

**Company Registration No. 07322450 (England and Wales)**

**A & D HOPE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

# A & D HOPE LIMITED

## COMPANY INFORMATION

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<b>Director</b>	J A Hope
<b>Company number</b>	07322450
<b>Registered office</b>	73 Cornhill London EC3V 3QQ
<b>Auditor</b>	Gerald Edelman 73 Cornhill London EC3V 3QQ
<b>Business address</b>	Hope House 1 Warwick Place, Warwick Road Borehamwood Hertfordshire WD6 1UA

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# **A & D HOPE LIMITED**

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# **A & D HOPE LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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The director presents the strategic report for the year ended 31 August 2019.

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

The company designs, sources and sells menswear garments predominantly to the UK wholesale market.

The company continues to grow and retain profitability despite the increasingly challenging UK retail market. Margin percentages have reduced as a result of this market pressure combined with a gradual decline in the strength of UK sterling against the US dollar.

### **Principal risks and uncertainties**

The company purchases its manufactured products in US dollars and sells in either US dollars or UK sterling. Where sales take place in UK sterling, the company minimizes any currency risk by ensuring that forward US dollar contracts are in place to support any forward sales commitments. Sales in US dollars have a natural hedge against associated purchases and also provide a margin in US dollars in part-hedge for sales in UK sterling.

The company is reliant upon third party suppliers and manufacturers to produce the products it sells. The company works with a balanced portfolio of suppliers and manufacturers in several countries to minimize the risk of interruption to manufacturing. This strategy places the company in a strong position for the uncertainty of Brexit and the implications this may have on various import tariffs and duties from around the world.

The company is exposed to customer credit risk. The company minimizes this risk through third party credit insurance and continual management of all receivables.

### **Development and performance**

The company strives to design and sell brands and products that offer a point of difference to its customers and ultimately the end consumer. The company invests in creating and maintaining brands through design and marketing.

This strategy has been extended through the creation of direct business to consumer selling via its own branded web-sites.

### **Key performance indicators**

Sales at £12.966 million were 11% ahead of prior year. The company monitors the value of forward orders by customer on a continual basis and uses this indicator as part of its monthly management team review.

Gross profit margin was 20%, down from 21.6% in the prior year. The company monitors profit margins for every sales order and uses this indicator as part its monthly management team review.

Total costs (distribution and administration) at £2.297 million were on par with the prior year. The company continually looks to balance investing in people and infrastructure to support product innovation and growth together with increasing efficiency and removing unnecessary costs.

## **A & D HOPE LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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#### **Other performance indicators**

The company holds finished product stock within a combined office/warehouse facility in the UK. This stock is used for direct to consumer sales and to support (wholesale) customers with replenishment and offer new stock for immediate delivery. The company must balance the value of stock holding to maximize sales whilst minimizing the risk of obsolete stock and working capital investment.

The value of stock as at 31 August 2019 was £1.873 million, i.e 7.7% increase from 31 August 2018.

On behalf of the board

J A Hope

**Director**

19 March 2020

# **A & D HOPE LIMITED**

## **DIRECTOR'S REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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The director presents his report and financial statements for the year ended 31 August 2019.

### **Principal activities**

The principal activity of the company is that of the wholesaling of men's garments.

### **Director**

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

J A Hope

### **Results and dividends**

The results for the year are set out on page 8.

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

### **Auditor**

Gerald Edelman 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.

### **Going concern**

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.

On behalf of the board

J A Hope

**Director**

19 March 2020

## **A & D HOPE LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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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.

# A & D HOPE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF A & D HOPE LIMITED

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#### Qualified opinion on financial statements

We have audited the financial statements of A & D Hope Limited (the 'company') for the year ended 31 August 2019 which comprise 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 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 qualified opinion

We were appointed as auditors of the company after the reporting date and thus did not observe the counting of the physical stock at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 August 2019. Since opening stock enters into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the accounting policies applied in the determination of the opening balance. The accounting policy has been consistently applied in the current reporting period and therefore, our opinion is unmodified in this respect.

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.



## **A & D HOPE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF A & D HOPE LIMITED**

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##### **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.

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

In respect solely of the limitation on our work relating to opening stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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 director determines 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **A & D HOPE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF A & D HOPE LIMITED**

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##### **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.

##### **Other matters which we are required to address**

In accordance with ISA (UK) 706, we are required to draw users' attention to any matter or matters other than those presented or disclosed in the financial statements that are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

In this regard, we report to you that the prior years' financial statements are unaudited. We have nothing further to report to you on other matters.

##### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.

**Hemen Doshi FCCA (Senior Statutory Auditor)**  
**for and on behalf of Gerald Edelman**

19 March 2020

**Chartered Accountants**  
**Statutory Auditor**

73 Cornhill  
London  
EC3V 3QQ

## A & D HOPE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

		2019	2018
	Notes	£	as restated £
<b>Turnover</b>	<b>3</b>	12,966,815	11,699,913
Cost of sales		(10,359,823)	(9,167,923)
<b>Gross profit</b>		2,606,992	2,531,990
Distribution costs		(316,812)	(282,821)
Administrative expenses		(1,979,907)	(2,020,072)
<b>Operating profit</b>	<b>4</b>	310,273	229,097
Interest payable and similar expenses	<b>7</b>	(134,227)	(126,071)
<b>Profit before taxation</b>		176,046	103,026
Tax on profit	<b>8</b>	(51,393)	-
<b>Profit for the financial year</b>		124,653	103,026

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

# A & D HOPE LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		1,805,825		1,905,841
<b>Current assets</b>					
Stocks	11	1,873,435		1,738,838	
Debtors	12	2,988,664		2,371,214	
Cash at bank and in hand		374,859		340,984	
		<u>5,236,958</u>		<u>4,451,036</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,801,633)</u>		<u>(4,099,474)</u>	
<b>Net current assets</b>			435,325		351,562
<b>Total assets less current liabilities</b>			<u>2,241,150</u>		<u>2,257,403</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(1,029,809)		(1,170,715)
<b>Net assets</b>			<u><u>1,211,341</u></u>		<u><u>1,086,688</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		1,000		1,000
Share premium account			269,925		269,925
Profit and loss reserves			940,416		815,763
<b>Total equity</b>			<u><u>1,211,341</u></u>		<u><u>1,086,688</u></u>

The financial statements were approved and signed by the director and authorised for issue on 19 March 2020

J A Hope  
Director

Company Registration No. 07322450

# A & D HOPE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>As restated for the period ended 31 August 2018:</b>				
<b>Balance at 1 September 2017</b>	1,000	269,925	712,737	983,662
<b>Year ended 31 August 2018:</b>				
Profit and total comprehensive income for the year	-	-	103,026	103,026
<b>Balance at 31 August 2018</b>	1,000	269,925	815,763	1,086,688
<b>Year ended 31 August 2019:</b>				
Profit and total comprehensive income for the year	-	-	124,653	124,653
<b>Balance at 31 August 2019</b>	1,000	269,925	940,416	1,211,341

# A & D HOPE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019		2018 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	22		364,081		682,704
Interest paid			(134,227)		(126,071)
Income taxes refunded/(paid)			1		(58,850)
<b>Net cash inflow from operating activities</b>			<u>229,855</u>		<u>497,783</u>
<b>Investing activities</b>					
Proceeds on disposal of intangibles		-		9,621	
Purchase of tangible fixed assets		(1,271)		(1,908,922)	
Proceeds on disposal of tangible fixed assets		-		771	
<b>Net cash used in investing activities</b>			<u>(1,271)</u>		<u>(1,898,530)</u>
<b>Financing activities</b>					
Proceeds from issue of shares		-		268,000	
Repayment of bank loans		(189,213)		1,366,007	
Payment of finance leases obligations		(5,496)		42,144	
<b>Net cash (used in)/generated from financing activities</b>			<u>(194,709)</u>		<u>1,676,151</u>
<b>Net increase in cash and cash equivalents</b>			<u>33,875</u>		<u>275,404</u>
Cash and cash equivalents at beginning of year			<u>340,984</u>		<u>65,580</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>374,859</u></u>		<u><u>340,984</u></u>

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### Company information

A & D Hope Limited is a private company limited by shares incorporated in England and Wales. The registered office is 73 Cornhill, London, EC3V 3QQ.

#### 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.

The prior years' financial statements are unaudited. The accounting policies reflected in the comparative information are consistent with those applied in the current period. There have been no changes to the accounting policies.

#### 1.2 Prior period error

In the prior period, an error arose which has now been subsequently restated in the comparative figures. The details of the error is outlined in note 23.

#### 1.3 Going concern

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.

#### 1.4 Turnover

Turnover represents amounts receivable from the sale of men's garments. Revenue is recognised on despatch of goods to customers and invoiced at this point, net of VAT and trade discounts.

#### 1.5 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:

Land and buildings Freehold	2% straight line basis
Fixtures, fittings & equipment	10% straight line basis
Computer equipment	33% straight line basis
Motor vehicles	20% straight line 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 credited or charged to profit or loss.

## **A & D HOPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **1 Accounting policies**

**(Continued)**

##### **1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

##### **1.7 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. Stock represents wholesale men's garments.

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.

##### **1.8 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.

##### **1.9 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.



## A & D HOPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### **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.

##### **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.

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### **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.

### 1.10 Equity instruments

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

### 1.11 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.

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 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.

#### **1.12 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.

#### **1.13 Retirement benefits**

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

#### **1.14 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 profit or loss 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 profit or loss 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 leases asset are consumed.

#### **1.15 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.

## A & D HOPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

#### 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.

#### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Wholesale	12,966,815	11,699,913
	<u>12,966,815</u>	<u>11,699,913</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	11,961,178	11,288,972
Republic of Ireland	580,827	324,463
New Zealand	394,944	-
Rest of World	29,866	86,478
	<u>12,966,815</u>	<u>11,699,913</u>

#### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(13,129)	(33,688)
Fees payable to the company's auditor for the audit of the company's financial statements	14,699	-
Depreciation of owned tangible fixed assets	101,287	81,617
Profit on disposal of intangible assets	-	(9,621)
Cost of stocks recognised as an expense	10,161,210	9,116,178
Operating lease charges	104,607	58,809
	<u>10,161,210</u>	<u>9,116,178</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £13,129 (2018 - £33,688).

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Employees

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

2019 Number	2018 Number
29	31

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,195,976	1,233,979
Social security costs	120,223	121,225
Pension costs	14,202	9,293
	<u>1,330,401</u>	<u>1,364,497</u>

### 6 Director's remuneration

	2019 £	2018 £
Remuneration for qualifying services	104,000	104,000
Company pension contributions to defined contribution schemes	-	806
	<u>104,000</u>	<u>104,806</u>

### 7 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	131,883	124,544
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	2,344	1,367
Other interest	-	160
	<u>134,227</u>	<u>126,071</u>

### 8 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	51,393	-

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Taxation

(Continued)

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:

	2019 £	2018 £
Profit before taxation	176,046	103,026
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	33,449	19,575
Tax effect of expenses that are not deductible in determining taxable profit	3,811	9,494
Gains not taxable	-	(1,828)
Tax effect of utilisation of tax losses not previously recognised	-	10,456
Permanent capital allowances in excess of depreciation	(5,111)	(37,697)
Depreciation on assets not qualifying for tax allowances	19,244	-
Taxation charge for the year	51,393	-

### 9 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2018	1,462,625	342,512	95,174	102,624	2,002,935
Additions	-	464	807	-	1,271
At 31 August 2019	1,462,625	342,976	95,981	102,624	2,004,206
<b>Depreciation and impairment</b>					
At 1 September 2018	13,407	27,142	47,105	9,440	97,094
Depreciation charged in the year	14,626	34,255	31,881	20,525	101,287
At 31 August 2019	28,033	61,397	78,986	29,965	198,381
<b>Carrying amount</b>					
At 31 August 2019	1,434,592	281,579	16,995	72,659	1,805,825
At 31 August 2018	1,449,218	315,370	48,069	93,184	1,905,841

Included within motor vehicles are assets under hire purchase contracts with a net book value of £34,224 (2018: £44,240).

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,795,631	2,276,871
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	5,719,386	5,114,003
	<u>          </u>	<u>          </u>

### 11 Stocks

	2019 £	2018 as restated £
Finished goods and goods for resale	1,873,435	1,738,838
	<u>          </u>	<u>          </u>

### 12 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,618,348	1,863,929
Unpaid share capital	2,000	2,000
Corporation tax recoverable	-	2
Other debtors	175,283	410,942
Prepayments and accrued income	193,033	94,341
	<u>          </u>	<u>          </u>
	2,988,664	2,371,214
	<u>          </u>	<u>          </u>

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

	Notes	2019 £	2018 as restated £
Bank loans	14	175,793	229,596
Obligations under finance leases	16	7,840	7,840
Trade creditors		752,956	1,065,839
Corporation tax		51,392	-
Other taxation and social security		60,664	156,186
Other creditors		2,615,648	1,868,738
Accruals and deferred income		1,137,340	771,275
		<u>4,801,633</u>	<u>4,099,474</u>

Trade and other creditors include £1,965,431 (2018: £1,192,820) relating to invoice finance arrangements which are the subject of a fixed and floating charge over the present and future assets of the company.

The bank loan is secured by a fixed charge over the freehold property and a floating charge covers all the property or undertaking of the company.

The other loans are secured by debentures with fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

The obligations under hire purchase contracts are secured on the assets giving rise to them.

### 14 Loans and overdrafts

	2019 £	2018 £
Bank loans	<u>1,176,794</u>	<u>1,366,007</u>
Payable within one year	175,793	229,596
Payable after one year	<u>1,001,001</u>	<u>1,136,411</u>

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

	Notes	2019 £	2018 £
Bank loans and overdrafts	14	1,001,001	1,136,411
Obligations under finance leases	16	28,808	34,304
		<u>1,029,809</u>	<u>1,170,715</u>



# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 16 Finance lease obligations

	2019	2018
	£	£
Future minimum lease payments due under finance leases:		
Within one year	7,840	7,840
In two to five years	34,278	42,118
	<u>42,118</u>	<u>49,958</u>
Less: future finance charges	(5,470)	(7,814)
	<u>36,648</u>	<u>42,144</u>

Finance lease payments represent rentals payable by the company 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 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 17 Retirement benefit schemes

	2019	2018
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	14,202	9,293

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 18 Share capital

	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and not fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000

### 19 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:

	2019	2018
	£	£
Within one year	86,700	86,700
Between two and five years	158,950	245,650
	<u>245,650</u>	<u>332,350</u>

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Ultimate controlling party

The ultimate controlling party is J A Hope.

### 21 Related party transactions

#### Transactions with related parties

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

Included in other creditors is the amount of £293,604 (2018: £560,581) due to J A Hope, the director of the company. During the period under review, the director made advances of £11,141 and received payments of £278,118.

The director has provided a personal guarantee amounting to £500,000 in relation to trading facilities utilised by the company.

### 22 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	124,653	103,026
<b>Adjustments for:</b>		
Taxation charged	51,393	-
Finance costs	134,227	126,071
Gain on disposal of intangible assets	-	(9,621)
Depreciation and impairment of tangible fixed assets	101,287	81,617
<b>Movements in working capital:</b>		
Increase in stocks	(134,597)	(570,081)
(Increase)/decrease in debtors	(617,452)	63,178
Increase in creditors	704,570	888,514
<b>Cash generated from operations</b>	<b>364,081</b>	<b>682,704</b>

### 23 Prior period adjustment

#### Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Aug 2018 £
<b>Current assets</b>			
Stocks	1,955,365	(216,527)	1,738,838
<b>Creditors due within one year</b>			
Other creditors	(3,361,798)	216,527	(3,145,271)
Net assets	1,086,688	-	1,086,688
<b>Capital and reserves</b>			
Total equity	1,086,688	-	1,086,688

# A & D HOPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 23 Prior period adjustment (Continued)

#### Changes to the profit and loss account

	As previously reported	Adjustment	As restated
Period ended 31 August 2018	£	£	£
Profit for the financial period	103,026	-	103,026

#### Reconciliation of changes in equity

	1 September 2017	31 August 2018
	£	£
<b>Adjustments to prior year</b>		
Total adjustments	-	-
Equity as previously reported	983,662	1,086,688
Equity as adjusted	983,662	1,086,688

#### Reconciliation of changes in profit for the previous financial period

	2018 £
Total adjustments	-
Profit as previously reported	103,026
Profit as adjusted	103,026

#### Notes to reconciliation

##### Stocks

Stocks relating to goods in transit were previously denoted in USD as the functional currency that the company operates with some of their overseas suppliers whereas the presentational currency is denoted in GBP. Therefore, the restatement applies the appropriate translation of the comparative year-end balance from USD into GBP.

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