

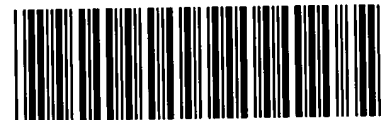
# Registrar

Company Registration No. 04150739 (England and Wales)

**DUNE HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 JANUARY 2017**

TUESDAY



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# **DUNE HOLDINGS LIMITED**

## **COMPANY INFORMATION**

### **Directors**

Daniel Rubin  
Anne Rubin  
James Cox  
John Egan

### **Secretary**

James Cox

### **Company number**

04150739

### **Registered office**

9 Hatton Street  
London  
NW8 8PL

### **Statutory auditors**

Simmons Gainsford LLP  
7/10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ

# **DUNE HOLDINGS LIMITED**

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# **DUNE HOLDINGS LIMITED**

## **STRATEGIC REPORT FOR THE PERIOD ENDED 28 JANUARY 2017**

The directors present their annual report and financial statements for the period ended 28 January 2017 (2016: period ended 30 January 2016).

### **Business review**

The directors are pleased to announce a pre-tax profit from continuing operations of £8.0m (2016: £6.0m) for the period, an increase of 33.7%. This was achieved through an active strategy of improving gross margins and a focus on cost control. It was against the backdrop of a challenging year for the retail sector; with consumer confidence low and a great deal of uncertainty following the vote for the UK to leave the European Union.

A new store was opened at Gatwick Airport South Terminal in the period, and 3 existing stores were refurbished along with several concessions in department stores. The Dune London brand has also expanded further internationally, with its franchise partners opening 6 new stores and 4 new concessions in the Middle East, 3 new stores in India, 2 new stores in New Zealand and 1 new concession in South Africa. The joint venture operation in Switzerland has opened 4 stores and 3 concessions.

The decision was taken in the period to cease retail operations in the United States of America, and the 2 stores were closed in October 2016. There was an operating loss from these discontinued operations in the period of £2.4m (2016: £0.9m) and exceptional costs of £3.0m (2016: £0.6m) primarily in the form of asset write-offs and store closure costs.

### **Future developments**

The business will continue to focus on developing an attractive range of distinctive products and providing excellent customer service within an omni-channel retail environment; whilst managing margins, costs, stock turnover and cash flow.

There are exciting opportunities to accelerate international retail and wholesale growth, and the business will be investing in the necessary resources to deliver this.

The business expects to be able to maintain gross margins despite the devaluation of sterling which followed the vote to leave the European Union. This is due to a combination of successful sourcing, a controlled promotional strategy and forward contracts the business had in place prior to the vote.

Despite the challenges of the dramatic fall in sterling, the introduction of the living wage and the apprenticeship levy, the large increase in business rates, the general political uncertainty and the effect of the increased inflation on consumer spending, the directors are pleased with the performance and optimistic about the year ahead.

### **Key performance indicators**

In addition to turnover and operating profit, the principal key performance indicators the directors use to assess performance are earnings before interest, tax, depreciation and amortisation ("EBITDA") and the number of retail outlets.

EBITDA for continuing operations increased 21.8% in the period to £12.5m (2016: £10.3m). There were 105 stores and 207 concessions at period end (2016: 92 stores and 221 concessions).

# DUNE HOLDINGS LIMITED

## STRATEGIC REPORT FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

### Principal risks and uncertainties

The directors acknowledge their responsibility for the Company's systems of internal control, and for identifying, evaluating and managing the risks faced by the business. The principal risks and uncertainties are detailed below:

#### *Product*

The principal challenge for a fashion retailer is to produce an attractive product range which is distinctive, relevant and affordable. The business has invested consistently in design and development to ensure it delivers a range that is fashionable, comfortable and of excellent quality. The buying team has developed long term relationships with a broad network of suppliers to ensure the product is constantly of the best quality and to maintain product flow.

#### *Consumer environment*

The retail environment remains very competitive, and the UK's proposed exit from the European Union presents additional challenges and risks to the sector. The Company is evidently exposed to the impact of economic uncertainty and the potential impact on consumer confidence; however the financial strength of the Company makes it well positioned to withstand the economic headwinds and take advantage of opportunities which will undoubtedly materialise through this period of uncertainty.

#### *People*

The Company's employees are a key differentiator in delivering outstanding product ranges and providing excellent customer service. The business is dedicated to attracting, developing and retaining quality people to ensure it delivers excellence to its customers.

#### *IT risk*

The Company is reliant on a suite of IT systems to manage and control the business. There are policies and procedures in place in order to safeguard the hardware, software and the data we hold.

#### *Liquidity*

The Company manages working capital very closely in order to maximise free cash flow available to invest in the future of the business.

#### *Treasury*

The business is exposed to foreign exchange transactional risk as it sources the majority of its stock from overseas suppliers in US dollars and euros. The Company's policy is to hedge against the risk of adverse movements in exchange rates through the use of forward contracts.

On behalf of the board



.....  
Daniel Rubin  
Director

31 July 2017

.....  
Date

## **DUNE HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 28 JANUARY 2017**

The directors present their report and financial statements for the period ended 28 January 2017 (2016: period ended 30 January 2016).

#### **Principal activities**

The principal activity of the company is the sale of footwear and accessories in the UK and internationally.

#### **Results and dividends**

The consolidated profit and loss account for the period is set out on page 7.

There was a profit after taxation amounting to £817,739 (2016: £3,294,064).

The directors do not recommend payment of an ordinary dividend.

#### **Directors**

The following directors have held office since 31 January 2016:

Daniel Rubin  
Anne Rubin  
James Cox  
John Egan

#### **Employee and disabled persons**

Applications for employment are considered based on the aptitudes and abilities of prospective applicants, regardless of any personal disability. Continued training and support is given to all employees throughout their career with the group, including specific provision for any employees with existing disabilities or who become disabled whilst employed at the group.

The group's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and face-to-face meetings with management. Information on the group's performance is maintained through a regular newsletter and bi-annual conferences. The Performance and Development Review process ensures employees are made aware of their individual contribution to the business.

#### **Corporate responsibility**

The group has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

The group is committed to ethical sourcing, ensuring our supply chain complies with acceptable standards with regards to employment conditions and the environment.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Simmons Gainsford LLP will therefore continue in office.

## **DUNE HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)**

#### **Directors' responsibilities**

The directors are responsible for preparing 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



.....  
Daniel Rubin  
Director

31 July 2017

.....  
Date

## **DUNE HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNE HOLDINGS LIMITED**

We have audited the financial statements of Dune Holdings Limited for the period ended 28 January 2017, set out on pages 7 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement set out 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 28 January 2017 and of the group's profit for the period 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



## DUNE HOLDINGS LIMITED

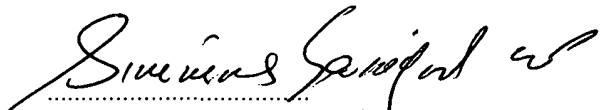
### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNE HOLDINGS LIMITED (CONTINUED)

#### 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 or 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 by the parent company, 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.



Shilen Manek ACA, FCCA (Senior Statutory Auditor)  
for and on behalf of  
**Simmons Gainsford LLP**

Chartered Accountants  
Statutory Auditor

7/10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ

DATE: 31 JULY 2017

## DUNE HOLDINGS LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 28 JANUARY 2017

				52 Weeks Ended 28 January 2017 Total			As restated 52 Weeks Ended 30 January 2016 Total
	Notes	Continuing Operations £	Discontinued operations £	£	Continuing Operations £	Discontinued operations £	£
<b>Turnover</b>	<b>2</b>	172,748,325	3,320,314	<b>176,068,639</b>	173,613,178	5,787,738	<b>179,400,916</b>
Cost of sales		(79,089,703)	(2,918,483)	<b>(82,008,186)</b>	(76,142,584)	(4,742,471)	<b>(80,885,055)</b>
<b>Gross profit</b>		93,658,622	401,831	<b>94,060,453</b>	97,470,594	1,045,267	<b>98,515,861</b>
Administrative expenses		(85,051,492)	(2,802,629)	<b>(87,854,121)</b>	(90,786,080)	(1,938,296)	<b>(92,724,376)</b>
Exceptional costs	<b>4</b>	-	(3,006,252)	<b>(3,006,252)</b>	-	(561,744)	<b>(561,744)</b>
<b>Operating profit / (loss)</b>	<b>3</b>	8,607,130	(5,407,050)	<b>3,200,080</b>	6,684,514	(1,454,773)	<b>5,229,741</b>
Interest receivable and similar income	<b>6</b>	39,338	-	<b>39,338</b>	5,324	-	<b>5,324</b>
Interest payable and similar charges	<b>5</b>	(623,358)	-	<b>(623,358)</b>	(688,989)	-	<b>(688,989)</b>
<b>Profit / (loss) before tax</b>		8,023,110	(5,407,050)	<b>2,616,060</b>	6,000,849	(1,454,773)	<b>4,546,076</b>
Tax on profit	<b>7</b>	(1,695,959)	(17,118)	<b>(1,713,077)</b>	(1,230,776)	(63,013)	<b>(1,293,789)</b>
Share of (loss) / profit from jointly controlled entities		(85,244)	-	<b>(85,244)</b>	41,777	-	<b>41,777</b>
<b>Profit / (loss) after taxation</b>		6,241,907	(5,424,168)	<b>817,739</b>	4,811,850	(1,517,786)	<b>3,294,064</b>

## DUNE HOLDINGS LIMITED

### CONSOLIDATED OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 JANUARY 2017

	Notes	2017 £	2016 £
<b>Profit for the period</b>		817,739	3,294,064
<b>Other comprehensive income</b>			
Currency translation differences on foreign currency net investments		(7,625)	(27,862)
Net change in fair value of cash flow hedges recycled to profit or loss	25	(1,861,348)	(1,539,415)
Net change in fair value of cash flow hedge for contracts at the period end	25	1,998,205	1,952,737
Income tax on other comprehensive income	7	(1,435)	(82,664)
<b>Other comprehensive income for the period, net of income tax</b>		127,797	302,796
<b>Total comprehensive income for the period</b>		945,536	3,596,860

# DUNE HOLDINGS LIMITED

## BALANCE SHEETS AS AT 28 JANUARY 2017

		Group		Company	
	Notes	2017 £	2016 £	2017 £	2016 £
<b>Fixed Assets</b>					
Tangible assets	8	12,061,134	13,815,447	-	-
Intangible assets	9	336,456	280,132	336,456	280,132
Investments	10	123,774	180,151	4,878,828	6,056,326
		<u>12,521,364</u>	<u>14,275,730</u>	<u>5,215,284</u>	<u>6,336,458</u>
<b>Current assets</b>					
Stock	11	30,459,257	30,854,804	-	-
Debtors	12	21,574,855	20,561,639	1,584,536	588,970
Cash at bank and in hand		2,291,061	1,195,567	-	-
		<u>54,325,173</u>	<u>52,612,010</u>	<u>1,584,536</u>	<u>588,970</u>
<b>Creditors: amounts falling due within one year</b>	13	(38,846,448)	(39,789,880)	(10,322,545)	(6,007,858)
<b>Net current assets</b>		<u>15,478,725</u>	<u>12,822,130</u>	<u>(8,738,009)</u>	<u>(5,418,888)</u>
<b>Total assets less current liabilities</b>		<u>28,000,089</u>	<u>27,097,860</u>	<u>(3,522,725)</u>	<u>917,570</u>
<b>Provisions for liabilities: deferred tax</b>	14	(52,408)	(95,715)	-	-
<b>Net assets / (liabilities)</b>		<u>27,947,681</u>	<u>27,002,145</u>	<u>(3,522,725)</u>	<u>917,570</u>
<b>Capital and reserves</b>					
Called up share capital	16	213	213	213	213
Share premium account	17	670,872	670,872	670,872	670,872
Other reserves	17	741,436	741,436	741,436	741,436
Profit and loss account	17	24,434,329	23,624,215	(4,935,246)	(494,951)
Cashflow hedge reserve	25	2,100,831	1,965,409	-	-
<b>Shareholders' funds / (deficit)</b>		<u>27,947,681</u>	<u>27,002,145</u>	<u>(3,522,725)</u>	<u>917,570</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent company for the year was £4,440,295 (2016: £2,446,482).

Approved by the Board and authorised for issue on 31 July 2017



Daniel Rubin  
Director  
Company Registration No. 04150739

## DUNE HOLDINGS LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 28 JANUARY 2017

	Called up Share Capital £	Share premium account £	Cash flow hedging reserve £	Other reserves £	Profit and loss account £	Total equity £
At 30 January 2016	213	670,872	1,965,409	741,436	23,624,215	27,002,145
Profit for the period	-	-	-	-	817,739	817,739
Other comprehensive income	-	-	135,422	-	(7,625)	127,797
Total comprehensive income for the period	-	-	135,422	-	810,114	945,536
At 28 January 2017	213	670,872	2,100,831	741,436	24,434,329	27,947,681

	Called up Share Capital £	Share premium account £	Cash flow hedging reserve £	Other reserves £	Profit and loss account £	Total equity £
At 31 January 2015	213	670,872	1,634,751	741,436	20,358,013	23,405,285
Profit for the period	-	-	-	-	3,294,064	3,294,064
Other comprehensive income	-	-	330,658	-	(27,862)	302,796
Total comprehensive income for the period	-	-	330,658	-	3,266,202	3,596,860
At 30 January 2016	213	670,872	1,965,409	741,436	23,624,215	27,002,145

## DUNE HOLDINGS LIMITED

### STATEMENT OF CHANGES IN EQUITY (COMPANY) AS AT 28 JANUARY 2017

	Called up Share Capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 30 January 2016	213	670,872	741,436	(494,951)	917,570
Loss for the period	-	-	-	(4,440,295)	(4,440,295)
Total comprehensive income for the period	-	-	-	(4,440,295)	(4,440,295)
At 28 January 2017	213	670,872	741,436	(4,935,246)	(3,522,725)

	Called up Share Capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 31 January 2015	213	670,872	741,436	1,951,531	3,364,052
Loss for the period	-	-	-	(2,446,482)	(2,446,482)
Total comprehensive income for the period	-	-	-	(2,446,482)	(2,446,482)
At 30 January 2016	213	670,872	741,436	(494,951)	917,570

# DUNE HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 28 JANUARY 2017

		2017	2016
	£	£	£
<b>Cash flows from operating activities</b>			
Profit for the period		817,739	3,294,064
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	4,340,074	3,681,524	
Taxation	1,713,077	1,293,789	
Interest receivable and similar income	(39,338)	(5,324)	
Interest payable and similar charges	623,358	688,989	
Loss on disposal of fixed assets	2,078,934	97,243	
Net effect of foreign exchange differences	(81,121)	(44,214)	
Share of loss / (profit) from jointly controlled undertaking	85,244	(41,777)	
		<hr/>	<hr/>
		8,720,228	5,670,230
Increase in trade and other debtors	(1,377,346)	(3,224,401)	
Decrease / (increase) in stocks	395,547	(4,376,750)	
Decrease / (increase) in trade and other creditors	(100,926)	5,019,096	
		<hr/>	<hr/>
		(1,082,725)	(2,582,055)
Tax paid		(939,539)	(2,607,492)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		7,515,703	3,774,747
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets	(4,623,276)	(6,175,928)	
Acquisition of intangible assets	(97,743)	(84,249)	
Acquisition of investments	-	(137,202)	
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		(4,721,019)	(6,397,379)
<b>Cash flows from financing activities</b>			
(Decrease) / increase in overdraft	(1,707,316)	3,958,627	
Drawdown of short term bank loan	2,000,000	-	
Repayment of other long term loans	(1,452,483)	(1,566,134)	
Interest received	39,338	5,324	
Interest paid	(623,358)	(688,989)	
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		(1,743,819)	1,708,828
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		1,050,865	(913,804)
Effect of exchange rates on cash and cash equivalents		44,629	15,180
Cash and cash equivalents at beginning of period		1,195,567	2,094,191
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>		2,291,061	1,195,567

# DUNE HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017

### 1 Accounting policies

#### 1.1 General Information

Dune Holdings Limited is a company limited by shares and incorporated and domiciled in the UK. The registered office and principal trading address is 9 Hatton Street, London, NW8 8PL.

#### 1.2 Basis of preparation

These financial statements have been prepared under the historic cost convention, unless otherwise specified in these accounting policies, and in accordance with Financial Reporting Standard 102, *the Financial Reporting Standard* applicable in the UK and Republic of Ireland and the Companies Act 2006. The presentation and functional currency of these financial statements is sterling.

##### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the company and the parent company
- No Statement of Cash Flows has been presented for the parent company
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company

The accounting policies set out below have, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

#### 1.3 Basis of consolidation

##### *Subsidiaries*

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 28 January 2017. The comparative profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 January 2016. Intra-group sales and profits are eliminated fully on consolidation.

##### *Jointly-controlled entities*

Investments in jointly controlled entities are recognised in the consolidated Balance Sheet at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the entity, less any impairment.

#### 1.4 Foreign currency translation

Transactions in foreign currencies are translated to the Group's functional currency at the system rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.



## **DUNE HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)**

#### **1.5 Investments**

##### *Company*

Fixed asset investments are stated at cost less provision for diminution in value.

##### *Group*

Fixed asset investments are stated at cost plus group's share of total comprehensive income and equity less provision for diminution in value.

#### **1.6 Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances only. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **1.7 Other financial instruments**

##### *Cash flow hedges*

Where the hedged risk is the foreign exchange risk or interest rate risk in a firm commitment or a highly probable forecast transaction, the Group recognises the effective part of any gain or loss on the derivative financial instrument in other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

The hedging gain or loss recognised in OCI is reclassified to profit or loss when the hedged item is recognised in the profit and loss account or when the hedging relationship ends.

## **DUNE HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)**

#### **1.8 Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment provisions. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Long leasehold properties	Over 25 years
Land and buildings leasehold	Over the life of the lease (between 3 and 25 years)
Computer equipment	Over 3 - 7 years
Fixtures, fittings & equipment	Over 3 - 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **1.9 Intangible Fixed Assets**

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost on a straight-line basis over their estimated useful lives of 10 years.

#### **1.10 Stock**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

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

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 1.11 Impairment excluding stocks and deferred tax asset

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

##### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **DUNE HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)**

#### **1.12 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.

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### **1.13 Turnover**

Turnover comprises sales of goods to customers less an appropriate deduction for actual and expected returns and is stated net of VAT and trade discounts. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the customer. This is normally on the date of delivery of the goods to retail customers and the shipment of goods to wholesale customers. E-commerce sales are recorded on despatch to the customer.

Turnover also includes royalty income received from overseas franchise partners. This is calculated as a percentage of sales and is recognised in line with sales.

## **DUNE HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)**

#### **1.14 Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable and finance charges recognised in the profit and loss account using the effective interest method, unwinding of the discount on provisions that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the group's right to receive payments is established.

#### **1.15 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## **DUNE HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)**

#### **1.16 Exceptional administrative costs**

Exceptional costs are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

#### **1.17 Judgements and key sources of estimation uncertainty**

In the application of the group'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.

##### **Critical judgements**

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

##### **Financial instruments**

The group uses derivative financial instruments in the form of contracts for the forward purchase of US dollar and euros. These grant the group the ability to buy foreign currency at a fixed price over the life of the contracts. The fair value of these contracts as at the balance sheet date has been calculated using an estimated forward rate as at that date. This forward rate has been calculated using the interpolated zero coupon rates based upon the then money market and swap interest rates for each currency pair as reported by ICE Benchmark Administration Limited and the Financial Times respectively.

##### **Key sources of estimation uncertainty**

The directors are of the view that there are no estimates or assumptions in addition to the above which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 2 Turnover

##### Segmental analysis by activity

	2017 £	2016 £
Sale of goods	175,151,044	178,817,162
Royalties	917,595	583,754
	<u>176,068,639</u>	<u>179,400,916</u>

##### Segmental analysis by geographical market

	2017 £	2016 £
United Kingdom	145,444,441	154,469,098
Rest of the World	30,624,198	24,931,818
	<u>176,068,639</u>	<u>179,400,916</u>

#### 3 Operating profit

	2017 £	2016 £
Operating profit is stated after charging:		
Depreciation of tangible assets	4,298,655	3,651,624
Depreciation of intangible assets	41,419	29,900
Loss on disposal of tangible assets	2,078,934	97,243
Operating lease rentals:		
- Plant and machinery	117,598	75,159
- Other assets	12,900,330	13,186,170
Foreign exchange differences	339,996	575,373
	<u></u>	<u></u>

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 3 Operating profit (continued)

##### Auditors' remuneration

	2017 £	2016 £
Fees payable to the group's auditor for the audit of the group's annual accounts (Company £13,254; 2016: £13,596)	72,074	74,572
Other services	4,445	817
	<u>76,519</u>	<u>75,389</u>

#### 4 Exceptional costs

	2017 £	2016 £
Impairment costs	1,982,750	86,243
Store closure costs	975,138	426,175
Other	48,364	49,326
	<u>3,006,252</u>	<u>561,744</u>

##### Impairment costs

Impairment costs relate to write-off of assets in relation to the discontinued operations in the United States of America.

##### Store closure costs

Store closure costs relate to lease obligation costs and staff redundancy costs in the discontinued operations.

#### 5 Interest payable

	2017 £	2016 £
On bank loans and overdrafts	611,527	611,659
Other interest (note 23)	11,831	77,330
	<u>623,358</u>	<u>688,989</u>



## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 6 Interest receivable

	2017 £	2016 £
Other interest	39,338	5,324
	<u>39,338</u>	<u>5,324</u>

#### 7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £	2016 £
<i>Current tax</i>		
Current tax on income for the period	1,759,966	1,041,874
Adjustments in respect of prior periods	(19,263)	81,516
Foreign corporation tax	17,118	25,337
Double taxation relief	-	(19,427)
Total current tax	<u>1,757,821</u>	<u>1,129,300</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(44,744)	164,489
Total tax	<u>1,713,077</u>	<u>1,293,789</u>

	2017 £			2016 £		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	1,757,821	(44,744)	1,713,077	1,129,300	164,489	1,293,789
Recognised in other comprehensive income	-	1,435	1,435	-	82,664	82,664
Total tax	<u>1,757,821</u>	<u>(43,309)</u>	<u>1,714,512</u>	<u>1,129,300</u>	<u>247,153</u>	<u>1,376,453</u>

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 7 Taxation (continued)

*Analysis of current tax recognised in profit and loss*

	2017 £	2016 £
UK corporation tax	1,740,703	1,103,963
Foreign tax	17,118	25,337
Total current tax recognised in profit and loss	1,757,821	1,129,300

#### Reconciliation of effective tax rate

	2017 £	As restated 2016 £
Profit for the period	817,739	3,294,064
Total tax expense	1,713,077	1,293,789
Share of loss/(profit) from jointly controlled entity	85,244	(41,777)
Profit excluding taxation	2,616,060	4,546,076
Tax using the UK corporation tax rate of 20% (2016: 20%)	523,212	909,215
Foreign tax rate differential	71,191	5,432
Depreciation in excess of capital allowance	224,086	159,815
Non-deductible expenses	(97,229)	21,639
Foreign corporation tax adjustment	17,118	5,910
Other tax adjustments	(4,427)	(190,402)
Unrelieved operating losses (tax not recognised)	991,549	290,953
Adjustments to previous period	(24,911)	81,516
Tax rate change on deferred tax	12,488	9,711
Total tax expense included in profit or loss	1,713,077	1,293,789

The Finance No.2 Act 2015 announced a proposed reduction in the main corporation tax rate from 20% to 19% from 1 April 2017 and 18% by 1 April 2020. The Finance Act 2016 announced that the proposed reduction in the main corporation tax rate from 2020 would be 17%. This will reduce the group's future tax charges accordingly. The deferred tax liability at the balance sheet date has been calculated based on these rates.

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 8 Tangible fixed assets

Group	Long leasehold properties £	Short leasehold properties £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 30 January 2016	1,112,519	2,854,584	7,119,012	18,158,316	29,244,431
Exchange differences	-	28,953	26,059	222,796	277,808
Additions	-	51,847	1,014,595	3,399,286	4,465,728
Disposals	-	(381,896)	(346,667)	(3,739,252)	(4,467,815)
At 28 January 2017	1,112,519	2,553,488	7,812,999	18,041,146	29,520,152
<b>Depreciation</b>					
At 30 January 2016	148,425	1,260,691	3,783,191	10,236,677	15,428,984
Exchange differences	-	6,522	10,468	103,270	120,260
Charge for the period	44,379	305,940	1,451,775	2,496,561	4,298,655
On disposals	-	(135,415)	(193,554)	(2,059,912)	(2,388,881)
At 28 January 2017	192,804	1,437,738	5,051,880	10,776,596	17,459,018
<b>Net book value</b>					
At 28 January 2017	919,715	1,115,750	2,761,119	7,264,550	12,061,134
At 30 January 2016	964,094	1,593,893	3,335,821	7,921,639	13,815,447

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 9 Intangible fixed assets

##### Group and Company

	Trademarks £
<b>Cost</b>	
At 30 January 2016	351,115
Additions	97,743
	<hr/>
At 28 January 2017	448,858
	<hr/>
<b>Amortisation</b>	
At 30 January 2016	70,983
Charge for the period	41,419
	<hr/>
At 28 January 2017	112,402
	<hr/>
<b>Net book value</b>	
At 28 January 2017	336,456
	<hr/>
At 30 January 2016	280,132
	<hr/>

#### 10 Fixed asset investments

##### Group

	Investment in jointly controlled entities £
Total share of net assets 30 January 2016	180,151
Share of loss for the period	(85,244)
Exchange differences	28,867
	<hr/>
Total share of net assets at 28 January 2017	123,774
	<hr/>

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 10 Fixed asset investments (continued)

Company	Shares in jointly controlled undertakings £	Shares in group undertakings £	Total investments £
<b>Cost</b>			
At 30 January 2016	137,202	6,675,508	6,812,710
Additions	-	-	-
At 28 January 2017	137,202	6,675,508	6,812,710
<b>Provisions</b>			
At 30 January 2016	-	756,384	756,384
Impairment losses	-	1,177,498	1,177,498
At 28 January 2017	-	1,933,882	1,933,882
<b>Net book value</b>			
At 28 January 2017	137,202	4,741,626	4,878,828
At 30 January 2016	137,202	5,919,124	6,056,326

In the opinion of the directors, the aggregate value of the company's investment in subsidiary and associated undertakings is not less than the amount included in the balance sheet.

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Dune Group Limited	England and Wales	Ordinary	100
Dune International Limited	England and Wales	Ordinary	100
Dune Shoes Ireland Limited *	Republic of Ireland	Ordinary	100
Dune Footwear Limited	England and Wales	Ordinary	100
Dune London Incorporated	USA	Ordinary	100
Dune London USA Incorporated	USA	Ordinary	100
Dune London Trading Incorporated	USA	Ordinary	100
<b>Jointly controlled undertakings</b>			
Dune Switzerland AG	Switzerland	Ordinary	50

\* A subsidiary of Dune Group Limited

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 10 Fixed asset investments (continued)

The principal activity of these undertakings for the last relevant financial period was as follows:

	Principal activity
Dune Group Limited	Sale of footwear and accessories
Dune International Limited	Sale of footwear and accessories
Dune Shoes Ireland Limited*	Sale of footwear and accessories
Dune Footwear Limited	Dormant
Dune London Incorporated	Sale of footwear and accessories
Dune London USA Incorporated	Sale of footwear and accessories
Dune London Trading Incorporated	Sale of footwear and accessories
Dune Switzerland AG	Sale of footwear and accessories

\* A subsidiary of Dune Group Limited

#### 11 Stock

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Finished goods and goods for resale	30,459,257	30,854,804	-	-

Stock recognised in cost of sales during the period as an expense was £79,182,476 (2016: £79,608,556).

During the period impairment losses of £339,483 (2016: £307,432) have been recognised in respect of stock.

#### 12 Debtors

	Group	As restated	Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	12,905,211	11,940,105	-	-
Amounts due by associated undertakings	1,365,609	370,865	1,365,609	370,864
Other Debtors	860,232	1,170,471	218,106	218,106
Corporation tax	-	253,711	-	-
Prepayments and accrued income	3,836,408	4,108,673	821	-
Derivative financial instruments	2,607,395	2,717,814	-	-
	21,574,855	20,561,639	1,584,536	588,970

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

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

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Bank loans and overdrafts	4,251,311	3,958,627	-	-
Trade creditors	25,039,303	24,496,816	-	1,452,480
Amounts owed to group undertakings	-	-	10,074,600	4,537,820
Corporation tax	564,568	-	21,065	3,089
Taxes and social security costs	4,304,221	4,583,185	-	-
Other creditors	476,298	348,577	-	-
Accruals and deferred income	4,196,970	6,141,622	226,880	14,469
Derivative financial instruments	13,777	261,053	-	-
	<u>38,846,448</u>	<u>39,789,880</u>	<u>10,322,545</u>	<u>6,007,858</u>

The bank loans and overdrafts are secured by:

1. A fixed and floating charge over the assets of the company;
2. An unlimited cross guarantee and set-off agreement given by the company and its fellow group undertakings to secure all liabilities of each other.

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 14 Deferred tax

The deferred tax liability is made up as follows:

	Group 2017 £	As restated 2016 £
Capital allowances	487,546	478,443
Unpaid pension contributions	25,412	13,011
Roll over relief	(77,669)	(95,817)
Derivative financial instruments	(492,787)	(491,352)
Carry forward tax losses	5,090	-
	<u>(52,408)</u>	<u>(95,715)</u>

The net reversal expected in the next reporting period in relation to the deferred tax assets above is £59,897 (2016: £49,221) for capital allowances, unpaid pension contributions and deferred employment costs. The net reversal expected in the next reporting period in relation to the deferred tax liabilities above is £497,216 (2016: £495,781) for roll over relief and derivative financial instruments.

#### 15 Pension and other post-retirement benefit commitments

##### Defined contribution

	2017 £	2016 £
Contributions payable by the group for the period	<u>321,961</u>	<u>313,927</u>

#### 16 Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
2,130 Ordinary shares of 10p each	<u>213</u>	<u>213</u>

At period end, an amount of £218,106 (2016: £218,106) remains unpaid in relation to these shares. This amount is included within other debtors in note 12.



## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 17 Reserves

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

Share premium - represents the amount paid for shares above the nominal value.

Cashflow hedge reserve - comprises the movement in fair value of derivatives on the balance sheet.

Profit and loss account - includes all current and prior period retained profits and losses.

#### Other reserves

Capital redemption reserve - a reserve arising from the redemption of ordinary share capital.

Other/Special reserve - a merger reserve arising from the acquisition of Dune Group Limited, a wholly owned subsidiary of the company.

#### 18 Contingent liabilities

##### Group

The group's lenders have given a duty deferment guarantee for £1,000,000 (2016: £1,000,000) in favour of HM Revenue and Customs on behalf of the group where there is potential recourse to the group.

Dune Holdings Limited together with its group entities, Dune Group Limited and Dune International Limited have given cross guarantees to its lender for group facilities and borrowings. In Dune Group Limited there is a bank loan of £4,251,311 (2016: £3,958,627). Dune Holdings Limited has given a cross guarantee to the lender in respect of this loan.

#### 19 Financial commitments

At 28 January 2017 the group had minimum lease commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2017	As restated 2016	2017	2016
	£	£	£	£
Within one year	273,269	139,027	2,870	163,336
Between two and five years	12,720,871	16,399,669	217,666	117,059
In over five years	39,974,189	47,544,832	-	-
	<u>52,968,329</u>	<u>64,083,528</u>	<u>220,536</u>	<u>280,395</u>

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 20 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	1,233,452	941,128
Company pension contributions to defined contribution schemes	19,325	19,724
	<u>1,252,777</u>	<u>960,852</u>

The number of directors for whom retirement benefits accrued under defined contribution schemes amounted to 4 (2016: 4).

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

Remuneration for qualifying services	<u>647,937</u>	<u>536,794</u>
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Except for the directors there were no other key management personnel.

#### 21 Employees

##### Number of employees

The average monthly number of employees (including directors) during the period was:

	2017 Number	2016 Number
Management and administration	267	261
Sales	1,711	2,009
Distribution	133	109
	<u>2,111</u>	<u>2,379</u>

##### Employment costs (including directors)

	2017 £	As restated 2016 £
Wages and salaries	27,998,723	29,277,981
Social security costs	2,214,776	2,113,617
Other pension costs	321,961	313,927
	<u>30,535,460</u>	<u>31,705,525</u>

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 22 Control

The ultimate controlling party is Daniel Rubin, a director.

#### 23 Related party transactions

##### Group and company

The company has taken advantage of the exemption in FRS 102, paragraph 33.1.A 'Related party disclosures' whereby it has not disclosed transactions with any wholly owned subsidiary undertakings.

At the balance sheet date the company had the following amounts and transactions with the following related parties:

	2017		2016	
	Balance	Interest	Balance	Interest
	owed to	charged	owed to	charged
	£	£	£	£
Directors of Dune Holdings Limited	6,725	11,831	1,452,480	53,240

All amounts outstanding were repaid by the company subsequent to the period end.

At the balance sheet date the company had £1,365,609 (2016: £370,865) due from its jointly controlled undertaking and during the period received interest of £39,317 (2016: £4,198) in respect of this.

#### 24 Financial assets and liabilities

	Group	As restated
	2017	2016
	£	£
Financial assets that are equity instruments measured at cost less accumulated impairment	-	-
Financial assets measured at amortised cost	15,131,051	13,481,442
Financial assets measured at fair value	2,607,395	2,717,814
Financial liabilities measured at amortised cost	(33,284,500)	(33,918,859)
Financial liabilities measured at fair value	(13,777)	(261,053)

Financial assets measured at amortised cost comprise short term debtors.

Financial liabilities measured at amortised cost comprise short term creditors.

Financial assets and liabilities measured at fair value comprise derivative financial instruments (note 25).

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 25 Derivatives and other instruments

The majority of the group's supplies are sourced overseas. These purchases are priced in Sterling, US dollars and Euros. The group's policy is to eliminate the majority of currency exposures on purchases through forward foreign currency contracts.

##### 25 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities relating to derivative financial instruments include:

	2017 £	2016 £
Assets measured at fair value through OCI	2,607,395	2,717,814
Liabilities measured at fair value through OCI	(13,777)	(261,053)
	<u>2,593,618</u>	<u>2,456,761</u>

##### 25 (b) Financial instruments measured at fair value

###### *Derivative financial instruments*

The group uses derivative financial instruments in the form of contracts for the forward purchase of USD and EUR. These grant the group the ability to buy foreign currency at a fixed price over the life of the contracts.

The fair value of these contracts as at the balance sheet date has been calculated using an estimated forward rate as at that date. This forward rate has been calculated using the interpolated zero coupon rates based upon the then money market and swap interest rates for each currency pair as reported by ICE Benchmark Administration Limited and the Financial Times respectively.

##### 25 (c) Hedge accounting

For cash flow hedges: the amount of the change in fair value of the hedging instrument recognised in other comprehensive income for the period, the amount (if any) that was reclassified from equity to profit or loss for the period; and the amount (if any) of any excess of the fair value of the hedging instrument over the change in the fair value of the expected cash flow that was recognised in profit or loss for the period.

## DUNE HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JANUARY 2017 (CONTINUED)

#### 25 Derivatives and other instruments (continued)

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.12.29(a) for the cash flow hedge accounting models:

	2017				2016			
	Carrying amount £	Expected Cash flows £	1 year or less £	1 to 2years £	Carrying amount £	Expected cash flows £	1 year or less £	1 to 2years £
<b>Forward exchange swaps:</b>								
Assets	-	-	-	-	27,072	2,701,638	2,701,638	-
Liabilities	(13,777)	1,825,061	1,825,061	-	(9,750)	500,000	500,000	-
<b>Forward exchange contracts:</b>								
Assets	2,607,395	25,996,619	25,253,898	742,721	2,690,742	29,341,190	21,782,737	7,558,453
Liabilities	-	-	-	-	(251,303)	3,662,918	3,662,918	-
	<b>2,593,618</b>	<b>27,821,680</b>	<b>27,078,959</b>	<b>742,721</b>	<b>2,456,761</b>	<b>36,205,746</b>	<b>28,647,293</b>	<b>7,558,453</b>

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to affect the profit and loss account:

	2017				2016			
	Carrying amount £	Expected P&L Affect £	1 year or less £	1 to 2years £	Carrying amount £	Expected P&L Affect £	1 year or less £	1 to 2years £
<b>Forward exchange swaps:</b>								
Assets	-	-	-	-	27,072	98,361	73,813	24,548
Liabilities	(13,777)	4,504	4,504	-	(9,750)	-	-	-
<b>Forward exchange contracts:</b>								
Assets	2,607,395	2,850,822	2,489,024	361,798	2,690,742	1,763,196	1,131,315	631,881
Liabilities	-	-	-	-	(251,303)	427,991	427,991	-
	<b>2,593,618</b>	<b>2,855,326</b>	<b>2,493,528</b>	<b>361,798</b>	<b>2,456,761</b>	<b>2,289,548</b>	<b>1,633,119</b>	<b>656,429</b>