

SIGMA SPORTS LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4 to 5
Report of the Independent Auditors	6 to 9
Income Statement	10
Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 24

SIGMA SPORTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

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)
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 DECEMBER 2020**

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

The cycling industry experienced a significant increase in demand in 2020, driven by continued Government infrastructure investment, initiatives such as the Cycle Scheme growing in popularity as well as the COVID-19 pandemic introducing new people to the sport.

Sigma Sports' trading remains highly competitive within the sector and the continued growth in revenue and increasing gross margins reflect the successful development of the business. In the year, the business opened a second store in Oakham, as well as seeing growth in own brands Vel and the newly launched Universal Colours brand. The Hampton Wick store continues to be successful, despite an initial store closure at the outset of the pandemic in March and April. Web-based activity has grown substantially year on year. The directors consider that the position at the period-end is satisfactory with shareholder's funds increasing to £9.6 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:

	Year ended 31.12.20 £	Year ended 31.12.19 £
Revenue	61,415,169	33,769,618
Gross profit	19,573,555	9,414,858
Profit on ordinary activities before taxation	7,513,541	674,186
Net cash (outflow)/inflow from operating activities	6,439,235	(116,615)
	%	%
Gross profit percentage	31.87	27.88
Profit on ordinary activities before taxation percentage	12.23	2.00

DEVELOPMENT AND PERFORMANCE

The company continues to review the marketplace in which it operates in order to maximise growth, particularly for web-based activity, through recruitment, strong management and leadership, developing IT systems, increasing operational capacity and strengthening relationships with major suppliers.

In February 2021, 100% of the share capital of Sigma Sports Holdings Limited (the parent company to Sigma Sports Limited) was acquired by Martin Bidco Limited as part of a minority investment into the business led by UK private equity firm Primary Capital Partners LLP.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 enough 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.

Coronavirus COVID-19 risk

The full impact of the COVID-19 pandemic remains uncertain and continues to develop on a daily basis. The directors are monitoring the exposure to the company's business and have implemented strategies in order to mitigate the risks, including utilising various government support measures. The directors are also monitoring the exposure to its employees, customers and other stakeholders, referring to government and professional advice published to help ensure their safety.

ON BEHALF OF THE BOARD:

I Whittingham - Secretary

15 July 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of retailing bicycles and triathlon equipment.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2020 was £1,162,300.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

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

FINANCIAL INSTRUMENTS

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

FUTURE DEVELOPMENTS

Information concerning future developments is contained in the strategic report.

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.

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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

15 July 2021

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 December 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, 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 31 December 2020 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

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 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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 page 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.

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

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.

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, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Health and safety regulations, consumer rights and employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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

15 July 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
REVENUE	3		61,415,169		33,769,618
Cost of sales			<u>41,841,614</u>		<u>24,354,760</u>
GROSS PROFIT			19,573,555		9,414,858
Distribution costs		2,236,485		1,215,934	
Administrative expenses		<u>10,029,551</u>		<u>7,452,961</u>	
			<u>12,266,036</u>		<u>8,668,895</u>
			7,307,519		745,963
Other operating income	4		<u>252,266</u>		<u>-</u>
OPERATING PROFIT	6		7,559,785		745,963
Interest receivable and similar income			<u>931</u>		<u>-</u>
			7,560,716		745,963
Interest payable and similar expenses	7		<u>47,175</u>		<u>71,777</u>
PROFIT BEFORE TAXATION			7,513,541		674,186
Tax on profit	8		<u>1,299,604</u>		<u>(67,000)</u>
PROFIT FOR THE FINANCIAL YEAR			<u>6,213,937</u>		<u>741,186</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		6,213,937	741,186
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>6,213,937</u>	<u>741,186</u>

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	10		24,000		32,000
Property, plant and equipment	11		<u>3,892,211</u>		<u>3,165,991</u>
			3,916,211		3,197,991
CURRENT ASSETS					
Inventories	12	17,193,319		8,416,986	
Debtors	13	1,762,756		1,066,922	
Cash at bank		<u>2,185,872</u>		<u>12,095</u>	
		21,141,947		9,496,003	
CREDITORS					
Amounts falling due within one year	14	<u>14,161,784</u>		<u>6,803,505</u>	
NET CURRENT ASSETS			<u>6,980,163</u>		<u>2,692,498</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,896,374		5,890,489
CREDITORS					
Amounts falling due after more than one year	15		(1,093,981)		(1,241,733)
PROVISIONS FOR LIABILITIES	19		<u>(191,000)</u>		<u>(89,000)</u>
NET ASSETS			<u>9,611,393</u>		<u>4,559,756</u>
CAPITAL AND RESERVES					
Called up share capital	20		2,200,004		2,200,004
Retained earnings			<u>7,411,389</u>		<u>2,359,752</u>
SHAREHOLDERS' FUNDS			<u>9,611,393</u>		<u>4,559,756</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 July 2021 and were signed on its behalf by:

I Whittingham - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	2,200,004	1,618,566	3,818,570
Changes in equity			
Total comprehensive income	-	741,186	741,186
Balance at 31 December 2019	<u>2,200,004</u>	<u>2,359,752</u>	<u>4,559,756</u>
Changes in equity			
Dividends	-	(1,162,300)	(1,162,300)
Total comprehensive income	-	6,213,937	6,213,937
Balance at 31 December 2020	<u>2,200,004</u>	<u>7,411,389</u>	<u>9,611,393</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

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" (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by 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 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

The company is a subsidiary of Sigma Sports Holdings Limited. Consolidated financial statements of Sigma Sports Holdings Limited can be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

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 £125,000 (2019: £100,000). 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.

ii) Sales return provision

The sales return provision is estimated on the basis of historical return and after date sales analysis. Sales have a 90-day free return period from the day of sale. The provision is recorded to allocate the returns to the same period in which the revenue is recorded. The sales returns provided has increased to £75,000 (2019: £25,000) due to an increase in sales revenue and a shift towards web sales.

Revenue

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

Goodwill

Goodwill being the amount paid in connection with the acquisition of the VEL Brand in 2019, is being amortised evenly over its estimated useful life of 5 years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Property, plant and equipment

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
Short leasehold	- 10% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Plant, machinery and computer equipment	- 33% on cost and 20% on cost

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and any conditions attached will be complied with. Grants are recognised as income over the period necessary to match them with related costs, for which they are intended to compensate, on a systematic basis.

Inventories

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 DECEMBER 2020

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. REVENUE

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

An analysis of revenue by geographical market is given below:

	2020	2019
	£	£
United Kingdom	57,025,772	27,659,714
Europe	2,488,450	3,802,557
Other	1,900,947	2,307,347
	<u>61,415,169</u>	<u>33,769,618</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. OTHER OPERATING INCOME

The following government grant income has been recognised within other operating income:

	2020 £	2019 £
Coronavirus Job Retention Scheme	<u>252,266</u>	<u>-</u>

5. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	4,243,471	3,092,822
Social security costs	338,648	262,615
Other pension costs	99,044	82,818
	<u>4,681,163</u>	<u>3,438,255</u>

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

	2020	2019
Full time	107	108
Part time	25	9
	<u>132</u>	<u>117</u>

	2020 £	2019 £
Directors' remuneration	200,000	178,083
Directors' pension contributions to money purchase schemes	<u>30,429</u>	<u>28,515</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2020 is as follows:

	2020 £
Emoluments etc	140,000
Pension contributions to money purchase schemes	<u>19,482</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

6. OPERATING PROFIT

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

	2020	2019
	£	£
Other operating leases	408,077	344,792
Depreciation - owned assets	1,045,815	776,771
Goodwill amortisation	8,000	8,000
Auditors' remuneration	12,000	11,000
Foreign exchange differences	(184)	184

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	12,847	54,406
Loan interest	34,328	17,371
	<u>47,175</u>	<u>71,777</u>

8. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	1,300,000	52,500
Adjustment re previous years	(52,396)	(176,500)
Total current tax	<u>1,247,604</u>	<u>(124,000)</u>
Deferred tax	52,000	57,000
Tax on profit	<u>1,299,604</u>	<u>(67,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAXATION - continued**Reconciliation of total tax charge/(credit) included in profit and loss**

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

	2020 £	2019 £
Profit before tax	<u>7,513,541</u>	<u>674,186</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,427,573	128,095
Effects of:		
Expenses not deductible for tax purposes	335	(60)
Depreciation in excess of capital allowances	17,050	14,866
Utilisation of tax losses	(94,535)	(33,500)
Adjustments to tax charge in respect of previous periods	(52,396)	(176,500)
Other tax adjustments recognised	1,577	99
Total tax charge/(credit)	<u>1,299,604</u>	<u>(67,000)</u>

9. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each Interim	<u>1,162,300</u>	<u>-</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2020	
and 31 December 2020	<u>40,000</u>
AMORTISATION	
At 1 January 2020	8,000
Amortisation for year	<u>8,000</u>
At 31 December 2020	<u>16,000</u>
NET BOOK VALUE	
At 31 December 2020	<u>24,000</u>
At 31 December 2019	<u>32,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Short leasehold £	Fixtures and fittings £
COST			
At 1 January 2020	2,308,301	320,080	187,287
Additions	57,303	195,535	361,377
At 31 December 2020	<u>2,365,604</u>	<u>515,615</u>	<u>548,664</u>
DEPRECIATION			
At 1 January 2020	410,302	123,806	133,359
Charge for year	47,312	42,427	87,306
At 31 December 2020	<u>457,614</u>	<u>166,233</u>	<u>220,665</u>
NET BOOK VALUE			
At 31 December 2020	<u>1,907,990</u>	<u>349,382</u>	<u>327,999</u>
At 31 December 2019	<u>1,897,999</u>	<u>196,274</u>	<u>53,928</u>

	Motor vehicles £	Plant, machinery and computer equipment £	Totals £
COST			
At 1 January 2020	68,072	3,298,566	6,182,306
Additions	31,700	1,126,120	1,772,035
At 31 December 2020	<u>99,772</u>	<u>4,424,686</u>	<u>7,954,341</u>
DEPRECIATION			
At 1 January 2020	46,140	2,302,708	3,016,315
Charge for year	20,483	848,287	1,045,815
At 31 December 2020	<u>66,623</u>	<u>3,150,995</u>	<u>4,062,130</u>
NET BOOK VALUE			
At 31 December 2020	<u>33,149</u>	<u>1,273,691</u>	<u>3,892,211</u>
At 31 December 2019	<u>21,932</u>	<u>995,858</u>	<u>3,165,991</u>

12. INVENTORIES

	2020 £	2019 £
Stocks	<u>17,193,319</u>	<u>8,416,986</u>

Stock are recognised after provisions for impairment of £125,000 (2019: £100,000).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	1,290,883	571,920
Other debtors	304,333	148,094
Taxation	-	150,500
Prepayments and accrued income	167,540	196,408
	<u>1,762,756</u>	<u>1,066,922</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 16)	140,866	1,577,434
Trade creditors	9,046,308	3,986,756
Taxation	1,243,955	52,521
Other taxes and social security	1,938,358	737,831
Other creditors	1,033,627	201,555
Accruals and deferred income	758,670	247,408
	<u>14,161,784</u>	<u>6,803,505</u>

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

	2020	2019
	£	£
Bank loans (see note 16)	<u>1,093,981</u>	<u>1,241,733</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	1,443,434
Bank loans	<u>140,866</u>	<u>134,000</u>
	<u>140,866</u>	<u>1,577,434</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>143,000</u>	<u>138,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>455,000</u>	<u>442,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>495,981</u>	<u>661,733</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

16. LOANS - continued

A £875,000 Base Rate Term loan commenced on 10 March 2010 with a term of 20 years. Interest on the loan is charged at 2.50% per annum over the Bank of England base rate.

A £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.

17. LEASING AGREEMENTS

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

	2020	2019
	£	£
Within one year	310,418	303,596
Between one and five years	527,122	609,218
In more than five years	43,858	-
	<u>881,398</u>	<u>912,814</u>

Charges recognised through the Income Statement during the year for payments under operating leases are disclosed in note 6.

18. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	<u>1,234,847</u>	<u>1,375,733</u>

Bank loans are secured by fixed and floating charges over all of the company's assets and undertakings.

19. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	116,000	64,000
Sales returns	<u>75,000</u>	<u>25,000</u>
	<u>191,000</u>	<u>89,000</u>
	Deferred tax	Sales returns
	£	£
Balance at 1 January 2020	64,000	25,000
Provided during year	<u>52,000</u>	<u>50,000</u>
Balance at 31 December 2020	<u>116,000</u>	<u>75,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
2,200,004	Ordinary	£1	<u>2,200,004</u>	<u>2,200,004</u>

21. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>378,410</u>	<u>-</u>

22. RELATED PARTY DISCLOSURES

Entities under the control of common directors

During the year the company made sales of £nil (2019: £1,989) and recharges of £125,008 (2019: £29,173) to entities under the control of a common director(s). A balance of £25,289 (2019: £nil) was payable to such entities at the year end.

Key management personnel compensation

Key management personnel compensation is considered to be the same as reported under directors' remuneration disclosed in note 5.

23. ULTIMATE CONTROLLING PARTY

At the balance sheet date the immediate and ultimate parent company was Sigma Sports Holdings Ltd, however after a post year end investment into the group the ultimate parent company is now Martin Topco Ltd.

There is no ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.