

**Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Year Ended 30 April 2016
for
Endura Limited Group Accounts**

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Endura Limited Group Accounts

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Endura Limited Group Accounts

**Company Information
for the Year Ended 30 April 2016**

DIRECTORS:

J B McFarlane
K Hague
Ms P A Barclay
S Scott
J Comiskey

SECRETARY:

J Comiskey

REGISTERED OFFICE:

3 Starlaw Park
LIVINGSTON
West Lothian
EH54 8SF

REGISTERED NUMBER:

SC128821 (Scotland)

AUDITORS:

Ernst and Young LLP
5 George Square
Glasgow
G2 1DY

Endura Limited Group Accounts

Group Strategic Report for the Year Ended 30 April 2016

The directors present their strategic report of the company and the group for the year ended 30 April 2016. The period under review was a year of unprecedented challenge for the business and the reported financial results reflect that. It is important however by way of context to stress that in the period since the balance sheet date of these accounts the business has experienced a significant resurgence of fortunes. Turnover and profitability have both rebounded in the intervening period, partly due to a more favourable FX environment from an Endura perspective and partly due to the actions taken to refocus and drive the business. We fully anticipate to be reporting strong turnover growth and a return to a healthy profit situation for the year to April 2017.

REVIEW OF BUSINESS

The principal activity of the business during the year continued to be the design, manufacture and sale of cycle specific clothing and accessories. The group financial results and comparatives incorporate the wholly owned US business that was acquired on the 1st of May 2014.

During the year the company transitioned from previously extant UK GAAP to FRS 102. Details of the recognition or measurement differences arising on the adoption of FRS 102 are included in note 29 to these financial statements.

The year to 30 April 2016 proved to be exceptionally challenging for the company. In particular, the relatively weak Euro during the period suppressed both income and margins from our key European markets. The revenue and margin impact of the weak Euro was compounded by intense competition and a general slowdown in our more mature markets, the UK and USA.

As a result of the above challenges, total group turnover fell by 5.7% to £22.724m (2015: £24.095m).

Gross margin was further impacted by the relative strength of the US\$ during the period resulting in increased product costs. The combined impact of the adverse foreign exchange movements in both reducing income and increasing costs led to the gross margin percentage falling to 46.8% from 50.5% for the previous year.

Combined distribution and administration costs which are largely sterling denominated were broadly flat in absolute terms over the period reflecting the fact that underlying business activity was broadly consistent with the previous year. The increase in distribution costs reflects the growing proportion of the business in our European markets compared to the UK while the reduction in administration costs partly reflects the higher costs in the previous year as a result of the external minority stake investment.

The net financial impact of the challenging financial climate is a loss before tax of £0.488m (2015: Profit before tax of £1.144m).

A summary of the key performance indicators for the group is shown below:

	Year to April 2016	Year to April 2015
Turnover	£22.724m	£24.095m
Gross profit	£10.63m	£12.161m
Distribution & Administrative Costs as % of Turnover	48.35%	47.15%

The increase in the distribution and administrative costs as a percentage of turnover is mainly a reflection of the currency driven suppression of the turnover line as well as the growing proportion of our business into Europe, which is more expensive for distribution purposes.

The balance sheet remains in a strong net asset position at the end of the period (net assets £7.5m, 2015: £7.9m) and we are operating comfortably within our agreed trade finance facilities.

Endura Limited Group Accounts

Group Strategic Report for the Year Ended 30 April 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The group board meets 6 times per annum and routinely evaluates the current and evolving risk landscape to ensure appropriate and considered plans and responses are put in place.

The key financial risk to the business both during the period and currently is related to our exposure to currency movements. The severity of the impact during the year to April 2016 has led to a greater focus on the active management of these risks going forward primarily through the use of forward foreign currency contracts to fix the rate associated with both our income and cost exposures. It is the company policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Competitive risks are a reality in all of our main markets, particularly from an influx of new entrants and aggressive price activity. Endura has continued to respond to this risk by holding firm with our policy of strong price discipline and focussing on the nurturing of long term relationships with a broad range of customers across a variety of markets and cycling disciplines.

Adapting to changing consumer behaviours is also a major risk for Endura. Our commitment to product innovation and constantly refreshing our portfolio along with a renewed commitment to consumer marketing to remain relevant in consumer minds are our key risk mitigation strategies.

Liquidity risk is inevitably a factor for companies like Endura with overseas production and therefore relatively elongated supply chains. Endura continues to operate with a tailor made package of trade finance facilities that provide more than adequate flexibility to manage our liquidity exposures.

Credit risk from customers failing to pay outstanding amounts is managed through strict policies around to whom and to what level we will provide credit facilities. Trading and payment histories as well as independent credit checks will be closely scrutinised before credit exposures are created. The level of bad debts for the group has been and remains minimal however this is an area where complacency will not be tolerated and adherence to group policies is strictly monitored.

The increased economic and political uncertainty that has arisen following the decision in June by the UK to leave the EU will be continually assessed and appropriate actions taken to mitigate risk where possible. The immediate risks as a result of the devaluation of GBP were largely covered by our existing FX hedging strategy as discussed above. The decision to leave the EU does not fundamentally change the strategy of continuing to invest and develop our European markets.

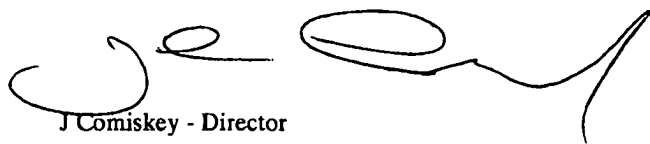
FUTURE DEVELOPMENTS

Despite these disappointing financial results, the year to April 2016 was a year of consolidation and focus for the business. Our business strategy was completely transformed in the period as we adapted to the changing commercial landscape and the foundations are now in place that we believe will see us emerge stronger than ever with a renewed emphasis on sales, marketing, innovation and efficiency.

This refreshed strategy combined with a more favourable FX landscape has already resulted in a strong bounce back into profitable revenue growth during the first half of financial year 16/17.

We fully anticipate this return to healthy revenue growth and a positive profit situation to continue throughout the remainder of this current financial year.

ON BEHALF OF THE BOARD:



J Comiskey - Director

23 January 2017

Endura Limited Group Accounts

Directors' Report for the Year Ended 30 April 2016

The directors present their report with the financial statements of the group and the company for the year ended 30 April 2016.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the design, manufacture and sale of branded cycling apparel.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2015 to the date of this report.

J B McFarlane
K Hague
Ms P A Barclay
S Scott
J Comiskey

CHARITABLE DONATIONS AND EXPENDITURE

The company made charitable donations of £8,309.

GOING CONCERN

In line with the FRC guidance on going concern issued in April 2016 the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The group's business activities, together with the factor's likely to affect its future development, its financial risk management objective, details of its hedging activities and its exposure to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 2 and 3.

The group has considerable financial resources together with long term relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making suitable enquiries, the directors have a reasonable expectation that the company and the group has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

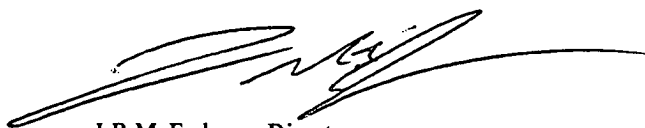
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The company has passed an elective resolution under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006 to dispense with the obligation to appoint auditors annually.

ON BEHALF OF THE BOARD:



J B McFarlane - Director

24 January 2017

Endura Limited Group Accounts

Statement of Directors' Responsibilities for the Year Ended 30 April 2016

The directors are responsible for preparing the Strategic Report, the Directors' 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), 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 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of Endura Limited Group Accounts

We have audited the financial statements of Endura Limited Group Accounts for the year ended 30 April 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flow and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and the Republic of Ireland"

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 30 April 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

**Report of the Independent Auditors to the Members of
Endura Limited Group Accounts**

Matters on which we are required to report by exception

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 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.

Ernst & Young LLP

Annie Graham (Senior Statutory Auditor)
for and on behalf of Ernst and Young LLP
5 George Square
Glasgow
G2 1DY

Date: *24 January 2017*

Endura Limited Group Accounts

**Consolidated Income Statement
for the Year Ended 30 April 2016**

	Notes	2016 £	2015 £
TURNOVER	4	22,723,823	24,095,388
Cost of sales		<u>12,088,831</u>	<u>11,933,915</u>
GROSS PROFIT		10,634,992	12,161,473
Distribution costs		3,270,824	3,121,703
Administrative expenses		<u>7,717,347</u>	<u>8,239,393</u>
		<u>10,988,171</u>	<u>11,361,096</u>
		(353,179)	800,377
Other operating income	5	<u>130,153</u>	<u>260,351</u>
OPERATING (LOSS)/PROFIT	8	(223,026)	1,060,728
Amortisation of negative goodwill	9	<u>-</u>	<u>392,302</u>
		(223,026)	1,453,030
Interest receivable and similar income		<u>1,593</u>	<u>183</u>
		(221,433)	1,453,213
Interest payable and similar expenses	10	<u>266,376</u>	<u>309,420</u>
(LOSS)/PROFIT BEFORE TAXATION		(487,809)	1,143,793
Tax on (loss)/profit	11	<u>(237,898)</u>	<u>338,662</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(249,911)</u>	<u>805,131</u>
(Loss)/profit attributable to: Owners of the parent		<u>(249,911)</u>	<u>805,131</u>

The notes form part of these financial statements

Endura Limited Group Accounts

**Consolidated Other Comprehensive Income
for the Year Ended 30 April 2016**

	Notes	2016 £	2015 £
(LOSS)/PROFIT FOR THE YEAR		(249,911)	805,131
OTHER COMPREHENSIVE (LOSS)/INCOME			
Net movement on cash flow hedge position		(126,096)	448,046
Exchange rate difference on translation of Endura Inc at closing v average rate		(40,855)	39,209
Income tax relating to components of other comprehensive (loss)/income		<u>25,219</u>	<u>(89,609)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(141,732)</u>	<u>397,646</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(391,643)</u>	<u>1,202,777</u>
Total comprehensive (loss)/income attributable to: Owners of the parent		<u>(391,643)</u>	<u>1,202,777</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
30 April 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	14	4,398,756	4,285,459
Investments	15	-	-
		<u>4,398,756</u>	<u>4,285,459</u>
CURRENT ASSETS			
Stocks	16	10,388,298	9,709,718
Debtors	17	6,109,550	5,485,621
Cash at bank and in hand		<u>534,596</u>	<u>1,282,521</u>
		17,032,444	16,477,860
CREDITORS			
Amounts falling due within one year	18	<u>9,362,400</u>	<u>8,098,103</u>
NET CURRENT ASSETS		<u>7,670,044</u>	<u>8,379,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,068,800	12,665,216
CREDITORS			
Amounts falling due after more than one year	19	(3,473,535)	(3,797,919)
PROVISIONS FOR LIABILITIES	23	<u>(1,083,136)</u>	<u>(963,525)</u>
NET ASSETS		<u><u>7,512,129</u></u>	<u><u>7,903,772</u></u>
CAPITAL AND RESERVES			
Called up share capital	24	32,043	32,043
Share premium	25	1,135,105	1,135,105
Cash flow hedge reserve	25	(31,973)	68,904
Retained earnings	25	<u>6,376,954</u>	<u>6,667,720</u>
SHAREHOLDERS' FUNDS		<u><u>7,512,129</u></u>	<u><u>7,903,772</u></u>

The financial statements were approved by the Board of Directors on 24 January 2017 and were signed on its behalf by:



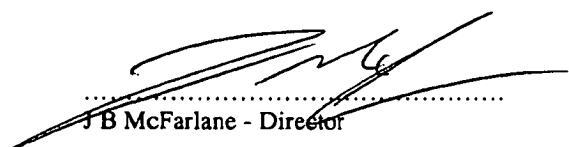
J B McFarlane - Director

Endura Limited Group Accounts (Registered number: SC128821)

**Company Statement of Financial Position
30 April 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	14	4,238,405	4,140,107
Investments	15	<u>1</u>	<u>1</u>
		4,238,406	4,140,108
CURRENT ASSETS			
Stocks	16	9,051,539	8,767,285
Debtors	17	7,737,694	6,220,614
Cash at bank and in hand		<u>429,497</u>	<u>1,132,989</u>
		17,218,730	16,120,888
CREDITORS			
Amounts falling due within one year	18	<u>9,225,751</u>	<u>7,694,000</u>
NET CURRENT ASSETS		<u>7,992,979</u>	<u>8,426,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,231,385	12,566,996
CREDITORS			
Amounts falling due after more than one year	19	(3,473,535)	(3,797,919)
PROVISIONS FOR LIABILITIES	23	<u>(850,475)</u>	<u>(706,945)</u>
NET ASSETS		<u>7,907,375</u>	<u>8,062,132</u>
CAPITAL AND RESERVES			
Called up share capital	24	32,043	32,043
Share premium	25	1,135,105	1,135,105
Cash flow hedge reserve	25	(31,973)	68,904
Retained earnings	25	<u>6,772,200</u>	<u>6,826,080</u>
SHAREHOLDERS' FUNDS		<u>7,907,375</u>	<u>8,062,132</u>
Company's (loss)/profit for the financial year		<u>(53,880)</u>	<u>1,002,700</u>

The financial statements were approved by the Board of Directors on 24 January 2017 and were signed on its behalf by:


J B McFarlane - Director

The notes form part of these financial statements

Endura Limited Group Accounts

Consolidated Statement of Changes in Equity for the Year Ended 30 April 2016

	Called up share capital £	Retained earnings £	Share premium £	Cash flow hedge reserve £	Total equity £
Balance at 1 May 2014	34,002	5,949,470	-	(289,533)	5,693,939
Fair value adjustment of preference shares	-	(63,653)	-	-	(63,653)
Changes in equity					
Issue of share capital	3,160	-	1,135,105	-	1,138,265
Reclassified as debt instrument	(5,119)	-	-	-	(5,119)
Dividends	-	(62,437)	-	-	(62,437)
Total comprehensive income	-	844,340	-	358,437	1,202,777
Balance at 30 April 2015	<u>32,043</u>	<u>6,667,720</u>	<u>1,135,105</u>	<u>68,904</u>	<u>7,903,772</u>
Changes in equity					
Total comprehensive loss	-	(290,766)	-	(100,877)	(391,643)
Balance at 30 April 2016	<u>32,043</u>	<u>6,376,954</u>	<u>1,135,105</u>	<u>(31,973)</u>	<u>7,512,129</u>

The share premium account represents the consideration received in excess of the nominal value of shares on the issue of new 'A' ordinary share capital.

The cash flow hedge reserve represents the difference between market value and the contracted value of financial instruments held by the Company in respect of future receipts and payments.

The notes form part of these financial statements

Endura Limited Group Accounts

Company Statement of Changes in Equity for the Year Ended 30 April 2016

	Called up share capital £	Retained earnings £	Share premium £	Cash flow hedge reserve £	Total equity £
Balance at 1 May 2014	34,002	5,949,470	-	(289,533)	5,693,939
Fair value adjustment of preference shares	-	(63,653)	-	-	(63,653)
Changes in equity					
Issue of share capital	3,160	-	1,135,105	-	1,138,265
Reclassified as debt instrument	(5,119)	-	-	-	(5,119)
Dividends	-	(62,437)	-	-	(62,437)
Total comprehensive income	-	1,002,700	-	358,437	1,361,137
Balance at 30 April 2015	<u>32,043</u>	<u>6,826,080</u>	<u>1,135,105</u>	<u>68,904</u>	<u>8,062,132</u>
Changes in equity					
Total comprehensive loss	-	(53,880)	-	(100,877)	(154,757)
Balance at 30 April 2016	<u>32,043</u>	<u>6,772,200</u>	<u>1,135,105</u>	<u>(31,973)</u>	<u>7,907,375</u>

The share premium account represents the consideration received in excess of the nominal value of shares on the issue of new 'A' ordinary share capital.

The cash flow hedge reserve represents the difference between market value and the contracted value of financial instruments held by the Company in respect of future receipts and payments.

Endura Limited Group Accounts

**Consolidated Statement of Cash Flows
for the Year Ended 30 April 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	(1,962,830)	252,197
Interest paid		(256,557)	(302,347)
Interest element of hire purchase payments paid		(9,819)	(7,073)
Tax paid		<u>151,575</u>	<u>(441,841)</u>
Net cash from operating activities		<u>(2,077,631)</u>	<u>(499,064)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	1
Purchase of tangible fixed assets		(463,497)	(957,885)
Sale of tangible fixed assets		64,219	70,471
Endura Inc - cash balance		-	94,231
Government grants		67,189	10,753
Interest received		<u>1,593</u>	<u>183</u>
Net cash from investing activities		<u>(330,496)</u>	<u>(782,246)</u>
Cash flows from financing activities			
HSBC Other loans		1,845,399	(438,743)
HSBC Term loan		(282,669)	304,988
Harris Bank short term loan		(278,892)	326,113
Other loans		785	(520,579)
Capital repayments in year		(62,303)	(53,495)
Amount introduced by directors		13,579	-
Amount withdrawn by directors		-	(22,337)
'A' Shares/Preference liability		-	2,834,204
Equity dividends paid		<u>-</u>	<u>(62,437)</u>
Net cash from financing activities		<u>1,235,899</u>	<u>2,367,714</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,172,228)</u>	<u>1,086,404</u>
Cash and cash equivalents at beginning of year	2	<u>1,282,521</u>	<u>196,117</u>
Cash and cash equivalents at end of year	2	<u><u>110,293</u></u>	<u><u>1,282,521</u></u>

The notes form part of these financial statements

Endura Limited Group Accounts

Notes to the Consolidated Statement of Cash Flows for the Year Ended 30 April 2016

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016 £	2015 £
(Loss)/profit before taxation	(487,809)	1,143,793
Depreciation charges	338,671	251,460
Loss on disposal of fixed assets	8,756	7,801
Decrease/(inc) stock rotation provision	81,655	(19,411)
Amortisation of negative goodwill	-	(392,302)
Ex rate difference on value of assets	(6,196)	-
Sterling translation of Endura Inc	(40,855)	39,209
Revaluation of 'A' Shares liability	(38,464)	304,969
Government grants	(67,189)	(10,753)
Finance costs	266,376	309,420
Finance income	(1,593)	(183)
	<u>53,352</u>	<u>1,634,003</u>
Increase in stocks	(678,577)	(462,359)
Increase in trade and other debtors	(710,059)	(343,333)
Decrease in trade and other creditors	<u>(627,546)</u>	<u>(576,114)</u>
Cash generated from operations	<u>(1,962,830)</u>	<u>252,197</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 April 2016

	30.4.16 £	1.5.15 £
Cash and cash equivalents	534,596	1,282,521
Bank overdrafts	<u>(424,303)</u>	<u>-</u>
	<u>110,293</u>	<u>1,282,521</u>

Year ended 30 April 2015

	30.4.15 £	1.5.14 £
Cash and cash equivalents	1,282,521	3,759,829
Bank overdrafts	<u>-</u>	<u>(3,563,712)</u>
	<u>1,282,521</u>	<u>196,117</u>

The notes form part of these financial statements

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements for the Year Ended 30 April 2016

1. STATUTORY INFORMATION

Endura Limited Group Accounts is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

2. STATEMENT OF COMPLIANCE

The company transitioned from the previously extant UK GAAP to FRS 102 as at 1 May 2014. An explanation of how transition to FRS 102 has affected the reported balance sheet and financial performance has been given in note 29.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking drawn up to 30th April each year. No parent company profit and loss account is presented as permitted by section 408 of the Companies Act 2006. The loss dealt with in the financial statements of the parent entity is £53.8k. Endura Inc has been consolidated in the group financial statements from the date of acquisition using the acquisition method of accounting.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Stock rotation provision:

Customers may return their purchases, under strict conditions, within a 7 month period for stock rotation. The Group provides for the potential reduction in profit that will result from these returned sales. The quantum of the amount of returns is inherently uncertain and the amounts provided are based on prior years' experience and expectations for the future. The calculation of the provision requires the exercise of significant judgement by management.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax, after making provision for sales which can be returned for stock rotation within a 7 month period.

Negative goodwill

Negative goodwill arising on the acquisition of Endura Inc was fully amortised over the year of acquisition.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- at varying rates on cost
Motor vehicles	- 25% on reducing balance

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2016**

3. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Stock levels by individual style are reviewed regularly and reasons are obtained for any slow moving stock. Appropriate and prudent provisions of between 25% and 100% of the stock value are then made depending on this analysis and future sales expectations of the specific stock style.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at the average exchange rates for the period. All resulting exchange rate differences are recognised in other comprehensive income.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. ACCOUNTING POLICIES - continued

Financial instruments

Derivative Financial Instruments and Hedge Accounting

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The use of financial derivative is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy.

The Company does not use derivative financial instruments for speculative purposes.

On initial designation of the hedge, the Company formally documents the relationship between the hedge instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an on-going basis, whether each hedging instrument is expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 90 - 110 percent.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Where a cash flow hedge is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in shareholders' funds. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of income as the hedged item.

Changes in the fair value of derivative financial instruments that do not qualify for the hedge accounting are recognised in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At the same time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2016

3. ACCOUNTING POLICIES - continued

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the company or the group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity. The carrying amount of the equity component is not re-measured in subsequent years.

The Group's 'A' Ordinary shares have been accounted for as such a hybrid instrument.

4. TURNOVER

The group's geographical markets are world wide but, in the opinion of the directors, disclosure of the breakdown of these markets would be seriously prejudicial to the interests of the company. All turnover is generated through the sale of goods.

5. OTHER OPERATING INCOME

	2016	2015
	£	£
Sundry receipts	62,964	249,598
Government grants	67,189	10,753
	<u>130,153</u>	<u>260,351</u>

In 2015 and 2016 the company received revenue grants from Scottish Enterprise which are related to product development.

In 2015 Endura Ltd won first prize of £241,000 in the HSBC Global Connections competition which is included in other operating income.

6. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	3,783,699	3,628,433
Social security costs	228,403	222,825
Other pension costs	70,376	65,640
	<u>4,082,478</u>	<u>3,916,898</u>

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

	2016	2015
Administration	69	65
Production	64	72
	<u>133</u>	<u>137</u>

The average number of employees by undertakings that are proportionately consolidated during the year was 19.

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

7. DIRECTORS' EMOLUMENTS

	2016	2015
	£	£
Directors' remuneration	230,165	124,865
Directors' pension contributions to money purchase schemes	<u>3,100</u>	<u>-</u>

Information regarding the highest paid director for the year ended 30 April 2016 is as follows:

	2016
	£
Emoluments etc	103,333
Pension contributions to money purchase schemes	<u>3,100</u>

None of the directors received pension contributions in the years to April 2015.

8. OPERATING (LOSS)/PROFIT

The operating loss (2015 - operating profit) is stated after charging/(crediting):

	2016	2015
	£	£
Hire of plant and machinery	89,121	84,781
Depreciation - owned assets	301,983	225,713
Depreciation - assets on hire purchase contracts	36,688	27,640
Loss on disposal of fixed assets	8,756	7,801
Auditors' remuneration	29,817	20,129
Foreign exchange differences	<u>(120,363)</u>	<u>126,613</u>

9. EXCEPTIONAL ITEMS

	2016	2015
	£	£
Amortisation of negative goodwill	<u>-</u>	<u>392,302</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Bank interest	145,303	201,769
Loan interest	111,254	100,578
Hire purchase	<u>9,819</u>	<u>7,073</u>
	<u>266,376</u>	<u>309,420</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2016

11. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	(275,853)	313,594
Deferred tax	<u>37,955</u>	<u>25,068</u>
Tax on (loss)/profit	<u>(237,898)</u>	<u>338,662</u>

UK corporation tax has been charged at 20% (2015 - 21%).

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2016 £	2015 £
(Loss)/profit before tax	<u>(487,809)</u>	<u>1,143,793</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 21%)	(97,562)	240,197
Effects of:		
Expenses not deductible for tax purposes	(312)	385
Adjustments to tax charge in respect of previous periods	(262,872)	9,901
Tax loss not utilised	124,660	33,347
Reduction in CT rate on 1 April 2015	-	(1,193)
Expenses not deductible	5,881	(16,252)
Increase/(decrease) in tax for FRS 102 adjustments	<u>(7,693)</u>	<u>72,277</u>
Total tax (credit)/charge	<u>(237,898)</u>	<u>338,662</u>

Tax effects relating to effects of other comprehensive income

	2016 Gross £	Tax £	Net £
Net movement on cash flow hedge position	(126,096)	25,219	(100,877)
Exchange rate difference on translation of Endura Inc at closing v average rate	<u>(40,855)</u>	-	<u>(40,855)</u>
	<u>(166,951)</u>	<u>25,219</u>	<u>(141,732)</u>
	2015 Gross £	Tax £	Net £
Gain/(loss) on value/forward contracts	448,046	(89,609)	358,437
Exchange rate difference on translation of Endura Inc at closing v average rate	<u>39,209</u>	-	<u>39,209</u>
	<u>487,255</u>	<u>(89,609)</u>	<u>397,646</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

11. TAXATION - continued

The UK corporation tax rate decreased from 21% to 20% from 1 April 2015. The impact on the current year's tax charge is shown above. Further reductions to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change.

12. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

13. DIVIDENDS

	2016 £	2015 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>62,437</u>

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 May 2015	3,640,813	729,927	311,727
Additions	16,318	321,832	2,811
Exchange differences	<u>-</u>	<u>373</u>	<u>317</u>
At 30 April 2016	<u>3,657,131</u>	<u>1,052,132</u>	<u>314,855</u>
DEPRECIATION			
At 1 May 2015	129,366	435,376	127,871
Charge for year	73,067	141,428	22,603
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2016	<u>202,433</u>	<u>576,804</u>	<u>150,474</u>
NET BOOK VALUE			
At 30 April 2016	<u>3,454,698</u>	<u>475,328</u>	<u>164,381</u>
At 30 April 2015	<u>3,511,447</u>	<u>294,551</u>	<u>183,856</u>

Endura Limited Group Accounts

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2016**

14. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2015	471,416	274,799	5,428,682
Additions	153,010	24,776	518,747
Disposals	(173,410)	-	(173,410)
Exchange differences	5,423	83	6,196
	<u>456,439</u>	<u>299,658</u>	<u>5,780,215</u>
At 30 April 2016			
DEPRECIATION			
At 1 May 2015	211,934	238,676	1,143,223
Charge for year	76,283	25,290	338,671
Eliminated on disposal	(100,435)	-	(100,435)
	<u>187,782</u>	<u>263,966</u>	<u>1,381,459</u>
At 30 April 2016			
NET BOOK VALUE			
At 30 April 2016	<u>268,657</u>	<u>35,692</u>	<u>4,398,756</u>
At 30 April 2015	<u>259,482</u>	<u>36,123</u>	<u>4,285,459</u>

The net book value of assets held under hire purchase contracts is £169,054 (2014 £203,492).

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 May 2015	3,640,813	719,515	301,022
Additions	16,318	294,651	2,282
	<u>3,657,131</u>	<u>1,014,166</u>	<u>303,304</u>
At 30 April 2016			
DEPRECIATION			
At 1 May 2015	129,366	434,075	122,114
Charge for year	73,067	136,606	21,529
Eliminated on disposal	-	-	-
	<u>202,433</u>	<u>570,681</u>	<u>143,643</u>
At 30 April 2016			
NET BOOK VALUE			
At 30 April 2016	<u>3,454,698</u>	<u>443,485</u>	<u>159,661</u>
At 30 April 2015	<u>3,511,447</u>	<u>285,440</u>	<u>178,908</u>

Endura Limited Group Accounts

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2016**

14. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2015	275,276	245,942	5,182,568
Additions	78,330	14,301	405,882
Disposals	<u>(51,911)</u>	<u>-</u>	<u>(51,911)</u>
At 30 April 2016	<u>301,695</u>	<u>260,243</u>	<u>5,536,539</u>
DEPRECIATION			
At 1 May 2015	140,530	216,376	1,042,461
Charge for year	42,374	19,283	292,859
Eliminated on disposal	<u>(37,186)</u>	<u>-</u>	<u>(37,186)</u>
At 30 April 2016	<u>145,718</u>	<u>235,659</u>	<u>1,298,134</u>
NET BOOK VALUE			
At 30 April 2016	<u>155,977</u>	<u>24,584</u>	<u>4,238,405</u>
At 30 April 2015	<u>134,746</u>	<u>29,566</u>	<u>4,140,107</u>

The net book value of assets held under hire purchase contracts is £201,966 (2015 £169,054).

15. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 May 2015 and 30 April 2016	<u>1</u>
NET BOOK VALUE	
At 30 April 2016	<u>1</u>
At 30 April 2015	<u>1</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

15. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

Endura Inc

Registered office: 2340 East Perry Road, Plainfield, Indianapolis, US.

Nature of business: Sale of Endura branded cycling apparel

Class of shares:	% holding	2016 £	2015 £
Ordinary	100.00		
Loss for the year		<u>(551,413)</u>	<u>(318,784)</u>

16. STOCKS

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Work-in-progress	334,559	341,744	334,559	341,744
Finished goods	<u>10,053,739</u>	<u>9,367,974</u>	<u>8,716,980</u>	<u>8,425,541</u>
	<u>10,388,298</u>	<u>9,709,718</u>	<u>9,051,539</u>	<u>8,767,285</u>

The amount of stock recognised as an expense in the year is £11.07m.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	5,411,142	4,262,966	4,372,005	3,000,441
Other debtors	198,428	2,900	198,428	2,900
Endura Inc	-	-	2,674,509	2,005,376
Derivative financial instrument	-	68,904	-	68,904
VAT	134,915	290,651	134,915	290,651
Prepayments and accrued income	<u>365,065</u>	<u>860,200</u>	<u>357,837</u>	<u>852,342</u>
	<u>6,109,550</u>	<u>5,485,621</u>	<u>7,737,694</u>	<u>6,220,614</u>

The directors consider that the carrying amount of trade debtors approximates to their fair value.

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (see note 20)	5,489,659	3,498,846	5,442,435	3,172,733
Other loans (see note 20)	317,097	316,313	317,097	316,313
Hire purchase contracts (see note 21)	50,407	54,209	50,407	54,209
Trade creditors	1,832,497	1,892,143	1,783,632	1,817,572
Tax	161,863	286,141	161,863	303,693
Social security and other taxes	58,094	55,973	58,094	55,973
Other creditors	354,504	592,324	354,504	592,324
Derivative financial instrument	31,973	-	31,973	-
Directors' loan accounts	712,701	699,122	712,702	699,122
Accruals and deferred income	353,605	703,032	313,044	682,061
	<u>9,362,400</u>	<u>8,098,103</u>	<u>9,225,751</u>	<u>7,694,000</u>

The directors consider that the carrying amount of trade creditors approximates to their fair value.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans (see note 20)	1,409,038	1,691,707	1,409,038	1,691,707
Hire purchase contracts (see note 21)	33,281	36,532	33,281	36,532
Preference shares	<u>2,031,216</u>	<u>2,069,680</u>	<u>2,031,216</u>	<u>2,069,680</u>
	<u>3,473,535</u>	<u>3,797,919</u>	<u>3,473,535</u>	<u>3,797,919</u>

Preference shares is the potential liability that may arise when some preference 'A' shares are due to be redeemed.

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

20. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year or on demand:				
Bank overdrafts	424,303	-	424,303	-
Bank loans	5,065,356	3,498,846	5,018,132	3,172,733
Other loans	317,097	316,313	317,097	316,313
	<u>5,806,756</u>	<u>3,815,159</u>	<u>5,759,532</u>	<u>3,489,046</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>218,808</u>	<u>288,251</u>	<u>218,808</u>	<u>288,251</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>656,424</u>	<u>664,797</u>	<u>656,424</u>	<u>664,797</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more than 5 years by instalments	<u>533,806</u>	<u>738,659</u>	<u>533,806</u>	<u>738,659</u>
	<u>533,806</u>	<u>738,659</u>	<u>533,806</u>	<u>738,659</u>

The business has 3 term loans and the rate of interest on these loans is 2.95% above the bank lending rate. There is also a short term bank loan and the interest rate of this loan is 4.5% per annum.

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2016 £	2015 £
Net obligations repayable:		
Within one year	50,407	54,209
Between one and five years	<u>33,281</u>	<u>36,532</u>
	<u>83,688</u>	<u>90,741</u>

Company

	Hire purchase contracts	
	2016 £	2015 £
Net obligations repayable:		
Within one year	50,407	54,209
Between one and five years	<u>33,281</u>	<u>36,532</u>
	<u>83,688</u>	<u>90,741</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

22. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank overdrafts	424,303	-	424,303	-
Bank loans	6,474,394	5,190,553	6,427,170	4,864,440
Other creditors - HSBC IF	<u>283,268</u>	<u>548,372</u>	<u>283,268</u>	<u>548,372</u>
	<u>7,181,965</u>	<u>5,738,925</u>	<u>7,134,741</u>	<u>5,412,812</u>

General pledge over documents and goods given by Endura Limited. Floating charge over all assets, goodwill, undertaking and uncalled capital both present and future.

Endura Ltd has raised finance of £283,268 (2015 £548,372), included in other creditors, from HSBC IF on the UK Trade Debtor's balance of £2,067,135.

23. PROVISIONS FOR LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred tax				
Deferred tax	104,229	79,161	104,229	79,161
Deferred tax for year	<u>37,955</u>	<u>25,068</u>	<u>37,955</u>	<u>25,068</u>
	<u>142,184</u>	<u>104,229</u>	<u>142,184</u>	<u>104,229</u>
Other provisions	<u>940,952</u>	<u>859,296</u>	<u>708,291</u>	<u>602,716</u>
Aggregate amounts	<u>1,083,136</u>	<u>963,525</u>	<u>850,475</u>	<u>706,945</u>

Group

	Deferred tax	Other provisions
	£	£
Balance at 1 May 2015	104,229	859,296
Accelerated CA's	37,955	-
Increase in provision	-	81,656
Balance at 30 April 2016	<u>142,184</u>	<u>940,952</u>

Company

	Deferred tax	Other provisions
	£	£
Balance at 1 May 2015	104,229	602,716
Provided during year	-	115,985
Accelerated allowances	<u>37,955</u>	-
Balance at 30 April 2016	<u>142,184</u>	<u>718,701</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2016

23. PROVISIONS FOR LIABILITIES - continued

Other Provisions

Other provisions is the allowance for stock rotations. Customers may return their purchases, under strict conditions, within a 7 month period for stock rotation. The Group provides for the potential reduction in profit that will result from these returned sales.

Deferred Tax

During the year to 30 April 2016 the Finance Act (No.2) 2015 was substantively enacted. The Finance Act (No.2) 2015 includes legislation which will further reduce the corporation tax rate from the current rate of 20% to 19% from 1 April 2017, and 18%, from 1 April 2020.

In his budget speech on 16 March 2016, the Chancellor announced that the corporation tax rate will now reduce to 17% from 1 April 2020, i.e., an additional 1% reduction to what was previously included within the Finance Act (No. 2) 2015. This rate reduction was substantively enacted after the balance sheet date on 6 September 2016, as this was after the balance sheet date the company only recognises the impact of the rate change to 18%.

£33,350 deferred tax is expected to reverse in the year to 30 April, 2017.

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2016 £	2015 £
Number:	Class:			
28,614	Ordinary	£1	28,614	28,614
3,429	Ordinary 'A'	£1	8,548	8,548
5,119	Ordinary 'A' (treated as preference share)	£1	(5,119)	(5,119)
			<u>32,043</u>	<u>32,043</u>

Endura Ltd has 8,548 issued Ordinary 'A' shares. 5,119 of these shares have terms that create a liability on the company and so have been removed from shares in the balance sheet and are now classified as a debt instrument. The number of shares registered at Companies House has not been affected by this reclassification.

25. RESERVES

Group

	Retained earnings £	Share premium £	Cash flow hedge reserve £	Totals £
At 1 May 2015	6,667,720	1,135,105	68,904	7,871,729
Deficit for the year	(249,911)			(249,911)
Fair value adjustment on foreign exchange forwards	-	-	(100,877)	(100,877)
Exchange rate difference on translation of Endura Inc.	(40,855)	-	-	(40,855)
At 30 April 2016	<u>6,376,954</u>	<u>1,135,105</u>	<u>(31,973)</u>	<u>7,480,086</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2016

25. RESERVES - continued

Company

	Retained earnings £	Share premium £	Cash flow hedge reserve £	Totals £
At 1 May 2015	6,826,080	1,135,105	68,904	8,030,089
Deficit for the year	(53,880)			(53,880)
Fair value adjustment on foreign exchange forwards	-	-	(100,877)	(100,877)
At 30 April 2016	<u>6,772,200</u>	<u>1,135,105</u>	<u>(31,973)</u>	<u>7,875,332</u>

26. CONTINGENT LIABILITIES

Previously Endura Limited used an Employee Benefit Trust in order to reward and incentivise key employees of the business. HMRC has challenged the UK tax treatment of this and similar EBT's. It is possible that this may result in a tax charge being levied on the company, however, this will not arise until April 2019 and the final sum cannot be determined so no provision for any liability has been made in these financial statements.

27. RELATED PARTY DISCLOSURES

The remuneration of the Directors, who are the key management personnel of the company is disclosed in Note 7.

Key management personnel of the entity or its parent (in the aggregate)

	2016 £	2015 £
Amount due to related party	<u>712,702</u>	<u>699,122</u>

Endura Limited Group has borrowed £712,702 from key management personnel. There are no repayment terms but interest is accruing at 4% per annum

Other related parties

	2016 £	2015 £
Amount due to related party	<u>317,097</u>	<u>316,313</u>

Endura Ltd has borrowed £315,000 from N McFarlane, the mother of J McFarlane, Director. At the year end interest of £2,097 was due. There are no repayment terms but interest is charged at 5% per annum

28. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J B McFarlane.

29. FIRST YEAR ADOPTION

The Company and the Group transitioned to FRS 102 from previously extant UK GAAP as at 1 May 2014. The impact from the transition to FRS 102 is explained below.

Note A

Under old UK GAAP, as FRS 26 was not applied, there was no requirement to recognise derivative financial instruments, although if loss making and not hedged, a provision was required under FRS 12. In accordance with FRS 102 derivatives, both short term and long term are recorded in the statement of financial position at fair value with any movements being recorded through other comprehensive income where the hedge is effective. The opening position as at 1 May 2014 was a reduction in reserves of £289,533. At the year- end a fair value assessment was carried out which resulted in a gain of £448,046 which was shown in other comprehensive income. The opening position created a deferred tax gain of £72,383 and a deferred tax liability of £17,226 at the year end.

Note B

The group has also shown the exchange rate difference arising on the translation of the profit and loss account of Endura Inc at the average rate and the balance sheet at the closing rate in other comprehensive income rather than other operating income.

Note C

Ordinary 'A' shares were created in October 2014 and under UK GAAP were treated as equity shares so there was no adjustment to the opening position. A proportion of these shares create a financial liability on the company and so are now treated as a debt of the company instead of equity. The value of the liability at the date of the investment was £1,764,711 and was increased by £304,969 to the fair value of £2,069,680 at 30 April 2015.

Endura Limited Group Accounts

Reconciliation of Equity

1 May 2014

(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		<u>3,518,021</u>	<u>-</u>	<u>3,518,021</u>
CURRENT ASSETS				
Stocks		8,412,435	-	8,412,435
Debtors	A	5,680,884	-	5,680,884
Cash at bank and in hand		<u>3,759,829</u>	<u>-</u>	<u>3,759,829</u>
		<u>17,853,148</u>	<u>-</u>	<u>17,853,148</u>
CREDITORS				
Amounts falling due within one year	A	<u>(12,900,055)</u>	<u>(289,533)</u>	<u>(13,189,588)</u>
NET CURRENT ASSETS		<u>4,953,093</u>	<u>(289,533)</u>	<u>4,663,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,471,114	(289,533)	8,181,581
CREDITORS				
Amounts falling due after more than one year	C	(1,529,774)	-	(1,529,774)
PROVISIONS FOR LIABILITIES		<u>(957,868)</u>	<u>-</u>	<u>(957,868)</u>
NET ASSETS		<u>5,983,472</u>	<u>(289,533)</u>	<u>5,693,939</u>
CAPITAL AND RESERVES				
Called up share capital		34,002	-	34,002
Cash flow hedge reserve	A	-	(289,533)	(289,533)
Retained earnings	A	<u>5,949,470</u>	<u>-</u>	<u>5,949,470</u>
SHAREHOLDERS' FUNDS		<u>5,983,472</u>	<u>(289,533)</u>	<u>5,693,939</u>

The notes form part of these financial statements

Endura Limited Group Accounts

Reconciliation of Equity - continued
30 April 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		<u>4,285,459</u>	<u>-</u>	<u>4,285,459</u>
CURRENT ASSETS				
Stocks		9,709,718	-	9,709,718
Debtors	A	5,416,717	68,904	5,485,621
Cash at bank and in hand		<u>1,282,521</u>	<u>-</u>	<u>1,282,521</u>
		<u>16,408,956</u>	<u>68,904</u>	<u>16,477,860</u>
CREDITORS				
Amounts falling due within one year	A	<u>(8,098,103)</u>	<u>-</u>	<u>(8,098,103)</u>
NET CURRENT ASSETS		<u>8,310,853</u>	<u>68,904</u>	<u>8,379,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,596,312	68,904	12,665,216
CREDITORS				
Amounts falling due after more than one year	C	(1,728,239)	(2,069,680)	(3,797,919)
PROVISIONS FOR LIABILITIES		<u>(963,525)</u>	<u>-</u>	<u>(963,525)</u>
NET ASSETS		<u>9,904,548</u>	<u>(2,000,776)</u>	<u>7,903,772</u>
CAPITAL AND RESERVES				
Called up share capital		37,162	(5,119)	32,043
Share premium		2,831,044	(1,695,939)	1,135,105
Cash flow hedge reserve	A	-	68,904	68,904
Retained earnings	A	<u>7,036,342</u>	<u>(368,622)</u>	<u>6,667,720</u>
SHAREHOLDERS' FUNDS		<u>9,904,548</u>	<u>(2,000,776)</u>	<u>7,903,772</u>

The notes form part of these financial statements

Endura Limited Group Accounts

Reconciliation of Profit for the Year Ended 30 April 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER		24,095,388	-	24,095,388
Cost of sales		<u>(11,933,915)</u>	<u>-</u>	<u>(11,933,915)</u>
GROSS PROFIT		12,161,473	-	12,161,473
Distribution costs		(3,121,703)	-	(3,121,703)
Administrative expenses	C	(7,934,424)	(304,969)	(8,239,393)
Other operating income	B	<u>299,560</u>	<u>(39,209)</u>	<u>260,351</u>
OPERATING PROFIT		1,404,906	(344,178)	1,060,728
Amortisation of negative goodwill		392,302	-	392,302
Interest receivable and similar income		183	-	183
Interest payable and similar expenses		<u>(309,420)</u>	<u>-</u>	<u>(309,420)</u>
PROFIT BEFORE TAXATION		1,487,971	(344,178)	1,143,793
Tax on profit	C	<u>(338,662)</u>	<u>-</u>	<u>(338,662)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,149,309</u>	<u>(344,178)</u>	<u>805,131</u>
Profit attributable to: Owners of the parent				<u>805,131</u>

The notes form part of these financial statements