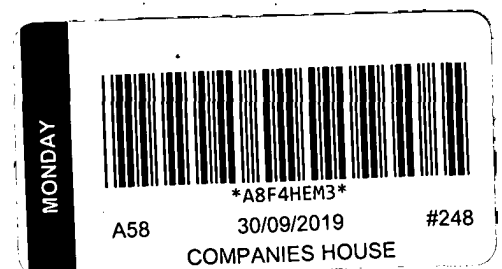


FD London Limited

Registered number: 04761511

Annual Report

For the year ended 31 December 2018



FD LONDON LIMITED

COMPANY INFORMATION

Directors	M D Clark J B Grede J Howard A N Rosen E J Torstensson F T Unkan Haiman
Company secretary	M D Clark
Registered number	04761511
Registered office	Stephen Building 30 Gresse Street London England W1T 1QR
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

FD LONDON LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The directors present their strategic report for the year ended 31 December 2018.

Business review

The group's principal activity during the year was the design and multi-channel sale of premium clothing. The group sells directly via its own retail stores and its own website, as well as indirectly via high-end apparel retailers and specialty stores worldwide.

The business continues to develop in line with expectations.

Dividends of \$1,682,000 have been declared and paid (2017: declared, but not paid \$2,000,000) as of 31 December 2018. As at 31 December 2018, there is an amount of \$300,000 dividends relating to 2017 to be paid.

Principal risks and uncertainties

The group operates in a highly competitive market in which the price, quantity 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 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 trade successfully. Accordingly, the directors have prepared the financial statements on an on-going basis.

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 exposure.

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.

FD LONDON LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Financial risk management (continued)

Price risk

The group is exposed to commodity price risk for cotton as a result of its operations. However, given the size of the group's operations, the cost 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 of nature.

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 and factoring engagements which enables the group to monitor its working capital and make remedial action when necessary.

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 factors perform ongoing credit valuations of its customers and the group maintains an allowance or doubtful accounts which, when realised, have been within the range of management's expectations. Transfer of accounts receivables to the factor are accounted for as sales of financial assets, with the subject receivables derecognised upon transfer, in as much as control over such receivables is surrendered to the factor. For other financial assets, the company adopts the policy of dealing only with high credit quality counterparts.

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.

Financial key performance indicators

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

The potential withdrawal of the United Kingdom from the European Union

Due to the invocation of Article 50 of the Treaty on European Union by the United Kingdom, it is expected that the country may resign its position within the European Union during 2019. The terms of the future relationship between the UK and the EU are still unknown, and at the date of this report it is impossible to assess in detail the opportunities and threats that such a resignation could present. The directors are managing these risks by closely monitoring developments, and are confident that the company will be able to amend and modify its procedures to remain fully compliant with any new rules and regulations, and to maintain its standing and reputation in the marketplace both locally and, where appropriate, throughout Europe and worldwide

This report was approved by the board and signed on its behalf.



J/B Grede
Director

Date: 25/9/19

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to \$5,301,115 (2017: \$4,350,585).

Dividends of \$1,682,000 have been declared and paid (2017: declared, but not paid \$2,000,000) as of 31 December 2018. As at 31 December 2018, there is an amount of \$300,000 dividends relating to 2017 to be paid.

Directors

The directors who served during the year and up to the date of this report were:

M D Clark
J B Grede
J Howard
A N Rosen
I Schatzberg (resigned 3 July 2018)
E J Torstensson
F T Unkan Haiman

Director's 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 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; and
- 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 to 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.

FD LONDON LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Qualifying third party indemnity provisions

The company has indemnified the directors and offices in respect of proceedings which may be brought by third parties and such indemnification was in place throughout the year, which is a qualifying third party indemnity of the purposes of the Companies Act 2006. Neither the company's indemnity nor insurance provisions cover in the event that a director of officer is proved to have acted fraudulently or dishonestly.

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.

Matters covered in the strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of business review, principal risks and uncertainties and financial key performance indicators.

Provision 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, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



J B Grede
Director

Date: 25/9/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FD LONDON LIMITED

Opinion

We have audited the financial statements of FD London Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the group's and company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the group's and company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FD LONDON LIMITED

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

FD LONDON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FD LONDON LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Samantha Russell (Senior statutory auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 30 September 2019

FD LONDON LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Turnover	4	100,222,625	74,143,213
Cost of sales		(43,121,964)	(31,413,625)
Gross profit		57,100,661	42,729,588
Distribution costs		(20,308,644)	(16,098,789)
Administrative expenses		(25,274,290)	(16,361,314)
Operating profit	5	11,517,727	10,269,485
Interest receivable and similar income	9	1,560	17,637
Interest payable and similar charges	10	(744,225)	(387,378)
Profit before taxation		10,775,062	9,899,744
Tax on profit	11	(2,259,413)	(2,543,857)
Profit for the financial year		8,515,649	7,355,887
Other comprehensive income		-	-
Total comprehensive income for the year		8,515,649	7,355,887
Profit for the year attributable to:			
Non-controlling interests		3,214,534	3,005,302
Owners of the parent company		5,301,115	4,350,585
		8,515,649	7,355,887

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 17 to 40 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Fixed assets			
Intangible assets	14	799,856	921,740
Tangible assets	15	5,292,090	4,314,478
		<u>6,091,946</u>	<u>5,236,218</u>
Current assets			
Stocks	17	22,075,828	15,031,947
Debtors: amounts falling due after more than one year	18	1,389,636	859,412
Debtors: amounts falling due within one year	18	3,494,187	4,328,237
Cash at bank and in hand		1,726,792	1,267,267
		<u>28,686,443</u>	<u>21,486,863</u>
Creditors: amounts falling due within one year	19	(17,547,090)	(14,476,148)
Net current assets		<u>11,139,353</u>	<u>7,010,715</u>
Total assets less current liabilities		<u>17,231,299</u>	<u>12,246,933</u>
Creditors: amounts falling due after more than one year	20	(2,600,660)	(2,422,573)
Net assets		<u><u>14,630,639</u></u>	<u><u>9,824,360</u></u>

FD LONDON LIMITED
REGISTERED NUMBER: 04761511

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Capital and reserves			
Called up share capital	24	1,683	1,683
Foreign exchange reserve	25	(77,585)	(49,050)
Profit and loss account	25	10,332,853	6,713,738
Equity attributable to owners of the parent company		<u>10,256,951</u>	<u>6,666,371</u>
Non-controlling interests	25	4,373,688	3,157,989
Total equity		<u>14,630,639</u>	<u>9,824,360</u>

The company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The result for the company for the year was a profit of \$1,653,646 (2017: \$257,521).

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



J B Grede
Director

Date: 25/9/19

The notes on pages 17 to 40 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note		2018 \$	2017 \$
Fixed assets				
Tangible assets	15		-	39,876
Investments	16		1	1
			<u>1</u>	<u>39,877</u>
Current assets				
Debtors: amounts falling due within one year	18	443,373	2,136,932	
Cash at bank and in hand		59,692	244,372	
		<u>503,065</u>	<u>2,381,304</u>	
Creditors: amounts falling due within one year	19	(420,501)	(2,374,700)	
Net current assets			<u>82,564</u>	<u>6,604</u>
Total assets less current liabilities			<u>82,565</u>	<u>46,481</u>
Provisions for liabilities				
Deferred taxation	23	-	(5,725)	
			<u>-</u>	<u>(5,725)</u>
Net assets			<u>82,565</u>	<u>40,756</u>
Capital and reserves				
Called up share capital	24		1,683	1,683
Foreign exchange reserve	25		(62,987)	(49,050)
Profit and loss account	25		143,869	88,123
Total equity			<u>82,565</u>	<u>40,756</u>

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

J B Grede
Director

Date:

The notes on pages 17 to 40 form part of these financial statements.

FD LONDON LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	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 2018	1,683	(49,050)	6,713,738	6,666,371	3,157,989	9,824,360
Comprehensive income for the year						
Profit for the year	-	-	5,301,115	5,301,115	3,214,534	8,515,649
Other comprehensive income for the year						
	-	-	-	-	-	-
Total comprehensive income for the year	-	-	5,301,115	5,301,115	3,214,534	8,515,649
Dividends: Equity capital	-	-	(1,682,000)	(1,682,000)	-	(1,682,000)
Exchange movement	-	(28,535)	-	(28,535)	-	(28,535)
Distribution	-	-	-	-	(1,998,835)	(1,998,835)
Total transactions with owners	-	(28,535)	(1,682,000)	(1,710,535)	(1,998,835)	(3,709,370)
At 31 December 2018	<u>1,683</u>	<u>(77,585)</u>	<u>10,332,853</u>	<u>10,256,951</u>	<u>4,373,668</u>	<u>14,630,639</u>

The notes on pages 17 to 40 form part of these financial statements.

FD LONDON LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	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 2017	1,683	(30,872)	4,363,153	4,333,964	1,987,892	6,321,856
Comprehensive income for the year						
Profit for the year	-	-	4,350,585	4,350,585	3,005,302	7,355,887
Other comprehensive income for the year						
	-	-	-	-	-	-
Total comprehensive income for the year	-	-	4,350,585	4,350,585	3,005,302	7,355,887
Dividends: Equity capital	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Exchange movement	-	(18,178)	-	(18,178)	-	(18,178)
Distribution	-	-	-	-	(1,835,205)	(1,835,205)
Total transactions with owners	-	(18,178)	(2,000,000)	(2,018,178)	(1,835,205)	(3,853,383)
At 31 December 2017	<u>1,683</u>	<u>(49,050)</u>	<u>6,713,738</u>	<u>6,666,371</u>	<u>3,157,989</u>	<u>9,824,360</u>

The notes on pages 17 to 40 form part of these financial statements.

FD LONDON LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2017	1,683	(25,675)	(169,398)	(193,390)
Comprehensive income for the year				
Profit for the year	-	-	257,521	257,521
Total comprehensive income for the year	-	-	257,521	257,521
Contributions by and distributions to owners				
Exchange movement	-	(23,375)	-	(23,375)
Total transactions with owners	-	(23,375)	-	(23,375)
At 31 December 2017	1,683	(49,050)	88,123	40,756
Comprehensive income for the year				
Profit for the year	-	-	1,653,646	1,653,646
Total comprehensive income for the year	-	-	1,653,646	1,653,646
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,597,900)	(1,597,900)
Exchange movement	-	(13,937)	-	(13,937)
Total transactions with owners	-	(13,937)	(1,597,900)	(1,611,837)
At 31 December 2018	1,683	(62,987)	143,869	82,565

The notes on pages 17 to 40 form part of these financial statements.

FD LONDON LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 \$	2017 \$
Cash flows from operating activities		
Profit for the financial year	8,515,649	7,355,887
Adjustments for:		
Amortisation of intangible assets	389,364	296,280
Depreciation of tangible assets	1,081,797	617,202
Taxation charge	(354,828)	-
Increase in stocks	(7,043,881)	(5,391,122)
Decrease/(increase) in debtors	708,546	(2,852,861)
(Increase)/decrease in amounts owed by groups	(49,892)	75,036
Increase in creditors	2,176,860	2,283,035
(Decrease)/increase in amounts owed to groups	(2,268,359)	100,177
Deferred taxes	-	(301,157)
Due to factor	(2,963,391)	(987,670)
Net cash generated from operating activities	<u>191,865</u>	<u>1,194,807</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(267,480)	(411,120)
Purchase of tangible fixed assets	(2,085,507)	(2,348,907)
Sale of tangible fixed assets	26,097	-
Net cash from investing activities	<u>(2,326,890)</u>	<u>(2,760,027)</u>
Cash flows from financing activities		
Factor advances	6,303,920	-
New secured loans	-	12,809,565
Repayment of loans	-	(8,650,000)
Dividends paid	(1,682,000)	-
Non-equity dividends paid	(1,998,835)	-
Distribution paid to non controlling interests	-	(1,835,205)
Net cash used in financing activities	<u>2,623,085</u>	<u>2,324,360</u>
Net increase in cash and cash equivalents	<u>488,060</u>	<u>759,140</u>

FD LONDON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Cash and cash equivalents at beginning of year	1,267,267	526,305
Foreign exchange gains and losses	28,535	18,178
Cash and cash equivalents at the end of year	<u>1,726,792</u>	<u>1,267,267</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>1,726,792</u>	<u>1,267,267</u>

The notes on pages 17 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

FD London Limited is a private company, limited by shares, incorporated in England & Wales. The registered office is Stephen Building, 30 Gresse Street, London, England W1T 1QR (registered number 04761511).

The group's principal activity during the year was the design and multi-channel sale of premium clothing. The group sells directly via its own retail stores and its own website, as well as indirectly via high-end apparel retailers and specialty stores worldwide.

The financial statements have been presented in US Dollars as this is the currency of the primary economic environment in which the group operates.

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 judgement in applying the Group's accounting policies (see note 3).

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 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 balance 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 values at the acquisition date. The results of acquired operations are included in the consolidated statements 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenues from product sales are generally recognised at the time the product is shipped, provided that persuasive evidence of an arrangement exists, title and risk of loss has transferred to the customer, the sales price is fixed or determinable, and collection of the related receivable is reasonably assured. Revenues are recorded net of estimated returns, allowances and discounts based upon historical experience at the time revenue is recognised. Revenues from retail sales are recognised when the merchandise is sold to customers.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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
Software	- 3 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	- 7 to 15 years (life of lease)
Plant and machinery	- 5 to 7 years
Fixtures and fittings	- 7 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.

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

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

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.

2.11 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

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 company's functional currency is £ sterling and presentational currency is US\$.

The year end US dollar exchange rate used was US\$1.27540 (2017: 1.35280) and the average US\$ rate applied was US\$1.33105 (2017: \$1.30165).

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 'administrative expenses'.

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 2018**

2. Accounting policies (continued)

2.15 Operating leases

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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit 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.

2.18 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Stock provision

Stock is reviewed annually with reference to current and new products along with recent sales history of the related products. Stock held for more than 1 year is provided for.

Determining useful economic lives of tangible fixed assets

The group depreciates tangible fixed assets over their estimates useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectation about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on variety of factors, including technological innovation, product life cycles and maintenance programmes.

When determining the residual value management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

Recoverability of debtors

The group establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

4. Turnover

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

	2018 \$	2017 \$
Design and wholesale distribution of clothing	85,629,777	68,290,611
Ecommerce	6,644,374	3,225,132
Retail store turnover	7,948,474	2,627,470
	<u>100,222,625</u>	<u>74,143,213</u>

Analysis of turnover by country of destination:

FD LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	%	%
United States of America	79	78
United Kingdom	5	5
Rest of World	16	17
	<u>100</u>	<u>100</u>

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	\$	\$
Depreciation of tangible fixed assets	1,081,797	617,202
Amortisation of intangible assets	389,364	296,280
Exchange differences	3,234	545
Other operating lease rentals	5,206,629	3,353,022
Defined contribution pension cost	<u>141,126</u>	<u>87,885</u>

6. Auditor's remuneration

	2018	2017
	\$	\$
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>39,266</u>	<u>32,590</u>

Fees payable to the Group's auditor in respect of:

Taxation compliance services	9,317	8,071
All other services	9,816	3,858
	<u>19,133</u>	<u>11,929</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

Staff costs were as follows:

	2018 \$	2017 \$
Wages and salaries	14,679,269	7,977,317
Social security costs	761,883	495,896
Cost of defined contribution scheme	141,126	87,885
	<u>15,582,278</u>	<u>8,561,098</u>

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

	2018 \$	2017 \$
United States of America	165	89
United Kingdom	20	12
	<u>185</u>	<u>101</u>

8. Directors' remuneration

	2018 \$	2017 \$
Directors' emoluments	<u>3,699,706</u>	<u>1,418,680</u>

There were 4 directors who were a member of a money purchase pension scheme during the year (2017:2).

There were no directors who exercised share options during the year (2017: nil).

During the year the highest paid director received \$1,857,199 (2017: \$918,314).

During the year no retirement benefits (2017: \$nil) were accruing to the directors.

Key management

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Interest receivable and similar income

	2018	2017
	\$	\$
Other interest receivable	1,560	17,637

10. Interest payable and similar charges

	2018	2017
	\$	\$
Bank interest payable	744,225	387,378

11. Taxation

	2018	2017
	\$	\$
Corporation tax		
Current tax on profits for the year	15,662	24,502
Adjustments in respect of previous periods	9,067	-
Foreign tax on income for the year	2,589,512	2,820,512
Total current tax	2,614,241	2,845,014
Deferred tax		
Origination and reversal of timing differences	(350,665)	(301,157)
Prior year adjustment	(4,163)	-
Total deferred tax	(354,828)	(301,157)
Taxation on profit on ordinary activities	2,259,413	2,543,857

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 \$	2017 \$
Profit on ordinary activities before tax	10,775,062	9,899,744
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	2,047,262	1,905,701
Effects of:		
Expenses not deductible for tax purposes	10,164	(81,627)
Effects of different foreign tax rates	542,067	1,313,295
Adjust closing deferred tax to average rate of 19%/19.25%	268,380	(757)
Adjust opening deferred tax to average rate of 19%/19.25%	184	(3,005)
Deferred tax not recognised	1,384	(22,739)
Non-controlling interest not taxable for the group	(612,695)	(567,011)
Adjustment in respect of prior period	2,667	-
Total tax charge for the year	2,259,413	2,543,857

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Taxation (continued)**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in July 2015 and took effect from 1 April 2017. A further reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted in September 2016.

12. Dividends

	2018 \$	2017 \$
Dividends declared, and paid (2017: declared, but not paid)	1,682,000	2,000,000
	<u>1,682,000</u>	<u>2,000,000</u>
	2018 \$	2017 \$
Amount of dividend liable to be paid as at 31 December	300,000	2,000,000
	<u>300,000</u>	<u>2,000,000</u>

13. 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 \$1,653,646 (2017: \$257,521).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Intangible assets**Group**

	Software \$	Trademarks \$	Total \$
Cost			
At 1 January 2018	973,829	552,043	1,525,872
Additions	234,885	32,595	267,480
At 31 December 2018	<u>1,208,714</u>	<u>584,638</u>	<u>1,793,352</u>
Amortisation			
At 1 January 2018	462,651	141,481	604,132
Charge for the year	332,530	56,834	389,364
At 31 December 2018	<u>795,181</u>	<u>198,315</u>	<u>993,496</u>
Net book value			
At 31 December 2018	<u>413,533</u>	<u>386,323</u>	<u>799,856</u>
At 31 December 2017	<u>511,178</u>	<u>410,562</u>	<u>921,740</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
15. Tangible fixed assets**Group**

	Long-term leasehold property \$	Plant and machinery \$	Fixtures and fittings \$	Office equipment \$	Computer equipment \$	Total \$
Cost						
At 1 January 2018	4,430,662	85,261	640,761	17,349	190,409	5,364,442
Additions	1,465,057	26,394	394,472	1,020	198,564	2,085,507
Disposals	(60,565)	-	-	(18,369)	-	(78,934)
At 31 December 2018	5,835,154	111,655	1,035,233	-	388,973	7,371,015
Depreciation						
At 1 January 2018	813,638	14,916	155,951	7,921	57,538	1,049,964
Charge for the year	742,742	18,224	238,902	2,371	79,558	1,081,797
Disposals	(42,544)	-	-	(10,292)	-	(52,836)
At 31 December 2018	1,513,836	33,140	394,853	-	137,096	2,078,925
Net book value						
At 31 December 2018	4,321,318	78,515	640,380	-	251,877	5,292,090
At 31 December 2017	3,617,024	70,345	484,810	9,428	132,871	4,314,478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Tangible fixed assets (continued)**Company**

	Long-term leasehold property \$	Office equipment \$	Total \$
Cost			
At 1 January 2018	60,565	17,349	77,914
Additions	-	1,020	1,020
Disposals	(60,565)	(18,369)	(78,934)
At 31 December 2018	-	-	-
Depreciation			
At 1 January 2018	30,117	7,921	38,038
Charge for the year	12,427	2,371	14,798
Disposals	(42,544)	(10,292)	(52,836)
At 31 December 2018	-	-	-
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	30,448	9,428	39,876

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Fixed asset investments

Company

	Investments in subsidiary companies \$
Cost	
At 1 January 2018	1
At 31 December 2018	<u>1</u>
Net book value	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Saturday Brand USA INC	Paracorp Incorporated 2140 S. Dupont Highway, Camden, Delaware, 19934, United States of America	Holding entity	Ordinary	100%
Frame LA Brands LLC*	3578 Hayden Avenue, Culver City, California, 90232, United States of America	Design and wholesale distribution of clothing primarily to apparel retails and specialty shops	Ordinary	70%
Denim Lab LLC*	3578 Hayden Avenue, Culver City, California, 90232, United States of America	Operates retail stores for Frame LA Brands LLC in the United States of America	Ordinary	70%
FD Europe Limited*	Stephen Building, 30 Gresse Street, London, England, W1T 1QR	Provides advertising, fashion marketing, sales agents, public relations and administrative services to Frame LA Brands LLC	Ordinary	70%
Denim Hub LLC*	3578 Hayden Avenue, Culver City, California, 90232, United States of America	Provides production services to Frame LA Brands LLC	Ordinary	70%

FD Europe Limited was incorporated on 28 April 2018.

On 30 November 2018, Frame LA Brands LLC acquired Denim Hub LLC for \$212,932.

* These subsidiaries are held indirectly.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
17. Stocks

	Group 2018 \$	Group 2017 \$
Raw materials and consumables	2,463,045	3,010,443
Work in progress (goods to be sold)	1,130,335	1,610,717
Finished goods and goods for resale	18,482,448	10,410,787
	<u>22,075,828</u>	<u>15,031,947</u>

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

18. Debtors

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Due after more than one year				
Other debtors	733,651	558,255	-	-
Deferred tax asset (note 23)	655,985	301,157	-	-
	<u>1,389,636</u>	<u>859,412</u>	<u>-</u>	<u>-</u>
	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Due within one year				
Trade debtors	1,348,111	1,589,128	-	92,583
Amounts owed by related parties	194,828	144,936	443,373	1,914,459
Other debtors	954,532	1,729,831	-	64,088
Prepayments and accrued income	996,716	864,342	-	65,802
	<u>3,494,187</u>	<u>4,328,237</u>	<u>443,373</u>	<u>2,136,932</u>

At 31 December 2018 management have recorded an allowance for doubtful debts of \$57,496 (2017: \$44,656).

The group's trading subsidiary Frame LA Brands LLC has agreements with a factor, see Note 21. The net amount due from factor is included in the trade creditors amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Creditors: Amounts falling due within one year

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Trade creditors	14,527,638	9,289,628	38,230	345,506
Amounts owed to related parties	285,122	2,553,481	357,523	1,900,000
Corporation tax	24,729	125,651	24,729	24,502
Other taxation and social security	15,000	28,225	19	28,225
Other creditors	-	-	-	1,149
Accruals and deferred income	2,694,601	2,479,163	-	75,318
	<u>17,547,090</u>	<u>14,476,148</u>	<u>420,501</u>	<u>2,374,700</u>

The group's trading subsidiary Frame LA Brands LLC has agreements with a factor, see Note 21. Included in trade creditors is the net amount due to the factor totalling \$8,824,236 (2017: \$5,483,707).

20. Creditors: Amounts falling due after more than one year

	Group 2018 \$	Group 2017 \$
Deferred rent liability	2,600,660	2,422,573
	<u>2,600,660</u>	<u>2,422,573</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Due (to)/from Factor

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

The trading subsidiary may request advances on net sales factored. In addition to advancing against its receivables, the trading subsidiary can borrow up to 60% of its eligible inventory at any given time, subject to the factor's discretion, with set maximums determined by the factor. These advances are secured by the trading subsidiary's accounts receivable, inventory, and intangible assets. The factor charges interest on advances at the bank's LIBOR rate plus a negotiated rate.

The trading subsidiary entered into a borrowing agreement with its factor in March 2017 and was used to pay off the existing revolving line of credit and term loan with a different lender.

At 31 December 2017, the factor had also opened a standby letter of credit in the amount of approximately \$369,000 as a security deposit for one of the trading subsidiary's retail store leases. In January 2018, a standby letter of credit of approximately \$406,000 for one of the trading subsidiary's showroom leases was transferred to the factor from another bank.

At 31 December 2018 and 31 December 2017 the net amount due to the factor is included in trade creditors.

22. Financial instruments

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>3,269,731</u>	<u>3,001,331</u>	<u>503,065</u>	<u>2,251,414</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(14,812,760)</u>	<u>(11,843,109)</u>	<u>(395,753)</u>	<u>(2,245,506)</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by related parties cash and cash equivalents.

Financial liabilities measured at amortised cost comprise of trade creditors and amounts owed to group undertakings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Deferred taxation

Group

	2018 \$
At beginning of year	301,157
Charged to profit or loss	354,828
At end of year	655,985

Company

	2018 \$
At beginning of year	(5,725)
Credited to profit or loss	5,725
At end of year	-

	Group 2018 \$	Group 2017 \$	Company 2018 \$	Company 2017 \$
Accelerated capital allowances	-	(5,853)	-	(5,853)
Tax losses carried forward	-	128	-	128
Foreign tax	655,985	306,882	-	-
	655,985	301,157	-	(5,725)

**NOTES TO THE FINANCIAL STATEMENTS
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24. Share capital

	2018 \$	2017 \$
Allotted, called up and fully paid		
1,081 Ordinary shares of £1 each	1,683	1,683

The Company has one class of ordinary share. The share carries a voting right but no right to fixed income.

25. Reserves**Non-controlling Interest**

Non-controlling interests are the proportionate minority interests in the equity of subsidiaries and are recognised at their carrying amount.

Foreign exchange reserve

The foreign currency translation reserve represents the effect of changes in exchange rates arising from the translating the financial statements of subsidiary undertakings into the group's presentation currency.

Profit and loss account

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

26. Commitments under operating leases

At 31 December 2018 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 \$	Group 2017 \$
Within 1 year	3,214,780	4,042,642
Later than 1 year and not later than 5 years	13,658,716	9,932,283
Later than 5 years	10,740,953	15,107,824
	<u>27,614,449</u>	<u>29,082,749</u>

**NOTES TO THE FINANCIAL STATEMENTS
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27. 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 2018 are management service fees of \$419,331 (2017: \$1,500,000) and advertising, fashion marketing, sales agent and public relations expenses of \$402,041 (2017: \$936,726).

During the year ending 31 December 2018, the company had \$221,000 total sales to related parties (2017: \$nil).

During the year ending 31 December 2018, the company had \$893,000 total expenses to related parties (2017: \$nil).

At 31 December 2018 amounts due from related parties amounted to \$194,828 (2017: \$144,936).

At 31 December 2018 amounts due to related parties amounted to \$285,122 (2017: \$2,553,481) majority related to dividends payable.

28. Post balance sheet events

There have been no significant events affecting the group and company since the year end.

29. Ultimate parent undertaking and controlling party

Saturday Brand Holdings Limited, a company incorporated in 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.