Feelunique International Limited
Report and Financial Statements
For the Period Ended 29 March 2019
Registered Number 07883226

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Company Information and Officers

Directors	Mr J. Palix (resigned 18 June 2019) Mr N J. Buckle (resigned 19 December 2019) Mr R. Caupers (resigned 12 September 2019) Mr L. Elson Mr R. Bensoussan Mr J. Sharp Mr G. Pritchard (appointed 11 September 2019)
Registered office	Suite 1, 3rd Floor, 11-12 St. James's Square, London SW1Y 4LB
Business address	Feelunique.com 4th Floor Berkshire House 168-173 High Holborn London WC1 7AA
Secretary	Vistra Company Secretaries Limited First Floor, Templeback 10 Temple back Bristol United Kingdom BS1 6FL
Bankers	Royal Bank of Scotland International PO Box 64 Royal Bank House Bath Street St. Helier Jersey JE4 8PJ
Independent Auditors	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Registered Number	07883226

Directors' Report
The directors present their report and audited consolidated financial statements of Feelunique International Limited ("the Company"), and its subsidiaries (together "the Group") for the period from 1 April 2018 to 29 March 2019. The comparative period is the year ended 31 March 2018.

Incorporation
The company was incorporated in England, United Kingdom on 15 December 2011.

Principal Activities
The Company's principal activity is retailing cosmetics and fragrances online via the website "feelunique.com". Products are distributed to consumers globally online from the Group's distribution centres in the UK, France and Hong Kong.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Review of the business and future developments
A review of the business and future developments is included in the Strategic Report, along with the assessment of going concern.

Results
During the period the Group made a loss for the period of £6.9M (2018: loss £5.4m). This loss has been charged to reserves. The results for the period are set out in the Consolidated Income Statement on page 10. The Group's assessment of financial risk management is set out in the note 23 to the financial statements.

Directors' Report (continued)

Dividend
No dividend was paid or proposed during the period (2018: £nil).

Directors' indemnities
Directors' and Officers' insurance cover has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. The Directors of the Company and the Company's subsidiaries have the benefit of a third-party indemnity provision, as defined by section 236 of the Companies Act 2006.

Directors
The directors, who served throughout the period except as noted, were as follows:

Mr. L. Elson
Mr. R. Bensoussan
Mr. J. Sharp
Mr G. Pritchard – Appointed 11 September 2019
Mr. J. Palix – Resigned 18 June 2019
Mr. J. Buckle – Resigned 19 December 2019
Mr. R. Caupers – Resigned 12 September 2019

Political donations and political expenditure
No political donations or political expenditure were made during the period (2018: £nil).

Employees
Average number of people (including executive directors) employed in the Group:

	2019	2018
UK	**96**	85
France	**35**	30
Asia	**1**	-
	132	115

For more details on employees of the Group see note 4 to the financial statements.

Independent Auditors
PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors to the company and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Research and development costs
The company incurs costs in researching and developing new website functionality and service offers to customers; any tax benefit relating to successful claims for these costs is recognised in employee expenses in the period.

Disclosure of information to auditors
Each of the persons who are Directors at the date of approval of approval of this report confirm, that so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:

Mr Louis Elson
Director

Date: 26 June 2020

Strategic Report

Review of the business
The Group operates within the large global beauty market, shipping over 25,000 different products over 500 brands to over 100 countries worldwide. This gives the Group a unique customer proposition compared to its diverse range of competitors. The Group's strategy is to continue to offer the broadest range of brands and products at competitive prices.

The penetration of online sales in the beauty sector continues to grow, but is still some way behind many other categories; the online retail's share of the market remains below 8% globally. The consumer shift to online shopping for beauty is expected to continue for the foreseeable future, representing a growth opportunity for the Group as this balance shifts.

The Group had a solid performance in the financial period, achieving 2.2% growth in revenue to £89.4m (2018: £87.5m). Following a period of investment the operating loss before non-recurring items increased to £6.5m (2018: £4.4m). The results for the period are set out in the Consolidated Income Statement on page 10.

All markets in which the Group operates continued to grow in 2019. Growth in the UK was arrested whilst the Group rebalanced its promotional plan. The other key regions in which the Group operates, being France and China, continued to grow at a faster pace than the UK during 2019.

The decline in Earnings before interest, tax, depreciation and amortisation before non-recurring items ("EBITDA") which decreased by £2.1m year on year to a loss of £5.8m; the Group continued to make investment which is expected to deliver growth and a break even position in 1-2 years.

A number of key investments were made in the final quarter of the financial year which had limited impact on performance in the year but which will enable to the business to continue to scale. These included the opening of the distribution centre in Hong Kong, the launch of a transactional App, and the introduction of a duty paid checkout for some international countries.

The new CEO Sarah Miles joined the Group from Amazon in November 2019 and she has now completed a full strategic review. The main pillars of the strategy are to continue to offer the broadest possible range of products – both own bought and via our own marketplace, supported by strengthening our customer relationships and user experience and our investment in our proprietary technology infrastructure. The Group has also carried out a restructuring program (completed in March 2020) which will deliver cost savings that will allow investment in the new strategy. Initial work in some of these areas already generated significant improvements in UK sales growth prior to the Covid-19 outbreak, and an acceleration in the shift to online shopping during lockdown further increased this growth in the UK and other regions.

In the last 6 months the marketplace offering onsite has been expanded without the need for costly inventory holding.

The main financial KPIs which are used to monitor performance of the Group are revenue and EBITDA before non-recurring items which are set out in the Consolidated Income Statement on page 10.

Strategic Report (continued)

Going concern

For its day-to-day working capital requirements, the Company and Group uses it its cash reserves and borrowings, when required. In this context, the key factors considered in assessing the going concern status of the Company and Group are:

1. The results of the forecasts and projections prepared by the Company and Group covering the period to 31 March 2022 which, taking into account reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level of its current cash reserves and available additional funding that is available through the new equity investment not yet called on by the holding Company of the Group, Feelunique Holding Limited. This is discussed further below.

   These projections were sensitised to reflect the impact of severe but plausible downside scenarios including a reduction in current year on year performance of 20%, or a 40% miss to forecast. This scenario concluded that the Group will be able to manage within their existing cash reserves and available additional £7m investment from the equity raise set out below. In assessing the downside scenario a number of cost levers were adjusted for example reducing discretionary marketing spend and elements of overhead that could be quickly reduced.

2. The existence of a revolving credit facility with Barclays which was renewed until 28 February 2020, reflecting what the directors believe is Barclays' confidence in the Company and Group. Renewal discussions are ongoing with Barclays and the Directors would expect this facility to be renewed again in the normal course of business. The current position is an informal arrangement with Barclays whilst these discussions are ongoing and so the £3.5m facility is repayable on demand.

3. In the 15 months following the period end Palamon Equity, the Company's ultimate parent company, extended loans of £9m to the Group to facilitate investment for future growth. These loans have a repayment date of 31 December 2021, which was revised from April 2021, again reflecting the confidence that the majority shareholder has in the Company and Group.

4. In June 2020 an investment commitment was put in place with four of the existing shareholders which gives the Company and Group the ability to raise £7m funding through an equity raise that can be called on once or on two occasions after this date. The funding requires shareholder resolution and would, in addition to a cash injection of up to £7m, result in up to £4m of the outstanding loans with Palamon equity noted in point 3 above being capitalised as equity, further reducing the debt burden of the Company and Group.

Additionally, the Company's and Group's FY21 trading result to date has exceeded the forecasted cash flow projection, which the Directors consider provides positive evidence related to the Company's and Group's assessment of expected future cash flow projections. The Directors note that the Covid-19 pandemic has caused a shift of customers to purchase online, which means that the Group is well placed to accelerate growth, however the Directors have also considered the potential impact of a global recession and the recent reopening of shops in sensitising cash flow forecasts.

Based on the above, the Directors are confident, after making enquiries, that the cashflow projections support their reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further ultimate parent company support, as they consider the likelihood of a severe downside case, for example significant reduction in revenues, to be remote given the positive trading in FY21 following a consumer shift to online in the beauty market. In any event, the Directors are confident that the parent company would make available financial resources required to support the going concern status of the Company and Group, if it was required to do so. The Company and Group therefore continues to adopt the going concern basis in preparing its financial statements.

Strategic Report (continued)

Principal risks and uncertainties
The growth of the business is dependent on consumers moving from offline to online shopping for Beauty. The availability of products and acquisition of new brands also supports this growth. The following are risks that may impact the Group:

- The progression towards online retail for Beauty products slows or goes into reverse. This would reduce the Group's capacity to grow revenues and achieve profitability. The directors currently see no evidence of this risk being realised and, in contrast, see good long term growth potential from the accelerated consumer shift towards online retail.

- Beauty brands could refuse to supply their products to the Group, undermining a core element of the customer proposition. In order to mitigate this risk, the Group places significant importance on the management of its supplier relationships and ensuring that the premium nature of its suppliers' products is respected throughout the customer experience. During the financial period the Group continued to add to its brand portfolio and the onset of the Covid-19 pandemic has seen an increased move by brands to engage with the Group to facilitate online sales of their brands.

- The Group could fail to deliver a competitive customer experience, either on the website or in its distribution of products, and so lose market share. The Group mitigates this risk by continually monitoring customer feedback and taking this into account in its service development.

- The Group could fail to maintain adequate controls over customer data, resulting in a security breach. This could result both in financial loss for the Group and a loss of reputation and confidence from its customers. The Group mitigates this risk by continually monitoring its technology environment and employing third parties to test for vulnerability.

- The anticipated exit of the UK from the EU creates some uncertainty for all businesses that trade within the EU. At this stage, it is unknown what, if any, impact the expected exit of the UK from the EU will have on the Group's financial performance. However, with experience of operating in France, the directors believe that the Group has flexible options for how it will respond to any changes in the trading environment.

Environmental issues
As an online retailer, the Group's main environmental concern is the use of packaging for the delivery of products to consumers. The Group regularly reviews its packaging to ensure the size and shape of boxes minimises the amount of excess packaging and to ensure that the materials used meet high environmental standards.

The cardboard used in the Group's packaging is 100% recycled paper and 100% recyclable; the paper comes from FSC certificated mills; the inks that are used to print the branded cartons are all water based inks and are environmentally friendly.

To protect the product in transit the Group uses either a product called Korrvu® or air cushions. Korrvu® packaging can be easily recycled along with the cardboard boxes in the normal recycling stream and can be reused. Air cushions have been developed according to European guidelines on packaging & packaging waste: EN13427. They are environmentally friendly, 100% recyclable, containing no hazardous substances or heavy metals. The print is water based ink and odour free. All inflated air cushions are also suitable for re-use.

Strategic Report (continued)

Future developments
The directors expect the general level of activity to continue to grow, supported by acquisition of new brands, new channels and new customers and the acceleration of the growth in the online beauty market.

Approved by the Board and signed on its behalf by:

Mr Louis Elson
Director

Date 26 June 2020

Independent auditors' report to the members of Feelunique International Limited

Report on the audit of the financial statements

Opinion

In our opinion, Feelunique International Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 29 March 2019 and of the group's loss and the group's and the company's cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 29 March 2019; the Consolidated Income Statement and Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and Company statements of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 period ended 29 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

te for our audit have

and returns.

Mark Skedgel (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 June 2020

Consolidated Income Statement
For the period ended 29 March 2019

	Notes	Period ended 29 March 2019 £'000	Before non-recurring items Year ended 31 March 2018 £'000	Non-recurring items Year ended 31 March 2018 £'000	After non-recurring items Year ended 31 March 2018 £'000
Revenue		**89,400**	87,499	-	87,499
Cost of sales		**(66,470)**	(64,270)	-	(64,270)
Gross profit		**22,930**	23,229	-	23,229
Selling and distribution costs		**(9,986)**	(8,902)	-	(8,902)
Administrative expenses	3	**(19,437)**	(18,731)	(624)	(19,355)
Total operating costs		**(29,423)**	(27,633)	(624)	(28,257)
Operating loss	4	**(6,493)**	(4,404)	(624)	(5,028)
Finance costs	6	**(406)**	(370)	-	(370)
Loss before taxation		**(6,899)**	(4,774)	(624)	(5,398)
Income tax expense	7	**(34)**	-	-	-
Loss for the period		**(6,933)**	(4,774)	(624)	(5,398)

The notes on pages 18 to 38 form part of these financial statements.

Operating loss before non-recurring items for the period reconciled to earnings before interest, tax, depreciation and amortisation before non-recurring items ("EBITDA"):

	Period ended 29 March 2019 £'000	Year ended 31 March 2018 £'000
Operating loss before non-recurring items	**(6,493)**	(4,404)
Depreciation and amortisation	**667**	695
Earnings before interest, taxation, depreciation and amortisation before non-recurring items ("EBITDA")	**(5,826)**	(3,709)

Consolidated statement of comprehensive income
For the period ended 29 March 2019

	Period ended 29 March 2019 £'000	Year ended 31 March 2018 £'000
Loss for the period	**(6,933)**	(5,398)
Other comprehensive income:		
Exchange differences on translation of foreign operations	**61**	184
Other comprehensive income for the period that may subsequently be reclassified to profit or loss, net of tax	**61**	184
Total comprehensive expense for the period net of tax	**(6,872)**	(5,214)

The notes on pages 18 to 38 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet
As at 29 March 2019

	Notes	29 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Intangible assets	9	2,146	2,003
Property, Plant and Equipment	10	568	638
		2,714	2,641
Current assets			
Inventories	12	9,922	10,291
Trade and other receivables	13	5,606	6,164
Cash and cash equivalents	14	2,377	473
Amounts due from group companies	15	493	194
		18,398	17,122
Total assets		21,112	19,763
Equity			
Share capital	16	-	-
Foreign currency translation reserve		522	461
Accumulated losses		(32,190)	(25,257)
Total equity attributable to equity holders of the Company		(31,668)	(24,796)
Current liabilities			
Borrowings	17	3,965	3,917
Trade and other payables	18	13,851	12,332
Amounts due to group companies	20	34,964	28,310
		52,780	44,559
Total liabilities		52,780	44,559
Total equity and liabilities		21,112	19,763

The notes on pages 18 to 38 form part of these financial statements.

Feelunique International Limited has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The Company loss recognised for the period was £7.1m (2018: £5.3m).

The financial statements on pages 10 to 38 were approved and authorised for issue by the board of directors on ....26 June 2020........and were signed on its behalf by:

....

Mr Louis Elson
Director

Registered number 07883226

Consolidated statement of changes in equity
For the period ended 29 March 2019

	Ordinary Share Capital £'000 (Note 16)	Accumulated losses £'000	Foreign Currency Translation Reserve £'000	Total Equity £'000
Balance as at 1 April 2017	**-**	**(19,859)**	**277**	**(19,582)**
Loss for the period	-	(5,398)	-	(5,398)
Other comprehensive income	-	-	184	184
Total comprehensive expense	**-**	**(5,398)**	**184**	**(5,214)**
Balance as at 31 March 2018	**-**	**(25,257)**	**461**	**(24,796)**
Loss for the period	-	(6,933)	-	(6,933)
Other comprehensive income	-	-	61	61
Total comprehensive expense	**-**	**(6,933)**	**61**	**(6,872)**
Balance as at 29 March 2019	**-**	**(32,190)**	**522**	**(31,668)**

Consolidated cash flow statement
For the period ended 29 March 2019

	Notes	29 March 2019 £'000	31 March 2018 £'000
Cash flows from operating activities			
Cash generated from/ (used in) operations	22	3,008	(1,087)
Interest paid		(355)	(350)
Net cash generated from/ (used in) operating activities		**2,653**	(1,437)
Cash flows from investing activities			
Acquisition of trade and asset undertakings, net of cash acquired		-	(389)
Purchase of property, plant and equipment		(145)	(245)
Purchase of intangible assets		(604)	(607)
Net cash used in investing activities		**(749)**	(1,241)
Cash flows from financing activities			
Proceeds from working capital facility		-	2,500
Net cash generated from financing activities		-	2,500
Net increase/(decrease) in cash and cash equivalents		**1,904**	(178)
Cash and cash equivalents at the beginning of the period		**473**	651
Cash and cash equivalents at the end of the period	**14**	**2,377**	473

Company Balance Sheet
As at 29 March 2019

	Notes	29 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Intangible assets	9	1,399	1,256
Property, Plant and Equipment	10	213	219
Investment in subsidiaries	11	1,104	1,104
		2,716	2,579
Current assets			
Inventories	12	7,802	8,640
Trade and other receivables	13	5,216	5,838
Cash and cash equivalents	14	2,312	333
Amounts due from group companies	15	1,854	919
		17,184	15,730
Total assets		19,900	18,309
Equity			
Share capital	16	-	-
Accumulated losses		(32,032)	(24,963)
Total equity attributable to equity holders of the Company		(32,032)	(24,963)
Current liabilities			
Borrowings	17	3,965	3,917
Trade and other payables	18	12,693	11,198
Amounts due to group companies	20	35,274	28,157
		51,932	43,272
Total liabilities		51,932	43,272
Total equity and liabilities		19,900	18,309

The notes on pages 18 to 38 form part of these financial statements.

The financial statements on pages 10 to 38 were approved and authorised for issue by the board of directors on ..26 June 2020 and were signed on its behalf by:

....

Director
Mr Louis Elson

Registered number 07883226

Company statement of changes in equity
For the period ended 29 March 2019

	Ordinary Share Capital £'000 (Note 16)	Accumulated losses £'000	Total Equity £'000
Balance as at 1 April 2017	**-**	**(19,630)**	**(19,630)**
Loss for the year	-	(5,333)	(5,333)
Total comprehensive expense	**-**	**(5,333)**	**(5,333)**
Balance as at 31 March 2018	**-**	**(24,963)**	**(24,963)**
Loss for the period	-	(7,069)	(7,069)
Total comprehensive expense	**-**	**(7,069)**	**(7,069)**
Balance as at 29 March 2019	**-**	**(32,032)**	**(32,032)**

Company cash flow statement
For the period ended 29 March 2019

	Notes	29 March 2019 £'000	31 March 2018 £'000
Cash flows from operating activities			
Cash generated from / (used in) operations	22	3,026	(1,285)
Interest paid		(355)	(350)
Net cash generated from / (used in) operating activities		2,671	(1,635)
Cash flows from investing activities			
Purchase of property, plant and equipment		(88)	(178)
Purchase of intangible assets		(604)	(894)
Net cash used in investing activities		(692)	(1,072)
Cash flows from financing activities			
Proceeds from working capital facility		-	2,500
Net cash generated from financing activities		-	2,500
Net increase/(decrease) in cash and cash equivalents		1,979	(207)
Cash and cash equivalents at the beginning of the period		333	540
Cash and cash equivalents at the end of the period	14	2,312	333

Notes to the financial statements

1. General information

The consolidated financial statements of Feelunique International Limited ("the Company") and its subsidiaries (collectively, "the Group") for the period from 1 April 2018 to 29 March 2019, hereafter referred to the as the period ended 29 March 2019, were authorised for issue in accordance with a resolution of the directors on 26 June 2020. The comparative period is the year ended 31 March 2018.

Feelunique International Limited ("the Company") is a limited company incorporated and domiciled in England, UK. The registered office is Suite 1, 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB.

The Company's principal activity is that of an online retailer selling cosmetics and fragrances and its website name is "feelunique.com".

2. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

i) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The Company has taken advantage of the exemption in Section 408 of the Companies Act from disclosing its individual Income Statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.iv.

ii) Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

For the period ended 29 March 2019 the Group has adopted IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" for the first time.

IFRS 15 replaces all previous revenue recognition standards, including IAS18. The Group evaluated the impact that this standard has on its financial statements and concluded that the standard does not have any material impact on the comparatives for the 2018 financial year, and accordingly, the comparative figure has not been restated.

Sale of goods

The Group's contracts with customers for the sales of product generally include one performance obligation. The Group has concluded that revenue from the sales of product should be recognised at the point in time when control of the asset is transferred to the customer i.e. on delivery of the product. This does not represent a change to the Group's accounting policy. This did not have a material impact on timing of revenue recognition.

Variable consideration

Product sales provide customers with a right of return within a specified period and are therefore deemed to be variable under IFRS 15. Under IFRS 15, the Group uses the expected value method to estimate the value of goods that will be returned, similar to that under the old standard IAS 8 and therefore no adjustment to the value of variable consideration was required on transition to IFRS 15.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Marketing Partnership Income
This income is earned when the company delivers specified marketing campaigns on behalf of suppliers where revenue is recognised at the point at which the contractual obligations have been delivered for the supplier. IFRS 15 did not impact the timing of recognition.

IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement", and covers recognition and measurement, impairment, and de-recognition of financial assets and liabilities, as well as changes to general hedge accounting principles. The group currently does not have any contracts that require hedge accounting and the majority of revenue is generated from cash sales, and therefore the impact of the application of IFRS 9 was not material to the net assets or profit for the period or prior period. The expected credit loss model was used to review the potential impairment of financial assets and management concluded no impairment was required.

(b) New standards and interpretations not yet adopted

IFRS 16 "Leases" is effective for all accounting periods on or after 1 January 2019 and therefore will be adopted from 30 March 2019. The Group has a small portfolio of leased properties, including office space and stores. On adoption of IFRS 16, lease agreements will give rise to both a right of use asset and a lease liability for future leases payable. The right of use asset will be depreciated on a straight-line basis over the life of the asset. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expense recognised in the income statement over the life of the lease will be unaffected by the new IFRS standard. The minimum lease commitment recognised at the financial period end disclosed in Note 21 was £3.4m.

The Group will use the modified retrospective approach for adoption and will recognise an opening right to use asset with the value of £2.8m and a corresponding lease liability of £2.8m. Admin expenses will be reduced by £0.9m but finance costs and depreciation will be increased by £0.2m and £0.8m respectively in the first year of adoption.

iii) Business combinations

The Group applies the acquisition method for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

iv) Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

iv) Significant accounting estimates and judgements (continued)

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern
For its day-to-day working capital requirements, the Company and Group uses it its cash reserves and borrowings, when required. In this context, the key factors considered in assessing the going concern status of the Company and Group are:

1. The results of the forecasts and projections prepared by the Company and Group covering the period to 31 March 2022 which, taking into account reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level of its current cash reserves and available additional funding that is available through the new equity investment not yet called on by the holding Company of the Group, Feelunique Holding Limited. This is discussed further below.

   These projections were sensitised to reflect the impact of severe but plausible downside scenarios including a reduction in current year on year performance of 20%, or a 40% miss to forecast. This scenario concluded that the Group will be able to manage within their existing cash reserves and available additional £7m investment from the equity raise set out below. In assessing the downside scenario a number of cost levers were adjusted for example reducing discretionary marketing spend and elements of overhead that could be quickly reduced.

2. The existence of a revolving credit facility with Barclays which was renewed until 28 February 2020, reflecting what the directors believe is Barclays' confidence in the Company and Group. Renewal discussions are ongoing with Barclays and the Directors would expect this facility to be renewed again in the normal course of business. The current position is an informal arrangement with Barclays whilst these discussions are ongoing and so the £3.5m facility is repayable on demand.

3. In the 15 months following the period end Palamon Equity, the Company's ultimate parent company, extended loans of £9m to the Group to facilitate investment for future growth. These loans have a repayment date of 31 December 2021, which was revised from April 2021, again reflecting the confidence that the majority shareholder has in the Company and Group.

4. In June 2020 an investment commitment was put in place with four of the existing shareholders which gives the Company and Group the ability to raise £7m funding through an equity raise that can be called on once or on two occasions after this date. The funding requires shareholder resolution and would, in addition to a cash injection of up to £7m, result in up to £4m of the outstanding loans with Palamon equity noted in point 3 above being capitalised as equity, further reducing the debt burden of the Company and Group.

Additionally, the Company's and Group's FY21 trading result to date has exceeded the forecasted cash flow projection, which the Directors consider provides positive evidence related to the Company's and Group's assessment of expected future cash flow projections. The Directors note that the Covid-19 pandemic has caused a shift of customers to purchase online, which means that the Group is well placed to accelerate growth, however the Directors have also considered the potential impact of a global recession and the recent reopening of shops in sensitising cash flow forecasts.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

iv) Significant accounting estimates and judgements (continued)

Based on the above, the Directors are confident, after making enquiries, that the cashflow projections support their reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further ultimate parent company support, as they consider the likelihood of a severe downside case, for example significant reduction in revenues, to be remote given the positive trading in FY21 following a consumer shift to online in the beauty market. In any event, the Directors are confident that the parent company would make available financial resources required to support the going concern status of the Company and Group, if it was required to do so. The Company and Group therefore continues to adopt the going concern basis in preparing its financial statements.

Estimates and assumptions

Business combinations and goodwill
The directors have reviewed the goodwill recognised as a result of the French business combination and presented in the financial statements as an Intangible Asset. Based on fair value less costs to sell, the directors determined that there was no impairment to be recognised to the fair value of the goodwill as presented in the Group financial statements.

Deferred tax
At the period end a review was undertaken regarding the level of losses being carried forward by each group entity and what opportunities the Group has available to it to optimise its tax position going forwards. It was noted that a deferred tax asset should be recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The Group has losses to carry forward and the directors have considered whether a Deferred Tax Asset should be recognised in the financial statements. The directors have considered the financial projections for the foreseeable future and are of the view that a deferred tax asset should not be recognised in these financial statements due to the fact that the Group continues to work through some investment projects which may affect the point at which the Group will generate taxable profits.

v) Revenue recognition
Revenue is measured as disclosed in the IFRS15 paragraph in ii) above. Revenue is stated net of discounts, values added taxes, and customer refunds.

For the small number of credit transactions in the stores, revenue is recognised at the point the invoice is raised, which is when the performance obligation is met.

The Directors review revenue as split between online and offline at the Group level and not at the company level. Offline revenue was 3.0% of total revenue (2018: 2.8%)

vi) Retro and supplier credit income recognition
Cost of sales includes the value of retro income received and receivable from certain suppliers. This retro income is earned when the company meets specified supplier purchase targets during the calendar year. The company recognises this income in the consolidated Income Statement when the retro qualifying stock has been sold to customers.

vii) Non-recurring items
Non-recurring items are those items which are unusual because of their size, nature or incidence. The Group's board consider that these items should be separately identified within their relevant statement of comprehensive income category to enable a full understanding of the Group's results.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

viii) Foreign currencies

Functional and presentational currency

The Group's consolidated financial statements are presented in sterling which is the Group's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

ix) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet.

(ii) income and expenses for each income statement are translated at average exchange rate.

(iii) all resulting exchange differences are recognised in other comprehensive income and in the Foreign Currency Translation Reserve in the Consolidated statement of changes in equity.

A subsidiary investment is an entity controlled by the Group. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with investees, and has the ability to affect those returns through its power, directly or indirectly, over the investee.

Intercompany transactions and balances between Group companies are eliminated on consolidation. Unrealised gains/losses are also cancelled unless the transaction provides evidence of an impairment of an asset transferred.

The financial statements of all the subsidiary undertakings are prepared at the same reporting date as the Company and have all been consolidated. The subsidiary undertakings of the Group are set out in note 11.

x) Property Plant and Equipment

Property, plant and equipment is recognised at historical cost less depreciation.
The depreciation on property, plant and equipment is calculated on a straight-line basis, to write down the cost to the estimated residual value over the estimated useful economic life of the asset. Net carrying value is determined as being the historic cost less depreciation

The depreciation rates applied during the period were as follows:

	Rate %
Leasehold property improvements	20%
Plant & equipment	20%
Fixtures & fittings	10%
Computer equipment	33%
Motor vehicles	25%

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

x) Property Plant and Equipment (continued)

The assets' residual value and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. Impairment reviews are carried out on assets whenever an indication of impairment becomes apparent. An asset's carrying value is written down immediately to its recoverable value if lower than its carrying value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Administrative Expenses" in the Income Statement.

xi) Intangible assets

(a) Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Third party acquired computer software is also recognised as intangible assets.

The amortisation on computer software is calculated on the straight line basis, to write down its cost to its estimated residual value over its estimated useful economic life. Net carrying value is determined as being the historic cost less amortisation. The amortisation rate applied during the period was 20 - 33%, depending on the useful economic life of the asset.

(b) Website
The cost of acquisition of the website "feelunique.com" is capitalised and shown at cost. This cost reflects the cost of purchase of the website address names and the associated goodwill at the time for purchase. The intangible asset is written off over 20 years to the income statement from the date of acquisition, 1 February 2008.

(c) Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill is initially recognised as an asset at cost and is reviewed for impairment at least annually. Goodwill is subsequently measured at cost less any accumulated impairment losses. An impairment charge is recognised in profit or loss for any amount by which the carrying value of goodwill exceeds its recoverable amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

For acquisitions prior to 3 April 2010 costs directly attributable to business combinations formed part of the consideration payable when calculating goodwill.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

xi) Intangible assets (continued)

(c) Goodwill (continued)

Adjustments to contingent consideration, and therefore the consideration payable and goodwill, are made at each reporting date until the consideration is finally determined. Acquisitions after this date fall under the provisions of 'Revised IFRS 3 Business Combinations (2009)'. These acquisition transaction costs, other than share and debt issue costs, will be expensed as incurred and subsequent adjustments to the fair value of consideration payable will be recognised in profit or loss.

xii) Inventories

Inventory is valued by the directors at the lower of cost and net realisable value. Net realisable value is the price at which inventory can be sold in the normal course of business after allowing for the costs of realisation. The inventory value in the consolidated balance sheet is the cost price less inventory provisions and retro income attributable to qualifying inventory unsold at the period end.

xiii) Pensions

The Group operates a Defined Contribution scheme. A defined contribution scheme is a pension plan under which the Group and its employees pays fixed contributions into a third party investment pension fund. The cost to the Group of these contributions is recognised within administrative expenses in the Income Statement. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

xiv) Financial instruments

Loans are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities under "Borrowings".

Equity instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective rate of interest.

Cash and cash equivalents comprise cash at bank and in hand, including short term deposits with a maturity date of three months or less.

Trade receivables are recognised and carried at original invoice amount less provision for impairment. Directors on a regular basis monitor and review the ageing and recoverability of trade receivables with the view to identify if any impairment is required.

xv) Investments

Investments in subsidiary undertakings are stated at the original cost of the investment. Provision is made against cost where, in the opinion of the Directors, the value of the investment is impaired.

xvi) Operating leases

The payments made under the operating leases for the rental of property occupied by the Group have been charged to the consolidated income statement on a straight-line basis over the lease terms.

xvii) Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event and the cost to settle the obligation are both probable and able to be reliably measured. Provisions are recognised at the fair value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

xviii) Borrowings

Current borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a re-payment for liquidity services and amortised over the period of the facility to which it relates.

xix) Taxation

The charge for taxation is based on the net income for the period. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date to the extent that it is probable that future taxable profits will be available for utilisation. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Non-recurring costs

	Group 29 March 2019 £'000	Group 31 March 2018 £'000
Finance team restructure costs	-	23
Irrecoverable VAT	-	75
Other costs	-	67
Expansion project	-	275
Discontinued Beautyst business	-	184
Total non–recurring costs	-	624

In the prior year, the restructuring to move the Finance team from Jersey to the UK operating site was finalised. There was also a project to review the feasibility and potential expansion into a wider global market, resulting in project non-recurring costs of £275,000.

Irrecoverable VAT in the prior year relates to the registration of the Company for VAT in some international territories and settlement of VAT due as a result of these registrations.

On 6 April 2017, the trade and assets of the Beautyst were acquired. The non-recurring costs above related to the ongoing running costs that were incurred until it was feasible to close the website and the impairment of stock acquired as part of the purchase.

Notes to the financial statements (continued)

4. Operating loss

Operating loss is arrived at for the period after (crediting)/charging the following expenses/(income) as categorised by nature:

	Group 29 March 2019 £'000	Group 31 March 2018 £'000
Operating lease costs	**921**	348
Depreciation of owned property, plant and equipment	**206**	195
Amortisation – intangible assets	**461**	500
Foreign exchange gains	**(438)**	(333)
Inventories recognised in cost of sales	**58,726**	62,196
Inventory written off	**400**	100

The aggregated remuneration for all Group employees including directors comprised:

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	**Company 29 March 2019 £'000**	Company 31 March 2018 £'000
Wages and salaries	**4,348**	3,724	**2,930**	2,594
Pension contributions – Defined contribution	**178**	114	**97**	54
Social security costs	**894**	742	**512**	401
	5,420	4,580	**3,539**	3,049
Directors' emoluments	**1,169**	987	**1,169**	987
Total wages and staff related costs	**6,589**	5,567	**4,708**	4,036

During the period retirement benefits were accruing to no directors (2018: none) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £413,718 (2018: £469,384). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,044 (2018: £3,009).

Average number of employees during the period:

	Group 29 March 2019 number	Group 31 March 2018 number	**Company 29 March 2019 number**	Company 31 March 2018 number
	132	115	**96**	85

Average number of people (including executive directors) employed:

Selling and distribution	**97**	85	**96**	85
Operations	**35**	30	**-**	-
Total	**132**	115	**96**	85

By location:

United Kingdom	**96**	85	**96**	85
France	**35**	30	**-**	-
Asia	**1**	-	**-**	-
Total	**132**	115	**96**	85

Notes to the financial statements (continued)

5. Auditors' remuneration

	29 March 2019 £'000	31 March 2018 £'000
Fees payable to Company's auditors and their associates for the audit of parent company and consolidated financial statements	55	50
Fees payable to Company's auditors and their associates for other services:		
Audit-related assurance service	-	-
Tax compliance service	-	-
	55	50

6. Finance costs

	29 March 2019 £'000	31 March 2018 £'000
Bank interest and charges	406	370
	406	370

7. Income tax expense

	29 March 2019 £'000	31 March 2018 £'000
Current tax:		
Current tax on loss for the period	34	-
Total current tax	34	-

	29 March 2019 £'000	31 March 2018 £'000
Loss before tax	(6,899)	(5,398)
Tax calculated at the tax rates applicable (blended rate 19.2%; 2018: 19.2%)	(1,325)	(1,035)
Tax effects of:		
Depreciation in excess of capital allowances	-	195
Effect of higher tax rates in foreign jurisdictions	34	-
Losses created in the period	1,325	840
Tax charge	34	-

The Feelunique International Limited Group consists of Feelunique International Limited, which is subject to UK corporation tax, its French subsidiary, Feelunique France SAS, being subject to French company taxation, and Feelunique International Asia Limited, being subject to Hong Kong company taxation.

The Company is subject to UK corporation tax rate of 19%. Feelunique France SAS corporate income tax in France is at a rate of 33.3%. Feelunique International Asia Limited in Hong Kong is at a rate of 0%.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements where appropriate.

Notes to the financial statements (continued)

8. Deferred tax

The directors have considered whether a deferred tax asset should be recognised in these financial statements and performed a review of the financial projections for the next few years and the plan to reach break-even in the next two years.

The value of the estimated deferred tax asset not yet recognised is in the sum of £5.0m (2018:£4.3m); no deferred tax asset has been recognised at 29 March 2019 as the directors cannot assess with certainty when taxable profits will arise.

9. Intangible assets

Group	Computer software £'000	Feelunique.com website £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2018	1,796	42	1,034	2,872
Additions	589	15	-	604
At 29 March 2019	**2,385**	**57**	**1,034**	**3,476**
Accumulated amortisation				
At 1 April 2018	863	6	-	869
Charge for the period	450	11	-	461
At 29 March 2019	**1,313**	**17**	**-**	**1,330**
Net book value				
At 29 March 2019	**1,072**	**40**	**1,034**	**2,146**
At 31 March 2018	933	36	1,034	2,003

Notes to the financial statements (continued)

9. Intangible assets (continued)

Prior year:

	Computer software £'000	Feelunique.com website £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2017	1,189	42	747	1,978
Additions	607	-	287	894
At 31 March 2018	**1,796**	**42**	**1,034**	**2,872**
Accumulated amortisation				
At 1 April 2017	366	3	-	369
Charge for the year	497	3	-	500
At 31 March 2018	**863**	**6**	**-**	**869**
Net book value				
At 31 March 2018	**933**	**36**	**1,034**	**2,003**
At 31 March 2017	823	39	747	1,609

Company

	Computer software £'000	Feelunique.com website £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2018	1,560	278	287	2,125
Additions	589	15	-	604
Transfers	236	(236)	-	-
At 29 March 2019	**2,385**	**57**	**287**	**2,729**
Accumulated amortisation				
At 1 April 2018	805	64	-	869
Charge for the period	450	11	-	461
Transfers	58	(58)	-	-
At 29 March 2019	**1,313**	**17**	**-**	**1,330**
Net book value				
At 29 March 2019	**1,072**	**40**	**287**	**1,399**
At 31 March 2018	755	214	287	1,256

Notes to the financial statements (continued)

9. Intangible assets (continued)

Prior year:

	Computer software £'000	Feelunique.com website £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2017	1,189	42	-	1,231
Additions	371	236	287	894
At 31 March 2018	**1,560**	**278**	**287**	**2,125**
Accumulated amortisation				
At 1 April 2017	366	3	-	369
Charge for the year	439	61	-	500
At 31 March 2018	**805**	**64**	**-**	**869**
Net book value				
At 31 March 2018	**755**	**214**	**287**	**1,256**
At 31 March 2017	823	39	-	862

10. Property, plant and equipment

Group	Motor vehicles £'000	Fixtures & fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Plant & equipment £'000	Total £'000
Cost						
At 1 April 2018	9	296	284	554	8	1,151
Additions	-	16	103	20	6	145
Foreign currency	-	(1)	-	(10)	-	(11)
At 29 March 2019	**9**	**311**	**387**	**564**	**14**	**1,285**
Accumulated depreciation						
At 1 April 2018	7	94	241	169	2	513
Charge for the period	2	54	69	79	2	206
Foreign currency	-	-	-	(2)	-	(2)
At 29 March 2019	**9**	**148**	**310**	**246**	**4**	**717**
Net book value						
At 29 March 2019	**-**	**163**	**77**	**318**	**10**	**568**
At 31 March 2018	2	202	43	385	6	638

Notes to the financial statements (continued)

10. Property, plant and equipment (continued)

Group prior year:

	Motor vehicles £'000	Fixtures & fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Plant & equipment £'000	Total £'000
Cost						
At 1 April 2017	9	117	254	497	-	877
Additions	-	178	30	44	8	260
Foreign currency	-	1	-	13	-	14
At 31 March 2018	**9**	**296**	**284**	**554**	**8**	**1,151**
Accumulated depreciation						
At 1 April 2017	5	44	178	87	-	314
Charge for the year	2	49	62	80	2	195
Foreign currency	-	1	1	2	-	4
At 31 March 2018	**7**	**94**	**241**	**169**	**2**	**513**
Net book value						
At 31 March 2018	**2**	**202**	**43**	**385**	**6**	**638**
At 31 March 2017	4	73	76	410	-	563

Company	**Fixtures & fittings £'000**	**Computer equipment £'000**	**Total £'000**
Cost			
At 1 April 2018	232	272	504
Additions	10	78	88
At 29 March 2019	**242**	**350**	**592**
Accumulated depreciation			
At 1 April 2018	53	232	285
Charge for the period	40	54	94
At 29 March 2019	**93**	**286**	**379**
Net book value			
At 29 March 2019	**149**	**64**	**213**
At 31 March 2018	179	40	219

Notes to the financial statements (continued)

10. Property, plant and equipment (continued)

Company prior year:

	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2017	64	246	310
Additions	168	26	194
At 31 March 2018	**232**	**272**	**504**
Accumulated depreciation			
At 1 April 2017	16	176	192
Charge for the year	37	56	93
At 31 March 2018	**53**	**232**	**285**
Net book value			
At 31 March 2018	**179**	**40**	**219**
At 31 March 2017	48	70	118

11. Investments in subsidiaries

	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Feelunique France SAS	**1,104**	1,104

Name and registered office	**Country of incorporation**	**Shares Held**	**Principal activity**	**% ownership**
Feelunique France SAS 35 Avenue Marceau, 75116, Paris	France	Ordinary €1 shares	Cosmetic and perfumery retailer	100%

Name and registered office	**Country of incorporation**	**Shares Held**	**Principal activity**	**% ownership**
Feelunique International Asia Limited 3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.	Hong Kong	Ordinary HKD1 shares	Asia Sourcing Office	100%

Notes to the financial statements (continued)

12. Inventories

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Inventory for resale	**10,184**	10,487	**7,983**	8,784
Inventory provisions	**(262)**	(196)	**(181)**	(144)
	9,922	10,291	**7,802**	8,640

13. Trade and other receivables

Falling due within one year:	Group 29 March 2019 £'000	Group 31 March 2018 £'000	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Trade receivables	**3,820**	3,908	**3,621**	3,745
Less: provisions for impairment	**-**	-	**-**	-
Trade receivables – net	**3,820**	3,908	**3,621**	3,745
Other receivables	**736**	928	**589**	811
Prepayments and accrued income	**1,050**	1,328	**1,006**	1,282
	5,606	6,164	**5,216**	5,838

14. Cash and cash equivalents

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Current account	**2,342**	472	**2,312**	333
Petty cash	**35**	1	**-**	-
	2,377	473	**2,312**	333

15. Amounts due from group companies

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Amount due from Ocapel Limited	**493**	187	**493**	187
Amount due from Feelunique Delivery Company Limited	**-**	7	**-**	7
Amount due from Feelunique France	**-**	-	**1,136**	725
Amounts due from Feelunique Hong Kong	**-**	-	**225**	-
	493	194	**1,854**	919

The intercompany loans are interest free and repayable on demand.

Notes to the financial statements (continued)

16. Share capital

Authorised:	Group Ordinary shares number	Group Ordinary shares £	Company Ordinary shares number	Company Ordinary shares £
Ordinary £1 shares	**100**	100	**100**	100

	Group Ordinary shares number	Group Ordinary shares £	Company Ordinary shares number	Company Ordinary shares £
Issued, allotted and fully paid at £1 each:				
Balance as at 1 April 2018	100	100	100	100
New shares issued	-	-	-	-
At 29 March 2019	**100**	100	**100**	100

17. Borrowings

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Revolving loan facility	**3,965**	3,917	**3,965**	3,917

The Group's current debt facility came into effect on 16 November 2016 and was a 3 year £4m revolving credit facility. The facility end date was extended to 28 February 2020 from November 2019, and following the onset of Covid-19 and discussions with Barclays, an informal extension is in place for this facility which has been reduced to £3.5m. These borrowings are disclosed as current to reflect the nature of the facility. The facility carries an interest rate of LIBOR+8%. Non-utilisation fees are charged at 3.2%. Included within the amount are unamortised arrangement fees of £0.0m (2018: £0.1m) which are being amortised over the life of the facility. Further details of additional funding received by the Group post the period end are set out under the going concern disclosures included in note 1.

The Group had £nil undrawn committed borrowing facilities available at 29 March 2019 (2018: £nil) that expire within one year.

18. Trade and other payables

Current Liabilities:	Group 29 March 2019 £'000	Group 31 March 2018 £'000	Company 29 March 2019 £'000	Company 31 March 2018 £'000
Trade payables and other payables	**10,682**	9,403	**9,925**	8,665
Other taxation and social security payable	**193**	148	**145**	120
Accruals and other deferred income	**2,976**	2,781	**2,623**	2,413
	13,851	12,332	**12,693**	11,198

Notes to the financial statements (continued)

19. Provisions

The Group had no provisions outstanding at the end of the financial period (2018: £nil).

20. Amounts due to group companies

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	**Company 29 March 2019 £'000**	Company 31 March 2018 £'000
Amount due to Feelunique Holding Limited	**16,775**	10,206	**16,775**	10,206
Amount due to thebigwebsite Limited	**15,282**	15,596	**15,598**	15,449
Amount due to Channel Island Commercial Group Limited	**2,853**	2,508	**2,847**	2,502
Amount due to Feelunique Delivery Company Limited	**54**	-	**54**	-
	34,964	28,310	**35,274**	28,157

The intercompany loans are non-interest bearing and repayable on demand.

21. Operating lease commitments

At 29 March 2019 the Group had the following future minimum lease commitments under non-cancellable operating leases as follows:

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	**Company 29 March 2019 £'000**	Company 31 March 2018 £'000
Within 1 year	**904**	469	**719**	270
Within 2-5 years	**2,381**	1,467	**2,122**	1,080
After five years	**114**	433	**76**	346
	3,399	2,369	**2,917**	1,696

The Group leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within one to eight years. The leases have varying terms, early break clauses and rent increase clauses. On renewal, the terms of the leases are renegotiated.

22. Cash generated from/(used in) operations

	Group 29 March 2019 £'000	Group 31 March 2018 £'000	**Company 29 March 2019 £'000**	Company 31 March 2018 £'000
Operating loss	**(6,493)**	(5,028)	**(6,635)**	(4,963)
Depreciation and amortisation charges	**667**	695	**555**	593
Decrease/ (Increase) in inventories	**369**	(2,011)	**801**	(1,454)
Decrease/(Increase) in trade and other receivables	**558**	(1,808)	**622**	(1,972)
Increase in trade and other payables	**1,552**	1,467	**1,501**	991
Increase in intercompany creditors	**6,355**	5,598	**6,182**	5,520
Cash generated from/ (used in) operations	**3,008**	(1,087)	**3,026**	(1,285)

Notes to the financial statements (continued)

23. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risks, credit risks and liquidity risks. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by using policies and guidelines approved by the Board of Directors.

Market risk comprises cash flow interest rate risk and foreign exchange risk.

Interest rate risk
The revolving credit facility bears interest at LIBOR plus 8% and therefore changes in LIBOR will affect the interest repayable. The facility is drawn down in smaller tranches and therefore the interest rate risk can be managed through repayment of tranches and working capital management.

Foreign currency risk
The Group's international operations consist primarily of internet sales to various customers around the world. The Group's established corporate policy towards minimising the potential foreign exchange risk is to have a fixed transaction rate which is regularly monitored against international market rates. The Group did not use foreign exchange hedging instruments during the period.

The Group's exposure to foreign currency risk as the end of the period, expressed in GBP, was as follows:

	29 March 2019	31 March 2018
	EUR	EUR
	£'000	£'000
Trade and other receivables	**500**	313
Cash and cash equivalents	**629**	229
Trade and other payables	**997**	935

All other Group assets and liabilities are in GBP or currencies that have resulted in immaterial exposure to foreign currency risk.

The sensitivity to foreign currency risk at the end of the period, expressed in GBP, was as follows:

Group – impact on operating profit	**29 March 2019**	31 March 2018
	£'000	£'000
Euro/GBP exchange rate - increase 5% ((charge)/credit)	**5**	18
Euro/GBP exchange rate - decrease 5% ((charge)/credit)	**(6)**	(21)

Company – impact on operating profit	**29 March 2019**	31 March 2018
	£'000	£'000
Euro/GBP exchange rate - increase 5% ((charge)/credit)	**29**	3
Euro/GBP exchange rate - decrease 5% ((charge)/credit)	**(32)**	(4)

Liquidity risk
Prudent liquidity risk management includes maintaining sufficient cash. The Group closely monitors its cash position and requirements on an ongoing basis to ensure that it is able to settle its financial obligations as they fall due.

All trade receivables and other receivable amounts fall due within one year.

All financial liabilities amounts fall due within one year.

Notes to the financial statements (continued)

23. Financial risk management (continued)

In November 2016 the directors secured a three year revolving credit facility with Barclays Bank in the year to ensure the Group has sufficient liquidity. This facility was extended to 28 February 2020 and is now informally extended with Barclays subject to ongoing negotiations for a formal extension following the start of the Covid-19 pandemic. Separately the directors monitor inventory levels to ensure optimum stock turn to minimise liquidity risk, and are strategically focused on the growth of the concession business which provides growth without investment in inventory. On an ongoing basis the directors negotiate improved credit terms from suppliers.

Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. The main elements that directors monitor closely is the accounts receivable especially around business partners' debtor balances and monies due from merchant payment providers. Of the trade and other receivables outstanding at the balance sheet date, £0.9m (2018:£0.3m) is overdue but not impaired. The remainder is not due.

During the period there have been immaterial losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date. The directors do not consider credit risk to be significant.

Cash and cash equivalents – external rating (S&P'S)	**Group 2019: £'000**	Group 2018: £'000	**Company 2019: £'000**	Company 2018: £'000
A - LCL	**30**	139	**-**	-
A-2 Royal Bank of Scotland International	**2,310**	330	**2,310**	330
A-1 Barclays	**2**	3	**2**	3
	2,342	472	**2,312**	333

Capital risk management
The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. The Group has an unchanged ordinary share capital structure.

The accounting policies for financial instruments have been applied to the items below:

Financial assets by category

	Loans and receivables Group 2019 £'000	Loans and receivables Group 2018 £'000	**Loans and receivables Company 2019 £'000**	Loans and receivables Company 2018 £'000
Trade and other receivables (excluding prepayments)	**4,556**	4,836	**4,210**	4,556
Cash and cash equivalents	**2,377**	473	**2,312**	333
Amounts due from group companies	**493**	194	**1,854**	919
	7,426	5,503	**8,376**	5,808

Notes to the financial statements (continued)

23. Financial risk management (continued)

Financial liabilities by category

	Financial liabilities at amortised cost Group 2019 £'000	Financial liabilities at amortised cost Group 2018 £'000	**Financial liabilities at amortised cost Company 2019 £'000**	Financial liabilities at amortised cost Company 2018 £'000
Trade and other payables	**10,841**	9,551	**10,070**	8,785
Borrowings	**3,965**	3,917	**3,965**	3,917
Amounts due to group companies	**34,964**	28,310	**35,274**	28,157
Accruals	**2,396**	2,464	**2,048**	2,096
	52,166	44,242	**51,357**	42,955

24. Related party transactions

The Company's operating expenses have been financed by its parent company, Feelunique Holding Limited.

These costs relate to transactions in the normal course of business in the provision of commercial, marketing, technical, PR services and warehouse fulfilment services for the Group.

Mr. R. Bensoussan earned director fees during the period amounting to £70,000 (2018: £70,000) as per the terms of his director service agreement with the company.

Mr. J. Sharp earned director fees during the period amounting to £17,500 (2018: £17,500) as per the terms of his director service agreement with the company. Consultancy fees of £44,986 (2018: £37,500) were also earned by Mr. J. Sharp during the period.

See notes 15 and 20 for amounts due to and from related companies. There are no other transactions with the directors which are outside of normal employment service agreements that are required to be disclosed.

25. Contingent liabilities

There were no contingent liabilities identified at the period end (2018: £nil).

26. Subsequent events

In June 2020 the Group's ultimate holding company Feelunique Holding Limited finalised an investment commitment with existing shareholders of up to £8m through a preference share equity raise that can be initiated twice by the Group. Separately Feelunique Holding Limited has provided a letter of support to this Group that will ensure that it can meet its liabilities as they fall due for at least 12 months from the date these financial statements were approved and will provide required funding under an intercompany loan agreement when appropriate.

27. Ultimate controlling party

The ultimate controlling party is Palamon European Equity II LP, a limited liability partnership registered in England and Wales, whose registered office is at Cleveland House, 33 King Street, London, SW1Y 6RJ (registered number L.P. 010434). The smallest and largest group to consolidate these financial statements is that of Feelunique Holding Limited, a company registered in Jersey, which is the ultimate holding company of the Feelunique group.