	*112,500*
	5,000,000	*5,000,000*
Allotted, called up and fully paid		
1,250,000 *(2018 - 1,250,000)* Ordinary shares of £1.00 each	**1,250,000**	*1,250,000*
11,250,000 *(2018 - 11,250,000)* Ordinary shares of £0.01 each	**112,500**	*112,500*
	1,362,500	*1,362,500*

Called-up share capital - represents the nominal value of shares that have been issued.

20. Reserves

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

21. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2019 or 31 December 2018.

22. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	*2018 £*
Within 1 year	**912,000**	*622,000*
Between 1 and 5 years	**3,400,395**	*2,412,932*
After more than 5 years	**1,368,671**	*511,782*
	5,681,066	*3,546,714*

23. Related party transactions

A shareholder is a director of Iceland Foods Limited. During the year the company was recharged £124,464 *(2018: £181,382)* of costs from Iceland Foods Limited. The amount owed to Iceland Foods Limited by the company at the end of the year was £38,825 *(2018: £34,996)* all of which is included in trade creditors. Amounts not invoiced at the end of the year total £41,935 *(2018: £7,100)* and are included in Accruals and deferred income. The company prepaid a re-charge from Iceland Foods Limited of £506 *(2018: £2,098)* which is included in Prepayments and deferred income.

A shareholder has provided a limited guarantee to the bank up to a value of £200,000. In addition, another shareholder and director have provided a limited guarantee to the bank up to a value of £500,000.

The cost to the business of individuals that are considered by the company to be key management was £342,126 *(2018: £476,796)*.

During the year, the company received licensing fees of £13,021 (*2018: £7,125*) from Samarkand Global Limited, a company in which T B Gooding is a shareholder and director.