

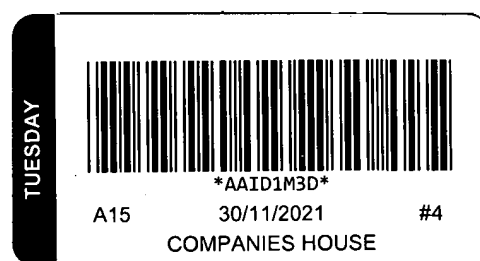
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Registered number: 04774845

THE COTSWOLD COMPANY (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2021



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 PERIOD ENDED 28 FEBRUARY 2021

Introduction

The directors present their strategic report for the Company for the 52-week period ended 28 February 2021 (comparative period being 53 weeks 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 Company saw the UK furniture market move predominately to online (digital), via which the majority of the Company's business operates. With offices in the key countries it buys product from, the company was also able to maintain supply to the UK in the most difficult of circumstances.

The business uses internal data and third party companies to understand whether the move to online shopping has been a one-off event as a result of Covid and all the sources of information we have used indicate that there has been a paradigm shift of customers buying in this market sector, which should continue. Trading in the new financial year has also continued to be strong and ahead of the financial year being reported on. The Directors, therefore, believe their strategic growth plans are realistic.

Whilst Brexit had some issues on delays of product at port, the key risk to the business growing its profitability in the new financial year has been the increased costs of international freight. The business has taken actions to mitigate this and has increased prices accordingly as well as benefitting from the improved exchange rate from pounds to US dollars.

With regards to the UK economy, the Company 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 37% to £74,660,216 and net assets have increased by 118% to £9,759,711. 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 7.1% of turnover (2020: 2.0%).

At year end the Company had net assets of £9,759,711 (2020: £4,473,061).

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 PERIOD ENDED 28 FEBRUARY 2021

Financial Risk

Financial risk includes the exposure to price fluctuations, liquidity 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 hedge arrangements in place which covers over 50% of expected stock requirement for the new financial year. The company continues to review foreign exchange rates in line with its hedging strategy

In the latter part of the reported financial year international freight costs increased and now stand at record levels. The risk is that these costs continue to grow but the company has contracts in place for the majority of its shipments and continues to review alternative shipping arrangements to manage this risk.

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. The strong financial year being reported on has generated significant levels of cash which has enabled the business to repay all bank debt.

Operational Risk

The principal operational risks are those affecting the integrity and continuity of the supply chain, and the quality and control of showrooms and products provided. Showroom 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

The business has shown strong growth in the reported financial year and 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. The trading strategy is reviewed regularly and 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 PERIOD ENDED 28 FEBRUARY 2021

Financial key performance indicators

We consider that our key performance indicators are those that communicate the financial performance and strengths of the Company, those being sales growth, gross profit and operating margin (comparatives for the 53-week period ended 1 March 2020):

Sales growth	37% (2020: 14%)
Gross profit margin	55% (2020: 52%)
Operating profit margin	8.5% (2020: 2.2%)

The business monitors other performance indicators 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.

The increased cost of international freight is monitored on a weekly basis. 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 various initiatives (including pricing).

Both the exchange rate and international freight 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.

Directors' statement of compliance with duty to promote the success of the Company

The board of directors of the Company consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and in doing so, have regard to a number of broader matters which are set out below.

Investment in staff, both financially and through personal support are key drivers in aligning staff with the business. The directors receive regular reports from the Chief Executive on staff matters and staff turnover is regarded as a key performance indicator. Annual salary reviews are supplemented by regular benchmarking exercises.

The Company engages with suppliers on terms appropriate to its size and pays supplier invoices promptly. Our overseas offices ensure we have excellent working relationships with our key suppliers.

The Company reviews its Net Promoter Score and Trust Pilot ratings to ensure we continue to deliver excellent customer service.

The Company is conscious of its Environmental, Social and Governance (ESG) responsibilities and believes responsible ownership is an important and necessary part of its duty to investors. The Company has invested in Mental Health First Aiders and made a conscious decision to plant a tree for every one that is used in making our products. Unlike some of our competitors, the high quality of our products means that they have a long life cycle. All our wood is Forest Stewardship Council sourced.

All shareholders are directors of at least one of the Group companies and as such have representation at board meetings.

THE COTSWOLD COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 28 FEBRUARY 2021

This report was approved by the board on

29/11/21

and signed on its behalf.

Paul Marshall

P S Marshall
Director

THE COTSWOLD COMPANY (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2021

The directors present their report and the audited financial statements for the 52-week period ended 28 February 2021 (comparative period being 53 weeks 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:

P S Marshall
J J Birtwhistle
A J Joseph
R E Tucker

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.

Results and dividends

The profit for the period, after taxation, amounted to £5,286,650 (2020 - £1,075,890).

The directors have not recommended an amount that should be paid by way of a dividend (2020: Nil).

Financial Risk

Please see Financial Risk section in Strategic Report.

THE COTSWOLD COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

SECR reporting

The Companies Act 2006 Regulations 2018 introduced requirements on streamlined energy and carbon reporting (SECR) for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information.

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, the Company has been engaged in a process aimed at reducing our energy and greenhouse gas emissions.

The Company currently maintain both scope 1 & 2 emissions, which are generated from our offices, showrooms, outlets and warehouses. Further, we have emissions from our delivery fleet.

The Company is currently devising a strategy to reduce our carbon footprint significantly including:

- Converting lighting to LED,
- Purchasing energy efficient equipment where appropriate in our properties,
- Replacing HVAC systems with energy-efficient equipment where possible,
- Adopting behavioural change measures where possible.

We are committed to tackling climate change and reducing our environmental impact. Our calculated carbon footprint for Scope 1 and 2 emissions for our current financial year is 353 tCO₂e, whilst energy consumption was 896,182 kWh.

Methodology

We have reported all of our emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020 and 2021.

The reporting period is the financial year 2020/2021, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary. Emissions for previous years are retrospectively adjusted as and when more accurate data is provided.

2020/2021 Emissions

- Scope 1 (delivery vehicles) - 187 Tonnes CO₂ equivalent (tCO₂e)
- Scope 2 (electricity) - 166 Tonnes CO₂ equivalent (tCO₂e)
- Total - 353 tCO₂e

Scope 1 and 2 carbon intensity (per £1m of turnover) 4.72t CO₂e/£m.

Efficiency Measures Taken

- Identification of key areas for improvement
- Implementation of energy and procurement policies
- Improved staff awareness of energy and environmental practices
- Replacement programme for changing lighting to energy efficient alternatives
- Lock heating and air conditioning controls to a temperature band

THE COTSWOLD COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

- Expanded video conferencing and online meetings (as opposed to F2F meetings).
- Installation of electric vehicle charging point at Head Office

Objectives for 2020/2021

- Reduce our baseline electricity consumption by 2%
- Lighting: Continue to evolve and install low energy lighting across our building portfolio
- Review of existing office equipment and company policies
- Reviewing supply contracts to determine feasibility of renewable energy
- Implementation and assessment of the Energy Savings Opportunity Scheme (ESOS) recommendations

The Company will report on progress within our next set of financial accounts.

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 Company 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.

Whilst it is difficult to project the rest of the 2022 financial year as there are a number of factors that could influence the economy (including freight rates and a potential recession), the Directors anticipate continued growth of the business.

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 Company 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.

Engagement with suppliers, customers and others

Investment in staff, both financially and through personal support are key drivers in aligning staff with the business. The directors receive regular reports from the Chief Executive on staff matters and staff turnover is regarded as a key performance indicator. Annual salary reviews are supplemented by regular benchmarking exercises. Consultation and mentoring with other True Capital companies and their business associates ensure that the directors have a very clear idea of best practice in the way that The Company treats its staff.

The Company engages with suppliers on terms appropriate to its size and pays supplier invoices promptly. Our overseas offices ensure we have excellent working relationships with our key suppliers.

The Company reviews its Net Promoter Score and Trust Pilot ratings to ensure we continue to deliver excellent customer service.

THE COTSWOLD COMPANY (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

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.

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 29/11/21 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 52 week period ended 28 February 2021 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 28 February 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

THE COTSWOLD COMPANY (UK) LIMITED

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities,

THE COTSWOLD COMPANY (UK) LIMITED

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

including fraud. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the principal laws and regulations applicable to the company through discussions with management and our wider knowledge and experience; and
- identified laws and regulations were considered in our planning of the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management and directors as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we performed analytical procedures to identify any unusual or unexpected relationships, reviewed (on a sample basis) journal entries to identify material unusual transactions and assessed whether judgements and assumptions made in determining key accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we also designed procedures which included, but were not limited to sample based testing of revenue and obtaining representations from management and directors as to actual and potential litigation and claims.

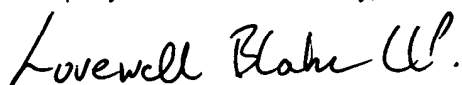
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.



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

for and on behalf of

Lovewell Blake LLP

Chartered Accountants and Statutory Auditors

Norwich

Date: 29 November 2021

THE COTSWOLD COMPANY (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

	Note	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
Turnover	4	74,660,216	54,650,748
Cost of sales		(33,810,586)	(26,178,099)
Gross profit		40,849,630	28,472,649
Distribution costs		(7,383,828)	(7,591,079)
Administrative expenses		(26,665,640)	(19,703,926)
Other operating income	5	617,905	-
Fair value movements	17	(1,089,751)	37,689
Operating profit	6	6,328,316	1,215,333
Interest payable and expenses	9	(112,991)	(259,674)
Profit before tax		6,215,325	955,659
Tax on profit	10	(928,675)	120,231
Profit for the financial period		5,286,650	1,075,890

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 15 to 34 form part of these financial statements.

THE COTSWOLD COMPANY (UK) LIMITED
REGISTERED NUMBER: 04774845

BALANCE SHEET
AS AT 28 FEBRUARY 2021

	Note	28 February 2021 £	1 March 2020 £
Fixed assets			
Intangible assets	11	916,641	456,329
Tangible assets	12	592,254	1,004,095
		<u>1,508,895</u>	<u>1,460,424</u>
Current assets			
Stocks	13	12,140,000	10,471,854
Debtors: amounts falling due within one year	14	8,718,046	4,691,234
Cash at bank and in hand	15	13,076,103	1,879,085
		<u>33,934,149</u>	<u>17,042,173</u>
Creditors: amounts falling due within one year	16	(25,683,333)	(14,029,536)
Net current assets		<u>8,250,816</u>	<u>3,012,637</u>
Total assets less current liabilities		<u>9,759,711</u>	<u>4,473,061</u>
Net assets		<u><u>9,759,711</u></u>	<u><u>4,473,061</u></u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		9,759,611	4,472,961
Total equity		<u><u>9,759,711</u></u>	<u><u>4,473,061</u></u>

The financial statements on pages 12 to 34 were approved and authorised for issue by the board on 29/11/21 and were signed on its behalf by

Paul Marshall

P S Marshall
Director

The notes on pages 15 to 34 form part of these financial statements.

THE COTSWOLD COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2021

	Called up share capital £	Profit and loss account £	Total equity £
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
Comprehensive income for the period			
Profit for the financial period	-	5,286,650	5,286,650
Total comprehensive income for the period	-	5,286,650	5,286,650
At 28 February 2021	100	9,759,611	9,759,711

The notes on pages 15 to 34 form part of these financial statements.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2021

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.

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 28 February 2021 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 PERIOD ENDED 28 FEBRUARY 2021

2. Accounting policies (continued)

2.3 Going concern

The directors believe that the Company will continue to meet its debts as they fall due in the foreseeable future and is a going concern. Accordingly, they have adopted this basis of preparation.

In reaching this conclusion they have considered several factors including current and forecast trading performance and working capital cycles. Consideration has been given to the risk that the lingering effects of the Covid-19 pandemic and/or Brexit may continue to cause supply chain disruption and a consequential increase in costs. In that context it has been concluded that the Company has sufficient headroom to absorb the effects thereof, within tolerances that may reasonably be considered possible.

The funding structure of the wider Group within which this Company sits has been considered and it is noted that the debt held by parent entities is long-term and not due for repayment within the next 12 months.

While there remains an inherent volatility in all retail markets the Company considers that it is well placed to continue generating profits in the future and note that subsequent to 28 February 2021 good levels of profitability and cashflow have been achieved.

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 PERIOD ENDED 28 FEBRUARY 2021

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 PERIOD ENDED 28 FEBRUARY 2021

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.

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 is entered into and are subsequently re-measured at their fair value. Changes in the fair value of

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2021

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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.

2.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2021

2. Accounting policies (continued)

2.17 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.

2.18 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.

2.19 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.

2.20 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 PERIOD ENDED 28 FEBRUARY 2021**

2. Accounting policies (continued)

2.21 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.

2.22 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.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2021

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 period. The following are the areas where judgement has been exercised and/or there is considered to be a source of estimation uncertainty that may be regarded as giving rise to the risk of material adjustment to the carrying amounts of asset and liabilities within the next financial period.

Intangible assets

Judgement is required in determining whether costs capitalised with regard to the development of intangible assets (website and/or software) meet the criteria for capitalisation as set out in FRS 102, including the probability of economic benefits being derived therefrom. Note 11 sets out details of such assets and the amounts capitalised in the period, which materially relate to the e-commerce platform and branding thereof which underpins the Company's generation of revenue and profitability.

Useful economic lives

Tangible and intangible fixed assets are amortised over their estimated useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are regularly assessed and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Refer to notes 11 and 12 for details of such assets. Note 2 details the useful economic lives applied.

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 13 for details of stock held at period end and the provision held against such stock.

Share based payments

To the extent that share based payments are made to directors and/or employees of the Company an assessment is required of the fair value of such payments. Such an assessment requires judgement and is underpinned by an estimate of the Company's (or wider Group's) value and the rights attributable to the shares issued. Refer to the financial statements of Raven Topco Limited for details of such arrangements.

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 PERIOD ENDED 28 FEBRUARY 2021**

5. Other operating income

	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
CJRS, business rates relief and retail grants	617,905	-
	<u>617,905</u>	<u>-</u>

6. Operating profit

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

	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
Depreciation of tangible assets	695,554	725,635
Amortisation of intangible assets	184,020	198,693
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	36,950	36,100
Fees payable to the Company's auditor for tax compliance services	6,550	6,500
Foreign exchange (gains) / losses	(6,269)	(22,534)
Defined contribution pension cost	124,984	106,074
Operating lease payments	1,535,597	1,292,892
Inventory recognised as an expense	<u>32,736,758</u>	<u>24,571,712</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

7. Employees

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

	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
Wages and salaries	5,455,565	4,864,738
Social security costs	526,224	461,836
Other pension costs	124,984	106,074
	<u>6,106,773</u>	<u>5,432,648</u>

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

	2 March 2020 to 28 February 2021 No.	25 February 2019 to 1 March 2020 No.
Administration	193	161
Directors	4	5
	<u>197</u>	<u>166</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

8. Directors' remuneration

	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
Directors' emoluments	550,636	431,861
Company contributions to defined contribution pension schemes	16,502	8,557
	<u>567,138</u>	<u>440,418</u>

During the period retirement benefits were accruing to 4 directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £241,083 (2020 - £120,411).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2020 - £1,273).

During the period ended 28 February 2021 558,000 (2020: nil) Ordinary B shares in Raven Topco Limited (this company's ultimate parent undertaking) were issued at par value (being determined to be materially their fair value) to directors of this company.

At 28 February 2021 1,418,000 (2020: 860,000) Ordinary B shares in Raven Topco Limited were held by directors of this company and no (2020: none) Ordinary B shares are held by former directors of the company. In determining the fair value of shares upon their allocation to management, consideration is given to the rights attaching to such shares (including voting rights, dividends and return of capital), any restriction attaching to such rights upon cessation of service as a director, the percentage of total shares held and the value that might prospectively accrue to the shareholder and timing thereof.

In the period ended 28 February 2021 £nil (2020: £nil) has been charged as an expense with regard to the issuance of such shares to management.

9. Interest payable and similar expenses

	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
Bank interest payable	112,936	258,891
Finance leases and hire purchase contracts	55	783
	<u>112,991</u>	<u>259,674</u>

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

10. Taxation

	2 March 2020 to 28 February 2021 £	<i>25 February 2019 to 1 March 2020 £</i>
Corporation tax		
Current tax on profits for the year	999,178	-
Adjustments in respect of previous periods	97,189	(68,993)
	<u>1,096,367</u>	<u>(68,993)</u>
Total current tax	<u>1,096,367</u>	<u>(68,993)</u>
Deferred tax		
Origination and reversal of timing differences	(163,664)	(83,390)
Adjustment in respect of previous periods	(4,028)	24,683
Changes to tax rates	-	7,469
Total deferred tax	<u>(167,692)</u>	<u>(51,238)</u>
Taxation on profit on ordinary activities	<u>928,675</u>	<u>(120,231)</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

10. Taxation (continued)

Factors affecting tax charge for the 52 week period/53 week period

The tax assessed for the 52 week period (2020: 53 week period) is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2 March 2020 to 28 February 2021 £	25 February 2019 to 1 March 2020 £
Profit on ordinary activities before tax	6,215,325	955,659
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,180,912	181,575
Effects of:		
Expenses not deductible for tax purposes	20,335	-
Adjustments to tax charge in respect of prior periods	93,162	(44,310)
Non-taxable income	(158,067)	-
Effects of group relief	(207,667)	(264,965)
Tax rate changes	-	7,469
Total tax charge/(credit) for the 52 week period/53 week period	928,675	(120,231)

Factors that may affect future tax charges

On 3 March 2021 the UK government announced that the standard rate of corporation tax in the UK would change from 19% to 25% from 2023. This change had not been substantively enacted at the balance sheet date.

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

11. Intangible assets

	Website development £	Domain names and IT development £	Total £
Cost			
At 2 March 2020	47,085	1,092,622	1,139,707
Additions	166,586	477,746	644,332
At 28 February 2021	<u>213,671</u>	<u>1,570,368</u>	<u>1,784,039</u>
Amortisation			
At 2 March 2020	47,085	636,293	683,378
Charge for the period on owned assets	-	184,020	184,020
At 28 February 2021	<u>47,085</u>	<u>820,313</u>	<u>867,398</u>
Net book value			
At 28 February 2021	<u>166,586</u>	<u>750,055</u>	<u>916,641</u>
At 1 March 2020	<u>-</u>	<u>456,329</u>	<u>456,329</u>

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

12. Tangible assets

	Short-term leasehold property £	Plant and machinery and other fixed assets £	Office equipment £	Total £
Cost				
At 2 March 2020	2,263,460	35,680	355,079	2,654,219
Additions	145,257	1,902	136,554	283,713
Disposals	-	(2,613)	-	(2,613)
At 28 February 2021	<u>2,408,717</u>	<u>34,969</u>	<u>491,633</u>	<u>2,935,319</u>
Depreciation				
At 2 March 2020	1,380,556	8,833	260,735	1,650,124
Charge for the period on owned assets	610,595	12,944	72,015	695,554
Disposals	-	(2,613)	-	(2,613)
At 28 February 2021	<u>1,991,151</u>	<u>19,164</u>	<u>332,750</u>	<u>2,343,065</u>
Net book value				
At 28 February 2021	<u>417,566</u>	<u>15,805</u>	<u>158,883</u>	<u>592,254</u>
At 1 March 2020	<u>882,904</u>	<u>26,847</u>	<u>94,344</u>	<u>1,004,095</u>

13. Stocks

	28 February 2021 £	1 March 2020 £
Finished goods and goods for resale	12,140,000	10,471,854
	<u>12,140,000</u>	<u>10,471,854</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 £996,062 (2020: £1,404,264).

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

14. Debtors: Amounts falling due within one year

	28 February 2021 £	1 March 2020 £
Trade debtors	2,015,135	779,582
Amounts owed by group undertakings	1,497,242	2,567,661
Other debtors	4,199,656	380,804
Deferred taxation	180,127	12,435
Tax recoverable	-	90,153
Prepayments and accrued income	825,886	860,599
	<u>8,718,046</u>	<u>4,691,234</u>

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

Other debtors includes £2,360,000 (2020: £Nil) of deposits held by merchant service providers.

15. Cash at bank and in hand

	28 February 2021 £	1 March 2020 £
Cash at bank and in hand	13,076,103	1,879,085
	<u>13,076,103</u>	<u>1,879,085</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

16. Creditors: Amounts falling due within one year

	28 February 2021 £	1 March 2020 £
Bank loans	-	3,656,009
Trade creditors	4,234,879	3,764,489
Amounts owed to group undertakings	-	1,751,180
Corporation tax	1,041,924	-
Other taxation and social security	2,584,395	721,304
Obligations under finance lease and hire purchase contracts	5	2,593
Other creditors	1,128,014	242,839
Accruals and deferred income	16,694,116	3,891,122
	<u>25,683,333</u>	<u>14,029,536</u>

Within bank loans due within one year is an amount of £Nil (2020: £3,656,009) secured by way of a fixed and floating charge over the assets of the business. This relates to a revolving facility subject to an interest rate between 2.75% and 4.25% over Base Rate dependent on the type of loan drawn down. The facility is subject to a cross-guarantee arrangement with Blackbird Retail Holdings Limited and Raven Bidco Limited.

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

Accruals and deferred income includes £12,560,367 (2020: £3,029,656) of customer deposits. Within a few months of the period end, this balance had decreased by more than £4m.

THE COTSWOLD COMPANY (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

17. Financial instruments

	28 February 2021 £	1 March 2020 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>7,712,033</u>	<u>3,818,200</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(9,252,873)</u>	<u>(10,275,983)</u>

Financial assets measured at amortised cost comprise trade debtors of £2,015,135 (2020: £779,582), amounts owed by group undertakings of £1,497,242 (2020: £2,567,661), other debtors of £4,199,656 (2020: £380,804) and tax recoverable of £Nil (2020: £90,153).

Financial liabilities measured at amortised cost comprise of trade creditors of £4,234,879 (2020: £3,764,489), amounts owed to group undertakings of £Nil (2020: £1,751,180), bank loans of £Nil (2020: £3,656,009) and other creditors and accruals of £5,017,994 (2020: £1,104,305).

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

As at 28 February 2021, the outstanding contracts mature within 10 months (2020: 7 months) of the year end.

The Company is committed to buy \$35,204,000 (2020: \$6,995,328) at fixed rates. The forward contracts are measured at fair value using forward exchange rate. As at 28 February 2021, the fair value of the forward contracts was £1,089,751 (2020: £2,293).

18. Deferred tax asset/(liability)

	2021 £	2020 £
At beginning of the year	12,435	(38,803)
Credited/(Charged) to profit or loss	167,692	51,238
At end of the year	<u>180,127</u>	<u>12,435</u>

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

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

The deferred tax asset is made up as follows:

	28 February 2021 £	1 March 2020 £
Accelerated capital allowances	173,040	59,510
Other timing differences	7,087	(47,075)
	<u>180,127</u>	<u>12,435</u>

19. Called up share capital

	28 February 2021 £	1 March 2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	<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.

20. 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. As at 28 February 2021, the maximum potential liability amounted to £2,433,195 (2020: £613,296).

21. 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 £124,984 (2020 - £106,074). Contributions totalling £35,440 (2020 - £27,474) were payable to the fund at the balance sheet date.

THE COTSWOLD COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2021

22. Commitments under operating leases

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

	28 February 2021 £	1 March 2020 £
Not later than 1 year	1,657,667	1,403,451
Later than 1 year and not later than 5 years	2,232,035	3,136,492
Later than 5 years	-	62,235
	<u>3,889,702</u>	<u>4,602,178</u>

23. 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 £112,990 (2020: £128,065).

24. Controlling party

The immediate parent Company is Blackbird Retail Holdings Limited. The ultimate parent 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.