

## **Boux Avenue Limited**

Report and Financial Statements

Year Ended

1 April 2017

Company Number 07191520

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# **Boux Avenue Limited**

## **Report and financial statements for the year ended 1 April 2017**

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### **Contents**

#### **Page:**

1	Strategic report
3	Report of the directors
5	Independent auditor's report
7	Statement of comprehensive income
8	Statement of financial position
9	Statement of changes in equity
10	Notes forming part of the financial statements

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### **Directors**

T Paphitis  
K Kyprianou  
A Paphitis

### **Secretary and Registered office**

A E Mantz, 1 St Georges Road, Wimbledon, London SW19 4DR

### **Company number**

07191520

### **Auditors**

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

### **Bankers**

National Westminster Bank Plc, 186 Brompton Road, London, SW3 1XJ

# **Boux Avenue Limited**

## **Strategic report for the year ended 1 April 2017**

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A review of the business and future developments, including key performance indicators and the principal risks and uncertainties is set out below.

### **Business review and future developments**

I am pleased to report further growth across all channels for the year ended 1 April 2017 for Boux Avenue Limited in the UK.

Our investment in the business, which was launched in April 2011, has continued as with all previous years, with recent focus in particular being on the infrastructure supporting growth through our website, [bouxavenue.com](http://bouxavenue.com). Investment has included a new website hosted on a market leading platform to facilitate continued growth in the UK, as well as the development of our online business internationally. Since the year end, the group has also invested over £3m in building and commissioning a new warehouse and fulfilment facility in Crewe to support the Company's plans.

For the year ended 1 April 2017, sales grew by over £5m to reach £49.4m. Like for like sales were 7.0% building on increases recorded in every single year since inception. Total growth, which includes sales from all of our channels in the UK, was 11.3%.

We currently operate from 29 stores in the UK, with the recent opening in October 2017 in the Westgate Centre, Oxford. We are contracted for a new store in the Victoria Centre, Nottingham, which we expect to open in the Spring of 2018. We are delighted that this will take us to our initial plan of opening 30 stores in key shopping locations and centres in the UK.

Our online business continued to deliver growth at over 30% in line with our plans and we are confident that the additional investment mentioned above will support this further. We have also successfully developed further channels through wholesaling through other online retailers, both in the UK and internationally.

As we continue to invest in the brand and our operations, the EBITDA loss for the year was £2.2m, which was £0.5m higher than the last financial year. With continued growth, we expect our investment in developing the Boux Avenue brand to generate returns in the near future. We do, however, expect retailing in the UK to remain challenging not helped by the political and economic uncertainty we face. The commitment of the group to the brand is reflected in the continued support and the availability of further investment and funding to continue its development.

I would like to thank all of our colleagues across the business for the dedication and hard work in delighting our customers with our products and excellent service across all channels.

### **Key Performance Indicators**

Like for like sales increased by 7.0% (2016 - 13.4%).

Turnover increased to £49.4m (2016 - £44.4m).

Gross profit increased to £27.4m (2016 - £24.4m).

Operating loss increased to £3.8m (2016 - £3.3m loss).

EBITDA loss increased to £2.2m (2016 - £1.7m loss).

The directors are satisfied with the performance of the Company against these key performance indicators.

# Boux Avenue Limited

## Strategic report for the year ended to 1 April 2017 (*continued*)

### Principal risks and uncertainties

The principal risks and uncertainties that the Company faces together with an explanation of how they are managed and mitigated are as follows:

#### *Liquidity and cash flow*

The directors review the liquidity and cash flow risk of the Company carefully. Cash flow is monitored by the directors on a regular basis and surplus funds are primarily invested in readily accessible accounts to ensure that peak working capital requirements are easily managed.

The Company's liquidity is dependent upon the continued support of related party companies and Theo Paphitis Funding Limited, a company owned by Theo Paphitis. The directors have received confirmation of the ongoing commitment to support the Company.

#### *Currency*

The Company manages foreign exchange risk through, when appropriate, the forward buying of US Dollars for future trade payments. The directors agree and review the policy on a regular basis. Financial instruments such as trade creditors arise directly from the Company's operations.

#### *The Economy*

There are a number of economic factors that affect our customers, partners and suppliers at both the global and national level. The directors monitor these closely to ensure that the Company is prepared for and can react to changes in the economic environment.

#### *Stock*

The most significant investment that the Company makes each year is its investment in stock. Processes are in place to mitigate the risk inherent in such an investment by controlling the level of stock at any one location in the context of changing sales levels, and to ensure that all slow-moving stock is moved through the business.

#### *People*

The directors recognise the importance of our people in the success of its operations. The risk of reliance on key individuals is minimised through the development of succession plans.

### On behalf of the Board



T Paphitis  
Chairman

Date

13<sup>th</sup> December 2017

# **Boux Avenue Limited**

## **Report of the directors for the year ended to 1 April 2017**

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The directors present their report together with the audited financial statements for the year ended 1 April 2017.

### **Results and dividends**

The statement of comprehensive income is set out on page 7 and shows the result for the year.

The loss after taxation for the year amounted to £4,623,000 (2016 - £3,788,000 loss).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the year amounted to a loss of £2,203,000 (2016 - £1,732,000 loss).

### **Principal activity, business review and future developments**

The principal activity during the year was that of lingerie retailing through high street stores and online at [www.bouxavenue.com](http://www.bouxavenue.com).

A review of the business and future developments is contained in the strategic report on page 1.

### **Financial risk factors**

The consideration of the key financial risk factors is contained in the strategic report on page 2.

### **Directors**

The directors of the Company during the year were:

T Paphitis  
K Kyprianou  
A Paphitis

### **Employees**

Boux Avenue is an equal opportunities employer, committed to diversity and inclusion for all employees. The Company recruits the best people from all backgrounds reflecting the communities in which it operates and encourages development through training programmes for employees to make best use of their skills.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Health and Safety**

Boux Avenue understands the importance of high standards of health and safety which it monitors through its Health and Safety Committee which meets on a regular basis. The Committee comprises representatives from operational, administrative and risk management and is chaired by the Group Finance Director.

# Boux Avenue Limited

## Report of the directors for the year ended to 1 April 2017 (*continued*)

### Employee consultation

The Company places considerable value on the involvement of its employees and maintains close consultation with them regarding matters likely to affect their interests and is committed to providing them with relevant information and involving them in the performance and development of the Company whenever possible. This is achieved through regular trading updates and both formal and informal meetings where employees are consulted on a wide range of matters that affect their interests. The Company operates a regular performance review process with each employee to discuss personal and career development.

### Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 Company will continue in business.

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

### Auditors

Each individual director has taken all the steps necessary to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information to which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will automatically be reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their reappointment.

### On behalf of the Board

  
T Pappas  
Director

Date

13<sup>th</sup> December 2017

# **Boux Avenue Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF BOUX AVENUE LIMITED**

We have audited the financial statements of Boux Avenue Limited for the year ended 1 April 2017 which comprise the statement of comprehensive income and retained earnings, the statement of financial position, the statement of changes in equity 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).

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 directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 April 2017 and of its loss 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 matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Boux Avenue Limited

### Independent auditor's report (*continued*)

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

James Fearon (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
United Kingdom

Date 15 December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Boux Avenue Limited

## Statement of comprehensive income for the year ended 1 April 2017

	Note	2017 £'000	2016 £'000
<b>Turnover</b>	3	49,409	44,387
Cost of sales		(22,034)	(19,966)
<b>Gross profit</b>		27,375	24,421
Administrative expenses		(31,128)	(27,740)
<b>Operating loss</b>	4	(3,753)	(3,319)
Interest receivable	7	5	4
Interest payable	8	(1,785)	(1,315)
<b>Loss on ordinary activities before taxation</b>		(5,533)	(4,630)
Taxation on loss on ordinary activities	9	910	842
<b>Loss on ordinary activities after taxation</b>		(4,623)	(3,788)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss</b>		(4,623)	(3,788)

All amounts relate to continuing activities.

The notes on pages 10 to 22 form part of these financial statements.

# Boux Avenue Limited

## Statement of financial position at 1 April 2017

<b>Company number 07191520</b>	<b>Note</b>	<b>2017 £'000</b>	<b>2017 £'000</b>	<b>2016 £'000</b>	<b>2016 £'000</b>
<b>Fixed assets</b>					
Property, plant and equipment	10		9,939		10,412
<b>Current assets</b>					
Stock	11	11,728		9,608	
Debtors	12	6,690		5,889	
Cash at bank and in hand		1,016		1,084	
		19,434		16,581	
<b>Creditors: amounts falling due within one year</b>	13	(26,093)		(19,305)	
<b>Net current liabilities</b>			(6,659)		(2,724)
<b>Total assets less current liabilities</b>			3,280		7,688
<b>Creditors: amounts falling due after more than one year</b>	14		(33,850)		(33,635)
<b>Net liabilities</b>			(30,570)		(25,947)
<b>Capital and reserves</b>					
Called up share capital	16		4,370		4,370
Capital reserve			1,206		1,206
Profit and loss account			(36,146)		(31,523)
<b>Shareholders' deficits</b>			(30,570)		(25,947)

The financial statements were approved by the Board of directors and authorised for issue on 13<sup>th</sup> December 2017

T Paphitis  
Director

The notes on pages 10 to 22 form part of these financial statements.

**Statement of changes in equity  
for the year ended 1 April 2017**

The notes on pages 10 to 22 form part of these financial statements.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017

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### 1 Accounting policies

Boux Avenue Limited is a Company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Companies Act 2006. The financial statements have been prepared on the historic cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The accounts are drawn up to the nearest whole £'000, except where otherwise indicated.

The following principal accounting policies have been applied:

#### *Basis of preparation*

The Company's liquidity is dependent upon the continued support of related party companies and Theo Paphitis Funding Limited, a company owned by Theo Paphitis. The directors have received confirmation of the ongoing commitment to support the Company. The directors therefore consider that the Company will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

#### *Financial Reporting Standard 102 – reduced disclosure exemptions*

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- Statement of cash flows and related notes;
- Key management personnel remuneration.

This information is included in the consolidated financial statements of Fivefathers Holdings Limited as at 1 April 2017 and these financial statements may be obtained from the address given in note 19.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts, net of value added tax or local taxes on sales.

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

### 1 Accounting policies (continued)

#### *Depreciation*

Depreciation is charged so as to write off the cost of assets, less their residual value, over their expected useful lives using the following rates:

Leasehold improvements	- the lease term of the lease
Fixtures, and fittings and equipment	- 15% on written down value
Computer equipment and software	- 15% on written down value

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the statement of comprehensive income.

#### *Impairment of fixed assets*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to sell. Cost is based on the weighted average cost.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in profit or loss.

#### *Operating leases*

Operating lease rentals are charges to profit or loss on a straight-line basis over the term of the lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (30 March 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 30 March 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

### 1 Accounting policies (continued)

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Group relief for tax losses*

Charge is made by the surrendering company within the group for the surplus tax losses that are surrendered via group relief.

#### *Reserves*

The Company's reserves are as follows:

Called up share capital reserve represents the nominal value of the shares issued.

The capital reserve represents imputed accumulated related party loan interest on an interest free loan.

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

# **Boux Avenue Limited**

## **Notes forming part of the financial statements for the year ended 1 April 2017 (continued)**

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### **1 Accounting policies (continued)**

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the economic substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within cost of sales.

#### *Pension costs*

Contributions to the Company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable. The assets of the scheme are held separately from those of the Company in an independently administered fund.

#### *Derivative financial instruments*

The Company's derivative financial instruments comprise forward foreign currency contracts. These instruments are initially accounted for and measured at fair value on the date the forward foreign currency contract is entered into and subsequently measured at fair value. The resulting gain or loss is recognised in profit or loss immediately, within interest receivable or interest payable. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (*continued*)

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### **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

#### *Critical judgements in applying the group's accounting policies*

The directors do not feel that they have made any critical judgements in the year in the process of applying the Company's accounting policies, apart from those involving estimations (which are dealt with separately below).

#### *Key sources of estimation uncertainty*

The key assumptions or estimation uncertainties at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Inventory provisions*

Stock is valued at the lower of cost and net realisable value. Management apply judgement in estimating the net realisable value for each product line, which includes assessing the lifecycle of the product, sell through data and price achieved. Estimates are revised as latest information is available.

#### *Tangible fixed asset useful lives*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The selection of these estimated lives requires the exercise of management judgement. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. The carrying amount of tangible fixed assets is included in note 10.

#### *Tangible fixed asset impairment*

Determining whether tangible fixed assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from a cash-generating unit, which is usually considered to be store. The directors have concluded that no impairment to the carrying value of tangible fixed assets is required in the period under review.

#### *Onerous lease provision*

A provision for onerous leases is considered when a store is loss making and there is an estimation that future cash flows will not be sufficient to cover the unavoidable cost of meeting its obligations under the lease. This is based on the Board's judgement and experience and requires estimation of future cash flows and discount rates.

### **3 Turnover**

Retail turnover represents the total amount receivable for goods sold exclusive of value added tax and is derived from the Company's principal activity in the United Kingdom.



# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

### 4 Operating loss

	2017 £'000	2016 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible assets	1,550	1,595
Foreign exchange (gain)	(290)	(172)
Hire of other assets - operating leases	7,544	6,799
Hire of plant and machinery - operating leases	56	48
Auditor's remuneration - audit services	25	25
Non-audit services payable to auditor	1	1
	<u>          </u>	<u>          </u>

### 5 Employees

	2017 £'000	2016 £'000
Employee costs (including directors) consist of:		
Wages and salaries	11,841	10,140
Social security costs	697	674
Other pension costs	103	96
	<u>          </u>	<u>          </u>
	12,641	10,910
	<u>          </u>	<u>          </u>

The average weekly number of employees (including directors) during the year was:

	2017 Number	2016 Number
Shop employees	560	518
Other employees	129	111
	<u>          </u>	<u>          </u>
	689	629
	<u>          </u>	<u>          </u>
Full time equivalent	448	439
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2017 £'000	2016 £'000
Emoluments	205	194
	<u>          </u>	<u>          </u>

Two of the directors were members of the Company's defined contribution pension scheme during the year (2016 - two).

Emoluments of the highest paid director amounted to £148,000 (2016 - £137,000).

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

### 7 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest	5	4

### 8 Interest payable

	2017 £'000	2016 £'000
Related party interest	1,005	986
Interest paid to other group companies	446	255
Interest on preference shares	215	-
Change in foreign currency forward contract fair value	119	74
	<u>1,785</u>	<u>1,315</u>

### 9 Taxation on loss on ordinary activities

	2017 £'000	2016 £'000
<i>UK Corporation tax</i>		
Group relief receivable	(910)	(842)
	<u>(910)</u>	<u>(842)</u>
Taxation on loss on ordinary activities	(910)	(842)

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(5,533)	(4,630)
	<u>(5,533)</u>	<u>(4,630)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%)	(1,107)	(926)
Effects of:		
Expenses not deductible for tax purposes	95	15
Movements in deferred tax not recognised	102	69
	<u>197</u>	<u>84</u>
Total tax credit for year	(910)	(842)

A deferred tax asset of £3,400,000 (2016 - £3,572,000) has not been recognised at this stage as there is insufficient evidence as to its recoverability.

# Boux Avenue Limited

Notes forming part of the financial statements  
for the year ended 1 April 2017 (continued)

## 10 Property, plant and equipment

	Computer equipment and software £'000	Leasehold improvements, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 27 March 2016	2,753	13,985	16,738
Additions	589	488	1,077
	<hr/>	<hr/>	<hr/>
At 1 April 2017	3,342	14,473	17,815
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 27 March 2016	1,040	5,286	6,326
Provided for the year	275	1,275	1,550
	<hr/>	<hr/>	<hr/>
At 1 April 2017	1,315	6,561	7,876
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 1 April 2017	2,027	7,912	9,939
	<hr/>	<hr/>	<hr/>
At 26 March 2016	1,713	8,699	10,412
	<hr/>	<hr/>	<hr/>

## 11 Stocks

	2017 £'000	2016 £'000
Finished goods and goods for resale	11,728	9,608
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

## 12 Debtors

	2017 £'000	2016 £'000
Other taxation and social security	456	193
Other debtors	848	245
Corporation tax	-	997
Derivative financial instruments	-	75
Prepayments	1,463	1,482
Amounts due from other group companies	3,923	2,897
	<hr/>	<hr/>
	6,690	5,889
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

## Boux Avenue Limited

### Notes forming part of the financial statements for the year ended 1 April 2017 *(continued)*

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

	2017 £'000	2016 £'000
Trade creditors	1,868	1,938
Other creditors	-	886
Derivative financial instruments	44	-
Accruals and deferred income	4,895	4,397
Amounts due to other group companies	19,286	12,084
	<u>26,093</u>	<u>19,305</u>

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

	2017 £'000	2016 £'000
Director's loan account	50	50
Related party loans (secured)	32,950	32,950
Liability component of preference shares (note 16)	850	635
	<u>33,850</u>	<u>33,635</u>

The related party loan provided by Theo Paphitis Funding Limited is secured on the assets of the Company and is cross guaranteed by Fivefathers Holdings Limited. Interest has been charged at a rate of 3.0% per annum. The facility is repayable in full by 31 March 2019.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (*continued*)

### 15 Financial instruments

	2017 £'000	2016 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	-	75
Financial assets that are debt instruments measured at amortised cost	5,787	4,226
	<u>5,787</u>	<u>4,301</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	44	-
Financial liabilities measured at amortised cost	59,899	52,940
	<u>59,943</u>	<u>52,940</u>

Financial assets and liabilities measured at fair value comprise of forward currency contracts.

Financial assets measured at amortised cost comprise cash at bank and in hand, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, directors loans, related party loans, liability component of preference shares and amounts owed to group undertakings.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

### 16 Share capital

	2017 £'000	2017 Number	2016 £'000	2016 Number
<i>Allotted, called up and fully paid</i>				
A Ordinary shares of £0.05 each	5	92,426	5	92,426
B Ordinary shares of £0.05 each	-	9	-	9
Cumulative fixed rate preference shares	4,949	98,971,989	4,949	98,971,989
Ordinary shares of £0.05 each	51	1,028,011	51	1,028,011
	<u>5,005</u>	<u>100,092,435</u>	<u>5,005</u>	<u>100,092,435</u>
Liability component of preference shares (note 14)	(635)		(635)	
	<u>4,370</u>		<u>4,370</u>	

On 3 February 2016, 98,971,989 Ordinary shares were converted to 98,971,989 £0.05 Cumulative fixed rate preference shares. Further, two new classes of share were allotted at face value on the same date; 92,426 A Ordinary £0.05 shares and 9 B Ordinary £0.05 shares.

In accordance with FRS 102 Section 22:40 the liability component of the Cumulative fixed rate preference shares has been classified as a liability on inception.

The Preference shares are not redeemable and entitle the holder to receive a cumulative dividend equal to 5% of the nominal value of the Preference shares per annum. The Preference shares carry no right to vote. The Preference shares shall participate in a return of capital on a liquidation, winding-up or otherwise in priority to all other shares in issue up to the nominal value of the preferences shares, plus any unpaid dividends.

The A Ordinary Shareholders and the B Ordinary Shareholders shall not be entitled to receive notice of, nor attend or vote at any general meeting of the members of the Company. A dividend may be declared or paid independently on the Ordinary Shares and if paid does not entitle the A Ordinary Shares or B Ordinary Shares to any equivalent dividend or compensatory payment in respect of a dividend declared or paid on the Ordinary Shares. On a liquidation, winding-up or otherwise the A Ordinary shareholders and B Ordinary Shareholders shall receive distributions pro-rata, after the repayment of the preference shares and repayment to the nominal value of the Ordinary shares.

# Boux Avenue Limited

## Notes forming part of the financial statements for the year ended 1 April 2017 (continued)

### 17 Commitments

#### *Commitments under operating leases*

The Company had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2017 £'000	Other 2017 £'000	Land and buildings 2016 £'000	Other 2016 £'000
Operating leases which expire:				
Within one year	7,266	49	7,206	49
In one to five years	26,304	68	25,764	117
After five years	9,886	-	12,939	-
	<u>43,456</u>	<u>117</u>	<u>45,909</u>	<u>166</u>

### 18 Related party transactions

The Company is controlled by Threefathers Limited. The Company's ultimate controlling party is Theo Paphitis who has control of the issued share capital of Fivefathers Holdings Limited, the ultimate parent company at the year end. The Company is a wholly owned subsidiary of Fivefathers Holdings Limited and has taken advantage of the exception conferred by FRS 102 paragraph 33.1A not to disclose transactions with Fivefathers Holdings Limited or other wholly owned subsidiaries within the group.

#### *Related party transactions and balances*

During the year the Company was charged interest, management and support fees totalling £4,601,495 (2016 - £3,511,840) by and received short term loans totalling £6,600,000 (2016 - £5,250,000) from Ryman Group Limited, a fellow group company, and its subsidiary companies. The short term loans were subject to interest at 3% per annum which created a charge in the year of £445,689 (2016 - £255,561). At the year end the balance owed to Ryman Group Limited included in amounts due to other group companies was £19,550,018 (2016 - included in trade creditors, other creditors and amounts owed to group companies £12,015,628).

During the year the Company received loans totalling £nil (2016 - £nil) from Theo Paphitis Funding Limited, a company owned by Theo Paphitis, a director of the Company. Theo Paphitis and Kypros Kyprianou are both directors of Theo Paphitis Funding Limited. Interest was charged on the existing loan at a rate of 3% per annum totalling £1,004,749 during the year (2016 - £985,792). At the year end the balance owed to Theo Paphitis Funding Limited was £34,895,957 (2016 - £33,941,208).

During the year the Company recharged management and support fees totalling £6,444 (2016 - £113,958) to and were recharged for management and support fees totalling £106,862 (2016 - £61,613) by Robert Dyas Holdings Limited, a fellow group company. At the year end the balance owed to Robert Dyas Holdings Limited was £784 (2016 - £58,984 owed to).

During the year the Company made purchases totalling £6,359 (2016 - £9,793) from Fareport Training Organisation Limited a company controlled by directors and shareholders related to Theo Paphitis, a director of the Company. At the year end the balance owed to Fareport Training Organisation Limited was £nil (2016 - £nil).

At the year end there was a balance due to Theo Paphitis, a director of the Company, of £50,000 (2016 - £50,000).

# **Boux Avenue Limited**

## **Notes forming part of the financial statements for the year ended 1 April 2017 (*continued*)**

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### **19 Ultimate parent undertaking**

The Company's ultimate parent company is Fivefathers Holdings Limited, which is the parent of both the smallest and largest groups of which the Company is a member. Fivefathers Holdings Limited is registered in Cyprus and a copy of its financial statements can be obtained from its registered office at Karaiskaki 6, City House, 3032, Limassol, Cyprus.

At 1 April 2017, the Company was a majority owned subsidiary of Threefathers Limited, a company incorporated in Jersey.

The directors consider Theo Paphitis to be the ultimate controlling party.