

Company Registration No. 09119960 (England and Wales)

THE LOVELY DISTRIBUTION COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

THE LOVELY DISTRIBUTION COMPANY LIMITED

COMPANY INFORMATION

Director Mr A Frenkel

Company number 09119960

Registered office Unit 3
Woking8
Forsyth Road
WOKING
GU21 5SB

Auditor Lopian Gross Barnett & Co
1st Floor, Cloister House
Riverside
New Bailey Street
Manchester
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Business address Unit 3
Woking8
Forsyth Road
WOKING
GU21 5SB

THE LOVELY DISTRIBUTION COMPANY LIMITED

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THE LOVELY DISTRIBUTION COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

The director presents the strategic report for the year ended 31 July 2020.

Fair review of the business

The company continues to supply goods to retailers and wholesalers and also continues developing its own brands.

The director is satisfied with the results, despite turnover decreasing by 11.78% in the year. This decrease has been mitigated by a 2.83% increase in gross profit margin.

The director has closely monitored the Government guidance in response to the Covid-19 Pandemic and has implemented measures in line with Governmental guidelines. The director has assessed the impact of Covid-19 on the company and conclude that there are no items resulting from the Covid-19 Pandemic which require disclosure at the balance sheet date.

Principal risks and uncertainties

The company's principal financial risks comprise the management of its banking facilities, trade creditors, trade debtors, loans to the company and finance leases.

Key performance indicators

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect to see increased profits in the foreseeable future.

Other performance indicators

The key financial highlights are as follows:-

		2019	2018
		£	£
Turnover	10,525,481	11,930,819	
Gross profit	21.91%	19.08%	
Return on capital employed	15.84%	14.41%	

On behalf of the board

Mr A Frenkel

Director

19 May 2021

THE LOVELY DISTRIBUTION COMPANY LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JULY 2020

The director presents his annual report and financial statements for the year ended 31 July 2020.

Principal activities

The company's principal activity during the year continued to that of the wholesale of perfumery goods and accessories.

Results and dividends

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

Ordinary dividends were paid amounting to £2,144,550. The director does not recommend payment of a final dividend.

Director

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

Mr A Frenkel

Financial instruments

Liquidity risk

In respect of bank facility liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of invoice financing and trade line for payments to suppliers.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Interest rate risk

In respect of loans from trading partners and directors, no interest is charged and repayment is postponed to benefit cash flow where appropriate.

Foreign currency risk

Foreign currency risk is considered to be limited to foreign contracts. This is managed by using forward contracts and option contracts to limit the effects of movements in exchange rates on contract prices and on cash flow.

Credit risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring, through a dedicated credit controller of amounts outstanding for both time and credit limits, and for many customers credit insurance.

Other risk

The directors consider that the principal risks for the company, other than financial, are those of protection of the company's assets when in transit and retention of staff as much of the business arises from personal relationships regarding procurement and sales.

Assets are protected by ensuring that insurance cover is adequate, warehouse security is continually updated to limit the potential risk of theft or robbery and systems have been put in place to minimise the risk by requiring all deliveries to be checked on receipt and monitoring entry onto site and to the warehouse.

Auditor

The auditor, Lopian Gross Barnett & Co, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

THE LOVELY DISTRIBUTION COMPANY LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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.

On behalf of the board

Mr A Frenkel

Director

19 May 2021

THE LOVELY DISTRIBUTION COMPANY LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2020

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

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

THE LOVELY DISTRIBUTION COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE LOVELY DISTRIBUTION COMPANY LIMITED

Opinion

We have audited the financial statements of The Lovely Distribution Company Limited (the 'company') for the year ended 31 July 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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.

THE LOVELY DISTRIBUTION COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE LOVELY DISTRIBUTION COMPANY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

THE LOVELY DISTRIBUTION COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE LOVELY DISTRIBUTION COMPANY LIMITED

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

Jonathan Brodie ACA (Senior Statutory Auditor)
For and on behalf of Lopian Gross Barnett & Co

7 June 2021

Chartered Accountants
Statutory Auditor

1st Floor, Cloister House
Riverside
New Bailey Street
Manchester
M3 5FS

THE LOVELY DISTRIBUTION COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover	3	10,525,481	11,930,819
Cost of sales		(8,220,696)	(9,654,460)
Gross profit		<u>2,304,785</u>	<u>2,276,359</u>
Distribution costs		(347,433)	(192,748)
Administrative expenses		(1,702,205)	(1,614,803)
Operating profit	4	<u>255,147</u>	<u>468,808</u>
Interest payable and similar expenses	6	(9,147)	(4,267)
Profit before taxation		<u>246,000</u>	<u>464,541</u>
Tax on profit	7	(46,793)	(88,307)
Profit for the financial year		<u><u>199,207</u></u>	<u><u>376,234</u></u>

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

THE LOVELY DISTRIBUTION COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	2020	2019
	£	£
Profit for the year	199,207	376,234
Other comprehensive income	-	-
Total comprehensive income for the year	<u>199,207</u>	<u>376,234</u>

THE LOVELY DISTRIBUTION COMPANY LIMITED

BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	9		230		-
Current assets					
Stocks	11	2,244,541		2,402,125	
Debtors	12	4,992,957		3,176,751	
Cash at bank and in hand		134,091		171,809	
		<u>7,371,589</u>		<u>5,750,685</u>	
Creditors: amounts falling due within one year	13	<u>(6,706,257)</u>		<u>(3,139,780)</u>	
Net current assets			665,332		2,610,905
Total assets less current liabilities			<u>665,562</u>		<u>2,610,905</u>
Capital and reserves					
Called up share capital	14		200		200
Profit and loss reserves			665,362		2,610,705
Total equity			<u>665,562</u>		<u>2,610,905</u>

The financial statements were approved and signed by the director and authorised for issue on 19 May 2021

Mr A Frenkel
Director

Company Registration No. 09119960

THE LOVELY DISTRIBUTION COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 August 2018		200	2,933,804	2,934,004
Year ended 31 July 2019:				
Profit and total comprehensive income for the year		-	376,234	376,234
Dividends	8	-	(699,333)	(699,333)
Balance at 31 July 2019		200	2,610,705	2,610,905
Year ended 31 July 2020:				
Profit and total comprehensive income for the year		-	199,207	199,207
Dividends	8	-	(2,144,550)	(2,144,550)
Balance at 31 July 2020		200	665,362	665,562

THE LOVELY DISTRIBUTION COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	17	615,443		1,659,552	
Interest paid		(9,147)		(4,267)	
Income taxes paid		(388,784)		(352,958)	
Net cash inflow from operating activities		<u>217,512</u>		<u>1,302,327</u>	
Investing activities					
Proceeds on disposal of associates		(230)		-	
Receipts arising from loans made		1,889,550		(436,072)	
Net cash generated from/(used in) investing activities		<u>1,889,320</u>		<u>(436,072)</u>	
Financing activities					
Dividends paid		(2,144,550)		(699,333)	
Net cash used in financing activities		<u>(2,144,550)</u>		<u>(699,333)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(37,718)</u>		<u>166,922</u>	
Cash and cash equivalents at beginning of year		171,809		4,887	
Cash and cash equivalents at end of year		<u><u>134,091</u></u>		<u><u>171,809</u></u>	

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

The Lovely Distribution Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3, Woking8, Forsyth Road, WOKING, GU21 5SB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The accounts have been prepared on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

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.

1.10 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Derived from principal business activity	10,525,481	11,930,819
	<u> </u>	<u> </u>
	2020	2019
	£	£
Turnover analysed by geographical market		
UK	10,475,610	11,860,088
Overseas	49,871	70,731
	<u> </u>	<u> </u>
	10,525,481	11,930,819
	<u> </u>	<u> </u>

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	12,000
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was 1 (2017 - 1).

	2020	2019
	Number	Number
Directors	1	1
	<u> </u>	<u> </u>

	2020	2019
	£	£
Social security costs	7,935	6,542
	<u> </u>	<u> </u>

6 Interest payable and similar expenses

	2020	2019
	£	£
Other finance costs:		
Other interest	9,147	4,267
	<u> </u>	<u> </u>

7 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	46,793	88,307
	<u> </u>	<u> </u>

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	246,000	464,541
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	46,740	88,263
Tax effect of expenses that are not deductible in determining taxable profit	53	44
Taxation charge for the year	46,793	88,307

8 Dividends

	2020 £	2019 £
Interim paid	2,144,550	699,333

9 Fixed asset investments

	Notes	2020 £	2019 £
Investments in associates	10	230	-

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 August 2019	-
Additions	230
At 31 July 2020	230
Carrying amount	
At 31 July 2020	230
At 31 July 2019	-

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

10 Associates

Details of the company's associates at 31 July 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Richsense Limited	England & Wales	Ordinary A and C	42.85
The Bespoke Beauty Company Ltd	England & Wales	Ordinary	46.25

11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	2,244,541	2,402,125

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,034,774	1,044,148
Corporation tax recoverable	483,384	-
Other debtors	3,474,799	2,132,603
	4,992,957	3,176,751

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,547,363	2,315,083
Corporation tax	288,422	147,029
Other taxation and social security	372,154	332,059
Other creditors	1,865,705	100,323
Accruals and deferred income	632,613	245,286
	6,706,257	3,139,780

14 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary A shares of £1 each	85	85	85	85
Ordinary B shares of £1 each	85	85	85	85
Ordinary C shares of £1 each	30	30	30	30
	200	200	200	200

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

15 Related party transactions

The turnover figure includes goods to the value of £10,525,481 (2019 - £11,860,088) relating to transactions with CRM Trading Limited, a company in which Mr A Frenkel is a shareholder.

The company accrued management and administrative services from CRM Trading Limited to the value of £360,000 (2019 - £360,000) during the period. There were also expenses paid for by CRM Trading Limited on behalf of the company, these amounts were not material

At the balance sheet date the company owed £3,021,885 to CRM Trading Limited.(2019 - £1,430,516).

During the year the company has made payments on behalf of GU Hair Company Limited, a company in which Mr A Frenkel is a director..

At the balance sheet date the company owed £1,417,900 to GU Hair Company Limited.(2019 - £NIL).

During the year the company has made payments on behalf of Richsense Limited, an associated company.

At the balance sheet date the company owed £1,813,846 to Richsense Limited.(2019 - £NIL).

At the balance sheet date the company was owed £246,987 (2019 - £816,488) by a shareholder, Charles Rodney Mathers, which was repaid in full on 30 April 2021.

16 Directors' transactions

Dividends totalling £1,320,050 (2019 - £0) were paid in the year in respect of shares held by the company's directors.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Director's loan	-	1,316,115	(1,320,050)	(3,935)
		<u>1,316,115</u>	<u>(1,320,050)</u>	<u>(3,935)</u>

THE LOVELY DISTRIBUTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

17 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	199,207	376,234
Adjustments for:		
Taxation charged	46,793	88,307
Finance costs	9,147	4,267
Movements in working capital:		
Decrease in stocks	157,584	203,864
(Increase)/decrease in debtors	(3,222,372)	261,753
Increase in creditors	3,425,084	725,127
Cash generated from operations	615,443	1,659,552

18 Analysis of changes in net funds

	1 August 2019 £	Cash flows £	31 July 2020 £
Cash at bank and in hand	171,809	(37,718)	134,091

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