

Company Registration No. 09223288 (England and Wales)

CREP PROTECT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

CREP PROTECT LIMITED

COMPANY INFORMATION

Directors	I Ahmed N S Ahmed
Company number	09223288
Registered office	Unit 2 Western Avenue Business Park Mansfield Road Acton London W3 0BZ
Auditor	Mercer & Hole 21 Lombard Street London EC3V 9AH

CREP PROTECT LIMITED

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CREP PROTECT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present the strategic report for the year ended 29 February 2020.

Review of the business

As shown in the Company's Income Statement, turnover increased 35% to £24,927,380 from £18,441,750 in 2019. The closing net assets were £6,231,699.

Following a review of distribution channels the year ended 29 February 2020 represented the first full 12 month period dealing directly with certain European customers. This change combined with increased marketing activity and new product launches contributed to the turnover increase detailed above.

The Company continued to invest in its operational capacity over the period with its average headcount growing by 2 to 25 (2019: 23).

Analysis based on key performance indicators

Our KPI measures are:

1. Turnover: £24,927,380 (2019: £18,441,750)
2. Net Profit: £2,639,699 (2019: £3,021,071)
3. Cash at bank and in hand: £992,914 (2019: £1,932,784)

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 Crep Protect 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 US Dollar and Euro. However this is mitigated by the company having a source of US Dollars and Euros from the company's customers in North America and Europe respectively in order to cover such purchases. The exit of the UK from the EU has resulted in 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 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 March 2021. Our UK warehouse will no longer fulfil these orders. 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-British employees can continue to work for us.

CREP PROTECT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 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 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.

On behalf of the board

I Ahmed

Director

26 February 2021

CREP PROTECT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present their annual report and financial statements for the year ended 29 February 2020.

Principal activities

The principal activity of the company continued to be that of the sale of branded consumer products.

Directors

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

I Ahmed

N S Ahmed

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,145,000. The directors do not recommend payment of a further dividend.

Auditor

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

I Ahmed

Director

26 February 2021

CREP PROTECT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors are responsible for preparing the annual report 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). 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.

CREP PROTECT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CREP PROTECT LIMITED

Opinion

We have audited the financial statements of Crep Protect Limited (the 'company') for the year ended 29 February 2020 which comprise the statement of comprehensive income, the balance sheet, the 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 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 29 February 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 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 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 this regard.

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

CREP PROTECT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CREP PROTECT LIMITED

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 directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

Andrew Turner (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

26 February 2021

Chartered Accountants
Statutory Auditor

21 Lombard Street
London
EC3V 9AH

CREP PROTECT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 £	2019 £
Turnover	3	24,927,380	18,441,750
Cost of sales		(18,365,328)	(12,724,765)
Gross profit		6,562,052	5,716,985
Administrative expenses		(3,903,576)	(2,646,541)
Operating profit	4	2,658,476	3,070,444
Interest receivable and similar income	8	1	144
Interest payable and similar expenses	9	(18,778)	(49,517)
Profit before taxation		2,639,699	3,021,071
Tax on profit	10	(513,812)	(575,906)
Profit for the financial year		2,125,887	2,445,165

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

CREP PROTECT LIMITED

BALANCE SHEET

AS AT 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12		1,056,795		1,180,549
Current assets					
Stocks	13	4,669,398		4,819,225	
Debtors	14	8,065,926		4,468,478	
Cash at bank and in hand		992,914		1,932,784	
		<u>13,728,238</u>		<u>11,220,487</u>	
Creditors: amounts falling due within one year	15	<u>(7,929,804)</u>		<u>(6,114,953)</u>	
Net current assets			<u>5,798,434</u>		<u>5,105,534</u>
Total assets less current liabilities			<u>6,855,229</u>		<u>6,286,083</u>
Creditors: amounts falling due after more than one year	16		(582,642)		(994,383)
Provisions for liabilities	18		(40,888)		(40,888)
Net assets			<u><u>6,231,699</u></u>		<u><u>5,250,812</u></u>
Capital and reserves					
Called up share capital	21		85		85
Capital redemption reserve			15		15
Profit and loss reserves			<u>6,231,599</u>		<u>5,250,712</u>
Total equity			<u><u>6,231,699</u></u>		<u><u>5,250,812</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 February 2021 and are signed on its behalf by:

I Ahmed
Director

Company Registration No. 09223288

CREP PROTECT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 March 2018		100	-	3,565,547	3,565,647
Year ended 28 February 2019:					
Profit and total comprehensive income for the year		-	-	2,445,165	2,445,165
Dividends	11	-	-	(385,000)	(385,000)
Redemption of shares	21	(15)	15	(375,000)	(375,000)
Balance at 28 February 2019		85	15	5,250,712	5,250,812
Year ended 29 February 2020:					
Profit and total comprehensive income for the year		-	-	2,125,887	2,125,887
Dividends	11	-	-	(1,145,000)	(1,145,000)
Balance at 29 February 2020		85	15	6,231,599	6,231,699

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

Company information

Crep Protect Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 2 Western Avenue Business Park, Mansfield Road, Acton, London, W3 0BZ.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Undercover Brothers Limited. These consolidated financial statements are available from its registered office.

1.2 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 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.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

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 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the lower of 10 years or the remaining lease term
Fixtures and fittings	Over 10 years
Computers	Over 10 years
Motor vehicles	Over 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 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.

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.

1.8 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.

1.9 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.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

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.

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.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 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.

1.11 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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provision

Stock provision on slow moving and obsolete stock is designed to ensure that stock is valued accurately and is assessed with reference to selling price, historical sales pattern and post year end trading performance.

Debtor provision

Debtor provision on old and bad debt is designed to ensure that debtors are valued accurately and are only held to the extent that they are recoverable.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

3 Turnover

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	7,667,050	5,120,216
Europe	15,276,541	10,490,129
Rest of the world	1,983,789	2,831,405
	<u>24,927,380</u>	<u>18,441,750</u>

All turnover arises from the principal activity.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(21,514)	(154,217)
Research and development costs	142	2,392
Depreciation of owned tangible fixed assets	88,256	59,935
Depreciation of tangible fixed assets held under finance leases	75,769	69,684
Operating lease charges	599,593	394,987
	<u>599,593</u>	<u>394,987</u>

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	25,000	30,750
	<u>25,000</u>	<u>30,750</u>
For other services		
All other non-audit services	7,000	-
	<u>7,000</u>	<u>-</u>

6 Employees

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

	2020	2019
	Number	Number
Administration	21	23
Logistics	4	-
	<u>25</u>	<u>23</u>
Total	<u>25</u>	<u>23</u>

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2020	2019
		£	£
	Wages and salaries	1,099,186	714,622
	Social security costs	100,526	87,393
	Pension costs	25,981	7,064
		<u>1,225,693</u>	<u>809,079</u>
7	Directors' remuneration	2020	2019
		£	£
	Remuneration for qualifying services	167,966	83,947
8	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest on bank deposits	1	144
9	Interest payable and similar expenses	2020	2019
		£	£
	Interest on finance leases and hire purchase contracts	18,778	17,376
	Other interest	-	32,141
		<u>18,778</u>	<u>49,517</u>
10	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	530,267	574,795
	Adjustments in respect of prior periods	(16,455)	(3,861)
	Total current tax	<u>513,812</u>	<u>570,934</u>
	Deferred tax		
	Origination and reversal of timing differences	-	4,972
	Total tax charge	<u>513,812</u>	<u>575,906</u>

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

10 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	2,639,699	3,021,071
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	501,543	574,003
Tax effect of expenses that are not deductible in determining taxable profit	16,076	4,447
Adjustments in respect of prior years	(16,455)	(5,519)
Permanent capital allowances in excess of depreciation	10,929	3,755
Adjust opening deferred tax to average rate	-	(780)
Other movements	1,719	-
Taxation charge for the year	513,812	575,906

11 Dividends

	2020 £	2019 £
Final paid	1,145,000	385,000

12 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 March 2019	390,274	249,872	68,818	742,454	1,451,418
Additions	24,149	9,595	6,527	-	40,271
At 29 February 2020	414,423	259,467	75,345	742,454	1,491,689
Depreciation and impairment					
At 1 March 2019	31,247	49,350	16,360	173,912	270,869
Depreciation charged in the year	41,216	25,391	6,928	90,490	164,025
At 29 February 2020	72,463	74,741	23,288	264,402	434,894
Carrying amount					
At 29 February 2020	341,960	184,726	52,057	478,052	1,056,795
At 28 February 2019	359,027	200,522	52,458	568,542	1,180,549

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Motor vehicles	437,481	509,530

13 Stocks

	2020 £	2019 £
Finished goods and goods for resale	4,669,398	4,819,225

At the year end the company has entered into contracts to purchase a further £1,174,598 (2019 - £1,611,316) of stocks.

14 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,853,436	1,873,161
Amounts owed by group undertakings	126,202	211,350
Amounts owed by undertakings in which the company has a participating interest	1,494	-
Amounts owed by other related parties	4,326,568	-
Other debtors	474,033	478,939
Prepayments and accrued income	1,284,193	1,905,028
	8,065,926	4,468,478

15 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	17	60,430	120,203
Trade creditors		2,361,648	3,593,620
Amounts owed to group undertakings		2,280,589	114,380
Amounts owed to related parties		42,254	-
Corporation tax		1,087,142	927,514
Other taxation and social security		191,940	58,914
Other creditors		62,060	347,347
Accruals and deferred income		1,843,741	952,975
		7,929,804	6,114,953

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

16 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	17	18,782	79,355
Accruals and deferred income		563,860	915,028
		<u>582,642</u>	<u>994,383</u>

17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	60,430	120,203
In two to five years	18,782	79,355
	<u>79,212</u>	<u>199,558</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance lease contracts are secured against the assets to which the financing relates.

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	19	40,888	40,888
		<u>40,888</u>	<u>40,888</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	40,888	40,888
	<u>40,888</u>	<u>40,888</u>

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

20 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	25,981	7,064

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
20 Ordinary A shares of £1 each	20	20
21 Ordinary B shares of £1 each	21	21
19 Ordinary C shares of £1 each	19	19
19 Ordinary D shares of £1 each	19	19
6 Ordinary E shares of £1 each	6	6
	85	85

22 Operating lease commitments

Lessee

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:

	2020	2019
	£	£
Within one year	441,587	427,334
Between two and five years	1,766,349	1,766,349
In over five years	1,324,107	1,770,911
	3,532,043	3,964,594

23 Events after the reporting date

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic as a result of its rapid spread across the globe, with every country now having seen an impact.

The COVID-19 outbreak and the related impacts are considered non-adjusting events for these financial statements. The company operates an online platform and has not experienced any material consequences as a result of COVID-19. Management will continue to monitor the impact of the pandemic and will proactively manage the company's activities to ensure its long term sustainability.

CREP PROTECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

24 Related party transactions

Included within debtors is an amount of £103,962 due from (2019 - £114,380 due to) Undercover Brothers Ltd, the company's parent undertaking. During the year the company made sales totalling £87,948 (2019 - £36,008) and paid a dividend of £1,145,000 (2019 - £385,000) to the parent company.

During the year, the company sold goods amounting to £7,396,046 (2019 - £5,095,688) to Crep Protect Unipessoal Lda, a fellow subsidiary undertaking. At the year end an amount of £2,280,588 was due to (2019 - £188,963 due by) Crep Protect Unipessoal Lda and is included within creditors.

During the year, the company was charged consultancy fees amounting to £119 (2019 - £57,987) by Masterminds Consulting Group, a company where a family member of the directors has an interest. At the year end an amount of £nil (2019 - £21,185) was due to the Masterminds Consulting Group Ltd and is included within trade creditors.

During the year the company incurred costs totalling £18,221 (2019 - £nil) on behalf of Crep Protect Inc, a fellow subsidiary undertaking, and at the year end a balance of £18,221 (2019 - £nil) was owed to the company.

During the year, the company was charged £4,905,902 (2019 - £3,567,225) for royalties by a director. During the year the balance was transferred to RIN Intellectual Property Limited and at the year end an amount of £4,318,786 was due from RIN Intellectual Property Limited.

During the year rent of £116,963 (2019 - £60,836) was paid on behalf of the directors.

25 Ultimate controlling party

The immediate parent company is Undercover Brothers Ltd, a company incorporated in England and Wales. The company is controlled by the directors.

Undercover Brothers Ltd prepares group financial statements and copies can be obtained from Companies House.

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.