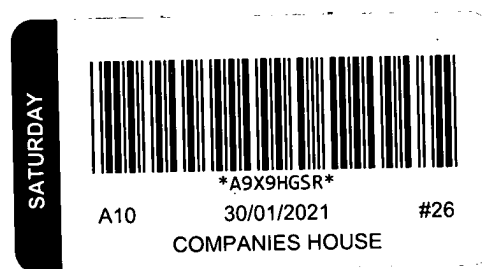


REGISTERED NUMBER: 08253929 (England and Wales)

Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended 31 January 2020  
for  
Palace Skateboards Limited



Palace Skateboards Limited

Contents of the Financial Statements  
for the Year Ended 31 January 2020

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Palace Skateboards Limited

Company Information  
for the Year Ended 31 January 2020

**DIRECTORS:**

G L Skewis  
L J Tanju

**REGISTERED OFFICE:**

4th Floor, 100 St John Street  
London  
EC1M 4EH

**REGISTERED NUMBER:**

08253929 (England and Wales)

**AUDITORS:**

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Palace Skateboards Limited

Strategic Report  
for the Year Ended 31 January 2020

The directors present their strategic report for the year ended 31 January 2020.

**REVIEW OF BUSINESS**

Review of the year and financial position

As shown in the Company's Income Statement, turnover decreased 15.18% to £32,930,607 from £38,823,526 in 2019. The gross profit margin was 42.34% compared to 62.22% in 2019. The closing net assets were £15,643,391.

The Group reorganised in July 2019 with the US e-commerce and fulfilment operations moving to a new indirect US subsidiary, Palace Skateboards US Online Inc, from the Company. Direct to consumer sales to US online customers were recorded in the Company for the first half of the year only.

The decline in reported gross profit margin % was a result of the change in operational structure for the US online business, adverse FX movements, the implementation of a new transfer pricing policy, the impact of an exceptional stock provision (£1,057,210) and the costs associated with the rectification of historic EU VAT and US Sales tax exposures (£564,977).

The Company continued to invest in its operational capacity over the period with its average headcount growing by 8 to 43 (2019: 35).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's principal risks are as follows:

**Suppliers**

The Company is dependent on the ability of its suppliers to manufacture its products to the desired quality and ethical standards and on its logistics providers to ensure it reaches the required location on a timely basis. If product is not delivered on time and to the required specifications, revenue will be impacted unfavourably. In addition, if suppliers do not work within the Company's required quality control standards, it could have a negative impact on the Palace Skateboards brand and reputation. The company works closely with all its design, production and logistic suppliers to mitigate these risks.

**Foreign exchange risk**

The Company purchases the majority of its product stock from overseas and is therefore exposed to foreign currency risk; primarily the US Dollar. However this is mitigated by the company having a source of US Dollars from the groups' US operations in order to cover such purchases. The imminent exit of the UK from the EU has resulted in a devaluation of Sterling against the US Dollar and increased currency volatility. The directors monitor on an ongoing basis the currency risk arising to the Company and ensures that risk remains at an acceptable level.

**Brexit**

We are mitigating the continued uncertainty over the exit of the UK from the European Union by expanding our markets outside this economic area.

Although the foreign exchange markets have been very volatile since the UK voted to leave the EU in June 2016 the company has natural currency hedges within its operations as close to 50% of the group's turnover is denominated in US Dollars, which in turn is used to pay most of its manufacturing suppliers, and sufficient GBP is generated to cover the UK based head office. This ensures that transactional FX risk is minimised.

Our suppliers are mainly based outside of Europe and so changes in duties and tariffs on imports has not materially impacted the Company.

We are due to open our European warehouse in the Netherlands to service our EU customers from February 2021. Our UK warehouse will no longer fulfil these. This should help protect us from trading risks in Europe and minimise the financial impact on the Company.

We have taken steps to ensure that all our non-UK employees can continue to work for us.

Palace Skateboards Limited

Strategic Report  
for the Year Ended 31 January 2020

**Covid-19**

The Covid-19 pandemic has had a severe impact on the global economy, resulting in significant economic uncertainty. The Company expects this ongoing risk to impact all areas of the business from supply chain to revenue to team members.

There remains a risk of further or multiple lockdowns and uncertainty remains over what strategy various governments may put in place, and their effectiveness, for the Covid-19 global pandemic, which makes outcomes and financial performance more difficult to model.

The directors have considered these risks and taken actions they consider appropriate to minimise the impact.

We perform scenario analysis with forecasts to understand the potential impact and minimise this, ensuring the business can meet its obligations.

Where appropriate, we have taken and continue to utilise available government support schemes that aid cashflow and business continuity.

We have complied with all government guidelines surrounding safe working practices to minimise the risk of spread of infection, and to ensure the wellbeing of all employees and customers.

We continue to work closely with our supply chain to plan for and minimise the impacts of delays on stock purchases.

**Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

Management have modelled different scenarios given the impact of COVID-19 on customer demand and behaviours, none of which have resulted in a change to the assessment of the Company as a going concern.

The Directors have reviewed current performance, EBITDA forecasts and the Group Cashflow forecasts and are satisfied that the Company's forecasts, taking account of scenario modelling performed, show that the Company will continue in operation and meet its liabilities as they fall due for the foreseeable future and at a minimum for 12 months from the date of signing the financial statements.

The Directors have therefore continued to adopt the going concern basis in preparing the Company's financial statements.

**KEY PERFORMANCE INDICATORS**

Our KPI measures are:

1. Turnover: £32,930,607 (2019: £38,823,526)
2. Gross Profit Margin: 42.34% (2019: 62.22%)
3. Bank balances: £2,203,342 (2019: £4,688,085)

We also see sell through rates as a KPI measure. These are monitored regularly as part of the management review process.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
*Garth Skewis*  
5AD6BAEA99894E...  
G L Skewis - Director

Date: 29-01-21

Palace Skateboards Limited

Report of the Directors  
for the Year Ended 31 January 2020

The directors present their report with the financial statements of the Company for the year ended 31 January 2020.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 January 2020 was £5,700,000 (2019: £6,000,000).

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 February 2019 to the date of this report.

G L Skewis  
L J Tanju

**DISCLOSURE IN THE STRATEGIC REPORT**

Certain matters required by the regulations to be dealt with in the Directors' Report have been addressed in the Strategic Report on pages 2 and 3. These includes disclosures such as principal risks and future developments.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate information included on the company's website.

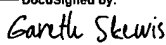
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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.

**AUDITORS**

The auditors, Shaw Gibbs Limited, resigned and RSM UK Audit LLP were appointed on 10 September 2020 to fill the casual vacancy. RSM UK Audit LLP will be proposed for reappointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
SAD68BAEA988944E...

.....  
G L Skewis - Director

29-01-21  
Date: .....

Independent Auditors' Report to the Members of  
Palace Skateboards Limited

**Opinion**

We have audited the financial statements of Palace Skateboards Limited (the 'Company') for the year ended 31 January 2020 which comprise the Statement of Total Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- the 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 Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditors' Report to the Members of  
Palace Skateboards Limited

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 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 Company or to cease operations, or have no realistic alternative but to do so.

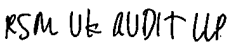
**Auditors' responsibilities for the audit of the financial statements**

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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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

DocuSigned by:  
  
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Andrew Westbrook (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

29-01-21  
Date: .....



Palace Skateboards LimitedStatement of Total Comprehensive Income  
for the Year Ended 31 January 2020

	Notes	2020 £	2019 £
<b>TURNOVER</b>	4	32,930,607	38,823,526
Cost of sales (see Note 7)		(18,988,259)	(14,668,270)
<b>GROSS PROFIT</b>		13,942,348	24,155,256
Administrative expenses		(10,051,195)	(7,416,822)
		3,891,153	16,738,434
Other operating income		93,564	51,359
<b>OPERATING PROFIT</b>	6	3,984,717	16,789,793
Interest receivable and similar income		88,136	61,928
		4,072,853	16,851,721
Interest payable and similar expenses	8	(118,941)	(10,795)
<b>PROFIT BEFORE TAXATION</b>		3,953,912	16,840,926
Tax on profit	9	(725,559)	(3,319,653)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		3,228,353	13,521,273
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		3,228,353	13,521,273

The notes form part of these financial statements

Palace Skateboards Limited (Registered number: 08253929)Balance Sheet  
31 January 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	11	679,891	244,386
Investments	12	5,470	5,339
		<u>685,361</u>	<u>249,725</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,654,137	3,867,200
Debtors	14	14,178,265	13,303,323
Cash at bank and in hand		2,203,342	4,688,085
		<u>18,035,744</u>	<u>21,858,608</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(2,977,940)	(3,950,832)
<b>NET CURRENT ASSETS</b>		<u>15,057,804</u>	<u>17,907,776</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,743,165</u>	<u>18,157,501</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(6,774)	-
<b>PROVISIONS FOR LIABILITIES</b>	19	(93,000)	(42,463)
<b>NET ASSETS</b>		<u><u>15,643,391</u></u>	<u><u>18,115,038</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	100	100
Retained earnings		15,643,291	18,114,938
<b>SHAREHOLDERS' FUNDS</b>		<u><u>15,643,391</u></u>	<u><u>18,115,038</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 29-01-21..... and were signed on its behalf by:

DocuSigned by:  
*Gareth Skewis*

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G L Skewis - Director

Palace Skateboards LimitedStatement of Changes in Equity  
for the Year Ended 31 January 2020

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 February 2018</b>	100	10,593,665	10,593,765
<b>Changes in equity</b>			
Dividends	-	(6,000,000)	(6,000,000)
Total comprehensive income	-	13,521,273	13,521,273
<b>Balance at 31 January 2019</b>	100	18,114,938	18,115,038
<b>Changes in equity</b>			
Dividends	-	(5,700,000)	(5,700,000)
Total comprehensive income	-	3,228,353	3,228,353
<b>Balance at 31 January 2020</b>	100	15,643,291	15,643,391

The notes form part of these financial statements

Palace Skateboards Limited

Notes to the Financial Statements  
for the Year Ended 31 January 2020

**1. STATUTORY INFORMATION**

Palace Skateboards Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The company's principal activity is that of design and retailer of skateboarding hard goods and apparel.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of GSLT Holdings Limited as at 31 January 2020. Those financial statements may be obtained from Companies House.

**Preparation of consolidated financial statements**

The financial statements contain information about Palace Skateboards Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, GSLT Holdings Limited, 4th Floor, 100 St John Street, London EC1M 4EH.

**Related party exemption**

The Company has taken advantage of the exemption under the terms of Financial Reporting Standard 102 Section 33.1A not to disclose transactions and outstanding balances with wholly owned subsidiaries within the group and its parent company GSLT Holdings Limited.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

**Sale of goods and services**

Revenue from the sale of goods and services 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.
- design and marketing fees arising as a result of collaborations with other brands are recognised when the cobranded product comes to market or when the collaboration is cancelled and the design fee forfeited.

Palace Skateboards Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 January 2020

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- in accordance with the property
Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost

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 the Statement of Comprehensive Income.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for slow-moving items. Cost is direct purchase price.

**Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss account.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Total Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Operating lease commitments**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Palace Skateboards Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 January 2020

**2. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme for its employees. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate. The pension scheme is a separate entity and once the contributions have been paid the company has no further payment obligations.

Amounts not paid are included in accruals as a liability in the balance sheet. The assets of the scheme are held separately from the company in independently administered funds.

**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.

**Dividends**

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting.

**Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

Management have modelled different scenarios given the impact of COVID-19 on customer demand and behaviours, none of which have resulted in a change to the assessment of the Company as a going concern.

The Directors have reviewed current performance, EBITDA forecasts and the Group cashflow forecasts, and are satisfied that the Company's forecasts, taking account of scenario modelling performed, show that the Company will continue in operation and meet its liabilities as they fall due for the foreseeable future and at a minimum for 12 months from the date of signing the financial statements.

The Directors have therefore continued to adopt the going concern basis in preparing the Company's financial statements.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Stock provision**

The financial statements include provision against slow moving stock. This provision is based on management's historical experience and review of stock movements following the year end.

**Group balances recoverability**

The company assesses the recoverability of intercompany balances regularly based on cashflow projections across companies within the group. Where management deem that amounts are not recoverable, a provision is recognised to the extent that the balance is deemed recoverable.

**Depreciation policy of tangible fixed assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets.

Palace Skateboards LimitedNotes to the Financial Statements - continued  
for the Year Ended 31 January 2020**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	10,524,571	12,536,103
Europe	4,939,425	5,315,738
United States of America	13,231,552	17,190,735
Rest of World	4,235,059	3,780,950
	<u>32,930,607</u>	<u>38,823,526</u>

**5. EMPLOYEES AND DIRECTORS**

	2020 £	2019 £
Wages and salaries	2,176,540	1,393,928
Social security costs	307,015	169,019
Other pension costs	32,410	14,672
	<u>2,515,965</u>	<u>1,577,619</u>

The average number of employees during the year was as follows:

	2020	2019
Administrative	16	11
Production and design	9	7
Retail	14	14
Marketing	2	1
Directors	2	2
	<u>43</u>	<u>35</u>

	2020 £	2019 £
Directors' remuneration	<u>25,808</u>	<u>30,250</u>

The above (including directors' remuneration) reflects all payments to key management personnel.

**6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Other operating leases	190,369	170,680
Depreciation - owned assets	105,554	131,084
Profit on disposal of fixed assets	(1,432)	-
Auditors' remuneration	28,000	28,028
Foreign exchange differences	<u>(88,434)</u>	<u>(477,709)</u>

**7. EXCEPTIONAL ITEMS**

The cost is made up of the following:

	2020	2019
Specific provision against old season stock	£1,057,210	£Nil
Historical EU distance selling VAT and associated penalties	£383,957	£Nil
Historical tax liability in respect of US online sales (\$238,821)	<u>£181,020</u>	<u>£Nil</u>
	<u>£1,622,187</u>	<u>£Nil</u>

Palace Skateboards LimitedNotes to the Financial Statements - continued  
for the Year Ended 31 January 2020**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020 £	2019 £
Other interest charges	116,917	10,795
Interest on corporation tax	921	-
Hire purchase	1,103	-
	<u>118,941</u>	<u>10,795</u>

**9. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	746,000	3,317,987
(Over)Underprovision prior year	(70,978)	1,666
Total current tax	<u>675,022</u>	<u>3,319,653</u>
Deferred tax	50,537	-
Tax on profit	<u>725,559</u>	<u>3,319,653</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>3,953,912</u>	<u>16,840,926</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	751,243	3,199,776
Effects of:		
Expenses not deductible for tax purposes	61,871	112,213
Capital allowances in excess of depreciation	(54,692)	-
Depreciation in excess of capital allowances	-	5,998
Adjustments to tax charge in respect of previous periods	(70,978)	1,666
Current year over provision	426	-
Deferred tax adjustment	50,537	-
Timing differences	370	-
Group relief	(13,218)	-
Total tax charge	<u>725,559</u>	<u>3,319,653</u>

**10. DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	<u>5,700,000</u>	<u>6,000,000</u>

Since the year end to the date of signing dividends amounting to £2,500,000 (2019: £700,000) have been declared and paid.



Palace Skateboards LimitedNotes to the Financial Statements - continued  
for the Year Ended 31 January 2020**11. TANGIBLE FIXED ASSETS**

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 February 2019	212,651	141,223	77,087	430,961
Additions	279,832	177,414	102,267	559,513
Disposals	(24,637)	(4,729)	-	(29,366)
At 31 January 2020	<u>467,846</u>	<u>313,908</u>	<u>179,354</u>	<u>961,108</u>
<b>DEPRECIATION</b>				
At 1 February 2019	73,469	61,673	51,433	186,575
Charge for year	31,837	43,674	30,043	105,554
Eliminated on disposal	(10,637)	(288)	13	(10,912)
At 31 January 2020	<u>94,669</u>	<u>105,059</u>	<u>81,489</u>	<u>281,217</u>
<b>NET BOOK VALUE</b>				
At 31 January 2020	<u>373,177</u>	<u>208,849</u>	<u>97,865</u>	<u>679,891</u>
At 31 January 2019	<u>139,182</u>	<u>79,550</u>	<u>25,654</u>	<u>244,386</u>

Computer equipment with a carrying value of £7,472 (2019: £Nil) is held under finance lease.

**12. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 February 2019	5,339
Additions	831
Disposals	(700)
At 31 January 2020	<u>5,470</u>
<b>NET BOOK VALUE</b>	
At 31 January 2020	<u>5,470</u>
At 31 January 2019	<u>5,339</u>

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

**Endell Shipping Limited**

Registered office: United Kingdom

Nature of business: Fulfilment and warehousing

Class of shares:	%
Ordinary	holding 100.00

**Palace Skateboards KK**

Registered office: Japan

Nature of business: Retail store in Japan

Class of shares:	%
Ordinary	holding 100.00

**PSL Japan Collections KK**

Registered office: Japan

Nature of business: Web collections service

Class of shares:	%
Ordinary	holding 100.00

Palace Skateboards LimitedNotes to the Financial Statements - continued  
for the Year Ended 31 January 2020**12. FIXED ASSET INVESTMENTS - continued****PSL Collections Inc**

Registered office: USA

Nature of business: Web collections service

Class of shares:	%
Ordinary	holding 100.00

This company ceased trade with effect from 31 July 2019.

**GSLT US Holdings Inc**

Registered office: USA

Nature of business: Non-trading holding company

Class of shares:	%
Ordinary	holding 100.00

This company was incorporated on 2 April 2019.

The following are subsidiaries of GSLT US Holdings Inc. On 31 July 2019, the entire shareholding of PSI was transferred from PSL to GSLTUHI via a share-for-share exchange.

**Palace Skateboards Inc**

Registered office: USA

Nature of business: US Retail store and consignment sales

Class of shares:	%
Ordinary	holding 100.00

**Palace Skateboards US Online Inc**

Registered office: USA

Nature of business: US Online and wholesale sales

Class of shares:	%
Ordinary	holding 100.00

This company was incorporated on 2 April 2019.

**13. STOCKS**

	2020 £	2019 £
Stocks	<u>1,654,137</u>	<u>3,867,200</u>

Stock includes provision of £1,057,210 (2019: £Nil) in respect of slow-moving stock.

**14. DEBTORS**

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	352,572	3,454,429
Amounts owed by group undertakings	8,814,376	5,295,375
Other debtors	952,935	1,009,625
Tax	496,936	-
Social security and other tax	82,977	-
Prepayments	391,801	449,537
	<u>11,091,597</u>	<u>10,208,966</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>3,086,668</u>	<u>3,094,357</u>
Aggregate amounts	<u>14,178,265</u>	<u>13,303,323</u>

Palace Skateboards LimitedNotes to the Financial Statements - continued  
for the Year Ended 31 January 2020**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Hire purchase contracts (see note 17)	3,991	-
Trade creditors	730,302	1,342,367
Amounts owed to group undertakings	1,906	100,526
Tax	-	1,411,363
Social security and other taxes	573,059	159,312
Other creditors	204,410	251,505
Accruals and deferred income	1,464,272	685,759
	<u>2,977,940</u>	<u>3,950,832</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Hire purchase contracts (see note 17)	<u>6,774</u>	<u>-</u>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	3,991	-
Between one and five years	6,774	-
	<u>10,765</u>	<u>-</u>
	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	103,009	155,000
Between one and five years	1,883,536	67,083
In more than five years	23,464	-
	<u>2,010,009</u>	<u>222,083</u>

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	<u>10,765</u>	<u>-</u>

**19. PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax	<u>93,000</u>	<u>42,463</u>

	Deferred tax
	£
Balance at 1 February 2019	42,463
Charge to Statement of Total Comprehensive Income during year	50,537
Balance at 31 January 2020	<u>93,000</u>

Palace Skateboards LimitedNotes to the Financial Statements - continued  
for the Year Ended 31 January 2020**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2020 £	2019 £
Number:	Class:			
100	Ordinary	£1	<u>100</u>	<u>100</u>

The holders of the ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

**21. ULTIMATE PARENT COMPANY**

GSLT Holdings Limited is regarded by the directors as being the Company's ultimate parent company.

The directors G L Skewis and L J Tanju are the ultimate controllers of GSLT Holdings Limited.

**22. RELATED PARTY DISCLOSURES**

G L Skewis and L J Tanju are directors and shareholders of Thames-London Limited ("Thames"). During the year Thames charged the company £Nil for product sales (2019: £37,544). Trade creditors included £Nil (2019: £45,053) to Thames at the year end. The company charged Thames £Nil (2019: £64,179) in respect of recharged expenses. Trade debtors included £Nil (2019: £77,015) due from Thames at the year end. A balance of £31,120 due from Thames was fully provided in the financial statements. In addition, other creditors included a balance of £Nil (2019: £8,006) payable to Thames at the year end.

G L Skewis and L J Tanju are directors and shareholders of TTT London Limited ("TTT"). During the year TTT charged the company £18,416 for product sales (2019: £7,642). The outstanding balance in trade creditors at the end of the year was £31,269 (2019: £9,170). The company charged TTT £21,731 (2019: £Nil) in respect of recharged expenses. Trade debtors included £26,078 (2019: £Nil) due from TTT at the year end. In addition, other debtors included a funding balance of £113,034 (2019: £43,774) due from TTT at the year end. This balance is not subject to interest

All trading transactions are at arms length.

**23. POST BALANCE SHEET EVENTS**

In 2020, Covid-19 spread across the world leading to disruption to economic activity and global markets. There have been no material adverse impacts upon the company up to the date of approval of these financial statements. The Directors have also undertaken what-if analysis and to determine the effects of these scenarios on the financial forecasts. As a result the Directors consider the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event.