
LUXDECO LTD

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2020

LUXDECO LTD
REGISTERED NUMBER: 08067602

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

| | Note | 2020 £ | 2019 £ |
|---|-------------|---------------------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 4 | 443,932 | 274,353 |
| Tangible assets | 5 | 36,625 | 26,829 |
| | | <u>480,557</u> | <u>301,182</u> |
| Current assets | | | |
| Stocks | | 102,807 | 81,207 |
| Debtors: amounts falling due within one year | 6 | 1,048,662 | 902,498 |
| Cash at bank and in hand | | 90,164 | 93,012 |
| | | <u>1,241,633</u> | <u>1,076,717</u> |
| Creditors: amounts falling due within one year | 7 | (2,612,256) | (1,359,172) |
| Net current liabilities | | <u>(1,370,623)</u> | <u>(282,455)</u> |
| Total assets less current liabilities | | <u>(890,066)</u> | <u>18,727</u> |
| Creditors: amounts falling due after more than one year | 8 | (2,350,583) | (2,040,838) |
| Net liabilities | | <u><u>(3,240,649)</u></u> | <u><u>(2,022,111)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 4 | 4 |
| Share premium account | | 9,098,919 | 7,580,218 |
| Profit and loss account | | (12,339,572) | (9,602,333) |
| | | <u><u>(3,240,649)</u></u> | <u><u>(2,022,111)</u></u> |

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Holmes
Director

Date: 23 December 2020

The notes on pages 3 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

The principal activity of LuxDeco Ltd ("the Company") is that of an online retailer of fine furnishings.

The Company is a private company limited by shares and is incorporated in England and Wales.

The Registered Office address is 1st Floor, 62-64 Cornhill, London, EC3V 3NH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on a going concern basis.

The company incurred trading losses for the year and the directors are aware that the company's balance sheet reflects net liabilities. However, they have reasonable expectations that the company will begin to trade profitably once the research and development stage has advanced further. The investors continue to support LuxDeco Ltd and the directors are also actively seeking further new investment to ensure the business can meet its obligations, if and when, they become due. LuxDeco has secured significant investment post year end via a combination of new and existing investors. This investment is expected to close in early 2021. It is on this basis that the directors believe the accounts should continue to be prepared on the going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.9 Tangible fixed assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|--------------------|------------------------------|
| Motor vehicles | - straight line over 3 years |
| Office equipment | - straight line over 3 years |
| Computer equipment | - straight line over 3 years |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.13 Financial instruments

The Company only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.13 Financial instruments (continued)

other third parties, loans to and from related parties.

(i) Financial assets

Basic financial assets, including trade and other debtors, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3. Employees

The average monthly number of employees, including directors, during the year was 36 (2019 - 29).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Intangible assets

| | Development £ |
|-------------------------------------|--------------------------|
| Cost | |
| At 1 April 2019 | 1,009,655 |
| Additions | 352,965 |
| | <hr/> |
| At 31 March 2020 | 1,362,620 |
| | <hr/> |
| Amortisation | |
| At 1 April 2019 | 735,302 |
| Charge for the year on owned assets | 183,386 |
| | <hr/> |
| At 31 March 2020 | 918,688 |
| | <hr/> |
| Net book value | |
| At 31 March 2020 | <u><u>443,932</u></u> |
| At 31 March 2019 | <u><u>274,353</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Tangible fixed assets

| | Motor vehicles £ | Office & warehouse equipment £ | Computer equipment £ | Total £ |
|-------------------------------------|---------------------|---|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 April 2019 | 17,139 | 20,100 | 39,506 | 76,745 |
| Additions | - | 7,529 | 19,680 | 27,209 |
| At 31 March 2020 | 17,139 | 27,629 | 59,186 | 103,954 |
| Depreciation | | | | |
| At 1 April 2019 | 5,462 | 14,202 | 30,252 | 49,916 |
| Charge for the year on owned assets | 6,908 | 3,595 | 6,910 | 17,413 |
| At 31 March 2020 | 12,370 | 17,797 | 37,162 | 67,329 |
| Net book value | | | | |
| At 31 March 2020 | 4,769 | 9,832 | 22,024 | 36,625 |
| At 31 March 2019 | 11,677 | 5,898 | 9,254 | 26,829 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 110,412 | 158,506 |
| Other debtors | 140,544 | 125,588 |
| Prepayments and accrued income | 599,490 | 487,793 |
| Tax recoverable | 196,887 | 129,282 |
| Deferred taxation | 1,329 | 1,329 |
| | <u>1,048,662</u> | <u>902,498</u> |

7. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Bank loans | 186,155 | - |
| Trade creditors | 587,538 | 276,281 |
| Other taxation and social security | 311,239 | 47,348 |
| Other creditors | 219,321 | 191,643 |
| Accruals and deferred income | 1,308,003 | 843,900 |
| | <u>2,612,256</u> | <u>1,359,172</u> |

8. Creditors: Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|-------------|------------------|------------------|
| Other loans | 2,350,583 | 2,040,838 |
| | <u>2,350,583</u> | <u>2,040,838</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Deferred taxation

| | 2020 £ |
|-----------------------|-------------------------|
| At beginning of year | 1,329 |
| At end of year | <u>1,329</u> |

The deferred tax asset is made up as follows:

| | 2020 £ | 2019 £ |
|--------------------------------|-------------------------|-------------------------|
| Accelerated capital allowances | 1,329 | 1,329 |
| | <u>1,329</u> | <u>1,329</u> |

10. Share capital

| | 2020 £ | 2019 £ |
|---|-------------------------|-------------------------|
| Allotted, called up and fully paid | | |
| 36,660,542 shares of £0.0000001 each - | - | - |
| Enter number (2019 - 173,333) Deferred shares of £0.000003 each | - | 0.52 |
| Enter number (2019 - 328,000) Ordinary shares of £0.000010 each | - | 3.28 |
| 3,666,054 (2019 -) Ordinary shares of £0.000001 each | 3.67 | - |
| | <u>3.67</u> | <u>3.80</u> |

On 29 August 2019, 173,333 deferred shares of £0.000003 each have been cancelled.

On 25 September 2019, 327,695 Ordinary shares of £0.000010 each were converted to 32,769,500 Ordinary shares at a nominal value of £0.0000001.

Also on 25 September 2019, an additional 3,891,042 Ordinary shares of £0.0000001 each were issued for a cash consideration of £1,517,506.

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling £7,997 (2019: £3,295) were payable to the fund at the Statement of Financial Position date and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Not later than 1 year | 305,688 | 125,400 |
| Later than 1 year and not later than 5 years | 147,972 | 451,250 |
| | <u>453,660</u> | <u>576,650</u> |

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