

Company Registration No. 05106531 (England and Wales)

**0404 INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# 0404 INVESTMENTS LIMITED

## COMPANY INFORMATION

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**Director** Mr A M Holt

**Secretary** Mrs V Hargreaves

**Company number** 05106531

**Registered office** Hammond Field  
Hammond Drive  
Read  
Burnley  
Lancashire  
BB12 7RE

**Auditor** Pierce C A Limited  
Mentor House  
Ainsworth Street  
Blackburn  
Lancashire  
BB1 6AY

**Business address** Pendle Court  
4 Mead Way Shuttleworth Mead Business Park  
Padiham  
Burnley  
Lancashire  
BB12 7NG

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# **0404 INVESTMENTS LIMITED**

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# **0404 INVESTMENTS LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The director presents the strategic report for the year ended 31 December 2016.

### **Business review**

2016 was another successful year for the group. A year in which we expanded our market, ranges and customer base. I don't intend to comment further on the numbers herein, except to say that it was great performance from a dedicated team.

There is one dominant issue and challenge, Brexit. It will have wide ranging consequences on the country, its businesses and its citizens. We are working hard to mitigate the big cost implications arising from exchange rate movements. This issue is a one-off. We can't leave twice, but it will take time to work through. The effect on discretionary spending will impact on the company as retailers recoil from movements in the sterling/US dollar exchange rates. Demand will drop while the market adjusts to this. Long term contracts will become shorter as future visibility is poor and unquantifiable.

Short term the impact is negative on our business, but there are positives that we are intending to exploit. Our exports are growing, albeit from a smaller base than our UK trade, our new bakeware offering is getting traction and our internet offer is performing well. We are looking at acquisitions and expect to make one or two during 2017 to bolster our unique range.

While there will be a short term cost from Brexit induced exchange rate volatility, our underlying business, team, offer and customers continue to be top drawer. We are well placed to weather this and expect in the long run to look back on this year as a really positive period in which we looked properly at our entire operation, improved it and expanded our global markets and ranges.

### **Principal risks and uncertainties**

The group is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through effective credit control procedures. The group's foreign exchange rate exposure arises from trading with overseas companies. The group manages this exposure by the use of foreign currency forward contracts. The group also uses an invoice discounting facility to help manage the risk of bad debts and to also help finance working capital.

On behalf of the board



Mr A M Holt

**Director**

28 September 2017

# **0404 INVESTMENTS LIMITED**

## **DIRECTOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The director presents his annual report and financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activity of the company during the year was that of a holding company.

The principal activity of the group continues to be the provision of quality homewares, designed in house for worldwide retail distribution.

### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr A M Holt

### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,500,000. The director does not recommend payment of a further dividend.

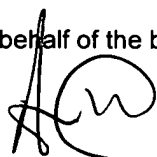
### **Auditor**

In accordance with the company's articles, a resolution proposing that Pierce C A Limited be reappointed as auditor of the group will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Mr A M Holt

**Director**

28 September 2017

# **0404 INVESTMENTS LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

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

# **0404 INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF 0404 INVESTMENTS LIMITED**

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We have audited the financial statements of 0404 Investments Limited for the year ended 31 December 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

# **0404 INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF 0404 INVESTMENTS LIMITED**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*Linda Wilkinson*

**Linda Wilkinson (Senior Statutory Auditor)  
for and on behalf of Pierce C A Limited**

28 September 2017

**Statutory Auditor**

Mentor House  
Ainsworth Street  
Blackburn  
Lancashire  
BB1 6AY



# 0404 INVESTMENTS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	2	52,698,966	47,421,813
Cost of sales		(31,974,339)	(29,275,603)
<b>Gross profit</b>		<b>20,724,627</b>	<b>18,146,210</b>
Distribution costs		(7,516,196)	(7,068,248)
Administrative expenses		(8,873,858)	(8,351,938)
Other operating income		533,506	66,820
<b>Operating profit</b>	3	<b>4,868,079</b>	<b>2,792,844</b>
Interest receivable and similar income	7	5,622	5,821
Interest payable and similar expenses	8	(464,440)	(512,268)
<b>Profit before taxation</b>		<b>4,409,261</b>	<b>2,286,397</b>
Taxation	9	(1,111,381)	(928,894)
<b>Profit for the financial year</b>		<b>3,297,880</b>	<b>1,357,503</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		3,367,975	1,357,503
- Non-controlling interests		(70,095)	-
		<b>3,297,880</b>	<b>1,357,503</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# 0404 INVESTMENTS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

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	2016 £	2015 £
Profit for the year	3,297,880	1,357,503
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,297,880</u>	<u>1,357,503</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	3,367,975	1,357,503
- Non-controlling interests	(70,095)	-
	<u>3,297,880</u>	<u>1,357,503</u>

# 0404 INVESTMENTS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	12	885,969		1,771,940	
Other intangible assets	12	354,309		388,126	
Total intangible assets		1,240,278		2,160,066	
Tangible assets	13	26,094,351		24,603,787	
Investment properties	14	40,526		-	
Investments	15	353,823		513,403	
		27,728,978		27,277,256	
<b>Current assets</b>					
Stocks	18	9,533,758	7,874,774		
Debtors	19	10,946,007	10,182,374		
Cash at bank and in hand		3,521,930	2,047,103		
		24,001,695	20,104,251		
<b>Creditors: amounts falling due within one year</b>	20	(23,407,032)	(19,484,829)		
<b>Net current assets</b>		594,663		619,422	
<b>Total assets less current liabilities</b>		28,323,641		27,896,678	
<b>Creditors: amounts falling due after more than one year</b>	21	(7,909,845)	(9,325,539)		
<b>Provisions for liabilities</b>	24	(670,301)	(625,524)		
<b>Net assets</b>		19,743,495		17,945,615	
<b>Capital and reserves</b>					
Called up share capital	27	701,000	701,000		
Share premium account		3,359,100	3,359,100		
Profit and loss reserves		15,114,302	13,246,327		
<b>Equity attributable to owners of the parent company</b>		19,174,402	17,306,427		
<b>Non-controlling interests</b>		569,093	639,188		
		19,743,495	17,945,615		

The financial statements were approved and signed by the director and authorised for issue on 28 September 2017



Mr A M Holt  
Director

# 0404 INVESTMENTS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Investment properties	14	40,526		-	
Investments	15	6,990,100		6,990,100	
		<u>7,030,626</u>		<u>6,990,100</u>	
<b>Current assets</b>					
Debtors	19	10		2,145	
Cash at bank and in hand		26,315		12,334	
		<u>26,325</u>		<u>14,479</u>	
<b>Creditors: amounts falling due within one year</b>	20	(386,997)		(347,875)	
<b>Net current liabilities</b>			(360,672)		(333,396)
<b>Total assets less current liabilities</b>			<u>6,669,954</u>		<u>6,656,704</u>
<b>Capital and reserves</b>					
Called up share capital	27	701,000		701,000	
Share premium account		3,359,100		3,359,100	
Profit and loss reserves		2,609,854		2,596,604	
<b>Total equity</b>			<u>6,669,954</u>		<u>6,656,704</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,513,250 (2015 - £805,171 profit).

The financial statements were approved and signed by the director and authorised for issue on 28 September 2017

  
Mr A M Holt  
Director

Company Registration No. 05106531

## 0404 INVESTMENTS LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 January 2015</b>		701,000	3,359,100	12,688,824	16,748,924	-	16,748,924
<b>Year ended 31 December 2015:</b>							
Profit and total comprehensive income for the year		-	-	1,357,503	1,357,503	-	1,357,503
Dividends	10	-	-	(800,000)	(800,000)	-	(800,000)
Acquisition of non-controlling interests		-	-	-	-	639,188	639,188
<b>Balance at 31 December 2015</b>		701,000	3,359,100	13,246,327	17,306,427	639,188	17,945,615
<b>Year ended 31 December 2016:</b>							
Profit and total comprehensive income for the year		-	-	3,367,975	3,367,975	(70,095)	3,297,880
Dividends	10	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
<b>Balance at 31 December 2016</b>		701,000	3,359,100	15,114,302	19,174,402	569,093	19,743,495

# 0404 INVESTMENTS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		701,000	3,359,100	2,591,433	6,651,533
<b>Year ended 31 December 2015:</b>					
Profit and total comprehensive income for the year		-	-	805,171	805,171
Dividends	10	-	-	(800,000)	(800,000)
<b>Balance at 31 December 2015</b>		701,000	3,359,100	2,596,604	6,656,704
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	1,513,250	1,513,250
Dividends	10	-	-	(1,500,000)	(1,500,000)
<b>Balance at 31 December 2016</b>		701,000	3,359,100	2,609,854	6,669,954

# 0404 INVESTMENTS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	32	7,327,005		4,830,679	
Interest paid		(464,440)		(512,268)	
Income taxes paid		(542,132)		(796,010)	
<b>Net cash inflow from operating activities</b>		<b>6,320,433</b>		<b>3,522,401</b>	
<b>Investing activities</b>					
Purchase of intangible assets		-	(314,000)		
Purchase of tangible fixed assets		(321,392)	(3,108,450)		
Proceeds on disposal of tangible fixed assets		299,753	268,511		
Purchase of other investments		(40,526)	-		
Purchase of subsidiaries		-	(1,092,733)		
Purchase of fixed asset investments		-	(220,290)		
Other investments and loans made		-	22,767		
Proceeds on disposal from other investments and loans		159,580	-		
Interest received		5,622	5,821		
<b>Net cash generated from/(used in) investing activities</b>		<b>103,037</b>		<b>(4,438,374)</b>	
<b>Financing activities</b>					
Movements on invoice discounting advances		(180,649)	1,484,164		
Proceeds from borrowings		-	21		
Repayment of borrowings		-	(10)		
Proceeds of new bank loans		-	2,300,000		
Repayment of bank loans		(914,185)	(905,038)		
Payment of finance leases obligations		(2,353,809)	(1,926,420)		
Dividends paid to equity shareholders		(1,500,000)	(800,000)		
<b>Net cash (used in)/generated from financing activities</b>		<b>(4,948,643)</b>		<b>152,717</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,474,827</b>		<b>(763,256)</b>	
Cash and cash equivalents at beginning of year		2,047,103		2,810,359	
<b>Cash and cash equivalents at end of year</b>		<b>3,521,930</b>		<b>2,047,103</b>	

# **0404 INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies**

#### **Company information**

0404 Investments Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Hammond Field, Hammond Drive, Read, Burnley, Lancashire, BB12 7RE.

The Group consists of 0404 Investments Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,513,250 (2015 - £805,171 profit).

#### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of 0404 Investments Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.3 Going concern**

The group is dependent on the ongoing support of its bankers and its invoice discounting facility providers.

The directors are not aware of any reasons why the bank overdraft and loan facilities and the invoice discounting facility will not be maintained at their current levels.

The directors are satisfied that in preparing the financial statements they have taken into account all the information that could reasonably be expected to be available.

On this basis they consider that it is appropriate to prepare the financial statements on the going concern basis.



# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.4 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.6 Intangible fixed assets other than goodwill

Website development expenses are stated at cost.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website	25% - 33.33% straight line
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Trademarks are stated at cost. They are not amortised, but are reviewed annually for any impairment in value.

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1- 8 % straight line basis
Leasehold property	Straight line over the term of the lease
Plant and moulds	10, 15 and 20% straight line basis and 15% reducing balance basis
Fixtures and fittings	15% straight line basis and 15% reducing balance basis
Office equipment	15% and 25% straight line basis and 15% reducing balance basis
Motor vehicles	25% straight line basis and 25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### 1.9 Fixed asset investments

Investments held as fixed assets are shown at cost less provision for impairment.

#### 1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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 profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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.

#### ***Other financial liabilities***

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 derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
From principal activity	50,294,999	47,421,813
From football club	2,403,967	-
	<u>52,698,966</u>	<u>47,421,813</u>
 <b>Other significant revenue</b>		
Interest income	<u>5,622</u>	<u>5,821</u>

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 2 Turnover and other revenue (Continued)

#### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	44,252,518	40,470,679
Rest of European Union	6,327,339	5,582,638
Rest of the World	2,119,109	1,368,496
	<u>52,698,966</u>	<u>47,421,813</u>

### 3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(68,574)	(26,751)
Depreciation of owned tangible fixed assets	1,004,496	1,273,500
Depreciation of tangible fixed assets held under finance leases	1,237,227	640,391
Loss/(profit) on disposal of tangible fixed assets	24,250	12,063
Amortisation of intangible assets	917,932	923,993
Impairment of intangible assets	-	1,298,034
Cost of stocks recognised as an expense	25,767,445	23,718,591
Operating lease charges	720,836	682,208
	<u></u>	<u></u>

### 4 Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	3,000	3,000
Audit of the company's subsidiaries	22,280	24,801
	<u>25,280</u>	<u>27,801</u>
<b>For other services</b>		
Taxation compliance services	-	3,150
Other taxation services	-	6,500
All other non-audit services	10,686	6,000
	<u>10,686</u>	<u>15,650</u>

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2016 Number	2015 Number
Production and despatch staff	169	175
Office, sales and management staff	54	40
Football club staff	68	68
	<u>291</u>	<u>283</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	9,963,707	6,862,689
Social security costs	630,312	668,771
Pension costs	159,027	152,295
	<u>10,753,046</u>	<u>7,683,755</u>

### 6 Director's remuneration

	2016 £	2015 £
Remuneration for qualifying services	-	8,918

### 7 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	5	-
Other interest income	5,617	5,821
	<u>5,622</u>	<u>5,821</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>5</u>	<u>-</u>
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# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	197,672	263,851
Interest on finance leases and hire purchase contracts	163,214	141,060
	<u>360,886</u>	<u>404,911</u>
<b>Other finance costs:</b>		
Other interest	103,554	107,357
	<u>464,440</u>	<u>512,268</u>

### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,066,604	850,195
Adjustments in respect of prior periods	-	827
	<u>1,066,604</u>	<u>851,022</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	44,777	77,872
	<u>1,111,381</u>	<u>928,894</u>



# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	4,409,261	2,286,397
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	881,852	462,902
Tax effect of expenses that are not deductible in determining taxable profit	(5,144)	30,817
Tax effect of income not taxable in determining taxable profit	-	(2,683)
Effect of change in corporation tax rate	(35,227)	(956)
Permanent capital allowances in excess of depreciation	(19,352)	(42,382)
Depreciation on assets not qualifying for tax allowances	46,506	35,757
Amortisation on assets not qualifying for tax allowances	177,194	442,170
Other non-reversing timing differences	46,975	-
Other permanent differences	4,850	2,442
Under/(over) provided in the year	-	827
Reversal of deferred tax timing differences	13,727	-
Tax expense for the year	1,111,381	928,894

### 10 Dividends

	2016 £	2015 £
Interim paid	1,500,000	800,000

### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2016 £	2015 £
In respect of:		
Goodwill	-	1,298,034
Recognised in:		
Administrative expenses	-	1,298,034

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 11 Impairments

(Continued)

The above impairment loss was equivalent to the total amount of the goodwill capitalised on the acquisition of the controlling shareholdings in Accrington Stanley Football Club Limited by the group. Accrington Stanley Football Club Limited is currently loss-making and is financially dependent on the group.

### 12 Intangible fixed assets

Group	Goodwill £	Website £	Trademarks £	Total £
<b>Cost</b>				
At 1 January 2016 and 31 December 2016	5,727,887	192,397	323,651	6,243,935
<b>Amortisation and impairment</b>				
At 1 January 2016	3,955,947	127,922	-	4,083,869
Amortisation charged for the year	885,971	33,817	-	919,788
At 31 December 2016	4,841,918	161,739	-	5,003,657
<b>Carrying amount</b>				
At 31 December 2016	885,969	30,658	323,651	1,240,278
At 31 December 2015	1,771,940	64,475	323,651	2,160,066

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

## 0404 INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

#### 13 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold property £	Plant and moulds £	Fixtures and fittings £	Office Motor vehicles equipment £	Total £
<b>Cost</b>						
At 1 January 2016	13,795,598	194,679	22,793,528	1,727,180	500,182	103,115 39,114,282
Additions	-	-	3,768,362	217,789	42,931	56,496 4,085,578
Disposals	-	(5,300)	(1,205,220)	-	(298)	(1,328) (1,212,146)
At 31 December 2016	13,795,598	189,379	25,356,670	1,944,969	542,815	158,283 41,987,714
<b>Depreciation and impairment</b>						
At 1 January 2016	1,146,850	-	11,929,625	1,024,935	324,045	85,040 14,510,495
Depreciation charged in the year	192,263	40,267	1,803,159	167,840	45,932	21,550 2,271,011
Eliminated in respect of disposals	-	-	(887,936)	-	(207)	- (888,143)
At 31 December 2016	1,339,113	40,267	12,844,848	1,192,775	369,770	106,590 15,893,363
<b>Carrying amount</b>						
At 31 December 2016	12,456,485	149,112	12,511,822	752,194	173,045	51,693 26,094,351
At 31 December 2015	12,648,748	194,679	10,863,903	702,245	176,137	18,075 24,603,787

The company had no tangible fixed assets at 31 December 2016 or 31 December 2015

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	2015 £	Company 2016 £	2015 £
Plant and moulds	9,092,620	5,823,837	-	-
Fixtures and fittings	349,381	401,981	-	-
Motor vehicles	56,082	16,415	-	-
	<u>9,498,083</u>	<u>6,242,233</u>	<u>-</u>	<u>-</u>

Freehold land and buildings with a carrying amount of £8,655,705 (2015 - £8,747,072) have been pledged to secure borrowings of the group. The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

#### 14 Investment property

	Group 2016 £	Company 2016 £
<b>Fair value</b>		
At 1 January 2016	-	-
Additions through external acquisition	40,526	40,526
	<u>40,526</u>	<u>40,526</u>
At 31 December 2016	<u>40,526</u>	<u>40,526</u>

During the year the group purchased land on Whalley Road, Accrington. The land is included in the balance sheet at its historic cost of £40,526. The directors consider that this cost represents a reasonable estimate of its current market value.

#### 15 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	16	-	-	6,990,100	6,990,100
Unlisted investments		353,823	513,403	-	-
		<u>353,823</u>	<u>513,403</u>	<u>6,990,100</u>	<u>6,990,100</u>

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 15 Fixed asset investments

(Continued)

#### Movements in fixed asset investments Group

Unlisted  
investments  
£

#### Cost or valuation

At 31 December 2016

513,403

Disposals

(159,580)

At 31 December 2016

353,823

#### Carrying amount

At 31 December 2016

353,823

At 31 December 2015

513,403

#### Movements in fixed asset investments Company

Shares  
£

#### Cost or valuation

At 1 January 2015 & 31 December 2015

6,990,100

#### Carrying amount

At 31 December 2016

6,990,100

At 31 December 2015

6,990,100

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 16 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered Office	Nature of business	Class of shareholding	% Held Direct Indi rect
What More UK Limited	Pendle Court, 4 Mead Way, Shuttleworth Mead Business Park, Padiham, Burnley, Lancashire, BB12 7NG	Manufacture of plastic house and gardenwares	Ordinary	100.00
The Plastic Box Company Limited	As above	Internet wholesaler of plastic house and gardenwares	Ordinary	100.00
Octoplus Limited	As above	Retailer of fishing products	Ordinary	100.00
Wham World Limited	As above	Non-trading	Ordinary	100.00
Accrington Stanley Football Club Limited	Livingstone Road, Accrington, Lancashire, BB5 5BX	Professional football club	Ordinary	75.30

### 17 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	9,851,389	9,501,114	10	10
Equity instruments measured at cost less impairment	353,823	513,403	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	29,517,039	27,407,021	386,378	345,507

### 18 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	3,173,398	2,274,479	-	-
Work in progress	174,820	133,486	-	-
Finished goods and goods for resale	6,185,540	5,466,809	-	-
	9,533,758	7,874,774	-	-

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 19 Debtors

	Group 2016	2015	Company 2016	2015
Amounts falling due within one year:	£	£	£	£
Trade debtors	9,344,085	8,948,028	-	-
Corporation tax recoverable	-	99,341	-	-
Other debtors	509,273	555,241	10	2,145
Prepayments and accrued income	1,092,649	579,764	-	-
	<u>10,946,007</u>	<u>10,182,374</u>	<u>10</u>	<u>2,145</u>

### 20 Creditors: amounts falling due within one year

	Notes	Group 2016	2015	Company 2016	2015
		£	£	£	£
Debenture loans	22	6,306,570	6,487,219	-	-
Bank loans and overdrafts	22	2,205,000	914,185	-	-
Obligations under finance leases	23	2,704,933	2,111,983	-	-
Other borrowings	22	11	11	-	-
Trade creditors		6,723,106	5,351,378	-	-
Amounts due to group undertakings		-	-	364,683	306,302
Corporation tax payable		790,326	365,195	-	2,368
Other taxation and social security		864,934	862,426	619	-
Government grants	25	28,121	31,148	-	-
Other creditors		561,197	581,286	21,695	36,695
Accruals and deferred income		3,222,834	2,779,998	-	2,510
		<u>23,407,032</u>	<u>19,484,829</u>	<u>386,997</u>	<u>347,875</u>

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2016	2015	Company 2016	2015
		£	£	£	£
Bank loans and overdrafts	22	3,260,000	5,465,000	-	-
Obligations under finance leases	23	4,533,388	3,715,961	-	-
Government grants	25	116,457	144,578	-	-
		<u>7,909,845</u>	<u>9,325,539</u>	<u>-</u>	<u>-</u>

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 22 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Invoice discounting advances	6,306,570	6,487,219	-	-
Bank loans	5,465,000	6,379,185	-	-
Directors' loans	383,470	-	-	-
Other loans	11	11	-	-
	<u>12,155,051</u>	<u>12,866,415</u>	<u>-</u>	<u>-</u>
Payable within one year	8,895,051	7,401,415	-	-
Payable after one year	<u>3,260,000</u>	<u>5,465,000</u>	<u>-</u>	<u>-</u>

The long term loans are secured by mortgage debentures and first legal charges over certain property and assets of the group.

Invoice discounting advances are secured by a mortgage debenture and a first legal charge over certain property and assets of the group.

Obligations under finance leases are secured upon the assets for which they are held.

All of the bank loans extant at 31 December 2016 are due for repayment within five years of the balance sheet date.

### 23 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	2,704,933	2,111,983	-	-
In two to five years	<u>4,533,388</u>	<u>3,715,961</u>	<u>-</u>	<u>-</u>
	<u>7,238,321</u>	<u>5,827,944</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.



# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
<b>Group</b>		
Accelerated capital allowances	673,047	642,141
Unrelieved pension contributions	(2,746)	(16,617)
	<u>670,301</u>	<u>625,524</u>

The company has no deferred tax assets or liabilities.

<b>Movements in the year:</b>	£	£
Liability at 1 January 2016	625,524	547,652
Charge to profit or loss	44,777	77,872
	<u>670,301</u>	<u>625,524</u>
Liability at 31 December 2016	<u>670,301</u>	<u>625,524</u>

The deferred tax liability set out above is expected to reverse within five years and relates to accelerated capital allowances and unrelieved pension contributions that are expected to mature within the same period.

### 25 Government grants

	Group 2016 £	2015 £	Company 2016 £	2015 £
Deferred income is included in the financial statements as follows:				
Current liabilities	28,121	31,148	-	-
Non-current liabilities	116,457	144,578	-	-
	<u>144,578</u>	<u>175,726</u>	<u>-</u>	<u>-</u>

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 26 Retirement benefit schemes

	2016	2015
Defined contribution schemes	£	£
Charge to profit and loss in respect of defined contribution schemes	159,027	152,295

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 27 Share capital

	Group and company	
	2016	2015
Ordinary share capital	£	£
Issued and fully paid		
701,000 Ordinary shares of £1 each	701,000	701,000

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 28 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	48,455	91,830	-	-
Between two and five years	1,936,503	677,829	-	-
In over five years	-	1,692,393	-	-
	<u>1,984,958</u>	<u>2,462,052</u>	<u>-</u>	<u>-</u>

### 29 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors of What More UK Limited, is as follows.

	2016 £	2015 £
Aggregate compensation	<u>696,129</u>	<u>1,185,999</u>

All of the directors of What More UK Limited are considered to be key management personnel by virtue of their authority and responsibility for planning, directing and controlling the activities of the group.

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchase of goods		Management charges paid	
	2016 £	2015 £	2016 £	2015 £
<b>Group</b>				
Entities under the common control of Mr A M Holt	863,730	383,502	-	70,000
Pension fund in which Mr A M Holt and his wife are trustees	-	2,300,000	-	-
	<u>863,730</u>	<u>2,683,502</u>	<u>-</u>	<u>70,000</u>

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 29 Related party transactions

(Continued)

	Rent charged		Interest received	
	2016	2015	2016	2015
	£	£	£	£
<b>Group</b>				
Entities under the common control of Mr A M Holt	338,479	338,479	-	5,821
Pension fund in which Mr A M Holt and his wife are trustees	-	190,465	-	-
	<u>338,479</u>	<u>528,944</u>	<u>-</u>	<u>5,821</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
<b>Group</b>		
Entities under the common control of Mr A M Holt	<u>97,440</u>	<u>852</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2016	2015
	£	£
<b>Group</b>		
Entities under the common control of Mr A M Holt	<u>59,968</u>	<u>324,585</u>

No guarantees have been given or received.

# 0404 INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 30 Directors' transactions

Dividends totalling £1,425,000 (2015: £800,000) were paid in the year in respect of shares held by the group's director.

During the year the group purchased artwork from Mr A M Holt and his wife for the sum of £159,580 (2015: £220,290).

In the previous year the group also purchased 15,831 A £1 ordinary shares and 1,697 B £1 ordinary shares in Accrington Stanley Football Club Limited for a total consideration of £253,402 from Mr A M Holt.

The following amounts were advanced to the director during the year:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Mr A M Holt - Director's loan account	-	216,062	2,034,675	-	2,250,737	-
		<u>216,062</u>	<u>2,034,675</u>	<u>-</u>	<u>2,250,737</u>	<u>-</u>

The maximum overdrawn balance on the above loan account during the year was £881,961.

Interest free loans have been granted by the director to the group as follows:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Mr A M Holt - Director's loan account	-	-	383,441	-	-	383,441
		<u>-</u>	<u>383,441</u>	<u>-</u>	<u>-</u>	<u>383,441</u>

### 31 Controlling party

The ultimate controlling party of 0404 Investments Limited is Mr A M Holt by virtue of his shareholding in the company.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

32 Cash generated from operations	2016 £	2015 £
Profit for the year after tax	3,297,880	1,357,503
Adjustments for:		
Taxation charged	1,111,381	928,894
Finance costs	464,440	512,268
Investment income	(5,622)	(5,821)
Loss on disposal of tangible fixed assets	24,250	12,063
Amortisation and impairment of intangible assets	919,788	2,222,027
Depreciation and impairment of tangible fixed assets	2,271,011	1,960,863
Movements in working capital:		
(Increase) in stocks	(1,658,984)	(290,229)
(Increase) in debtors	(862,974)	(1,448,735)
Increase/(decrease) in creditors	1,796,983	(387,005)
Decrease in government grants	(31,148)	(31,149)
<b>Cash generated from operations</b>	<b>7,327,005</b>	<b>4,830,679</b>