Company Registration No. 08850177 (England and Wales)

J BRAND EUROPE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 August 2018

J BRAND EUROPE LTD
COMPANY INFORMATION

Directors	Y Arieven T Okazaki T Yanai D Tandon
Secretary	Vistra Trust Company Limited
Company number	08850177
Registered office	114-116 Marylebone Lane London W1U 2HH
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ United Kingdom

J BRAND EUROPE LTD
CONTENTS

The directors present their annual report and audited financial statements for the year ended 31 August 2018.

Principal activities

The principal activity of the company was the sale of fashion clothing manufactured and supplied by group companies and sold via wholesale channels.

Business Review

Trade in 2018 remained steady despite the tougher overall retail outlook with only a slight drop in year on year sales. Considering the retail environment in which our wholesale partners are operating this is a reasonably good result. In what was a challenging period, full of general uncertainty, we have seen very few failures, the only one of note was House of Fraser.

Whilst we expect to remain more or less flat with regards to top line sales, the business now faces huge pressure on Gross Margin, June 2018 saw the imposition of retaliatory duty charges on US made product. Unfortunately Blue Jeans fall into this category. We are taking numerous actions across the whole business to alleviate this additional cost. Regardless, this will however impact on the full year profits of the business.

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend, (2017: £nil).

Directors

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

Y Arieven
A Rosen (Resigned 1st April 2018)
T Okazaki
T Yanai
D Tandon (Appointed 1st April 2018)

New Auditors

During the year the company has engaged new Statutory auditors Deloitte LLP, inline with the *Fast Retailing* global group.

Directors' Indemnities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Financial Instruments

The company finances its activities with a combination of intercompany borrowings and cash. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit, price, cash flow and liquidity risk.

Foreign currency risk

The company buys stock in USD, with sales being made in GBP and EUR, therefore a foreign currency risk arises. The company does not hedge due to group policy therefore fluctuations in exchange rates could affect profitability of the company.

Credit risk, price risk, liquidity and cash flow risk

The company purchases inventory from group undertakings, at prices and terms set by the parent companies. In addition, the principal financing comes from intercompany borrowings. Accordingly all of these risks are interlinked and managed on a group-wide basis by the parent company.

Going Concern

The Directors have prepared the accounts on the going concern basis given that there is sufficient reliability on group funding to continue. This has been confirmed post year end with the revolving loan being renewed.

The financial statements have been prepared on the going concern basis as the Company's parent undertaking has agreed to provide financial support as necessary for a period of at least 12 months from the date the Directors approve the financial statements of the Company. The Directors, having made sufficient enquiries, are satisfied that Fast Retailing Co., Limited is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Prior year restatement

The Directors have decided to make a number of restatements to the prior year accounts in order to better reflect the standards, please see Note 4 for details.

Future developments

In a mature and well distributed market, the E-Commerce channel is an area the business plans to grow in the coming year through the introduction of an EU focused release of a J Brand E-Commerce store.

There will be an increased focus on the menswear market in the UK alongside building on the foundations set during the past financial year to increase sales and distribution throughout the UK.

With Brexit approaching in the next financial year, we have been reviewing our situation with external consultants. The UK warehouse was made bonded in April and we believe the overall risk is fairly low given the limited number of customers in the EU.

Contingent liabilities

The Directors confirm that there is a contingent liability in favour of HM Customs & Excise, please see note 20 for details.

Post balance sheet events

The Directors confirm that the intercompany loan has been renewed for another year after the date of the balance sheet, please see Note 21 for details.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Directors' have made use of the small companies exemption from preparing a Strategic report.

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 FRS 101 "Reduced Disclosure Framework". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Re-appointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Deloitte LLP as auditors will be put to the members at the Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under S415a of the Companies Act 2006.

This report was approved by the board and signed on its behalf

Y Aneven
Director

05-Jun-19

J BRAND EUROPE LTD
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF J BRAND EUROPE LTD

Opinion

In our opinion the financial statements of J Brand Europe Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Thompson

Kevin Thompson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom
Date 17/06/2019

J BRAND EUROPE LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 August 2018

	Notes	2018 £	2017 Restated £	2017 £
Turnover	5	7,358,790	7,493,775	7,493,775
Cost of sales		(4,439,494)	(4,272,939)	(4,758,968)
Gross profit		2,917,296	3,220,836	2,734,807
Distribution expenses		(199,157)	(265,214)	-
Administrative expenses		(2,291,220)	(2,134,298)	(1,913,483)
Other operating income		-	794,485	794,485
Operating profit	6	426,919	1,615,809	1,615,809
Interest payable	9	(11,754)	(23,145)	(23,145)
Profit before taxation		415,165	1,592,664	1,592,664
Tax on profit	10	41,241	(126,668)	(126,668)
Profit and total comprehensive income for the financial year	19	456,406	1,465,996	1,465,996

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

There was no other comprehensive income or loss in the year therefore no separate statement is disclosed. All profits/losses are attributable to the equity shareholders of the Company.

J BRAND EUROPE LTD
BALANCE SHEET
AS AT 31 August 2018

	Notes	2018 £	2017 Restated £	2017 £
Fixed assets				
Tangible fixed assets	11	124,787	136,169	136,169
Current assets				
Stocks	12	1,576,873	1,699,778	1,465,907
Debtors	13	1,033,584	1,581,815	1,815,686
Cash at bank and in hand		1,610,244	1,427,375	1,427,375
		4,220,701	4,708,968	4,708,968
Creditors: amounts falling due within one year				
Creditors	14	2,411,609	3,435,074	2,235,074
Taxation and social security		204,197	148,528	148,528
		2,615,806	3,583,602	2,383,602
Net current assets		1,604,895	1,125,366	2,325,366
Total assets less current liabilities		1,729,682	1,261,535	2,461,535
Creditors: amounts falling due after more than one year				
Provisions	15	11,741	-	-
Loans and overdrafts	16	-	-	1,200,000
Net assets		1,717,941	1,261,535	1,261,535
Capital and reserves				
Called up share capital	18	1,200,000	1,200,000	1,200,000
Profit and loss reserves	19	517,941	61,535	61,535
Total equity		1,717,941	1,261,535	1,261,535

This report has been prepared in accordance with the FRS 101 Reduced Disclosure Framework.

The financial statements were approved by the board of directors and authorised for issue on 5 June 2019 and are signed on its behalf by:

Y Arievev
Director

Company Registration No. 08850177

J BRAND EUROPE LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 August 2018

	Notes	Share capital £	Retained earnings £	Total £
Balance at 01 September 2016	19	1,200,000	(1,404,461)	(204,461)
Profit and total comprehensive income for the year		-	1,465,996	1,465,996
Balance at 31 August 2017		1,200,000	61,535	1,261,535
Profit and total comprehensive income for the year	19	-	456,406	456,406
Balance at 31 August 2018		1,200,000	517,941	1,717,941

1 Authorisation of financial statements and statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The results of J Brand Europe Ltd are included in the consolidated financial statements of Fast Retailing Co., Ltd, who are the ultimate parent and produce publically available group financial statements. More details on the parent company can be found in Note 24.

J Brand Europe Ltd is incorporated in the United Kingdom and domiciled in England and Wales.

The principal accounting policies adopted by the Company are set out in note 3.

2 Critical accounting judgements and key sources of estimation uncertainty

In the course of preparing the financial statements, no judgements have been made in the process of applying the accounting policies that have had a significant effect on the amounts recognised in the financial statements.

3 Accounting policies

Company information

J Brand Europe Ltd is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is 114-116 Marylebone Lane, London, W1U 2HH, . For the principal activities of the Company please see the Directors' Report on Page 1.

The Functional Currency of the Company is GBP.

3.1 Accounting convention

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2018.

The financial statements are prepared under the historical cost convention except for certain financial assets and liabilities which are recognised at fair value as mentioned in note 3.7.

The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38C and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of new and revised Standards not yet effective.

Where required, equivalent disclosures are given in the group accounts of Fast Retailing Co., Ltd. The group accounts of Fast Retailing Co., Ltd, Ltd are available to the public and can be obtained as set out in note 24.

The company's financial statements are presented in sterling and all values are rounded to the nearest pound except when otherwise indicated.

3.2 Going concern

The directors have considered a period of 12 months from the date of approval of these financial statements and, based on their assessment of the resources available from within the group, have a reasonable expectation that the company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

3.3 Turnover

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.

Turnover is measured at the fair value of the consideration received and represents amounts receivable for goods and services provided in the normal course of business, net of returns, discounts, VAT and other sales related taxes. Sales of merchandise are recognised when title passes to the customer, either on receipt or collection. A provision for sales returns is made based on average historical return rates.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold land and buildings	10% straight line
Fixtures, fittings & equipment	20% straight line
Plant and machinery	25% straight line

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the assets may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

3.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, transportation, duty and hanging costs and uses the weighted average cost formula. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

3.6 Cash and cash equivalents

Cash and cash equivalents is made up of cash in hand and cash held in bank accounts.

3.7 Financial assets

Initial Recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss or loans and receivables as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

3.7 Financial assets (continued)

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit or loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

3.8 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

3.9 Trade and other debtors

Trade and other debtors are recognised and carried at the lower of their original invoiced value and recoverable amount.

3.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

3.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

3.12 Retirement benefits

The company operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

3.13 Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to profit or loss on a straight line basis over the lease term.

3.14 Foreign exchange

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency), currently GBP.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying a monthly rate relevant for that transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4 Restatement of Prior Year Figures

The Directors have decided to make a number of restatements to the prior year accounts in order to better reflect the standards as follows:
- Prior year accounts included certain costs totalling £301k within Costs of goods sold - these have been reclassified to administrative expenses to better reflect the nature of the costs. Distribution expenses of £265k have also been reclassified from Cost of goods sold and presented as a separate line item to provide more relevant information.
- The returns provision of £240k on the Balance Sheet was previously shown net; the Directors consider presenting it grossed up to be more appropriate and therefore have restated the prior year figures in accordance with IAS 1:41 to increase inventory and decrease trade receivables.
- £1.2m of the loan from fellow subsidiary company was incorrectly presented as due after more than one year in the prior year accounts. An extension to the loan was agreed post year end and incorrectly considered an adjusting event. In accordance with IAS 10 this was a non-adjusting post balance sheet event and therefore the Directors have restated the prior year figures to rectify this error.

5 Turnover

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

	2018	2017
	£	£
Turnover		
Sale of goods	7,356,790	7,493,775

Turnover analysed by geographical market

	2018	2017
	£	£
United Kingdom	6,388,060	6,684,820
Europe	968,730	347,875
Non Europe	-	461,080
	7,356,790	7,493,775

6 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(21,552)	(39,944)
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	20,000
Depreciation of property, plant and equipment	25,354	28,098
Cost of inventories recognised as an expense	4,088,516	4,310,031

Write downs of inventories recognised as an expense	(114,780)	38,562

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2018	2017
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	20,000	20,000
Tax services	-	2,430
Statutory accounts	-	2,800
Remuneration services	-	2,288
Total non-audit fees	-	7,518

8 Employees

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

	2018	2017
	Number	Number
Admin	3	3
Sales	8	7

Their aggregate remuneration comprised of employment costs as detailed below, which also include £317,884 (2017 - £293,285) in respect of wages and salary costs recharged from a group company and temporary wages of £nil (2017 - £3,760).

Employment costs	2018	2017
	£	£
Wages and salaries	966,476	895,152
Social security costs	87,556	70,673
Pension costs	16,360	1,622
	1,070,392	967,447

Directors' remuneration

The directors of the company during the year are remunerated by the ultimate parent undertaking. The UK company is a very small element of the group and the directors therefore do not consider it practicable to apportion remuneration to their services as directors of the UK company. As such the directors do not consider that they have received any remuneration for their incidental service during the year.

9 Finance costs

	2018	2017
	£	£
Asset retirement obligation interest	197	-
Loan interest payable	11,557	23,145
	11,754	23,145

Interest payable on loans represents amounts due to Fast Retailing France SAS, a fellow subsidiary.

10 Income tax expense/(credit)

	2018	2017
	£	£
Corporation tax		
Current year	(41,241)	126,668

The (credit)/charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2018	2017
	£	£
Profit before taxation on continued operations	415,165	1,592,664
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2017 - 19%)	78,881	302,606
Taxation impact of factors affecting tax (credit)/charge:		
Adjustment in respect of prior years	(126,668)	
Expenses not deductible in determining taxable profit	3,507	-
Income not taxable	-	(81,942)
Utilisation of tax losses not previously recognised	-	(101,699)
Effect of change in UK corporation tax rate	-	3,757
Capital allowances in excess of depreciation	(1,047)	(1,013)
Depreciation in excess of capital allowances	4,086	4,959
Total adjustments	(120,122)	(175,938)
Tax (credit)/charge for the year	(41,241)	126,668

The Finance (No.2) Act 2016 reduced the rate of Corporation tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2020. In the 2016 Budget, it was announced that the rate of Corporation tax from 1 April 2020 will be reduced further to 17%. This rate received Royal Assent on 15 September 2016. Management has assessed that the deferred tax will unwind by April 2020, as such, the rate of 19% has been used to recognise the deferred tax.

11 Tangible fixed assets

	Leasehold land and buildings	Fixtures, fittings & equipment	Plant and machinery	Total
	£	£	£	£
Cost				
At 01 September 2017	120,117	32,151	38,196	190,464
Additions	7,889	5,010	1,073	13,972
At 31 August 2018	128,006	37,161	39,269	204,436
Accumulated depreciation				
At 01 September 2017	18,340	14,987	20,968	54,295
Charge for the year	12,012	10,112	3,230	25,354
At 31 August 2018	30,352	25,099	24,198	79,649
Carrying amount				
At 31 August 2017	101,777	17,164	17,228	136,169
At 31 August 2018	97,654	12,062	15,071	124,787

12 Stocks

	2018	2017-restated	2017
	£	£	£
Finished goods	1,576,873	1,699,778	1,465,907
	1,576,873	1,699,778	1,465,907

13 Debtors

	2018	2017-restated	2017
	£	£	£
Trade debtors	1,023,792	1,214,696	1,448,567
Provision for bad and doubtful debts	(134,281)	(77,815)	(77,815)
	889,511	1,136,881	1,370,752
Other receivables	76,441	354,733	354,733
VAT recoverable	-	85,969	85,969
Prepayments	67,832	4,232	4,232
	1,033,684	1,581,815	1,815,686

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

14 Creditors

	Due within one year 2018	2017-restated	2017
	£	£	£
Trade creditors	242,869	127,974	127,974
Amounts due to fellow group undertakings	2,002,659	3,042,382	1,842,382
Accruals	166,081	253,824	253,824
Other creditors	-	10,894	10,894
	2,411,609	3,435,074	2,235,074

Included above is the full revolving loan from a fellow subsidiary Fast Retailing France SAS of £1,200,000 (2017 - £1,788,480) that is unsecured and bears interest at BBA LIBOR plus 0.45%. This loan is renewable on an annual basis. Other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15 Provisions

	Asset Retirement Obligations	Total Provision
	£	£
At 01 September 2017	-	-
Arising in the year	11,741	11,741
At 31 August 2018	11,741	11,741

16 Loans and overdrafts

	2018	2017-restated	2017
	£	£	£
Amounts due to fellow group undertakings	-	-	1,200,000

In prior year the loan from a fellow group undertaking was classified as long term, however as this is a revolving loan it has been reclassified as short term in the current period and the prior year restated.

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

The total costs charged to income in respect of defined contribution plans is £18,360 (2017 - £1,822). At the balance sheet date £nil (2017:£nil) was prepaid to the scheme and £2,153 (2017:£nil) was owed to the scheme.

18 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
1,200,000 Ordinary shares of £1 each	1,200,000	1,200,000

19 Retained earnings

	£
At 01 September 2017	61,535
Profit for the year	456,406
At 31 August 2018	517,941

20 Contingent liabilities

There is a duty deferment guarantee in favour of HM Customs & Excise of £500,000 (2017 - £500,000).

21 Post balance sheet events

The revolving loan from a fellow subsidiary Fast Retailing France SAS of £1,200,000 has been confirmed to be renewed for the financial year ending 31st August 2019. This is a non adjusting event.

22 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018	2017
	£	£
Minimum lease payments under operating leases	179,169	275,008

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	95,000	95,000
Between two and five years	221,667	316,667
	316,667	411,667

23 Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries.

24 Controlling party

The immediate parent undertaking is Fast Retailing UK Ltd, a company incorporated in the United Kingdom by virtue of the 100% shareholding in J Brand Europe Ltd, registered address 6th floor, 1 Kingsway, London WC2B 6AN.

The ultimate parent undertaking and controlling party is Fast Retailing Co., Ltd, a company incorporated in Japan. The Company is included within these group accounts.

The financial statements of Fast Retailing Co., Ltd are available to the public and may be obtained from 717-1 Oaza Sayama, Yamaguchi city, Yamaguchi 754-0894, Japan.