

Company Registration No. 06911054 (England and Wales)

**SCENT GLOBAL LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**



# SCENT GLOBAL LTD

## COMPANY INFORMATION

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<b>Director</b>	Atul Thakrar
<b>Company number</b>	06911054
<b>Registered office</b>	6th Floor Cardinal House 20 St Mary's Parsonage Manchester M3 2LG
<b>Auditor</b>	Lopian Gross Barnett & Co 6th Floor Cardinal House 20 St Mary's Parsonage Manchester M3 2LG
<b>Business address</b>	6 Dallas Court Salford M50 2GF

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# **SCENT GLOBAL LTD**

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# SCENT GLOBAL LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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The director presents the strategic report for the year ended 28 February 2018.

### **Principal Activity**

The principal activity of the Company is wholesaler of health and beauty goods.

### **Fair review of the business**

The director believes that the Company is a leading wholesaler of health and beauty products due to the quality of customer service and excellent working relationships with customers, together with a broad product range.

Turnover for the year ended 28 February 2018 increased to £33,928,999 (2017: £20,453,930 for a nine month period).

The Company increased sales through managing and developing its existing customer base and acquiring new customers, and through expanding the breadth and depth of its stock base.

### **Principal risks and uncertainties**

The Company operates in a competitive market place but the director remains confident that appropriate strategies are in place to deal successfully with the risks encountered in this environment.

The Company trades with customers and suppliers around the world and manages the risks inherent in its activities.

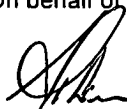
The Company is exposed to foreign exchange rates in the fact that it buys and sells a proportion of its goods in foreign currencies. The exchange rate exposure is monitored by the business on a regular basis and the Company has put in place foreign exchange contracts to mitigate the risks it faces.

Sales receipts from customer are largely on credit terms and processes and insurance are in place to ensure that credit risk is minimised.

### **Key performance indicators**

Key Performance Indicators are turnover and gross profit percentage.

On behalf of the board



Atul Thakrar

**Director**

15 November 2018

# SCENT GLOBAL LTD

## DIRECTOR'S REPORT

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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The director presents his annual report and financial statements for the year ended 28 February 2018.

### **Principal activities**

The company's principal activity continued to be that of the wholesaler of perfumery, cosmetics and accessories.

### **Director**

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

Atul Thakrar

### **Results and dividends**

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

### **Auditor**

Lopian Gross Barnett & Co were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



Atul Thakrar

**Director**

15 November 2018

# **SCENT GLOBAL LTD**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 28 FEBRUARY 2018***

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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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

# SCENT GLOBAL LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SCENT GLOBAL LTD

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#### Opinion

We have audited the financial statements of Scent Global Ltd (the 'company') for the year ended 28 February 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the 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 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.

# SCENT GLOBAL LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SCENT GLOBAL LTD

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### 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 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, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of director

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



Jonathan Brodie ACA (Senior Statutory Auditor)  
for and on behalf of Lopian Gross Barnett & Co

20/11/18

Chartered Accountants  
Statutory Auditor

6th Floor Cardinal House  
20 St Mary's Parsonage  
Manchester  
M3 2LG



# SCENT GLOBAL LTD

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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		Year ended 28 February 2018 £	Period ended 28 February 2017 £
	Notes		
Turnover	3	33,928,999	20,453,930
Cost of sales		(28,997,890)	(17,257,242)
<b>Gross profit</b>		<b>4,931,109</b>	<b>3,196,688</b>
Administrative expenses		(3,660,800)	(2,566,500)
<b>Operating profit</b>	4	<b>1,270,309</b>	<b>630,188</b>
Interest receivable and similar income	7	133	628
Interest payable and similar expenses	3	(1,018,952)	(528,834)
Exceptional items		(35,960)	-
<b>Profit before taxation</b>		<b>215,530</b>	<b>101,982</b>
Taxation	10	(46,142)	(30,754)
<b>Profit for the financial year</b>		<b>169,388</b>	<b>71,228</b>

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The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# SCENT GLOBAL LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2018

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	Year ended 28 February 2018 £	Period ended 28 February 2017 £
Profit for the year	169,388	71,228
Other comprehensive income	-	-
Total comprehensive income for the year	<u>169,388</u>	<u>71,228</u>

# SCENT GLOBAL LTD

## BALANCE SHEET

AS AT 28 FEBRUARY 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		12,707		9,757
Tangible assets	12		348,077		435,120
			<u>360,784</u>		<u>444,877</u>
<b>Current assets</b>					
Stocks	13	18,334,041		12,967,855	
Debtors	14	6,888,149		8,465,502	
Cash at bank and in hand		535,755		575,797	
		<u>25,757,945</u>		<u>22,009,154</u>	
<b>Creditors: amounts falling due within one year</b>	15	(12,122,081)		(6,503,168)	
<b>Net current assets</b>			<u>13,635,864</u>		<u>15,505,986</u>
<b>Total assets less current liabilities</b>			<u>13,996,648</u>		<u>15,950,863</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(13,651,753)		(15,772,577)
<b>Provisions for liabilities</b>	18		(678)		(3,457)
<b>Net assets</b>			<u><u>344,217</u></u>		<u><u>174,829</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		10		10
Profit and loss reserves			344,207		174,819
<b>Total equity</b>			<u><u>344,217</u></u>		<u><u>174,829</u></u>

The financial statements were approved and signed by the director and authorised for issue on 15 November 2018

  
Atul Thakrar  
Director

Company Registration No. 06911054

# SCENT GLOBAL LTD

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 June 2016</b>	10	103,591	103,601
<b>Period ended 28 February 2017:</b>			
Profit and total comprehensive income for the period	-	71,228	71,228
	<hr/>	<hr/>	<hr/>
<b>Balance at 28 February 2017</b>	10	174,819	174,829
<b>Period ended 28 February 2018:</b>			
Profit and total comprehensive income for the period	-	169,388	169,388
	<hr/>	<hr/>	<hr/>
<b>Balance at 28 February 2018</b>	<hr/> 10 <hr/>	<hr/> 344,207 <hr/>	<hr/> 344,217 <hr/>

# SCENT GLOBAL LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	24		(3,548,320)		1,088,240
Interest payable			(1,018,952)		(528,834)
Income taxes paid			(27,298)		(26,017)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(4,594,570)</b>		<b>533,389</b>
<b>Investing activities</b>					
Exceptional - bad debts net of loan waivers		(35,960)		-	
Purchase of intangible assets		(7,000)		(7)	
Purchase of tangible fixed assets		(19,001)		(816,708)	
Proceeds on disposal of tangible fixed assets		-		150,000	
Interest received		133		628	
<b>Net cash used in investing activities</b>			<b>(61,828)</b>		<b>(666,087)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		-		10	
Bank loans received		4,616,356		447,935	
<b>Net cash generated from financing activities</b>			<b>4,616,356</b>		<b>447,945</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(40,042)</b>		<b>315,247</b>
Cash and cash equivalents at beginning of year			575,797		260,550
<b>Cash and cash equivalents at end of year</b>			<b>535,755</b>		<b>575,797</b>

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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### **1 Accounting policies**

#### **Company information**

Scent Global Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 6th Floor Cardinal House, 20 St Mary's Parsonage, Manchester, M3 2LG.

#### **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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.2 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **1.3 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value of the asset can be measured reliably.

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:

Trademarks	20% Straight Line
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#### **1.4 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.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

### 1 Accounting policies

(Continued)

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:

Leasehold improvements	20% Straight Line
Plant and equipment	20% Straight Line
Fixtures and fittings	20% Straight Line
Computers	20% Straight Line
Motor vehicles	20% Straight Line

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 credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

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### 1 Accounting policies

(Continued)

#### 1.7 Cash and cash equivalents

Cash at bank and in hand 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.

#### 1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **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 company 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.



# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

### 1 Accounting policies

(Continued)

#### **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 company after deducting all of its liabilities.

#### **Basic financial 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.

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

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

### 1.9 Equity instruments

Equity instruments issued by the company 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 company.

### 1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 1 Accounting policies

(Continued)

#### **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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 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.

#### **1.12 Retirement benefits**

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

#### **1.13 Leases**

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.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

### 3 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Sale of goods	33,876,403	20,411,858
Other income	52,596	42,072
	<u>33,928,999</u>	<u>20,453,930</u>

	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	133	628
	<u>133</u>	<u>628</u>

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
UK	19,785,668	11,467,526
Rest of the world	14,143,331	8,986,404
	<u>33,928,999</u>	<u>20,453,930</u>

### 4 Operating profit

	2018 £	2017 £
Operating profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	32,500	-
Depreciation of owned tangible fixed assets	106,044	227,472
(Profit)/loss on disposal of tangible fixed assets	-	4,116
Amortisation of intangible assets	4,050	2,250
Cost of stocks recognised as an expense	28,997,890	17,257,242
Operating lease charges	68,000	49,733
	<u>28,997,890</u>	<u>17,257,242</u>

### 5 Employees

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

2018 Number	2017 Number
56	48
<u>56</u>	<u>48</u>

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

<b>5</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	1,605,956	1,044,441
	Social security costs	141,881	79,454
	Pension costs	65,136	43,172
		<u>1,812,973</u>	<u>1,167,067</u>
<b>6</b>	<b>Director's remuneration</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	<u>124,355</u>	<u>90,000</u>
<b>7</b>	<b>Interest receivable and similar income</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	-	628
	Other interest income	133	-
	Total income	<u>133</u>	<u>628</u>
<b>8</b>	<b>Interest payable and similar expenses</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Interest on bank overdrafts and loans	78,564	4,386
	Interest on invoice finance arrangements	186,424	9,736
	Other interest on financial liabilities	753,964	514,712
		<u>1,018,952</u>	<u>528,834</u>
<b>9</b>	<b>Interest payable and similar charges</b>		
	Included within interest payable and similar charges is £753,964 (2017 - £514,712) of interest payable on long term loans. The interest is accrued on a daily basis but is not payable until 30 June 2023.		
<b>10</b>	<b>Taxation</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	<u>48,920</u>	<u>27,297</u>

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

### 10 Taxation

(Continued)

#### Deferred tax

Origination and reversal of timing differences	(2,778)	3,457
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Total tax charge

46,142	30,754
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The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	215,530	101,982
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	40,951	20,396
Tax effect of expenses that are not deductible in determining taxable profit	5,146	4,061
Change in unrecognised deferred tax assets	(2,778)	3,457
Effect of change in corporation tax rate	2,056	-
Permanent capital allowances in excess of depreciation	(1,840)	-
Depreciation on assets not qualifying for tax allowances	2,607	2,840
Taxation charge for the period	46,142	30,754

### 11 Intangible fixed assets

	Trademarks £
<b>Cost</b>	
At 1 March 2017	15,007
Additions - separately acquired	7,000
At 28 February 2018	22,007
<b>Amortisation and impairment</b>	
At 1 March 2017	5,250
Amortisation charged for the year	4,050
At 28 February 2018	9,300
<b>Carrying amount</b>	
At 28 February 2018	12,707
At 28 February 2017	9,757

## SCENT GLOBAL LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

#### 12 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 March 2017	197,093	87,511	59,788	288,924	28,392	661,708
Additions	4,428	5,000	-	9,573	-	19,001
At 28 February 2018	201,521	92,511	59,788	298,497	28,392	680,709
<b>Depreciation and impairment</b>						
At 1 March 2017	26,237	11,668	7,971	177,057	3,655	226,588
Depreciation charged in the year	39,632	17,835	11,957	30,942	5,678	106,044
At 28 February 2018	65,869	29,503	19,928	207,999	9,333	332,632
<b>Carrying amount</b>						
At 28 February 2018	135,652	63,008	39,860	90,498	19,059	348,077
At 28 February 2017	170,856	75,843	51,817	111,867	24,737	435,120

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

### 13 Stocks

	2018 £	2017 £
Finished goods and goods for resale	18,334,041	12,967,855

### 14 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	6,237,393	5,320,124
Other debtors	472,875	2,988,641
Prepayments and accrued income	177,881	156,737
	6,888,149	8,465,502

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

	Notes	2018 £	2017 £
Bank loans and overdrafts	17	5,064,291	447,935
Trade creditors		5,455,176	5,128,595
Corporation tax		48,920	27,297
Other taxation and social security		54,218	33,950
Other creditors		1,298,182	587,635
Accruals and deferred income		201,294	277,756
		12,122,081	6,503,168

The bank loans and overdrafts above are secured by fixed and floating charges over the company's assets.

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

	2018 £	2017 £
Loans payable after more than 5 years	13,651,753	15,772,577

The long-term loans are secured by fixed charges over the assets of the company. These charges were created on 1 July 2016.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 17 Loans and overdrafts

	2018 £	2017 £
Bank loans	5,064,291	447,935
Payable within one year	5,064,291	447,935

The long-term loans are secured by fixed and floating charges over the company's assets.

### 18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	678	3,457

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Accelerated capital allowances	678	3,457
<b>Movements in the year:</b>		2018 £
Liability at 1 March 2017		3,457
Credit to profit or loss		(2,779)
Liability at 28 February 2018		678

### 20 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	65,136	43,172



# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 21 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10 Ordinary of £1 each	10	10
	<u>10</u>	<u>10</u>

### 22 Operating lease commitments

#### Lessee

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

	2018 £	2017 £
Within one year	-	31,468

### 23 Related party transactions

At the balance sheet date the company was owed £47,196 (2017 - £147,332) from Pebbles Creative Ltd, a company controlled by the Mr A Thakrar, director. During the period the company sold £452,583 of goods/ services to Pebbles Creative Ltd.

At the balance sheet date the company owed £2,913,475 (2017 - 3,096,060) to Landgold Capital Limited, a company controlled by Mr A Thakrar, director. Interest has been charged on this loan at what the director views as a commercial rate.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 24 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	169,388	71,228
<b>Adjustments for:</b>		
Taxation charged	46,142	30,754
Finance costs	1,018,952	528,834
Investment income	(133)	(628)
(Gain)/loss on disposal of tangible fixed assets	-	4,116
Loss on disposal of business	35,960	-
Amortisation and impairment of intangible assets	4,050	2,250
Depreciation and impairment of tangible fixed assets	106,044	227,472
<b>Movements in working capital:</b>		
(Increase) in stocks	(5,366,186)	(11,368,441)
Decrease/(increase) in debtors	1,564,449	(6,224,766)
(Decrease)/increase in creditors	(1,126,986)	17,817,421
<b>Cash (absorbed by)/generated from operations</b>	<b>(3,548,320)</b>	<b>1,088,240</b>