

---

**FD LONDON LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

FRIDAY



LD3

\*L6B5GYKI\*

21/07/2017

COMPANIES HOUSE

#41

---

**FD LONDON LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	M D Clark J B Grede J Howard A N Rosen I Schatzberg E J Torstensson F T Unkan Haiman
<b>Registered number</b>	04761511
<b>Registered office</b>	Biscuit Building 10 Redchurch Street London E2 7DD
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

---

**FD LONDON LIMITED**

---

**CONTENTS**

---

	Page
<b>Group strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 4</b>
<b>Independent auditor's report</b>	<b>5 - 6</b>
<b>Consolidated statement of comprehensive income</b>	<b>7</b>
<b>Consolidated statement of financial position</b>	<b>8</b>
<b>Company statement of financial position</b>	<b>9</b>
<b>Consolidated statement of changes in equity</b>	<b>10 - 11</b>
<b>Company statement of changes in equity</b>	<b>12</b>
<b>Consolidated Statement of cash flows</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>14 - 32</b>

---

## FD LONDON LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### Introduction

The directors present their strategic report for the year ended 31 December 2016.

#### Business review

The group's principal activity during the year was the design and wholesale distribution of clothing, primarily denim jeans. Its customers consist of apparel retailers and speciality shops throughout the world.

The business continues to develop in line with expectations.

The directors have not recommended the payment of a dividend (2015: £Nil).

On 21 April 2016 the company changed its name from Frame Denim Holdings Limited to FD London Limited.

#### Principal risks and uncertainties

The group operates in a highly competitive international market in which price, quality and brands are key factors. Competition in the global market remains strong and is a continuing risk to the group.

Notwithstanding the business risks noted above and the difficult economic outlook which continues to prevail the forecasts prepared by the directors indicate that the group will continue to be cash and profit generative for the foreseeable future. The directors believe that this, combined with the group's balance sheet position places the group in a strong position to continue to trade successfully. Accordingly, the directors have prepared the financial statements on a going concern basis.

#### Financial key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that the key KPIs for understanding of the development, performance or position of the business are the net sales, gross profit and net income.

This report was approved by the board on 11-07-2017 and signed on its behalf.

  
F T Unkan Haiman  
Director

---

## FD LONDON LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

The directors present their report and the financial statements for the year ended 31 December 2016.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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'. 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 for the Group's financial statements and then apply them consistently;
- make judgments 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.

#### Results and dividends

The profit for the year, after taxation, amounted to \$2,710,488 (2015 - \$1,607,342).

#### Directors

The directors who served during the year were:

M D Clark  
J B Grede  
J Howard  
A N Rosen  
I Schatzberg  
E J Torstensson  
F T Unkan Haiman

#### Future developments

The current market in which the group operates is likely to remain competitive. However demand in the group's products is expected to remain high due to our on-going investment in new product development and strategic brand marketing activity.

---

## FD LONDON LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### Financial Risk Management

The group's operations expose it to a variety of financial risks that include the effects of market risk (including currency risk and price risk), credit risk and liquidity risk. The group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the group's financial performance. The group uses sound management principles to protect against certain financial risk exposures.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the group. The senior management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### Currency risk

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, the directors periodically will authorise limited foreign currency planning to mitigate the relevant foreign exchange exposure.

#### Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

#### Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. For trade receivables, the group and its factor perform ongoing credit evaluations of its customers and the group maintains an allowance for doubtful accounts which, when realised, have been within the range of management's expectations. For other financial assets, the company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

#### Liquidity risk

The liquidity risk is usually assessed by comparing liquid assets and short term liabilities. The group manages the liquidity risk by using cash flow forecasts which enables the group to monitor its working capital and make remedial action when necessary.

---

FD LONDON LIMITED

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11-07-2017 and signed on its behalf.



F T Unkan Haiman  
Director

---

## FD LONDON LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FD LONDON LIMITED

---

We have audited the financial statements of FD London Limited for the year ended 31 December 2016, set out on pages 7 to 32. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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 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.

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement on page 2, 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 Financial Reporting Council'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 Group's and the parent 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 Group 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 the parent Company's affairs as at 31 December 2016 and of the Group's profit or 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.

---

FD LONDON LIMITED

---

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FD LONDON LIMITED (CONTINUED)

---

**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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

**Matters on which we are required to report by exception**

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 parent Company 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.

*Nigel Bostock*

Nigel Bostock (Senior statutory auditor)

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

Date: 13 July 2017.

FD LONDON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Turnover	4	56,554,609	40,706,212
Cost of sales		(28,157,430)	(21,609,799)
<b>Gross profit</b>		<b>28,397,179</b>	<b>19,096,413</b>
Distribution costs		(11,589,744)	(8,263,051)
Administrative expenses		(10,538,678)	(6,470,771)
<b>Operating profit</b>	5	<b>6,268,757</b>	<b>4,362,591</b>
Interest receivable and similar income	8	902	5
Interest payable and expenses	9	(261,196)	(175,404)
<b>Profit before taxation</b>		<b>6,008,463</b>	<b>4,187,192</b>
Tax on profit	10	(1,526,350)	(1,280,861)
<b>Profit for the year</b>		<b>4,482,113</b>	<b>2,906,331</b>
<b>Total comprehensive income for the year</b>		<b>4,482,113</b>	<b>2,906,331</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		1,771,625	1,298,989
Owners of the parent Company		2,710,488	1,607,342
		<b>4,482,113</b>	<b>2,906,331</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.


The notes on pages 14 to 32 form part of these financial statements.

FD LONDON LIMITED  
REGISTERED NUMBER: 04761511

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
<b>Fixed assets</b>			
Intangible assets	12	806,900	556,071
Tangible assets	13	2,582,773	1,203,806
		<u>3,389,673</u>	<u>1,759,877</u>
<b>Current assets</b>			
Stocks	15	9,640,825	5,890,937
Debtors	16	8,446,855	5,153,143
Cash at bank and in hand	17	526,305	284,912
		<u>18,613,985</u>	<u>11,328,992</u>
Creditors: amounts falling due within one year	18	(12,947,099)	(7,982,046)
<b>Net current assets</b>		<u>5,666,886</u>	<u>3,346,946</u>
<b>Total assets less current liabilities</b>		<u>9,056,559</u>	<u>5,106,823</u>
Creditors: amounts falling due after more than one year	19	(2,734,703)	(2,555,585)
<b>Provisions for liabilities</b>			
<b>Net assets excluding pension asset</b>		<u>6,321,856</u>	<u>2,551,238</u>
<b>Net assets</b>		<u><u>6,321,856</u></u>	<u><u>2,551,238</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,683	1,683
Foreign exchange reserve	23	(30,872)	(11,105)
Profit and loss account	23	4,363,153	1,652,665
<b>Equity attributable to owners of the parent Company</b>		<u>4,333,964</u>	<u>1,643,243</u>
Non-controlling interests		1,987,892	907,995
		<u><u>6,321,856</u></u>	<u><u>2,551,238</u></u>

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

 11-07-2017  
F T Unkan Haiman  
Director

The notes on pages 14 to 32 form part of these financial statements.


**FD LONDON LIMITED**  
**REGISTERED NUMBER: 04761511**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>Fixed assets</b>			
Tangible assets	13	4,526	4,822
Investments	14	1	1
		<u>4,527</u>	<u>4,823</u>
<b>Current assets</b>			
Debtors	16	480,077	635,176
Cash at bank and in hand	17	87,220	18,015
		<u>567,297</u>	<u>653,191</u>
Creditors: amounts falling due within one year	18	(484,303)	(213,081)
<b>Net current assets</b>		<u>82,994</u>	<u>440,110</u>
<b>Total assets less current liabilities</b>		<u>87,521</u>	<u>444,933</u>
Creditors: amounts falling due after more than one year	19	(280,911)	(800,891)
<b>Net assets excluding pension asset</b>		<u>(193,390)</u>	<u>(355,958)</u>
<b>Net liabilities</b>		<u>(193,390)</u>	<u>(355,958)</u>
<b>Capital and reserves</b>			
Called up share capital	22	1,683	1,683
Foreign exchange reserve	23	(25,675)	(11,105)
Profit and loss account	23	(169,398)	(346,536)
		<u>(193,390)</u>	<u>(355,958)</u>

The profit after tax of the parent company for the year was \$177,753 (2015 - loss \$90,504).

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

 11-07-2017

**F T Unkan Haiman**  
Director

FD LONDON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
At 1 January 2016	1,683	(11,105)	1,652,665	1,643,243	907,995	2,551,238
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	2,710,488	2,710,488	1,771,625	4,482,113
<b>Total comprehensive income for the year</b>	-	-	2,710,488	2,710,488	1,771,625	4,482,113
Exchange movement	-	(19,767)	-	(19,767)	-	(19,767)
Distribution	-	-	-	-	(691,728)	(691,728)
<b>Total transactions with owners</b>	-	(19,767)	-	(19,767)	(691,728)	(711,495)
<b>At 31 December 2016</b>	<b>1,683</b>	<b>(30,872)</b>	<b>4,363,153</b>	<b>4,333,964</b>	<b>1,987,892</b>	<b>6,321,856</b>

---

FD LONDON LIMITED

---

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
At 1 January 2015	1,683	-	45,323	47,006	357,562	404,568
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	1,607,342	1,607,342	1,298,989	2,906,331
<b>Total comprehensive income for the year</b>	-	-	1,607,342	1,607,342	1,298,989	2,906,331
Exchange movement	-	(11,105)	-	(11,105)	-	(11,105)
Distribution	-	-	-	-	(748,556)	(748,556)
<b>Total transactions with owners</b>	-	(11,105)	-	(11,105)	(748,556)	(759,661)
<b>At 31 December 2015</b>	<b>1,683</b>	<b>(11,105)</b>	<b>1,652,665</b>	<b>1,643,243</b>	<b>907,995</b>	<b>2,551,238</b>

The notes on pages 14 to 32 form part of these financial statements.

FD LONDON LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2016	1,683	(11,105)	(346,536)	(355,958)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	177,138	177,138
	-	-	177,138	177,138
<b>Total comprehensive income for the year</b>				
<b>Contributions by and distributions to owners</b>				
Exchange movement	-	(14,570)	-	(14,570)
<b>At 31 December 2016</b>	<b>1,683</b>	<b>(25,675)</b>	<b>(169,398)</b>	<b>(193,390)</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2015	1,683	-	(256,032)	(254,349)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(90,504)	(90,504)
	-	-	(90,504)	(90,504)
<b>Total comprehensive income for the year</b>				
<b>Contributions by and distributions to owners</b>				
Exchange movement	-	(11,105)	-	(11,105)
<b>At 31 December 2015</b>	<b>1,683</b>	<b>(11,105)</b>	<b>(346,536)</b>	<b>(355,958)</b>

The notes on pages 14 to 32 form part of these financial statements.

FD LONDON LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
<b>Cash flows from operating activities</b>		
Profit for the financial year	4,482,113	2,906,331
<b>Adjustments for:</b>		
Amortisation of intangible assets	240,085	63,804
Depreciation of tangible assets	325,074	131,628
(Increase) in stocks	(3,749,887)	(2,147,481)
(Increase) in debtors	(3,776,890)	(3,539,202)
Decrease/(increase) in amounts owed by related parties	483,178	(703,150)
Increase in creditors	2,231,716	1,075,220
(Decrease) in amounts owed to related parties	(347,588)	(233,635)
Corporation tax received/(paid)	-	(225,000)
<b>Net cash generated from operating activities</b>	<b>(112,199)</b>	<b>(2,671,485)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(490,914)	(507,588)
Purchase of tangible fixed assets	(1,704,041)	(1,261,891)
<b>Net cash from investing activities</b>	<b>(2,194,955)</b>	<b>(1,769,479)</b>
<b>Cash flows from financing activities</b>		
New secured loans	3,260,042	5,389,958
Dividends paid to non controlling interests	(691,728)	(748,556)
<b>Net cash used in financing activities</b>	<b>2,568,314</b>	<b>4,641,402</b>
<b>Net increase in cash and cash equivalents</b>	<b>261,160</b>	<b>200,438</b>
Cash and cash equivalents at beginning of year	284,912	95,579
Foreign exchange gains and losses	(19,767)	(11,105)
<b>Cash and cash equivalents at the end of year</b>	<b>526,305</b>	<b>284,912</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	526,305	284,912
	<b>526,305</b>	<b>284,912</b>

---

## FD LONDON LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1. Company information

FD London Limited is a limited company incorporated in England. The registered office is Biscuit Building, 10 Redchurch Street, London E2 7DD (registered number 04761511).

The group's principal activity during the year was the design and wholesale distribution of clothing, primarily denim jeans. Its customers consist primarily of apparel retailers and specialty shops throughout the world.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 Going concern

The financial statements have been prepared on a going concern basis. In making this assessment the directors have considered the continued trading activity of the group which is profitable and cash generative, the positive cash balances and net assets, the forecasts for the business and the ability of the directors to manage their working capital requirements and meet their debts as they fall due. In evaluating for the parent company's net liabilities position, the wider consideration of group cash position is considered.

##### 2.4 Revenue

Revenue is recognised when persuasive evidence of an arrangement exists upon shipment of merchandise; at which time title transfers, the sale price is fixed or determinable, and collectability is probable.

---

FD LONDON LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

2. Accounting policies (continued)

2.5 Intangible assets

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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Trademarks	-	10	years
------------	---	----	-------

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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.

The estimated useful lives range as follows:

Long-term leasehold property	-	7	years
Plant and machinery	-	5	years
Fixtures and fittings	-	5	years
Office equipment	-	3	years
Computer equipment	-	5	years

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 Consolidated statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**2. Accounting policies (continued)**

**2.8 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock 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.

**2.9 Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Transfers of trade debtors to the factor are accounted for as sales of financial assets, with the subject trade debtors derecognised upon transfer, in as much as control over such trade debtors is surrendered to the factor. Due provision is made for any recourse obligations.

**2.10 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 Consolidated 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 Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments 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 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Consolidated statement of comprehensive income.

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 Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**2. Accounting policies (continued)**

**2.12 Creditors**

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

**2.13 Foreign currency translation**

**Functional and presentation currency**

The Company's functional currency is £ sterling. The Group's functional and presentational currency is US\$ given that the significant activities of the group are undertaken by the group company's subsidiary entity in the US.

The year end US dollar exchange rate used was 1.23016 (2015: 1.4824) and the average US dollar rate applied was 1.3563 (2015: 1.5219).

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.14 Finance costs**

Finance costs are charged to the Consolidated statement of comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**2. Accounting policies (continued)**

**2.15 Operating leases: Lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**2.16 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.17 Interest income**

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**2.18 Borrowing costs**

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

---

## FD LONDON LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 2. Accounting policies (continued)

##### 2.19 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

##### 2.20 Related party exemption

The company has taken advantage of the exemption within Section 33 of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose transactions or balances with entities within the FD London Limited group.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation for items subject to discounts, rebates, inventory provisions, trade debtor provisions, property related provisions and impairment of intangibles and investments.

---

**FD LONDON LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**4. Analysis of turnover**

An analysis of turnover by class of business is as follows:

	2016 \$	2015 \$
Design and wholesale distribution of clothing	<u>56,554,609</u>	<u>40,706,212</u>

Analysis of turnover by country of destination

	2016 %	2015 %
United States of America	77	70
United Kingdom	6	9
Rest of the world	17	21
	<u>100</u>	<u>100</u>

**5. Operating profit**

The operating profit is stated after charging:

	2016 \$	2015 \$
Depreciation of tangible fixed assets	325,074	131,628
Amortisation of intangible assets, including goodwill	240,085	63,804
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	39,945	31,338
Exchange differences	34,419	(8,711)
Defined contribution pension cost	<u>77,871</u>	<u>39,756</u>

---

**FD LONDON LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**6. Auditor's remuneration**

	2016 \$	2015 \$
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>33,909</u>	<u>29,810</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	4,612	1,528
All other services	<u>1,424</u>	<u>-</u>
	<u>6,036</u>	<u>1,528</u>

**7. Employees**

Staff costs were as follows:

	2016 \$	2015 \$
Wages and salaries	5,662,543	1,534,758
Social security costs	287,219	49,946
Cost of defined contribution scheme	77,871	39,756
	<u>6,027,633</u>	<u>1,624,460</u>

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

	2016 No.	2015 No.
United States of America	58	26
United Kingdom	9	1
	<u>67</u>	<u>27</u>

**8. Interest receivable**

	2016 \$	2015 \$
Other interest receivable	<u>902</u>	<u>5</u>

---

**FD LONDON LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**9. Interest payable and similar charges**

	2016 \$	2015 \$
Bank interest payable	<u>261,196</u>	<u>175,404</u>

**10. Taxation**

	2016 \$	2015 \$
<b>Foreign tax</b>		
Foreign tax on income for the year	1,526,350	1,263,594
Foreign tax in respect of prior periods	-	17,267
	<u>1,526,350</u>	<u>1,280,861</u>
<b>Total current tax</b>	<u>1,526,350</u>	<u>1,280,861</u>
<b>Deferred tax</b>		
<b>Taxation on profit on ordinary activities</b>	<u>1,526,350</u>	<u>1,280,861</u>

**Factors affecting tax charge for the year**

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2015 - 21%).

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was \$177,138 (2015 - loss \$90,504).

---

FD LONDON LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**12. Intangible assets**

**Group and Company**

	Software and website \$	Trademarks \$	Total \$
<b>Cost</b>			
At 1 January 2016	375,314	248,524	623,838
Additions	337,411	153,503	490,914
At 31 December 2016	<u>712,725</u>	<u>402,027</u>	<u>1,114,752</u>
<b>Amortisation</b>			
At 1 January 2016	33,290	34,477	67,767
Charge for the year	180,784	59,301	240,085
At 31 December 2016	<u>214,074</u>	<u>93,778</u>	<u>307,852</u>
<b>Net book value</b>			
At 31 December 2016	<u>498,651</u>	<u>308,249</u>	<u>806,900</u>
At 31 December 2015	<u>342,024</u>	<u>214,047</u>	<u>556,071</u>

FD LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

13. Tangible fixed assets

Group

	Long-term leasehold property \$	Plant and machinery \$	Fixtures and fittings \$	Office equipment \$	Computer equipment \$	Total \$
<b>Cost or valuation</b>						
At 1 January 2016	1,128,470	2,725	162,387	5,237	48,013	1,346,832
Additions	1,476,444	29,459	121,126	1,713	75,299	1,704,041
Disposals	-	-	-	-	(35,338)	(35,338)
At 31 December 2016	2,604,914	32,184	283,513	6,950	87,974	3,015,535
<b>Depreciation</b>						
At 1 January 2016	109,883	234	22,509	414	9,986	143,026
Charge for the period on owned assets	219,504	4,544	51,598	2,010	47,418	325,074
Disposals	-	-	-	-	(35,338)	(35,338)
At 31 December 2016	329,387	4,778	74,107	2,424	22,066	432,762
<b>Net book value</b>						
At 31 December 2016	2,275,527	27,406	209,406	4,526	65,908	2,582,773
At 31 December 2015	1,018,587	2,491	139,878	4,823	38,027	1,203,806

The net book value of land and buildings may be further analysed as follows:

	2016 \$	2015 \$
Long leasehold	2,275,527	1,018,587

---

FD LONDON LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

13. Tangible fixed assets (continued)

Company

	Office equipment \$
<b>Cost or valuation</b>	
At 1 January 2016	5,237
Additions	1,713
At 31 December 2016	<u>6,950</u>
<b>Depreciation</b>	
At 1 January 2016	414
Charge for the period on owned assets	2,010
At 31 December 2016	<u>2,424</u>
<b>Net book value</b>	
At 31 December 2016	<u>4,526</u>
At 31 December 2015	<u>4,823</u>

---

FD LONDON LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**14. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Saturday Brand Company USA Inc	Ordinary	100 %	Holding entity
Frame LA Brands LLC	Ordinary	70 %	Design and wholesale distribution of clothing primarily to apparel retails and speciality shops

**Company**

Investments  
in  
subsidiary  
companies  
\$

**Cost or valuation**

At 1 January 2016 1

At 31 December 2016 1

**Net book value**

At 31 December 2016 1

At 31 December 2015 1

**FD LONDON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**15. Stocks**

	<b>Group 2016 \$</b>	<i>Group 2015 \$</i>	<b>Company 2016 \$</b>	<i>Company 2015 \$</i>
Raw materials and consumables	2,010,053	1,561,524	-	-
Work in progress (goods to be sold)	1,406,889	856,563	-	-
Finished goods and goods for resale	6,223,883	3,472,850	-	-
	<u>9,640,825</u>	<u>5,890,937</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The total amount of stock recognised as an expense during the year was \$28,210,081 (2015: \$21,609,799). There are no write-downs or reversals of write-downs of stocks in 2016 or 2015.

**16. Debtors**

	<b>Group 2016 \$</b>	<i>Group 2015 \$</i>	<b>Company 2016 \$</b>	<i>Company 2015 \$</i>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	239,868	170,288	-	590,016
<b>Due within one year</b>				
Trade debtors	6,850,532	3,609,232	11,212	340
Amounts owed by group undertakings	219,972	703,150	159,680	21,183
Other debtors	254,660	205,256	116,704	-
Prepayments and accrued income	881,823	465,217	192,481	23,637
	<u>8,446,855</u>	<u>5,153,143</u>	<u>480,077</u>	<u>635,176</u>

At 31 December 2016 management have recorded an allowance for doubtful debts of \$55,799 (2015: \$50,516).

The group's trading subsidiary Frame LA Brands LLC sells a portion of its trade debtors to a factor under a continuing contract, cancellable upon written notice. In cases where the factor approves the credit, the account is sold without recourse and the factor assumes all credit risk.

At 31 December 2016 included in trade debtors are net amounts due from the factor totalling \$6,338,188 (2015: \$3,393,124).

---

**FD LONDON LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**17. Cash and cash equivalents**

	<b>Group 2016 \$</b>	<i>Group 2015 \$</i>	<b>Company 2016 \$</b>	<i>Company 2015 \$</i>
Cash at bank and in hand	<b>526,305</b>	<i>284,912</i>	<b>87,220</b>	<i>18,015</i>
	<u><b>526,305</b></u>	<u><i>284,912</i></u>	<u><b>87,220</b></u>	<u><i>18,015</i></u>

**18. Creditors: Amounts falling due within one year**

	<b>Group 2016 \$</b>	<i>Group 2015 \$</i>	<b>Company 2016 \$</b>	<i>Company 2015 \$</i>
Bank loans	<b>7,800,000</b>	<i>4,239,958</i>	<b>-</b>	<i>-</i>
Trade creditors	<b>3,486,498</b>	<i>2,564,637</i>	<b>33,386</b>	<i>33,441</i>
Amounts owed to related parties	<b>453,304</b>	<i>-</i>	<b>168,659</b>	<i>96,885</i>
Other taxation and social security	<b>25,459</b>	<i>24,711</i>	<b>25,459</b>	<i>30,547</i>
Other creditors	<b>687</b>	<i>2,547</i>	<b>687</b>	<i>2,547</i>
Accruals and deferred income	<b>1,181,151</b>	<i>1,150,193</i>	<b>256,112</b>	<i>49,661</i>
	<u><b>12,947,099</b></u>	<u><i>7,982,046</i></u>	<u><b>484,303</b></u>	<u><i>213,081</i></u>

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2016 \$</b>	<i>Group 2015 \$</i>	<b>Company 2016 \$</b>	<i>Company 2015 \$</i>
Bank loans	<b>850,000</b>	<i>1,150,000</i>	<b>-</b>	<i>-</i>
Amounts owed to related parties	<b>-</b>	<i>800,892</i>	<b>280,911</b>	<i>800,891</i>
Other creditors	<b>1,884,703</b>	<i>604,693</i>	<b>-</b>	<i>-</i>
	<u><b>2,734,703</b></u>	<u><i>2,555,585</i></u>	<u><b>280,911</b></u>	<u><i>800,891</i></u>

---

**FD LONDON LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**20. Loans**

Loans relate to a revolving line of credit and a term loan.

On 25 September 2015 the group's trading subsidiary, entered into a credit agreement with a new lender. The credit agreement consists of a revolving credit facility and a term loan. The revolving line of credit and term loan are collateralised by the trading subsidiaries assets. The line of credit terminates on 31 August 2016 and the term loan terminates on 31 August 2020.

Revolving line of credit: the maximum line of credit borrowings shall be \$7,000,000 from 1 November 2015 to 31 January 2016, \$8,500,000 from 1 February 2016 to 9 August 2016, and \$11,500,000 thereafter. The borrowing base on this line of credit is (i) 85% of aggregate net amount of eligible receivables, plus (ii) the 50% of eligible inventory plus (iii) 50% of the value of eligible letter of credit inventory. However, total advances against inventory may not exceed \$4,000,000 and \$5,000,000 at 31 December 2015 and 2016 and thereafter, respectively. The line of credit accrues interest at LIBOR plus 2.25%. At 31 December 2016 and 2015, the interest rate was 3.92% and 2.84%, respectively. At 31 December 2016 and 2015, total amount outstanding on the line of credit amounted to \$7,500,000 and \$3,939,958, respectively. At 31 December 2016 and 2015, availability on the revolving credit facility amounted to \$1,268,991 and \$1,996,649, respectively.

Term loan: The term loan requires equal monthly principal payments of \$25,000 beginning 1 November 2015 through 31 August 2020, with one final principal payment plus any unpaid interest due on 31 August 2020. The term loan accrues interest at the LIBOR plus 2.5%. At 31 December 2016 and 2015, the interest rate was 4.17% and 3.09%, respectively. At 31 December 2016 and 2015, the total amount outstanding on the term loan amounted to \$1,150,000 and \$1,450,000, respectively.

For the year ended 31 December 2016 and 2015, total interest expense on the facility amounted to \$252,862 and \$31,641, respectively. The Credit Agreement also contains certain financial covenants including a minimum working capital of \$4,500,000 and \$2,500,000 at 31 December 2016 and 2015, respectively, minimum net income of \$1, maintain a Fixed Charge Coverage Ratio of at least 1.25 to 1.00 at the end of each calendar year, and provide audited financial statements no later than 150 days after each fiscal year end. As of 31 December 2016 and 2015, the group's trading subsidiary was in compliance with all financial covenants.

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
<b>Amounts falling due within one year</b>				
Bank loans	7,800,000	4,239,958	-	-
<b>Amounts falling due 1-2 years</b>				
Bank loans	850,000	1,150,000	-	-
	<u>8,650,000</u>	<u>5,389,958</u>	<u>-</u>	<u>-</u>

---

**FD LONDON LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**21. Financial instruments**

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>7,597,423</u>	<u>4,691,353</u>	<u>258,726</u>	<u>614,965</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(3,939,802)</u>	<u>(3,295,341)</u>	<u>(202,044)</u>	<u>(182,535)</u>

**22. Share capital**

	2016 \$	2015 \$
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,081 Ordinary shares of £1 each	<u>1,683</u>	<u>1,683</u>

**23. Reserves**

**Profit and loss account**

The profit and loss account represents the cumulative profit and loss reserves of the group and company.

**24. Commitments under operating leases**

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 \$	Group 2015 \$
Later than 1 year and not later than 5 years	4,732,687	941,800
Later than 5 years	5,974,812	6,211,557
	<u>10,707,499</u>	<u>7,153,357</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**25. Capital management**

Capital comprises of share capital and reserves stated on the Balance Sheet. The Group's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that is required in the rapidly changing market in which the Group operates and to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objectives, policies and processes during the year.

The Group is not subject to either internally or externally imposed capital requirements.

**26. Key management**

Key management of the group are considered to be the directors of the company.

**27. Ultimate parent undertaking and controlling party**

Saturday Brand Holdings Limited, a company incorporated under England and Wales is the largest shareholder of the Company. However, there is no immediate or ultimate parent company, neither is there an ultimate controlling party.

**28. Related party transactions**

The group have common ownership and directors with a wider group of companies that provide management advice, marketing, sales agents and administrative services to them. Included in operating expenses for the year ended 31 December 2016 are management service fees of \$1,126,682 (2015: \$1,163,374) and advertising, fashion marketing, sales agent and public relations expenses of \$936,726 (2015: \$621,803).

As of 31 December 2016 approximately \$nil (2015: \$163,636) due to related parties.

For the year ended 31 December 2016 total sales to related parties were \$nil (2015: \$3,459,610). At 31 December 2016 amounts due from related parties amounted to \$171,628 (2015: \$697,239).