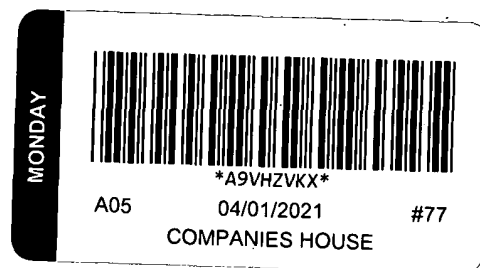


Registered number: 04774845

THE COTSWOLD COMPANY (UK) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**



THE COTSWOLD COMPANY (UK) LIMITED

COMPANY INFORMATION

Directors	P S Marshall J J Birtwhistle A J Joseph R E Tucker
Registered number	04774845
Registered office	Norfolk Tower Surrey Street Norwich NR1 3PA
Independent auditors	Lovewell Blake LLP Chartered Accountants and Statutory Auditors Bankside 300 Peachman Way Broadland Business Park Norwich NR7 0LB

THE COTSWOLD COMPANY (UK) LIMITED

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THE COTSWOLD COMPANY (UK) LIMITED

STRATEGIC REPORT FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

Introduction

The directors present their strategic report for the Company for the 53 week period ended 1 March 2020.

The beginning of 2020 saw the world pandemic of Covid-19 spread from the Far East and into the United Kingdom, resulting in a 'lock down' of the Far East and UK economies.

The Cotswold Company (UK) Limited imports a number of products from the Far East but had significant levels of stock in place to see it through the relative short period of time that its supply chain was closed. The Directors believe the level of stock held during this period has significantly contributed to the Company's strong trading during this period, allowing the Company to fulfil customer expectations on ranging and delivery times.

With regards to the UK economy, The Cotswold Company (UK) Limited has benefited significantly from its strategic online presence during the period that Covid-19 restrictions have operated. The Company has seen significant increases in its turnover, in excess of its compound year on year growth rate and profitability compared to the equivalent period that these financial statements are prepared to.

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risk and uncertainties we face.

Turnover has increased by 14% to £54,650,748 and net assets have increased by 32% to £4,473,061. This continues the growth of the Company against a background of an uncertain retail market. The directors believe the Company is well placed to grow in the future. The Cotswold brand is strong and there is significant opportunity to increase its share of the market place. To achieve this, the Company continues to invest in all aspects of its operations, including staff. Profit after tax increased to 2.0% of turnover (2019: 0.1%), having recovered from the operational issues faced in 2019.

At year end the Company had net assets of £4,473,061 (2019: £3,397,171).

Principal risks and uncertainties

The Company is susceptible to a range of risk factors, and the Board monitors these in relation to each risk within the following segments;

- Financial risk
- Operational risk
- Health and Safety risk
- Strategic risk
- IT risk

THE COTSWOLD COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

Financial Risk

Financial risk includes the exposure to price fluctuations, liquidity, interest rate risk and cash flow risk.

The Company operates in numerous foreign currencies and to mitigate risk for fluctuations in exchange rates enters into various exchange rate hedges. As at the year end date, the Company had currency hedging arrangements in place for forecasted stock purchases to 30 September 2020.

Liquidity risk is primarily in relation to the Company's ability to meet its obligations to pay its creditors. There is considered to be a risk that if the Company does not generate enough cash, it will be unable to repay its creditors. As a cash positive Company, with significant forecast sales growth, the directors consider that this risk is low.

Cash flow risk is managed through daily monitoring and forecasting of cash flow requirements and rigorous financial appraisal of new investment opportunities.

Operational Risk

The principal operational risks are those affecting the integrity and continuity of the supply chain, and the quality and control of stores and products provided. Store management are supported by head office management and the Company undertakes stringent quality control of stocks. The supply chain is managed in an open and transparent manner. Regular dialogue with the supply chain ensures the products are created to the high-quality standards the Company operates, and ensures that stocks are available to meet customer demand. On the converse side in relation to customers, there is a marketing risk that the Company will be committed into ineffective marketing campaigns which is mitigated by trials and analysis of historic marketing campaign results.

Health and Safety Risk

The Company takes its responsibilities towards the health, safety and wellbeing of its employees very seriously and complies with all relevant legislation. The Company utilises both internal and external consultants to ensure that current practices are compliant and robust. Furthermore, the Company considers the health and safety of those within the supply chain as equally important, and ensures that relevant legislations are adhered to within the supply chain.

Strategic Risk

As at 1 March 2020, the Company is 40 months into a five year significant growth plan. The Directors consider the strategic direction of the Company to operate online and increase its showroom footprint is the appropriate strategy for the Company to continue on a going concern basis. The trading strategy is reviewed regularly and the impact of economic changes evaluated against the strategy to ensure the Company is responding appropriately to changes in the market.

IT Risk

As a primarily online retailer, a significant failure in key IT systems could result in the Company being unable to operate effectively. The Company continues to invest in the necessary technology and adopt cloud computing technologies to provide further resilience to the risks associated with IT. Data security is extremely important to the Company. Security measures are continuously reviewed and tested to mitigate any potential breaches. The Company continues to comply with GDPR legislation.

THE COTSWOLD COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

Financial key performance indicators

We consider that our key performance indicators are those that communicate the financial performance and strengths of the group as a whole, those being sales growth, gross profit and operating margin:

Sales growth	14% (2019: 13%)
Gross profit margin	52% (2019: 51%)
Operating profit margin	2.2% (2019: 0.4%)

The business monitors KPIs on a daily, weekly and monthly basis. These are monitored at product level compared against forecasts to enable the Company to react to under/over performing products. The Company monitors, amongst other things, sales, margin, stockholding, outstanding orders, customer complaints, marketing performance and overhead spend.

The Company purchases the majority of its product from overseas, principally using US Dollars. The exchange rate has appreciated during the year, compared to the lows incurred following the Brexit referendum in 2016. However, it does remain volatile in light of the impact of Covid and the forthcoming end to the Brexit transition period. This risk applies to the majority of the Company's competitors, and the Directors believe that the Company is in a strong position to mitigate any increased cost through the hedging arrangements in place.

This report was approved by the board on 27th November 2020 and signed on its behalf.



P S Marshall
Director

THE COTSWOLD COMPANY (UK) LIMITED

**DIRECTORS' REPORT
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**

The directors present their report and the audited financial statements for the 53 week period ended 1 March 2020.

Some items required under Sch. 7 to be disclosed in the directors' report have been disclosed in the strategic report in accordance with s.414C(11) CA 2006.

Directors

The directors who served during the year and up to the date of signing these financial statements were:

K M Johnson (resigned 10 February 2020)
P S Marshall
J J Birtwhistle
A J Joseph
R E Tucker (appointed 8 February 2020)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited 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 audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE COTSWOLD COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

Results and dividends

The profit for the 53 week period, after taxation, amounted to £1,075,890 (2019 - £62,066).

The directors have not recommended an amount that should be paid by way of a dividend (2019: Nil).

Financial Risk

Please see Financial Risk section in Strategic Report.

Future developments

The beginning of 2020 saw the world pandemic of Covid-19 spread from the Far East and into the United Kingdom, resulting in a 'lock down' of the Far East and UK economies.

The Cotswold Company (UK) Limited has benefited significantly from its strategic online presence during the period that Covid-19 restrictions have operated. The Company has seen significant increases in its turnover, in excess of its compound year on year growth rate and profitability compared to the equivalent period that these financial statements are prepared to.

Whilst it is difficult to project the rest of the 2021 financial year as there are a number of factors that could influence the economy (including Covid and Brexit negotiations), the Directors anticipate that the improved operational efficiencies achieved in the last financial year and continued growth of the Company pre and post Covid will mean that the profitability in the year ended February 2021 will be higher than the Company has achieved in its operational history.

It must not go without saying that the commitment of the organisation's staff over this troubling period is to be commended through their hard work, flexibility, support and continued excellent customer service.

Financial instruments

Due to the nature of sourcing of its products The Cotswold Company (UK) Limited is susceptible to changes in foreign exchange rates and this, together with changes in the global economy, present a risk to the businesses cashflow.

The financial risk management objectives and policies of the Company aim to minimise exchange rate fluctuations. Exchange rates are hedged using a number of hedging products based on forecast purchases of exchange related purchases. The principal financial risk faced by the Company is its ability to meet its obligations to pay its creditors.

Disclosure of information to auditors

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's auditors are 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's auditors are aware of that information.

THE COTSWOLD COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

Post balance sheet events

Since the 1st March 2020, the Covid-19 pandemic has affected the global economy and the company's staff and the trading company's customers and suppliers. See note 23 for more information.

Independent Auditors

The auditors, Lovewell Blake LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27th November 2020 and signed on its behalf.



P S Marshall
Director

THE COTSWOLD COMPANY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COTSWOLD COMPANY (UK) LIMITED

Opinion

We have audited the financial statements of The Cotswold Company (UK) Limited (the 'company') for the 53 week period ended 1 March 2020 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 March 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Reporting on 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

THE COTSWOLD COMPANY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COTSWOLD COMPANY (UK) LIMITED

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' 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 auditors' 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.

THE COTSWOLD COMPANY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COTSWOLD COMPANY (UK) LIMITED

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditors' report.

Use of our report

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



Thomas Wilson FCA BA (Hons) (Senior Statutory Auditor)

for and on behalf of

Lovewell Blake LLP
Chartered Accountants and Statutory Auditors
Norwich

Date: 30 November 2020

THE COTSWOLD COMPANY (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

		25 February 2019 to 1 March 2020 £	As restated 26 February 2018 to 24 February 2019 £
	Note		
Turnover	4	54,650,748	47,890,508
Cost of sales		(26,178,099)	(22,890,008)
Gross profit		28,472,649	25,000,500
Distribution costs		(7,591,079)	(8,378,985)
Administrative expenses		(19,703,926)	(16,539,553)
Fair value movements		37,689	116,072
Operating profit	5	1,215,333	198,034
Interest payable and expenses	8	(259,674)	(115,831)
Profit before tax		955,659	82,203
Tax on profit	9	120,231	(20,137)
Profit for the financial period		1,075,890	62,066

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 13 to 32 form part of these financial statements.

THE COTSWOLD COMPANY (UK) LIMITED
REGISTERED NUMBER: 04774845

BALANCE SHEET
AS AT 1 MARCH 2020

	Note	1 March 2020 £	24 February 2019 £
Fixed assets			
Intangible assets	10	456,329	459,556
Tangible assets	11	1,004,095	1,470,643
		<u>1,460,424</u>	<u>1,930,199</u>
Current assets			
Stocks	12	10,471,854	8,449,901
Debtors: amounts falling due within one year	13	4,691,234	3,421,235
Cash at bank and in hand	14	1,879,085	2,658,412
		<u>17,042,173</u>	<u>14,529,548</u>
Creditors: amounts falling due within one year	15	(14,029,536)	(13,023,773)
Net current assets		<u>3,012,637</u>	<u>1,505,775</u>
Total assets less current liabilities		<u>4,473,061</u>	<u>3,435,974</u>
Provisions for liabilities			
Deferred tax	17	-	(38,803)
		<u>-</u>	<u>(38,803)</u>
Net assets		<u><u>4,473,061</u></u>	<u><u>3,397,171</u></u>
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account		4,472,961	3,397,071
Total equity		<u><u>4,473,061</u></u>	<u><u>3,397,171</u></u>

The financial statements on pages 10 to 32 were approved and authorised for issue by the board on 27 November 2020 and were signed on its behalf by



P S Marshall
Director

The notes on pages 13 to 32 form part of these financial statements.

THE COTSWOLD COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 25 February 2018	100	3,335,005	3,335,105
Comprehensive income for the year			
Profit for the financial year	-	62,066	62,066
Total comprehensive income for the year	-	62,066	62,066
At 24 February 2019	100	3,397,071	3,397,171
Comprehensive income for the period			
Profit for the financial period	-	1,075,890	1,075,890
Total comprehensive income for the period	-	1,075,890	1,075,890
At 1 March 2020	100	4,472,961	4,473,061

The notes on pages 13 to 32 form part of these financial statements.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

1. General information

The Cotswold Company (UK) Limited ("the Company") is a private Company, limited by shares incorporated in the United Kingdom, and registered in England and Wales. The registered office is Norfolk Tower, Surrey Street, Norwich, Norfolk, NR1 3PA. The Company's principal activity is the sale and delivery of home furniture and accessories.

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 financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company'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.

At the end of the year, the Company had net assets of £4,473,061 (2019: £3,397,171). The Directors believe the Company will continue to meet its debts as they fall due, based on a review of the forecasted profitability of the group and the support provided by the parent Company Raven Topco Limited. The Directors consider it appropriate to prepare the financial statements on a going concern basis.

2.2 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Raven Topco Limited as at 1 March 2020 and these financial statements may be obtained from the registered office at Francis House, 11 Francis Street, London, SW1P 1DE.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

2. Accounting policies (continued)

2.3 Going concern

The directors believe the company will continue to meet its debts as they fall due and is a going concern for the foreseeable future. This is based on a review of current and forecast future profitability of the company (including consideration of risks presented by factors such as Brexit and COVID), available working capital facilities, scheduled debt repayment dates (see note 20) and confirmation that the principal shareholder of Raven Topco Limited (the ultimate parent undertaking) and its subsidiaries (for a period of at least 12 months from the date of signing of these financial statements) such financial support as is necessary in order to enable them to meet their liabilities as they fall due and carry on their business without a significant curtailment in operations (but only to the extent that money is not otherwise available to meet such liabilities).

The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts, rebates, value added tax and other sales taxes.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction, and any possible return of goods can be measured reliably.

Customers have, in addition to their legal rights, the ability to return goods up to 30 days after their delivery.

2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income during the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

2. Accounting policies (continued)

2.7 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.

Amortisation is provided on the following bases:

Domain name	-	33% per annum straight line
Information technology	-	33 - 50% per annum straight line
Website development	-	20% per annum straight line

The useful life of intangible assets are based on the expected life of each element using judgements based on past experience, market conditions or comparative assets.

2.8 Tangible 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.

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:

Short-term leasehold property	-	33% per annum straight line
Plant and machinery and other fixed assets	-	20% per annum straight line
Office equipment	-	33% per annum straight line

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 Statement of Comprehensive Income.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

2. Accounting policies (continued)

2.9 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.10 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 balance sheet 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.

2.11 Debtors

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

2.12 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.

2.13 Creditors

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

2.14 Financial Instruments

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

2. Accounting policies (continued)

2.14 Financial instruments (continued)

is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised separately within the Statement of Comprehensive Income. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 balance sheet date in the countries where the Company operates and generates income.

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

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

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

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

2. Accounting policies (continued)

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is the pound sterling.

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 Statement of Comprehensive Income.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within cost of sales or administrative expenses, as appropriate, dependent upon their nature.

2.17 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

2. Accounting policies (continued)

2.20 Research and development

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

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

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Restatement of comparatives in Statement of Comprehensive Income

Expenses in the previous period have been restated. The directors consider the restatement to be a more accurate reflection of expenditure by type. This recategorisation has resulted in a £567,465 decrease in cost of sales, a corresponding increase in gross profit and a decrease in fair value movement of £567,465. There is no effect on the Balance Sheet or retained earnings in the previous period.

3. Judgements 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 income and expenditure during the year. No judgements (apart from those involving estimates) have been made when preparing the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year include:

Stock provision

A provision for damaged stock and stock where net realisable value is expected to be less than cost has been included in the financial statements. This provision requires management's best estimate based on the nature and condition of the stock. Please refer to note 12 for details of stock held at period end.

4. Turnover

The whole of the turnover is attributable to the sale and delivery of home furniture and accessories.

All turnover arose within the United Kingdom.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

5. Operating profit

The operating profit is stated after (crediting)/charging:

	25 February 2019 to 1 March 2020 £	26 February 2018 to 24 February 2019 £
Depreciation of tangible assets	725,635	464,304
Amortisation of intangible assets	198,693	215,034
Impairment of intangible assets	-	25,000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	36,100	33,900
Fees payable to the Company's auditor for tax compliance services	6,500	14,700
Foreign exchange (gains) / losses	(22,534)	(304,414)
Defined contribution pension cost	106,074	56,948
Operating lease payments	1,292,892	1,205,241
Inventory recognised as an expense	24,571,712	20,163,138

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**

6. Employees

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

	25 February 2019 to 1 March 2020 £	26 February 2018 to 24 February 2019 £
Wages and salaries	4,864,738	4,282,050
Social security costs	461,836	393,001
Other pension costs	106,074	56,948
	<u>5,432,648</u>	<u>4,731,999</u>

The average monthly number of employees, including the directors, during the 53 week period was as follows:

	25 February 2019 to 1 March 2020 No.	26 February 2018 to 24 February 2019 No.
Administration	161	160
Directors	5	4
	<u>166</u>	<u>164</u>

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**

7. Directors' remuneration

	25 February 2019 to 1 March 2020 £	26 February 2018 to 24 February 2019 £
Directors' emoluments	431,861	395,782
Company contributions to defined contribution pension schemes	8,557	5,160
	<u>440,418</u>	<u>400,942</u>

During the 53 week period retirement benefits were accruing to 5 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £120,411 (2019 - £105,088).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,273 (2019 - £1,057).

8. Interest payable and similar expenses

	25 February 2019 to 1 March 2020 £	26 February 2018 to 24 February 2019 £
Bank interest payable	258,891	114,281
Finance leases and hire purchase contracts	783	1,550
	<u>259,674</u>	<u>115,831</u>

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**

9. Taxation

	25 February 2019 to 1 March 2020 £	26 February 2018 to 24 February 2019 £
Corporation tax		
Current tax on profits for the year	-	(12,267)
Adjustments in respect of previous periods	(68,993)	(41,223)
	<u>(68,993)</u>	<u>(53,490)</u>
Total current tax	<u>(68,993)</u>	<u>(53,490)</u>
Deferred tax		
Origination and reversal of timing differences	(83,390)	71,836
Adjustment in respect of previous periods	24,683	9,353
Changes to tax rates	7,469	(7,562)
Total deferred tax	<u>(51,238)</u>	<u>73,627</u>
Taxation on profit on ordinary activities	<u>(120,231)</u>	<u>20,137</u>

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**

9. Taxation (continued)

Factors affecting tax charge for the 53 week period

The tax assessed for the 53 week period is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	25 February 2019 to 1 March 2020 £	26 February 2018 to 24 February 2019 £
Profit on ordinary activities before tax	<u>955,659</u>	<u>82,203</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	181,575	15,619
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	52,200
Adjustments to tax charge in respect of prior periods	(44,310)	(31,870)
Other timing differences leading to an increase (decrease) in taxation	-	(8,195)
Effects of group relief	(264,965)	-
Tax rate changes	7,469	(7,617)
Total tax (credit)/charge for the 53 week period	<u><u>(120,231)</u></u>	<u><u>20,137</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. The reduction to the main tax rate was subsequently cancelled, thus deferred taxes at the balance sheet date has been measured using the main taxation rate of 19%.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

10. Intangible assets

	Website development £	Information technology £	Domain name £	Total £
Cost				
At 25 February 2019	47,085	822,480	74,676	944,241
Additions	-	195,466	-	195,466
At 1 March 2020	47,085	1,017,946	74,676	1,139,707
Amortisation				
At 25 February 2019	47,085	406,734	30,866	484,685
Charge for the 53 week period on owned assets	-	178,693	20,000	198,693
At 1 March 2020	47,085	585,427	50,866	683,378
Net book value				
At 1 March 2020	-	432,519	23,810	456,329
At 24 February 2019	-	415,746	43,810	459,556

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

11. Tangible assets

	Short-term leasehold property £	Plant and machinery and other fixed assets £	Office equipment £	Total £
Cost				
At 25 February 2019	2,059,727	2,500	332,905	2,395,132
Additions	203,733	33,180	22,174	259,087
At 1 March 2020	<u>2,263,460</u>	<u>35,680</u>	<u>355,079</u>	<u>2,654,219</u>
Depreciation				
At 25 February 2019	713,602	2,117	208,770	924,489
Charge for the 53 week period on owned assets	666,954	6,716	51,965	725,635
At 1 March 2020	<u>1,380,556</u>	<u>8,833</u>	<u>260,735</u>	<u>1,650,124</u>
Net book value				
At 1 March 2020	<u>882,904</u>	<u>26,847</u>	<u>94,344</u>	<u>1,004,095</u>
At 24 February 2019	<u>1,346,125</u>	<u>383</u>	<u>124,135</u>	<u>1,470,643</u>

12. Stocks

	1 March 2020 £	24 February 2019 £
Finished goods and goods for resale	10,471,854	8,449,901
	<u>10,471,854</u>	<u>8,449,901</u>

There is no significant difference between purchase price or production cost of stocks and their replacement cost.

Stocks are stated after provisions for impairments of £1,404,264 (2019: £825,041).

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

13. Debtors: Amounts falling due within one year

	1 March 2020 £	24 February 2019 £
Trade debtors	779,582	320,079
Amounts owed by group undertakings	2,567,661	1,903,003
Other debtors	380,804	656,587
Deferred taxation	12,435	-
Tax recoverable	90,153	8,705
Prepayments and accrued income	860,599	532,861
	<u>4,691,234</u>	<u>3,421,235</u>

The amounts owed by group undertakings are not subject to interest charges, and they are repayable on demand.

14. Cash at bank and in hand

	1 March 2020 £	24 February 2019 £
Cash at bank and in hand	1,879,085	2,658,412
	<u>1,879,085</u>	<u>2,658,412</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

15. Creditors: Amounts falling due within one year

	1 March 2020 £	24 February 2019 £
Bank loans	3,656,009	2,984,948
Trade creditors	3,764,489	2,769,594
Amounts owed to group undertakings	1,751,180	1,751,180
Other taxation and social security	721,304	963,901
Obligations under finance lease and hire purchase contracts	2,593	10,398
Other creditors	242,839	482,552
Accruals and deferred income	3,891,122	4,061,200
	<u>14,029,536</u>	<u>13,023,773</u>

Within bank loans due within one year is an amount of £3,656,009 (2019: £2,984,948) secured by way of a fixed and floating charge over the assets of the business. This is part of the Company's revolving facility which for the trading period February to May 2019 inclusive was up to £3,500,000 and June 2019 to January 2020 inclusive was up to £5,500,000. February 2020 was £3,500,000. The interest rate on this facility is between 2.75% and 4.25% over Base Rate dependent on the type of loan drawn down.

The import loan is cross-guaranteed with Blackbird Retail Holdings Limited and Raven Bidco Limited.

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020**

16. Financial Instruments

	1 March 2020 £	24 February 2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>3,818,200</u>	<u>2,834,884</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(10,275,983)</u>	<u>(9,530,794)</u>

Financial assets measured at amortised cost comprise trade debtors of £779,582 (2019: £320,079), amounts owed by group undertakings of £2,567,661 (2019: £1,903,003), other debtors of £380,804 (2019: £603,097) and tax recoverable of £90,153 (2019: £8,705).

Financial liabilities measured at amortised cost comprise of trade creditors of £3,764,489 (2019: £2,769,594), amounts owed to group undertakings of £1,751,180 (2019: £1,751,180), bank loans of £3,656,009 (2019: £2,984,948) and other creditors and accruals of £1,104,305 (2019: £2,025,072).

The Company enters into foreign currency contracts and options to mitigate the exchange rate risk for certain foreign exchange currency transactions.

As at 1st March 2020, the outstanding contracts mature within 7 months (2019: 12 months) of the year end.

The Company is committed to buy \$6,995,328 (2019: \$5,866,613) at fixed rates. The forward contracts are measured at fair value using forward exchange rate. As at 1st March 2020, the fair value of the forward contracts was £2,293 (2019: £40,031).

17. Deferred tax asset/(liability)

	2020 £	2019 £
At beginning of the year	(38,803)	34,824
Credited/(Charged) to profit or loss	51,238	(73,627)
At end of the year	<u>12,435</u>	<u>(38,803)</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

17. Deferred tax asset/(liability) (continued)

The deferred taxation balance is made up as follows:

	1 March 2020 £	24 February 2019 £
Accelerated capital allowances	59,510	(31,174)
Tax losses carried forward	-	28,293
Other timing differences	(47,075)	(35,922)
	<u>12,435</u>	<u>(38,803)</u>

18. Called up share capital

	1 March 2020 £	24 February 2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.00 each	100	100
	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

19. Contingent liabilities

The Company holds a joint VAT registration with fellow group companies: Blackbird Retail Holdings Limited, Raven Bidco Limited, Raven Midco Limited, and Raven Topco Limited. At 1 March 2020, the maximum potential liability amounted to £613,296 (2019: £1,083,423).

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £106,074 (2019 - £56,948). Contributions totalling £27,474 (2019 - £17,282) were payable to the fund at the balance sheet date.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

21. Commitments under operating leases

The Company had future minimum lease payments under non-cancellable operating leases as follows:

	1 March 2020 £	24 February 2019 £
Not later than 1 year	1,403,451	1,340,828
Later than 1 year and not later than 5 years	3,136,492	3,262,812
Later than 5 years	62,235	145,298
	<u>4,602,178</u>	<u>4,748,938</u>

22. Related party transactions

The Company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies.

During the year True Capital Limited, who manages the ultimate controlling parties of the entity, invoiced a management fee of £128,065 (2019: £105,588).

23. Post balance sheet events

Since the 1st March 2020, the Covid-19 pandemic has affected the global economy and the company's staff and customers.

The business has undertaken a number of measures to monitor and prevent the effects of the Covid-19 virus such as enhancing our health and safety measures for all our people, moving to home working wherever possible, the closure of our showrooms when required and adhering to government advice on the safe delivery of our products.

Whilst the full economic impact of Covid-19 will not be known for some time, since 1st March 2020, the Company has achieved an increase in online orders and overall upturn in demand compared to pre-Covid. Our factories incurred closures in February and March 2020 however, this had a minimal impact on trading as the Company started the financial year with sufficient stocks to satisfy demand.

We will continue to follow the national policies, guidance and laws in respect of Covid-19 and in parallel will do our utmost to continue our operations in the safest way possible for our staff, customers and wider supply chain.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 1 MARCH 2020

24. Controlling party

The immediate parent Company of the The Cotswold Company (UK) Limited is Blackbird Retail Holdings Limited. The ultimate parent Company is Raven Topco Limited which is incorporated in the United Kingdom and registered in England and Wales. Whilst there is no overall controlling party of the group, the directors consider True Capital Partners I-A LP and True Capital Partners I LP, who between them control greater than 50% of the voting rights and are managed by True Capital Limited to be the ultimate controlling parties.

Raven Topco Limited prepares consolidated financial statements which can be obtained from Francis House, 11 Francis Street, London, SW1P 1DE. This is the largest and smallest group for which consolidated financial statements are prepared.