
A.M. London Fashion Ltd

Annual Report and Consolidated Financial Statements

For the Year Ended 31 May 2023

A.M. London Fashion Ltd

Company Information

Directors	J Hartley (appointed 17 July 2023) A Mehan (appointed 17 July 2023) S Mehan
Registered number	09036310
Registered office	4th Floor Oakland House Talbot Road Old Trafford Manchester England M16 0PQ
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors 3 Stockport Exchange Stockport Cheshire SK1 3GG
Bankers	HSBC UK 2-4 St Ann's Sqaure Manchester M2 7HD

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Group Strategic Report
For the Year Ended 31 May 2023

Introduction

The directors present their Strategic Report and audited financial statements for the year ended 31 May 2023.

Principal activities

A.M. London Fashion Limited was incorporated in May 2014. The Group design, source and sell quality clothing in the fashion sector at a competitive price through wholesale and online. A.M. London is aimed at the whole family and is focused on building its portfolio of Threadbare brands.

Business review

As we reflect on the financial year ending 31 May 2023, it is crucial to evaluate the performance and financial standing of our fashion clothing company. Consistent with previous years, our business has sustained its growth in 2023, by catering to a diverse customer base that includes wholesale accounts in the UK and international clients. Additionally, we have increased our Brand reputation with our direct-to-consumer (D2C) presence through our website and multiple online marketplaces. This business review aims to provide a comprehensive overview of our company's performance and financial achievements.

Financial Performance

Key Performance Indicator	2023	2022
Revenue (£'000)	57,214	42,763
Gross profit (£'000)	10,026	7,698

- **Revenue Growth:** Throughout the year, our company experienced revenue growth through various sales channels. Combined sales from wholesale accounts, contract customers, and our D2C platforms contributed to a remarkable increase in overall revenue. Revenue was £57.2m (2022: £42.8m) an increase of 35%. Gross profits also increased to £10m (2022: £7.7m) an increase of 30%.
- **Wholesale Accounts:** We have successfully developed and maintained strong relationships with our wholesale accounts within the UK, but also diversified to European customers as we continue to service a diverse set of clients. By consistently delivering high-quality fashion clothing products and personable customer service, we have solidified our position as a preferred supplier in the market.
- **International Expansion:** Our concerted efforts to tap into international markets have paid off. We have successfully built a substantial customer base overseas, resulting in increased sales and brand recognition. This achievement underscores our commitment to global expansion and diversification.
- **D2C Sales Platforms:** Establishing a strong brand presence for our D2C division has filtered through to substantial growth again in 2023. Our website, combined with a concentrated choice of strategic partners, has significantly boosted our direct sales to end consumers. This has allowed us to focus on the platforms that return optimum performance, as opposed to being spread across various platforms ineffectively.

Group Strategic Report (continued)
For the Year Ended 31 May 2023

Financial Performance (Continued)

• During the reporting period, the Group incurred a significant bad debt of £5m in its European geographical operations. The bad debt resulted from over trading with a customer in Germany and their subsequent inability to fulfil their financial obligations to the Group. Management has taken the following steps to respond to this overtrading and mitigate potential losses moving forward:

o **Enhanced Credit Assessment:** The Group has reviewed and enhanced its credit assessment and risk management processes for all customers, especially those in the European markets, to identify and address over trading situations at an early stage.

o **Tightened Credit Control Measures:** Management has implemented tightened credit control measures, including more frequent credit checks, credit limits, and regular monitoring of customer trading patterns to prevent similar occurrences.

o **Improved communication and collaboration:** The Group is focusing on improving communication and collaboration between finance and sales teams to better assess and manage credit risks associated with over trading.

o **Diversification of Customer Base:** The Group is actively seeking to diversify its customer base in the European market to reduce reliance on a single customer and mitigate future bad debt risks.

Management is committed to taking appropriate steps to prevent and mitigate similar bad debts occurrences in the future and new procedures have been implemented to address over trading. The Group remains focused on maintaining a strong financial position and facilitating sustainable growth in all its market operations including the European market.

Operational Highlights

• **Product Portfolio:** Our fashion clothing company has consistently offered a diverse range of stylish and on-trend clothing for men, women, and children. By staying attuned to the latest fashion trends and customer preferences, we have been able to curate a product portfolio that appeals to a wide customer base.

• **Supply Chain Management:** By strengthening our presence in territories we source from, we have improved efficiency within our supply chain management. This has been a key factor in our success in streamlining costs and processes and providing excellent service to our customers alongside our stylish, on-trend clothing. By improving our operations, we have maintained strong relationships with suppliers, and managed our inventory, enabling us to meet customer demands promptly and maintain a competitive edge.

• **Customer Engagement:** Our commitment to exceptional customer service has attributed to our continued success. We have been flexible as our customers are both the end consumer, as well as servicing other businesses (B2B) on a contract basis. This has been instrumental in building lasting relationships with all revenue streams. Prompt and efficient responses to consumer enquiries, quick resolution of issues, and our personalised approach have all contributed to customer satisfaction and loyalty.

Future Outlook

As we reflect on the achievements of the past year, it is crucial to look ahead and identify areas for further growth and improvement. Key focus areas for the upcoming year include:

• **Market Expansion:** Our emphasis has been on growing our UK market; however, we have the resource and capabilities to serve a broader customer base in external territories. We are continuously seeking these new opportunities to expand our presence internationally by targeting additional wholesale accounts and exploring partnerships with distributors and retailer.

• **E-commerce Enhancements:** Investing in technology and infrastructure to optimize our D2C platforms, ensuring seamless customer experiences, and exploring emerging online marketplaces to diversify our sales channels further. Sales data is now becoming increasingly valuable given the increase over the past year. We can use this to ensure our products are being sold on the most efficient platforms at the right time.

• **Product Innovation:** Staying ahead of fashion trends and introducing new product lines to meet the evolving needs and preferences of our customers, while maintaining the high-quality standards for which we are known.

Group Strategic Report (continued)
For the Year Ended 31 May 2023

Other International

Bangladesh: Our office in Bangladesh continues to grow from 20 employees in 2022 to 26 in 2023. This is to support our sourcing strategy and contract business. We feel having a presence in territory ensures that our customers are fully serviced. Our 26 staff members support the UK office with factory onboarding, audits and compliance checks. The team manage the sourcing of fabrics along with testing the materials to industry standard. As this office grows within our company, so will our supply base who we consider as our partners. By improving partnership relationships, we are all becoming more aligned in servicing our customers.

Conclusion

The Group has experienced an overall successful year, marked by significant revenue growth, strong relationships with wholesale and international clients, and a thriving D2C sales platform. These achievements are a testament to the dedication and hard work of our entire team. As we prepare to embark on the next year, we remain committed to innovation, customer satisfaction, and sustainable growth. With a solid foundation in place, we are well-positioned to capitalize on new opportunities and maintain our position as a leading player in the fashion industry.

Principal risks and uncertainties

On an annual basis, the board review the principal risks and uncertainties that face the Group, and these are identified as follows:

Concentration Risk

The Group continues to diversify into different sectors and explore new opportunities. The Group was originally setup as a men's brand but has most recently setup ranges in ladies, childrenswear and even pets and accessories. The diversity of the Group's activities ensures no reliance on one fashion sector.

Currency Risk

The primary foreign currencies which the Group has exchange rate fluctuation exposure to are US dollars and Euros. The Group manages these risks well by trading at a favourable rate and securing forward contracts in line with buying patterns.

Competition Risk

Competitors may be able to offer the customer like for like product, but the Group always ensures they are ahead of the trends. We analyse our competitors thoroughly and are constantly looking for new sources to develop innovative products and offer new ranges to customers.

Ageing Stock Risk

Due to the nature of fashion and trends, we will always have an element of outdated stock. However, the Group have recently secured more FOB contracts which puts the risk of ageing stock onto customers. The Group will continue to monitor aged stock and build relationships with discount outlets to ensure ageing stock does not build up.

Group Strategic Report (continued)
For the Year Ended 31 May 2023

Credit Risk

During the reporting period, the Group experienced an exceptional bad debt, resulting in increased credit risk exposure, as explained in the financial performance section above.

Despite this challenge the Group did not experience a complete loss of liquidity or financial insolvency. The Group has successfully managed to navigate through this difficult period and has taken steps to mitigate the impact of the bad debt on our overall financial health.

The Group has demonstrated resilience and agility in the face of this challenge. Our continued focus on the effective cashflow management, strengthened forecasting, and ongoing bank support has enabled us to maintain a strong cash position and positive net assets, even in the presence of the exceptional event.

The Group has undertaken thorough review of the credit risks management processes and implemented additional measure to limit future exposure to similar event.

Supply Chain Risk

As a Group, we regularly review our suppliers to ensure they deliver our expectations of quality. We continue to build our relationships with factories and have a team in place to ensure ethical requirements are met.

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

S Mehan
Director

Date: 23 May 2024

Directors' Report
For the Year Ended 31 May 2023

The directors present their report and the financial statements for the year ended 31 May 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The loss for the year, after taxation, amounted to £3,075,757 (2022 -profit £2,403,558).

The Directors do not recommend the payment of a final dividend.

Director

The director who served during the year was:

S Mehan

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Directors' Report (continued)
For the Year Ended 31 May 2023

Post balance sheet events and going concern

These financial statements for the Group in the year ended 31 May 2023 include an exceptional bad debt incurred during the period, as disclosed in note 12. Despite this challenge, the Group has managed to pull through with a resilient cashflow position, strengthened forecast and continued bank support. As a result, the Group has maintained positive net assets despite the challenges.

The exceptional bad debts were driven by factors beyond the control of the Group and were isolated to a specific event. The Group has taken measures to assess and mitigate the risks of similar bad debts in the future.

The Group's performance and financial position remains strong and resilient. The forecasts and continued bank support demonstrate the underlying strength of the business and its ability to navigate through challenges. Management is confident in the Group's ability to recover from the impact of the exceptional event and continue to deliver value to its shareholder and stakeholders.

Auditors

The auditors, Hurst Accountants Limited, were appointed during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

S Mehan

Director

Date: 23 May 2024

Independent Auditors' Report to the Members of A.M. London Fashion Ltd

Opinion

We have audited the financial statements of A.M. London Fashion Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 May 2023, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 May 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditors' Report to the Members of A.M. London Fashion Ltd (continued)

Opinion 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 Group 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 Group Strategic Report and the Directors' 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 set out on page 5, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of A.M. London Fashion Ltd (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector in which the group operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The nature of the industry and sector in which the group operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the group's policies and procedures for:
 - Identifying, evaluating, and complying with laws and regulations
 - Detecting and responding to the risks of fraud
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- The legal and regulatory framework in which the group operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or which had a fundamental effect on the operations of the group, including General Data Protection requirements, Anti-bribery and Corruption, Anti Money Laundering Act 2018 and Russia (Sanctions) Regulations 2019.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.

- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

Independent Auditors' Report to the Members of A.M. London Fashion Ltd (continued)

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

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

John Glover (Senior Statutory Auditor)
for and on behalf of
Hurst Accountants Limited
Chartered Accountants & Statutory Auditors
3 Stockport Exchange
Stockport
Cheshire
SK1 3GG

23 May 2024

Consolidated Statement of Comprehensive Income
For the Year Ended 31 May 2023

	Note	2023 £	2022 £
Turnover	4	57,213,907	42,763,184
Cost of sales		(47,188,008)	(35,065,339)
Gross profit		10,025,899	7,697,845
Administrative expenses		(8,387,398)	(4,598,953)
Exceptional administrative expenses	12	(5,051,683)	-
Other operating income/(expense)	5	30,414	(1,287)
Operating (loss)/profit	6	(3,382,768)	3,097,605
Interest payable and similar expenses	10	(305,376)	(131,378)
(Loss)/profit before taxation		(3,688,144)	2,966,227
Tax on (loss)/profit	11	612,387	(562,669)
(Loss)/profit for the financial year		(3,075,757)	2,403,558
Foreign exchange differences on consolidation		310	(522)
Total comprehensive (loss)/income for the year		(3,075,447)	2,403,036

The notes on pages 19 to 37 form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 May 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	22,364	31,107
Tangible assets	14	336,726	452,697
		<u>359,090</u>	<u>483,804</u>
Current assets			
Stocks	16	6,787,024	7,299,697
Debtors: amounts falling due within one year	17	6,605,960	10,599,508
Cash at bank and in hand	18	420,609	1,766,715
		<u>13,813,593</u>	<u>19,665,920</u>
Creditors: amounts falling due within one year	19	(12,023,985)	(14,577,363)
Net current assets		<u>1,789,608</u>	<u>5,088,557</u>
Total assets less current liabilities		<u>2,148,698</u>	<u>5,572,361</u>
Creditors: amounts falling due after more than one year	20	(581,158)	(910,063)
Provisions for liabilities			
Deferred taxation	23	(42,299)	(61,610)
Net assets		<u><u>1,525,241</u></u>	<u><u>4,600,688</u></u>
Capital and reserves			
Called up share capital	24	200	200
Foreign exchange reserve	25	(212)	(522)
Profit and loss account	25	1,525,253	4,601,010
		<u><u>1,525,241</u></u>	<u><u>4,600,688</u></u>

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

S Mehan
Director

Date: 23 May 2024

The notes on pages 19 to 37 form part of these financial statements.

Company Statement of Financial Position
As at 31 May 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	22,364	31,107
Tangible assets	14	336,726	452,697
Investments	15	850	850
		<u>359,940</u>	<u>484,654</u>
Current assets			
Stocks	16	6,787,024	7,299,697
Debtors: amounts falling due within one year	17	5,163,920	10,491,048
Cash at bank and in hand	18	412,144	1,763,721
		<u>12,363,088</u>	<u>19,554,466</u>
Creditors: amounts falling due within one year	19	(10,201,481)	(14,308,412)
Net current assets		<u>2,161,607</u>	<u>5,246,054</u>
Total assets less current liabilities		<u>2,521,547</u>	<u>5,730,708</u>
Creditors: amounts falling due after more than one year	20	(581,158)	(910,063)
Provisions for liabilities			
Deferred taxation	23	(42,299)	(61,610)
Net assets		<u><u>1,898,090</u></u>	<u><u>4,759,035</u></u>
Capital and reserves			
Called up share capital	24	200	200
Profit and loss account	25	1,897,890	4,758,835
		<u><u>1,898,090</u></u>	<u><u>4,759,035</u></u>

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

S Mehan
Director

Date: 23 May 2024

The notes on pages 19 to 37 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 May 2023

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 June 2021	200	-	2,197,452	2,197,652	2,197,652
Comprehensive income for the year					
Profit for the year	-	-	2,403,558	2,403,558	2,403,558
Foreign exchange differences on consolidation	-	(522)	-	(522)	(522)
Other comprehensive income for the year	-	(522)	-	(522)	(522)
Total comprehensive income for the year	-	(522)	2,403,558	2,403,036	2,403,036
At 1 June 2022	200	(522)	4,601,010	4,600,688	4,600,688
Comprehensive income for the year					
Loss for the year	-	-	(3,075,757)	(3,075,757)	(3,075,757)
Foreign exchange differences on consolidation	-	310	-	310	310
Other comprehensive income for the year	-	310	-	310	310
Total comprehensive income for the year	-	310	(3,075,757)	(3,075,447)	(3,075,447)
At 31 May 2023	200	(212)	1,525,253	1,525,241	1,525,241

The notes on pages 19 to 37 form part of these financial statements.

A.M. London Fashion Ltd

**Company Statement of Changes in Equity
For the Year Ended 31 May 2023**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 June 2021	200	2,197,452	2,197,652
Comprehensive income for the year			
Profit for the year	-	2,561,383	2,561,383
At 1 June 2022	200	4,758,835	4,759,035
Comprehensive income for the year			
Loss for the year	-	(2,860,945)	(2,860,945)
At 31 May 2023	200	1,897,890	1,898,090

The notes on pages 19 to 37 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 May 2023

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(3,075,757)	2,403,558
Adjustments for:		
Amortisation of intangible assets	8,887	15,039
Depreciation of tangible assets	153,594	146,188
Foreign exchange movements	310	(522)
Interest paid	305,376	131,391
Taxation charge	(612,387)	562,669
Decrease/(increase) in stocks	512,673	(3,415,739)
Decrease/(increase) in debtors	3,993,548	(4,513,873)
(Decrease)/increase in creditors	(1,145,929)	2,815,379
Corporation tax paid	(414,326)	-
Net cash used in operating activities	(274,011)	(1,855,910)
Cash flows from investing activities		
Purchase of intangible fixed assets	(144)	(34,089)
Purchase of tangible fixed assets	(37,623)	(163,718)
Net cash used in investing activities	(37,767)	(197,807)

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 May 2023

	2023 £	2022 £
Cash flows from financing activities		
Repayment of loans	(200,000)	(183,333)
Repayment of/new finance leases	(127,816)	(20,164)
Movements on trade credit facility	517,612	(1,391,951)
Movements on invoice discounting facility	(1,041,117)	3,302,641
Interest paid	(295,271)	(127,855)
HP interest paid	(10,105)	(3,536)
Net cash (used in)/from financing activities	<u>(1,156,697)</u>	<u>1,575,802</u>
Net (decrease) in cash and cash equivalents	<u>(1,468,475)</u>	<u>(477,915)</u>
Cash and cash equivalents at beginning of year	<u>1,766,715</u>	<u>2,244,630</u>
Cash and cash equivalents at the end of year	<u><u>298,240</u></u>	<u><u>1,766,715</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	420,609	1,766,715
Bank overdrafts	(122,369)	-
	<u><u>298,240</u></u>	<u><u>1,766,715</u></u>

The notes on pages 19 to 37 form part of these financial statements.

A.M. London Fashion Ltd

**Consolidated Analysis of Net Debt
For the Year Ended 31 May 2023**

	At 1 June 2022	Cash flows	Other non-cash changes	At 31 May 2023
	£	£	£	£
Cash at bank and in hand	1,766,715	(1,346,106)	-	420,609
Bank overdrafts	-	(122,369)	-	(122,369)
Debt due after 1 year	(616,667)	-	200,000	(416,667)
Debt due within 1 year	(2,698,678)	(308,710)	(200,000)	(3,207,388)
Finance leases	(466,543)	137,921	-	(328,622)
	<u>(2,015,173)</u>	<u>(1,639,264)</u>	<u>-</u>	<u>(3,654,437)</u>

The notes on pages 19 to 37 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 May 2023**

1. General information

A.M. London Fashion Limited is a private company limited by shares, incorporated in England and Wales and its registered office is 4th Floor, Oakland House, Talbot Road, Old Trafford, Manchester, M16 0PQ. The company's registered number is 09036310.

The Group and Company's principal activity is to design, source and sell quality clothing in the fashion sector at a competitive price through wholesale and online.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

In the prior year financial statements, a bank loan amount of £200,000, a trade credit facility amount £2,477,138, an invoice discounting facility amount of £4,771,892 and obligations under finance lease and hire purchase contracts of £126,966 were all included in Creditors: amounts falling due within one year in the category of "Bank loans and facilities". In these financial statements, these balances have been classified separately in the categories highlighted above and the prior year comparative has been restated accordingly. An obligation under finance lease and hire purchase contracts amount of £293,396 had been included in Creditors: amounts falling due after more than one year in the category of "Bank loans" in the prior year financial statements. In these financial statements, obligations under finance lease and hire purchase contracts have been separately classified as such and the prior year comparative has been restated accordingly.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

This marks the first year in which the financial statements of A.M. London BV have been consolidated with those of the parent Company. A.M. London BV commenced trading during the year to 31 May 2022. Comparative figures for the prior year have been stated to reflect the consolidated position for the year.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**Notes to the Financial Statements
For the Year Ended 31 May 2023**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group will continue its operations for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

Senior Management have assessed the Group's ability to continue as a going concern and has considered various factors such as historical performance, projected cash flow projections, available market conditions and financing facilities, which are expected to be available at sufficient levels for the foreseeable future.

Senior management has implemented measures to mitigate risks and ensure continuity throughout the business growth. Furthermore, the Group's ability to adapt to changing circumstances, diversify revenue streams, and maintain adequate cash reserves provides additional support for the going concern assumption.

Based on this assessment, management believes that the Group will be able to continue as a going concern for the foreseeable future.

2.4 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**Notes to the Financial Statements
For the Year Ended 31 May 2023**

2. Accounting policies (continued)

2.5 Revenue

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

Sale of goods

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

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

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**Notes to the Financial Statements
For the Year Ended 31 May 2023**

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Current and deferred taxation

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

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

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

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

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

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**Notes to the Financial Statements
For the Year Ended 31 May 2023**

2. Accounting policies (continued)

2.13 Intangible assets

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

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

The estimated useful lives range as follows:

Patents, trademarks & licenses	-	4	years
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2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	-	25%	straight line
Motor vehicles	-	33%	straight line

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a standard costing basis.

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

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the Financial Statements
For the Year Ended 31 May 2023**

2. Accounting policies (continued)

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

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

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

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

2.21 Financial instruments

The Group only enters into basic financial instrument transactions, with the exception of forward currency contracts, that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Notes to the Financial Statements
For the Year Ended 31 May 2023

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The following judgement has had the most significant effect on amounts recognised in the financial statements:

Measurement of provision for obsolete stock

The stock provision is determined by ageing the stock in conjunction with management's knowledge and experience of stock movements. The provision applied reduces the carrying value to its selling price less costs to sell. Accordingly, provision for impairment is made where the net realisable value is less than the cost based on best estimates by management. The value of stock held at the year end totalled £6,787,024 (2022: £7,299,697), which includes impairments of £1,162,480 (2022: £1,023,605).

4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	35,131,998	31,539,311
Europe	21,515,165	10,673,606
Rest of the world	566,744	550,267
	<u>57,213,907</u>	<u>42,763,184</u>

5. Other operating income

	2023 £	2022 £
Other operating income	-	(11,008)
Net rents receivable	-	7,069
Royalty receivable	-	2,652
Insurance claims receivable	30,414	-
	<u>30,414</u>	<u>(1,287)</u>

Notes to the Financial Statements
For the Year Ended 31 May 2023

6. Operating (loss)/profit

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

	2023	2022
	£	£
Exchange differences	(1,023,456)	(1,383,333)
Other operating lease rentals	<u>115,480</u>	<u>81,368</u>

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2023	2022
	£	£
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	37,500	12,000
Fee's payable to the Group's auditors in respect of all other services	<u>2,500</u>	<u>-</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Wages and salaries	3,392,985	2,287,103	3,392,985	2,287,103
Social security costs	302,205	206,719	302,205	206,719
Cost of defined contribution scheme	76,480	60,205	76,480	60,205
	<u>3,771,670</u>	<u>2,554,027</u>	<u>3,771,670</u>	<u>2,554,027</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Administrative staff	<u>86</u>	<u>75</u>

Notes to the Financial Statements
For the Year Ended 31 May 2023

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	250,000	193,426
Group contributions to defined contribution pension schemes	1,761	1,761
	<u>251,761</u>	<u>195,187</u>

During the year retirement benefits were accruing to 1 director (2022: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £251,761 (2022 -£195,187).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,761 (2022: £1,761).

10. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	64,939	56,296
Other interest payable	230,332	71,726
Finance leases and hire purchase contracts	10,105	3,356
	<u>305,376</u>	<u>131,378</u>

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	-	593,076
Adjustments in respect of previous periods	(593,076)	(50,405)
Total current tax	<u>(593,076)</u>	<u>542,671</u>
Deferred tax		
Origination and reversal of timing differences	(19,311)	19,998
Total deferred tax	<u>(19,311)</u>	<u>19,998</u>
Taxation on (loss)/profit on ordinary activities	<u>(612,387)</u>	<u>562,669</u>

Notes to the Financial Statements
For the Year Ended 31 May 2023

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 -lower than) the standard rate of corporation tax in the UK of 20% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
(Loss)/profit on ordinary activities before tax	<u>(3,688,144)</u>	<u>2,966,227</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 -19%)	(737,629)	563,596
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	41,439	24,037
Utilisation of tax losses	593,076	-
Adjustments to tax charge in respect of prior periods	(593,076)	(50,405)
Other timing differences leading to an increase (decrease) in taxation	2,392	-
Unrelieved tax losses carried forward	42,850	-
Unrelieved loss on foreign subsidiaries	37,722	29,974
Remeasurement of deferred tax for changes in tax rates	-	4,799
Fixed asset differences	(2,040)	(9,332)
Changes in rates on carried back losses	2,879	-
Total tax charge for the year	<u><u>(612,387)</u></u>	<u><u>562,669</u></u>

Factors that may affect future tax charges

In April 2023, the Corporation tax rate increased to 25% for companies making profits greater than £250,000.

12. Exceptional items

	2023 £	2022 £
Bad debt	<u><u>5,051,683</u></u>	<u><u>-</u></u>

During the reporting period, the Group incurred a significant bad debt of £5m in its European geographical operations. The bad debt resulted from over trading with a customer in Germany and their subsequent inability to fulfil their financial obligations to the Group.

Notes to the Financial Statements
For the Year Ended 31 May 2023

13. Intangible assets

Group and Company

	Patents, trademarks & licenses £
Cost	
At 1 June 2022	49,059
Additions	144
At 31 May 2023	49,203
Amortisation	
At 1 June 2022	17,952
Charge for the year	8,887
At 31 May 2023	26,839
Net book value	
At 31 May 2023	22,364
At 31 May 2022	31,107

All of the Group's intangible fixed assets are held in the Parent company

Notes to the Financial Statements
For the Year Ended 31 May 2023

14. Tangible fixed assets

Group and Company

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 June 2022	564,512	73,563	638,075
Additions	37,623	-	37,623
At 31 May 2023	<u>602,135</u>	<u>73,563</u>	<u>675,698</u>
Depreciation			
At 1 June 2022	163,879	21,499	185,378
Charge for the year	129,318	24,276	153,594
At 31 May 2023	<u>293,197</u>	<u>45,775</u>	<u>338,972</u>
Net book value			
At 31 May 2023	<u>308,938</u>	<u>27,788</u>	<u>336,726</u>
<i>At 31 May 2022</i>	<u>400,633</u>	<u>52,064</u>	<u>452,697</u>

All of the Group's tangible fixed assets are held in the Parent company

Notes to the Financial Statements
For the Year Ended 31 May 2023

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 June 2022	850
At 31 May 2023	850

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
A.M. London BV	Zenevaar, Netherlands	Ordinary	100 %

The principal activity of A.M. London BV is to design, source and sell quality clothing in the fashion sector at a competitive price through wholesale.

16. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Finished goods and goods for resale	6,787,024	7,299,697	6,787,024	7,299,697

Notes to the Financial Statements
For the Year Ended 31 May 2023

17. Debtors

	Group 2023 £	<i>Group</i> <i>2022</i> £	Company 2023 £	<i>Company</i> <i>2022</i> £
Trade debtors	5,682,814	9,537,104	4,105,045	8,921,694
Amounts owed by group undertakings	-	-	154,606	514,931
Other debtors	438,870	993,487	430,747	985,506
Prepayments and accrued income	484,276	68,917	473,522	68,917
	<u>6,605,960</u>	<u>10,599,508</u>	<u>5,163,920</u>	<u>10,491,048</u>

18. Cash and cash equivalents

	Group 2023 £	<i>Group</i> <i>2022</i> £	Company 2023 £	<i>Company</i> <i>2022</i> £
Cash at bank and in hand	420,609	1,766,715	412,144	1,763,721
Less: bank overdrafts	(122,369)	-	(114,769)	-
	<u>298,240</u>	<u>1,766,715</u>	<u>297,375</u>	<u>1,763,721</u>

Notes to the Financial Statements
For the Year Ended 31 May 2023

19. Creditors: Amounts falling due within one year

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Bank overdrafts	122,369	-	114,769	-
Bank loans	200,000	<i>200,000</i>	200,000	<i>200,000</i>
Trade creditors	3,470,677	<i>5,028,391</i>	2,765,627	<i>4,770,782</i>
Trade credit facility	2,994,750	<i>2,477,138</i>	2,994,750	<i>2,477,138</i>
Corporation tax	13,638	<i>1,007,488</i>	13,638	<i>1,007,488</i>
Other taxation and social security	593,069	<i>380,309</i>	593,069	<i>380,309</i>
Obligations under finance lease and hire purchase contracts	164,131	<i>173,147</i>	164,131	<i>173,147</i>
Invoice discounting facility	3,730,775	<i>4,771,892</i>	2,639,857	<i>4,771,892</i>
Other creditors	202,170	<i>154,923</i>	202,170	<i>154,923</i>
Accruals and deferred income	532,406	<i>384,075</i>	513,470	<i>372,733</i>
	<u>12,023,985</u>	<i><u>14,577,363</u></i>	<u>10,201,481</u>	<i><u>14,308,412</u></i>

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

Invoice discounting facilities are secured on the trade debts to which they relate.

Bank facilities, including overdrafts, are secured by way of a fixed and floating charge over the Group's assets.

Trade credit facility is secured against the stock to which it relates.

The bank loan was obtained under the Coronavirus Business Interruption Loan scheme, secured by the Government. The loan is for a 6 year term and carries interest at a rate of 3.99% per annum over the Bank of England Base Rate.

In the prior year financial statements, a bank loan amount of £200,000, a trade credit facility amount £2,477,138, an invoice discounting facility amount of £4,771,892 and obligations under finance lease and hire purchase contracts of £126,966 were all included in the category of "Bank loans and facilities". In these financial statements, these balances have been classified separately in the categories highlighted above and the prior year comparative has been restated accordingly.

Notes to the Financial Statements
For the Year Ended 31 May 2023

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

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Bank loans	416,667	<i>616,667</i>	416,667	<i>616,667</i>
Net obligations under finance leases and hire purchase contracts	164,491	<i>293,396</i>	164,491	<i>293,396</i>
	<u>581,158</u>	<i><u>910,063</u></i>	<u>581,158</u>	<i><u>910,063</u></i>

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

Bank loans falling due after more than one year relate to a CBILS loan was obtained under the Coronavirus Business Interruption Loan scheme, secured by the Government. The loan is for a 6 year term and carries interest at a rate of 3.99% per annum over the Bank of England Base Rate.

An obligation under finance lease and hire purchase contracts amount of £293,396 had been included in the category of "Bank loans" in the prior year financial statements. In these financial statements, obligations under finance lease and hire purchase contracts have been separately classified as such and the prior year comparative has been restated accordingly.

21. Loans

Analysis of the maturity of loans is given below:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Amounts falling due within one year				
Bank loans	200,000	<i>200,000</i>	200,000	<i>200,000</i>
Amounts falling due 1-2 years				
Bank loans	200,000	<i>200,000</i>	200,000	<i>200,000</i>
Amounts falling due 2-5 years				
Bank loans	216,667	<i>416,667</i>	216,667	<i>416,667</i>
	<u>616,667</u>	<i><u>816,667</u></i>	<u>616,667</u>	<i><u>816,667</u></i>

Details, terms and security of the loan is disclosed in notes 19 and 20. The prior year comparative bank loans figure has been restated, details of this restatement are included in notes 19 and 20.

Notes to the Financial Statements
For the Year Ended 31 May 2023

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	<i>Group</i> <i>2022</i> £	Company 2023 £	<i>Company</i> <i>2022</i> £
Within one year	164,131	<i>173,147</i>	164,131	<i>173,147</i>
Between 1-5 years	164,581	<i>293,396</i>	164,581	<i>293,396</i>
	<u>328,712</u>	<i><u>466,543</u></i>	<u>328,712</u>	<i><u>466,543</u></i>

23. Deferred taxation

Group

	2023 £	<i>2022</i> £
Liability at beginning of year	(61,610)	<i>(41,612)</i>
Credited/(charged) to profit or loss	19,311	<i>(19,998)</i>
Liability at end of year	<u>(42,299)</u>	<i><u>(61,610)</u></i>

Company

	2023 £	<i>2022</i> £
Liability at beginning of year	(61,610)	<i>(41,612)</i>
Credited/(charged) to profit or loss	19,311	<i>(19,998)</i>
Liability at end of year	<u>(42,299)</u>	<i><u>(61,610)</u></i>

	Group 2023 £	<i>Group</i> <i>2022</i> £	Company 2023 £	<i>Company</i> <i>2022</i> £
Accelerated capital allowances	(45,504)	<i>(66,995)</i>	(45,504)	<i>(66,995)</i>
Pension surplus	3,205	<i>5,385</i>	3,205	<i>5,385</i>
	<u>(42,299)</u>	<i><u>(61,610)</u></i>	<u>(42,299)</u>	<i><u>(61,610)</u></i>

Notes to the Financial Statements
For the Year Ended 31 May 2023

24. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
200 (2022 - 200) Ordinary shares of £1.00 each	<u>200</u>	<u>200</u>

25. Reserves

Foreign exchange reserve

The foreign exchange reserve relates to retranslation gains or losses on the consolidation of foreign subsidiaries.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

26. Contingent liabilities

At the year end, letters of credit are in place for goods that have not yet shipped at the year end totalling £3,191,569.

27. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £76,480 (2022: £61,966). Contributions totalling £12,638 (2022: £21,540) were payable to the fund at the balance sheet date and are included in creditors.

28. Commitments under operating leases

At 31 May 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	<i>Group</i> <i>2022</i> £	Company 2023 £	<i>Company</i> <i>2022</i> £
Not later than 1 year	128,877	109,777	128,877	109,777
Later than 1 year and not later than 5 years	203,467	375,783	203,467	375,783
	<u>332,344</u>	<u>485,560</u>	<u>332,344</u>	<u>485,560</u>

29. Other financial commitments

The bank have provided a guarantee in favour of H M Revenue & Customs limited to £800,000 (2022: £800,000)

Notes to the Financial Statements
For the Year Ended 31 May 2023

30. Related party transactions

Directors' advances

Included within other debtors due within one year is a loan to a director, amounting to £369,374 (2022: £566,233). Amounts repaid during the year totalled £1,200,000. There are no terms and conditions associated with this balance. The maximum amount outstanding during the year was £1,236,523.

Related Companies

During the period, the Group incurred costs totalling £50,683 (2022: £104,047) and recognised revenue totalling £10,359 (2022: £Nil) with a company under common control. Included within other creditors are amounts due to the Group from the company under common control of £4,302 (2022: *amounts due to the Group of £287,706 were included within other debtors*).

The Group incurred recharges totalling £Nil (2022: £18,711) with another company under common control during the period. At the year-end, £Nil remained unpaid (2022: £Nil).

All transactions have been performed on an arm's length basis.

The directors have chosen not to disclose transactions entered into with other companies wholly owned within the group as permitted under FRS 102 paragraph 33.1A.

31. Controlling party

The Group is controlled by S Mehan and A Mehan, being equal shareholders.

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.