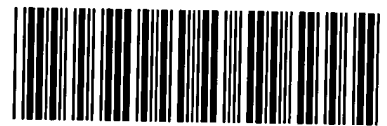


REGISTERED NUMBER: 04842265 (England and Wales)

SIGMA SPORTS LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

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COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

| | Page |
|---|-----------------|
| Company Information | 1 |
| Strategic Report | 2 |
| Report of the Directors | 3 to 4 |
| Report of the Independent Auditors | 5 to 6 |
| Income Statement | 7 |
| Other Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Equity | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 to 22 |

SIGMA SPORTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2018**

| | |
|----------------------------------|---|
| DIRECTORS: | C E B Cavell-Taylor A H Noel I Whittingham J B Turner J S McEuen |
| SECRETARY: | I Whittingham |
| REGISTERED OFFICE: | 37-43 High Street Hampton Wick Kingston Upon Thames Surrey KT1 4DA |
| REGISTERED NUMBER: | 04842265 (England and Wales) |
| SENIOR STATUTORY AUDITOR: | Alistair Main BA (Hons) ACA |
| AUDITORS: | Duncan & Toplis Limited, Statutory Auditor 14 All Saints Street Stamford Lincolnshire PE9 2PA |
| BANKERS: | HSBC Bank plc Church Street Weybridge Surrey KT13 8DF |

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2018**

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

REVIEW OF BUSINESS

Trading remains highly competitive within the sector. The Hampton Wick store continues to be successful and web based activity continues to grow significantly. The directors consider that the position at the year end is satisfactory with shareholders funds of £3.8 million.

The board consider that the key performance indicators for the company are those that communicate the financial performance and strength of the company as a whole. The key financial highlights are as follows:

| | 2018 | 2017 |
|--|------------|------------|
| | £ | £ |
| Turnover | 26,046,245 | 16,865,120 |
| Gross profit | 7,180,817 | 5,193,588 |
| Profit on ordinary activities before taxation | 712,402 | 672,108 |
| Net cash (outflow)/inflow from operating activities | (694,588) | 666,952 |
| | % | % |
| Gross profit percentage | 27.57 | 30.79 |
| Profit on ordinary activities before taxation percentage | 2.74 | 3.99 |

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks arising from the company's activities are liquidity and interest rate risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

Liquidity risk is managed by ensuring sufficient resources are available to meet trading cash flows through appropriate banking facilities.

Interest rate risk

Interest rate risk is managed by regular review of fixed and variable rate facilities available from the company's bankers.

Brexit

On 23 June 2016 the UK voted to leave the European Union (EU). As an importer and exporter of goods, the UK's decision to leave the EU will inevitably have an impact on both the operations and future financial performance of the company. As the UK Government continues its Brexit negotiations, there is still significant uncertainty as to the extent to which the operations and financial performance of the company will be affected in the longer term. In order to mitigate its risk, the company continues to prepare for any changes that may arise as a result of Brexit.

ON BEHALF OF THE BOARD:



I Whittingham - Secretary

Date: 14/1/19

SIGMA SPORTS LIMITED (REGISTERED NUMBER: 04842265)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2018**

The directors present their report with the financial statements of the company for the year ended 31 May 2018.

CHANGE OF NAME

The company passed a special resolution on 30 January 2018 changing its name from Sigma Sport Limited to Sigma Sports Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of cycle shops and mail order.

DIVIDENDS

Interim dividends per share were paid as follows:

| | | |
|----------------------|---------|---------------|
| Ordinary £1 shares | £nil | |
| Ordinary A £1 shares | £25,000 | - 31 May 2018 |
| Ordinary B £1 shares | £25,000 | - 31 May 2018 |

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 May 2018 will be £50,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2017 to the date of this report.

C E B Cavell-Taylor
A H Noel
I Whittingham
J B Turner

Other changes in directors holding office are as follows:

J S McEuen - appointed 22 March 2018

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise cash, bank term borrowings and trade creditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SIGMA SPORTS LIMITED (REGISTERED NUMBER: 04842265)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2018**

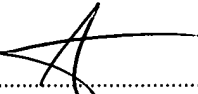
STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
I Whittingham - Secretary

Date: 14/1/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SIGMA SPORTS LIMITED

Opinion

We have audited the financial statements of Sigma Sports Limited (the 'company') for the year ended 31 May 2018 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SIGMA SPORTS LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, 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 set out on pages three and four, 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 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors 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.



Alistair Main BA (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Duncan & Topliss Limited, Statutory Auditor
14 All Saints Street
Stamford
Lincolnshire
PE9 2PA

Date: 24/1/2019

SIGMA SPORTS LIMITED (REGISTERED NUMBER: 04842265)**INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2018**

| | Notes | 2018 £ | 2017 £ |
|---------------------------------------|-------|--------------|--------------|
| TURNOVER | 3 | 26,046,245 | 16,865,120 |
| Cost of sales | | (18,865,428) | (11,671,532) |
| GROSS PROFIT | | 7,180,817 | 5,193,588 |
| Distribution costs | | (998,248) | (672,939) |
| Administrative expenses | | (5,438,707) | (3,825,352) |
| | | 743,862 | 695,297 |
| Other operating income | | 336 | 2,933 |
| OPERATING PROFIT | 5 | 744,198 | 698,230 |
| Interest payable and similar expenses | 6 | (31,796) | (26,122) |
| PROFIT BEFORE TAXATION | | 712,402 | 672,108 |
| Tax on profit | 7 | (150,030) | (117,945) |
| PROFIT FOR THE FINANCIAL YEAR | | 562,372 | 554,163 |

The notes form part of these financial statements

SIGMA SPORTS LIMITED (REGISTERED NUMBER: 04842265)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|----------------|----------------|
| PROFIT FOR THE YEAR | | 562,372 | 554,163 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>562,372</u> | <u>554,163</u> |

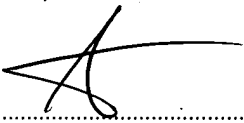
The notes form part of these financial statements

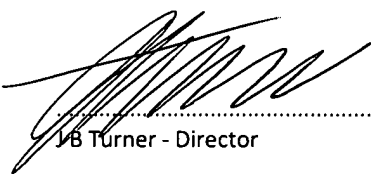
SIGMA SPORTS LIMITED (REGISTERED NUMBER: 04842265)

**STATEMENT OF FINANCIAL POSITION
31 MAY 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 2,987,575 | 2,495,792 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 7,992,552 | 4,459,282 |
| Debtors | 11 | 661,045 | 571,219 |
| Cash at bank | | 6,480 | 385,099 |
| | | <u>8,660,077</u> | <u>5,415,600</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | (6,352,572) | (3,773,530) |
| NET CURRENT ASSETS | | <u>2,307,505</u> | <u>1,642,070</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,295,080 | 4,137,862 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 13 | (1,452,861) | (822,015) |
| PROVISIONS FOR LIABILITIES | 18 | <u>(37,000)</u> | <u>(23,000)</u> |
| NET ASSETS | | <u><u>3,805,219</u></u> | <u><u>3,292,847</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 19 | 2,200,008 | 2,200,008 |
| Retained earnings | 20 | <u>1,605,211</u> | <u>1,092,839</u> |
| SHAREHOLDERS' FUNDS | | <u><u>3,805,219</u></u> | <u><u>3,292,847</u></u> |

The financial statements were approved by the Board of Directors on 24/1/2019 and were signed on its behalf by:


.....
I Whittingham - Director


.....
JB Turner - Director

The notes form part of these financial statements

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

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|-------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 June 2016 | 2,200,008 | 588,676 | 2,788,684 |
| Changes in equity | | | |
| Dividends | - | (50,000) | (50,000) |
| Total comprehensive income | - | 554,163 | 554,163 |
| Balance at 31 May 2017 | <u>2,200,008</u> | <u>1,092,839</u> | <u>3,292,847</u> |
| Changes in equity | | | |
| Dividends | - | (50,000) | (50,000) |
| Total comprehensive income | - | 562,372 | 562,372 |
| Balance at 31 May 2018 | <u>2,200,008</u> | <u>1,605,211</u> | <u>3,805,219</u> |

SIGMA SPORTS LIMITED (REGISTERED NUMBER: 04842265)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2018**

| | Notes | 2018 £ | 2017 £ |
|---|-------|-------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (566,762) | 678,419 |
| Interest paid | | (31,796) | (26,122) |
| Tax paid | | (96,030) | 14,655 |
| Net cash from operating activities | | <u>(694,588)</u> | <u>666,952</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (981,038) | (460,750) |
| Sale of tangible fixed assets | | - | 912,763 |
| Net cash from investing activities | | <u>(981,038)</u> | <u>452,013</u> |
| Cash flows from financing activities | | | |
| Loan repayments in year | | (383,155) | (464,143) |
| New long term loans | | 1,000,000 | - |
| Amount introduced by directors | | 50,000 | 50,000 |
| Amount withdrawn by directors | | (50,000) | (78,675) |
| Equity dividends paid | | (50,000) | (50,000) |
| Net cash from financing activities | | <u>566,845</u> | <u>(542,818)</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(1,108,781)</u> | <u>576,147</u> |
| Cash and cash equivalents at beginning of year | 2 | 385,099 | (191,048) |
| Cash and cash equivalents at end of year | 2 | <u><u>(723,682)</u></u> | <u><u>385,099</u></u> |

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2018 | 2017 |
|---------------------------------------|------------------|----------------|
| | £ | £ |
| Profit before taxation | 712,402 | 672,108 |
| Depreciation charges | 489,255 | 376,843 |
| Profit on disposal of fixed assets | - | (123,130) |
| Increase in provisions | 25,000 | - |
| Finance costs | 31,796 | 26,122 |
| | <u>1,258,453</u> | <u>951,943</u> |
| Increase in stocks | (3,533,270) | (873,669) |
| Increase in trade and other debtors | (89,826) | (267,228) |
| Increase in trade and other creditors | 1,797,881 | 867,373 |
| | <u>1,797,881</u> | <u>867,373</u> |
| Cash generated from operations | <u>(566,762)</u> | <u>678,419</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 May 2018

| | 31.5.18 | 1.6.17 |
|---------------------------|------------------|----------------|
| | £ | £ |
| Cash and cash equivalents | 6,480 | 385,099 |
| Bank overdrafts | (730,162) | - |
| | <u>(723,682)</u> | <u>385,099</u> |

Year ended 31 May 2017

| | 31.5.17 | 1.6.16 |
|---------------------------|----------------|------------------|
| | £ | £ |
| Cash and cash equivalents | 385,099 | 416 |
| Bank overdrafts | - | (191,464) |
| | <u>385,099</u> | <u>(191,048)</u> |

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

1. STATUTORY INFORMATION

Sigma Sports Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The nature of the company's operations and principal activities are detailed in the report of the directors on page three of these financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

i) Stock provisions

The company sells bicycles and clothing and is subject to changing consumer demands and economic trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. Stocks are stated after provisions for impairment of £200,000 (2017 - £85,000). When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised on the sale of products to retail customers.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---|---|
| Freehold property | - 2% on cost |
| Long leasehold | - 2% on cost and over the term of the lease |
| Fixtures and fittings | - 20% on cost |
| Motor vehicles | - 25% on cost |
| Plant, machinery and computer equipment | - 33% on cost |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018**

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and fair value less costs to complete and sell, after making due allowance for slow moving and obsolete items. Stocks are accounted for on a first-in-first-out-basis.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the financial reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 2018 | 2017 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 21,530,978 | 14,900,182 |
| Europe | 2,106,740 | 1,025,182 |
| Other | 2,408,527 | 939,756 |
| | <u>26,046,245</u> | <u>16,865,120</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

4. EMPLOYEES AND DIRECTORS

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,021,728 | 1,717,368 |
| Social security costs | 182,764 | 146,376 |
| Other pension costs | 41,445 | 29,882 |
| | <u>2,245,937</u> | <u>1,893,626</u> |

The average number of employees during the year was as follows:

| | 2018 | 2017 |
|-----------|-----------|-----------|
| Full time | 68 | 66 |
| Part time | 20 | 13 |
| | <u>88</u> | <u>79</u> |

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| Directors' remuneration | 127,000 | 127,000 |
| Directors' pension contributions to money purchase schemes | 25,208 | 20,758 |
| | <u>152,208</u> | <u>147,758</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | 2018 | 2017 |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |

5. OPERATING PROFIT

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

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Other operating leases | 241,792 | 149,424 |
| Depreciation - owned assets | 489,255 | 376,843 |
| Profit on disposal of fixed assets | - | (123,130) |
| Auditors' remuneration | 11,030 | 9,000 |
| Foreign exchange differences | (336) | - |
| | <u>741,741</u> | <u>412,137</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2018 | 2017 |
|---------------|---------------|---------------|
| | £ | £ |
| Bank interest | 14,472 | 5,390 |
| Loan | 17,324 | 20,732 |
| | <u>31,796</u> | <u>26,122</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

| | 2018 £ | 2017 £ |
|------------------------------|-----------|-----------|
| Current tax: | | |
| UK corporation tax | 160,000 | 95,000 |
| Adjustment re previous years | 1,030 | (55) |
| Total current tax | 161,030 | 94,945 |
| Deferred tax | (11,000) | 23,000 |
| Tax on profit | 150,030 | 117,945 |

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Profit before tax | 712,402 | 672,108 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.830%) | 135,356 | 133,279 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 172 | 211 |
| Depreciation in excess of capital allowances | 13,472 | 21,002 |
| Utilisation of tax losses | - | (36,205) |
| Adjustments to tax charge in respect of previous periods | 1,030 | (55) |
| Marginal relief and other tax adjustments recognised | - | 74 |
| Chargeable disposals | - | (23,361) |
| Other deferred tax movements | - | 23,000 |
| Total tax charge | 150,030 | 117,945 |

8. DIVIDENDS

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Ordinary A shares of £1 each Interim | 25,000 | 25,000 |
| Ordinary B shares of £1 each Interim | 25,000 | 25,000 |
| | 50,000 | 50,000 |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

9. TANGIBLE FIXED ASSETS

| | Freehold property £ | Short leasehold £ | Long leasehold £ |
|---------------------------|---------------------------|-------------------------|------------------------|
| COST | | | |
| At 1 June 2017 | 2,241,321 | - | 176,886 |
| Additions | 53,767 | 134,006 | - |
| Reclassification/transfer | - | 176,886 | (176,886) |
| At 31 May 2018 | 2,295,088 | 310,892 | - |
| DEPRECIATION | | | |
| At 1 June 2017 | 291,304 | - | 53,066 |
| Charge for year | 45,902 | 20,061 | - |
| Reclassification/transfer | - | 53,066 | (53,066) |
| At 31 May 2018 | 337,206 | 73,127 | - |
| NET BOOK VALUE | | | |
| At 31 May 2018 | 1,957,882 | 237,765 | - |
| At 31 May 2017 | 1,950,017 | - | 123,820 |

| | Fixtures and fittings £ | Motor vehicles £ | Plant, machinery and computer equipment £ | Totals £ |
|---------------------------|----------------------------------|------------------------|--|-------------|
| COST | | | | |
| At 1 June 2017 | 114,154 | 69,401 | 1,327,244 | 3,929,006 |
| Additions | 9,686 | - | 783,579 | 981,038 |
| At 31 May 2018 | 123,840 | 69,401 | 2,110,823 | 4,910,044 |
| DEPRECIATION | | | | |
| At 1 June 2017 | 110,146 | 27,085 | 951,613 | 1,433,214 |
| Charge for year | 3,702 | 14,106 | 405,484 | 489,255 |
| Reclassification/transfer | - | - | - | - |
| At 31 May 2018 | 113,848 | 41,191 | 1,357,097 | 1,922,469 |
| NET BOOK VALUE | | | | |
| At 31 May 2018 | 9,992 | 28,210 | 753,726 | 2,987,575 |
| At 31 May 2017 | 4,008 | 42,316 | 375,631 | 2,495,792 |

10. STOCKS

| | 2018 £ | 2017 £ |
|--------|-----------|-----------|
| Stocks | 7,992,552 | 4,459,282 |

Stocks recognised as an expense in the period were £22,176,148 (2017 - £12,246,392).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 438,201 | 487,381 |
| Other debtors | 137,853 | 61,415 |
| Prepayments and accrued income | 84,991 | 22,423 |
| | <u>661,045</u> | <u>571,219</u> |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 14) | 855,162 | 139,000 |
| Trade creditors | 4,572,617 | 2,652,964 |
| Taxation | 160,000 | 95,000 |
| Other taxes and social security | 93,089 | 280,660 |
| Other creditors | 320,764 | 325,442 |
| Directors' current accounts | 50,000 | 50,000 |
| Accruals and deferred income | 300,940 | 230,464 |
| | <u>6,352,572</u> | <u>3,773,530</u> |

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2018 | 2017 |
|--------------------------|------------------|----------------|
| | £ | £ |
| Bank loans (see note 14) | <u>1,452,861</u> | <u>822,015</u> |

14. LOANS

An analysis of the maturity of loans is given below:

| | 2018 | 2017 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 730,162 | - |
| Bank loans | <u>125,000</u> | <u>139,000</u> |
| | <u>855,162</u> | <u>139,000</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | <u>129,000</u> | <u>143,000</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | <u>414,000</u> | <u>273,229</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | <u>909,861</u> | <u>405,786</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

14. LOANS - continued

The £875,000 Base Rate Term loan commenced on 10 March 2010 with a term of 25 years. Interest on the loan is charged at 2.50% per annum over the Bank of England base rate.

The £500,000 Base Rate Term loan commenced on 6 October 2015 with a term of 5 years. Interest on the loan is charged at 2.45% per annum over the Bank of England base rate.

The £1,000,000 Base Rate Term loan commenced on 25 May 2018 with a term of 10 years. Interest on the loan is charged at 2.30% per annum over the Bank of England base rate.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2018 £ | 2017 £ |
|----------------------------|------------------|----------------|
| Within one year | 314,418 | 129,000 |
| Between one and five years | 1,091,940 | 434,493 |
| In more than five years | 55,841 | 134,300 |
| | <u>1,462,199</u> | <u>697,793</u> |

16. SECURED DEBTS

The following secured debts are included within creditors:

| | 2018 £ | 2017 £ |
|------------|------------------|----------------|
| Bank loans | <u>1,577,861</u> | <u>961,015</u> |

The bank loans are secured by a fixed charge over the company's properties.

17. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Financial assets that are debt instruments measured at amortised cost | | |
| Trade debtors | 438,201 | 487,381 |
| Other debtors | 137,853 | 61,415 |
| Financial liabilities measured at amortised cost | | |
| Bank loans | 2,308,023 | 961,015 |
| Trade creditors | 4,572,617 | 2,652,964 |
| Other creditors | 320,764 | 325,442 |
| Directors' current accounts | 50,000 | 50,000 |

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £nil (2017 - £nil) and £17,324 (2017 - £20,732) respectively.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

18. PROVISIONS FOR LIABILITIES

| | 2018 £ | 2017 £ |
|---|---------------|------------------|
| Deferred tax | | |
| Accelerated capital allowances | 12,000 | 23,000 |
| Sales returns | 25,000 | - |
| | <u>37,000</u> | <u>23,000</u> |
| | | |
| | Deferred tax | Other provisions |
| | £ | £ |
| Balance at 1 June 2017 | 23,000 | - |
| (Credit)/charge to Income Statement during year | (11,000) | 25,000 |
| Balance at 31 May 2018 | <u>12,000</u> | <u>25,000</u> |

19. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2018 | 2017 |
|----------------------------------|------------|----------------|------------------|------------------|
| Number: | Class: | Nominal value: | £ | £ |
| 2,200,004 | Ordinary | £1 | 2,200,004 | 2,200,004 |
| 2 | Ordinary A | £1 | 2 | 2 |
| 2 | Ordinary B | £1 | 2 | 2 |
| | | | <u>2,200,008</u> | <u>2,200,008</u> |

20. RESERVES

| | Retained earnings £ |
|---------------------|------------------------|
| At 1 June 2017 | 1,092,839 |
| Profit for the year | 562,372 |
| Dividends | (50,000) |
| At 31 May 2018 | <u>1,605,211</u> |

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in individual funds. The cost for the year was £41,445 (2017 - £29,882) and the amount of contributions payable at the year end was £5,345 (2017 - £5,226).

22. RELATED PARTY DISCLOSURES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

22. RELATED PARTY DISCLOSURES - continued

Key management personnel of the entity or its parent (in the aggregate)

| | 2018 | 2017 |
|----------------|---------------|---------------|
| | £ | £ |
| Dividends paid | <u>50,000</u> | <u>50,000</u> |

Key management personnel compensation

Key management personnel compensation is considered to be the same as reported under directors' remuneration disclosed in note 4.

Other related parties

| | 2018 | 2017 |
|----------------------------------|----------|--------------|
| | £ | £ |
| Purchases | - | 3,328 |
| Management charge | 31,976 | 37,237 |
| Recharge of administrative costs | 16,887 | 14,033 |
| Amount due to related party | <u>-</u> | <u>2,219</u> |

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are the directors I Whittingham and J B Turner who each own 25% of the ordinary shares and Bradshaw Taylor Limited which owns 50% of the ordinary shares.

C E B Cavell-Taylor and A H Noel are directors of Bradshaw Taylor Limited.