

**Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Year Ended 30 April 2018
for
Endura Limited Group Accounts**



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for the Year Ended 30 April 2018**

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Endura Limited Group Accounts

**Company Information
for the Year Ended 30 April 2018**

DIRECTORS:

J B McFarlane
Ms P A Barclay
J Comiskey
A M Long
C Y Patel

SECRETARY:

T E Cullen

REGISTERED OFFICE:

3 Starlaw Park
LIVINGSTON
West Lothian
EH54 8SF

REGISTERED NUMBER:

SC128821 (Scotland)

AUDITORS:

Ernst and Young LLP
144 Morrison Street
Edinburgh
EH3 8EX

Endura Limited Group Accounts

Group Strategic Report for the Year Ended 30 April 2018

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 year to April 18 was a year for consolidating the strong financial performance of the previous year. Turnover increased by 9% and profit before tax and before exceptional costs grew by 6.5% to £1,983k.

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

	Year to April 2018 £'000	Year to April 2017 £'000	Change %
Turnover	£27,740	£25,116	10.2%
Gross profit	£13,693	£13,355	2.53%
Profit before tax and exceptionals	£1,968	£1,848	6.5%
Profit before tax	£1,160	£1,848	(3.72%)
Shareholders funds	£12,015	£8,969	33.9%
Net cash from operating activities	£1,004	£2,810	n/a

Difficult retail conditions in our home and largest market (UK), combined with the ongoing business transformation programme in the US, suppressed our turnover growth with most of our key European markets reporting strong double digit revenue increases.

Gross profit increased in absolute terms by £337k, despite a small decrease as a percentage of turnover. This margin dilution is partly due to the downsizing of our US subsidiary and a proactive approach to the reduction of inventory levels in the US through targeted clearance activity.

Overheads were only marginally above the previous year resulting in an increase in profit before tax of 6.5%, before exceptionals.

Shareholder funds have increased by £3.05m. As well as retained earnings of £1.02m this largely reflects a reclassification from creditors to equity of £2.03m in relation to the Pentland acquisition as detailed in note 18.

Net cash from operating activities was £1.004m and total debt decreased by £1.237m in the year.

On the 28th of February 2018, a majority holding in Endura Ltd was acquired by Pentland Group PLC (registered number 00793577).

Pentland Group PLC is a privately owned management holding company of a trading group. The Group is engaged in brand management and retail of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The portfolio of global consumer brands to which Endura now belongs includes Speedo, Berghaus and Canterbury of New Zealand.

The Endura entity and brand will be retained and the transaction is viewed as an exciting opportunity for Endura to continue its development as a leading global player in the cycling apparel sector.

Endura Limited Group Accounts

Group Strategic Report for the Year Ended 30 April 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk factors for Endura Ltd are considered by the Directors to fall into the following categories:

Competitive risks: Our response to those risks includes a continued focus on differentiating the Endura brand and a continued emphasis on innovation. We take a long term view of market trends and whilst we continue to concentrate exclusively on cycling we operate across all major cycling disciplines and continually evolve our portfolio.

Liquidity risks: We operate tight management of cash and have established good long term relationships with our principal bank (HSBC) who provide tailored trade finance facilities. We operate well within our trade finance limits. We also now have the added security of being majority owned by a much larger trading entity (Pentland Group PLC).

Credit risk: Risk of non payment 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.

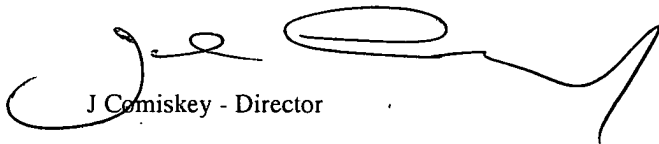
Legislative and regulatory environment risk: The uncertainties around trading with our key European markets post Brexit remains a key risk factor. Contingency plans have been considered however and will continue to evolve as part of the broader Pentland Group PLC response. We consider that we have viable options regardless of what changes to the trading environment Brexit actually brings.

Exposure to foreign exchange movements remains a key risk for the business with exposure to several currencies. Endura has traditionally managed this exposure through directly hedging these exposures as part of a FX hedging strategy. Going forward, Endura will feed exposures into Pentland Group Treasury who will hedge on our behalf.

FUTURE DEVELOPMENTS

The integration into the Pentland Group PLC is well underway. Synergies and opportunities in terms of supply chain, market development and innovation will continue to be explored whilst retaining the brand essence that has generated the success of the Endura brand to date.

ON BEHALF OF THE BOARD:



J Comiskey - Director

8 August 2018

Endura Limited Group Accounts

Directors' Report for the Year Ended 30 April 2018

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2018.

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 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2017 to the date of this report.

J B McFarlane
Ms P A Barclay
J Comiskey

Other changes in directors holding office are as follows:

K Hague - resigned 28 February 2018
S Scott - resigned 28 February 2018
A M Long - appointed 28 February 2018
C Y Patel - appointed 28 February 2018
C Stephenson - appointed 28 February 2018 - resigned 23 April 2018

CHARITABLE DONATIONS AND EXPENDITURE

The company made charitable donations of £5,000

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.

ON BEHALF OF THE BOARD:



J B McFarlane, Director

8 August 2018

Endura Limited Group Accounts

Statement of Directors' Responsibilities for the Year Ended 30 April 2018

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Opinion

We have audited the financial statements of Endura Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the group Income Statement, the group Statement of Other Comprehensive Income, the group and parent company Statement of Financial Position, the group and parent Statement of Changes in Equity, group Statement of Cash Flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including - FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the affairs as at 30 April 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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

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

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 a Report of the Auditors 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.

Ernst & Young LLP

Julie Cavin (Senior Statutory Auditor)
for and on behalf of Ernst and Young LLP
144 Morrison Street
Edinburgh
EH3 8EX

8 August 2018

Endura Limited Group Accounts

**Consolidated Income Statement
for the Year Ended 30 April 2018**

		2018		2017	
	Notes	£	£	£	£
TURNOVER	4		27,740,327		25,115,992
Cost of sales			<u>14,047,440</u>		<u>11,760,584</u>
GROSS PROFIT			13,692,887		13,355,408
Distribution costs		3,289,871		3,174,911	
Administrative expenses		<u>8,465,211</u>		<u>8,343,772</u>	
			<u>11,755,082</u>		<u>11,518,683</u>
			1,937,805		1,836,725
Other operating income	5		<u>165,665</u>		<u>219,062</u>
OPERATING PROFIT	8		2,103,470		2,055,787
Interest receivable and similar income			<u>2,538</u>		<u>1,170</u>
PROFIT BEFORE INTEREST AND EXCEPTIONALS			2,106,008		2,056,957
Exceptional items	9		807,972		-
Interest payable and similar expenses	10		<u>138,239</u>		<u>209,399</u>
PROFIT BEFORE TAXATION			1,159,797		1,847,558
Tax on profit	11		<u>137,986</u>		<u>244,196</u>
PROFIT FOR THE FINANCIAL YEAR			<u>1,021,811</u>		<u>1,603,362</u>
Profit attributable to: Owners of the parent			<u>1,021,811</u>		<u>1,603,362</u>

The notes form part of these financial statements

Endura Limited Group Accounts

**Consolidated Statement of Other Comprehensive Income
for the Year Ended 30 April 2018**

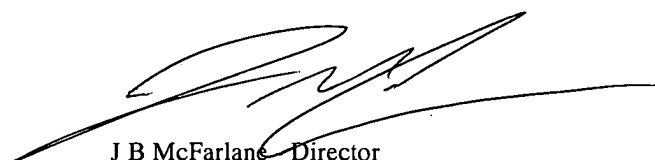
	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		1,021,811	1,603,362
OTHER COMPREHENSIVE INCOME/(LOSS)			
Net movement on cash flow hedge position		(18,014)	(127,459)
Exchange rate difference on translation of Endura Inc at closing v average rate		6,939	(44,113)
Reinstatement of share premium to full value	18	330,158	-
Income tax relating to components of other comprehensive income/(loss)		<u>3,422</u>	<u>25,492</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		<u>322,505</u>	<u>(146,080)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,344,316</u></u>	<u><u>1,457,282</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>1,344,316</u></u>	<u><u>1,457,282</u></u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
30 April 2018

		2018		2017	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13		3,963,914		4,240,799
Investments	14		-		-
			<u>3,963,914</u>		<u>4,240,799</u>
CURRENT ASSETS					
Stocks	15	10,452,494		10,625,107	
Debtors	16	6,293,288		6,296,037	
Cash at bank and in hand		<u>780,928</u>		<u>700,124</u>	
		17,526,710		17,621,268	
CREDITORS					
Amounts falling due within one year	17	<u>7,243,570</u>		<u>8,030,974</u>	
NET CURRENT ASSETS			<u>10,283,140</u>		<u>9,590,294</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,247,054		13,831,093
CREDITORS					
Amounts falling due after more than one year	18		(976,953)		(3,245,752)
PROVISIONS FOR LIABILITIES	22		<u>(1,255,316)</u>		<u>(1,615,930)</u>
NET ASSETS			<u><u>12,014,785</u></u>		<u><u>8,969,411</u></u>
CAPITAL AND RESERVES					
Called up share capital	23		37,162		32,043
Share premium	18		2,831,044		1,135,105
Fair value reserve	24		(148,532)		(133,940)
Retained earnings	24		<u>9,295,111</u>		<u>7,936,203</u>
SHAREHOLDERS' FUNDS			<u><u>12,014,785</u></u>		<u><u>8,969,411</u></u>

The financial statements were approved by the Board of Directors on 8 August 2018 and were signed on its behalf by:

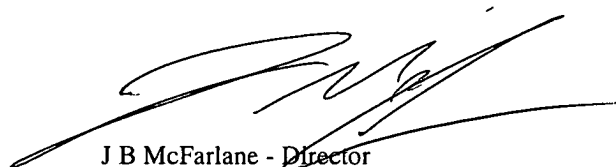


J B McFarlane Director

Company Statement of Financial Position
30 April 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	13	3,934,233	4,194,594
Investments	14	<u>1</u>	<u>1</u>
		3,934,234	4,194,595
CURRENT ASSETS			
Stocks	15	9,973,813	9,698,887
Debtors	16	6,832,640	7,343,671
Cash at bank and in hand		<u>697,863</u>	<u>593,047</u>
		17,504,316	17,635,605
CREDITORS			
Amounts falling due within one year	17	<u>7,140,504</u>	<u>8,004,501</u>
NET CURRENT ASSETS		<u>10,363,812</u>	<u>9,631,104</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,298,046	13,825,699
CREDITORS			
Amounts falling due after more than one year	18	(976,953)	(3,245,752)
PROVISIONS FOR LIABILITIES	22	<u>(1,137,931)</u>	<u>(1,279,295)</u>
NET ASSETS		<u>12,183,162</u>	<u>9,300,652</u>
CAPITAL AND RESERVES			
Called up share capital	23	37,162	32,043
Share premium	18	2,831,044	1,135,105
Fair value reserve	24	(148,532)	(133,940)
Retained earnings	24	<u>9,463,488</u>	<u>8,267,444</u>
SHAREHOLDERS' FUNDS		<u>12,183,162</u>	<u>9,300,652</u>
Company's profit for the financial year		<u>865,886</u>	<u>1,495,244</u>

The financial statements were approved by the Board of Directors on 8 August 2018 and were signed on its behalf by:



J B McFarlane - Director

Endura Limited Group Accounts

**Consolidated Statement of Changes in Equity
for the Year Ended 30 April 2018**

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1 May 2016	32,043	6,376,954	1,135,105	(31,973)	7,512,129
Changes in equity					
Total comprehensive income	-	1,559,249	-	(101,967)	1,457,282
Balance at 30 April 2017	<u>32,043</u>	<u>7,936,203</u>	<u>1,135,105</u>	<u>(133,940)</u>	<u>8,969,411</u>
Changes in equity					
Reclassification of share capital	5,119	-	1,695,939	-	1,701,058
Total comprehensive income	-	1,358,908	-	(14,592)	1,344,316
Balance at 30 April 2018	<u>37,162</u>	<u>9,295,111</u>	<u>2,831,044</u>	<u>(148,532)</u>	<u>12,014,785</u>

The notes form part of these financial statements

Endura Limited Group Accounts

**Company Statement of Changes in Equity
for the Year Ended 30 April 2018**

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1 May 2016	32,043	6,772,200	1,135,105	(31,973)	7,907,375
Changes in equity					
Total comprehensive income	-	1,495,244	-	(101,967)	1,393,277
Balance at 30 April 2017	<u>32,043</u>	<u>8,267,444</u>	<u>1,135,105</u>	<u>(133,940)</u>	<u>9,300,652</u>
Changes in equity					
Reclassification of share capital	5,119	-	1,695,939	-	1,701,058
Total comprehensive income	-	1,196,044	-	(14,592)	1,181,452
Balance at 30 April 2018	<u>37,162</u>	<u>9,463,488</u>	<u>2,831,044</u>	<u>(148,532)</u>	<u>12,183,162</u>

The notes form part of these financial statements

Endura Limited Group Accounts

**Consolidated Statement of Cash Flows
for the Year Ended 30 April 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,612,765	3,124,310
Interest paid		(137,122)	(203,837)
Interest element of hire purchase payments paid		(1,117)	(5,562)
Tax paid		<u>(470,369)</u>	<u>(105,238)</u>
Net cash from operating activities		<u>1,004,157</u>	<u>2,809,673</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(69,325)	(340,221)
Sale of tangible fixed assets		14,252	114,417
Government grants		52,322	170,783
Interest received		<u>2,538</u>	<u>1,170</u>
Net cash from investing activities		<u>(213)</u>	<u>(53,851)</u>
Cash flows from financing activities			
HSBC Other loans		(543,467)	(1,183,665)
HSBC Term loan		(218,808)	(213,908)
Harris Bank short term loan		-	(47,220)
Other loans		(320,247)	3,150
Capital repayments in year		(13,875)	(50,407)
Repayment of directors' loans		<u>(140,727)</u>	<u>(571,974)</u>
Net cash from financing activities		<u>(1,237,124)</u>	<u>(2,064,024)</u>
(Decrease)/increase in cash and cash equivalents		<u>(233,180)</u>	<u>691,798</u>
Cash and cash equivalents at beginning of year	2	700,124	110,293
Effect of foreign exchange rate changes		<u>(14,592)</u>	<u>(101,967)</u>
Cash and cash equivalents at end of year	2	<u><u>452,352</u></u>	<u><u>700,124</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 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018 £	2017 £
Profit before taxation	1,159,797	1,847,558
Depreciation charges	327,357	377,622
Loss on disposal of fixed assets	2,334	19,087
(Decrease)/inc stock rotation provision	(366,782)	611,732
Ex rate difference on value of assets	2,263	(12,950)
Sterling translation of Endura Inc	6,939	(44,113)
Government grants	(52,321)	(170,783)
Finance costs	138,239	209,399
Finance income	(2,538)	(1,170)
	<u>1,215,288</u>	<u>2,836,382</u>
Decrease/(increase) in stocks	172,613	(236,809)
Decrease/(increase) in trade and other debtors	2,749	(186,487)
Increase in trade and other creditors	<u>222,115</u>	<u>711,224</u>
Cash generated from operations	<u><u>1,612,765</u></u>	<u><u>3,124,310</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the 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 2018

	30.4.18 £	1.5.17 £
Cash and cash equivalents	780,928	700,124
Bank overdrafts	(328,576)	-
	<u><u>452,352</u></u>	<u><u>700,124</u></u>

Year ended 30 April 2017

	30.4.17 £	1.5.16 £
Cash and cash equivalents	700,124	370,772
Bank overdrafts	-	(260,479)
	<u><u>700,124</u></u>	<u><u>110,293</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 30 April 2018**

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

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

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 profit dealt with in the financial statements of the parent entity is £866k (2017 £1.49m). 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.

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
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions have been 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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018**

3. ACCOUNTING POLICIES - continued

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 10% 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Interest-bearing loans and borrowing

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash repayable to the bank (excluding interest). Simple interest is charged as an expense in the income statement.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018**

3. ACCOUNTING POLICIES - continued

Financial instruments

Derivative Financial Instruments and Hedge Accounting

The Company's activities expose it 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. 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 2018

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 were accounted for as such a hybrid instrument in the year to 30 April 2017. They were sold in the current year.

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

	2018	2017
	£	£
Sundry receipts	113,344	48,279
Government grants	<u>52,321</u>	<u>170,783</u>
	<u>165,665</u>	<u>219,062</u>

In 2017 and 2018 the company received revenue grants from Scottish Enterprise which are related to product development.

6. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	3,623,581	3,715,040
Social security costs	273,980	241,214
Other pension costs	<u>76,828</u>	<u>75,871</u>
	<u>3,974,389</u>	<u>4,032,125</u>

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

	2018	2017
Administration	77	59
Production	<u>63</u>	<u>69</u>
	<u>140</u>	<u>128</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 10 (2017 - 13).

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2018

7. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	285,448	243,643
Directors' pension contributions to money purchase schemes	<u>3,999</u>	<u>3,224</u>

Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	116,713	110,228
Pension contributions to money purchase schemes	<u>3,999</u>	<u>3,224</u>

8. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Other operating leases	104,360	106,751
Depreciation - owned assets	313,073	342,597
Depreciation - assets on hire purchase contracts	14,288	35,025
Loss on disposal of fixed assets	2,334	19,087
Auditors' remuneration	24,000	25,886
Foreign exchange differences	<u>202,236</u>	<u>80,414</u>

9. EXCEPTIONAL ITEMS

	2018	2017
	£	£
Staff bonus	(557,972)	-
Employee Benefit Trust	<u>(250,000)</u>	<u>-</u>
	<u>(807,972)</u>	<u>-</u>

Employee Benefit Trust

Endura Ltd has reached a settlement figure with HMRC for the use of an Employee Benefit Trust in a previous year. The amount to be paid in June 2018 is £250,000.

Employee Bonus (non-recurring)

A bonus was paid to all the members of staff when Pentland Group PLC acquired Endura Ltd. The value of the bonus including all employer's related taxes and social security contributions was £557,972

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	83,261	129,727
Loan interest	53,861	74,110
Hire purchase	<u>1,117</u>	<u>5,562</u>
	<u>138,239</u>	<u>209,399</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

11. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	131,818	323,134
Deferred tax	<u>6,168</u>	<u>(78,938)</u>
Tax on profit	<u>137,986</u>	<u>244,196</u>

UK corporation tax has been charged at 19% (2017 - 20%).

Reconciliation of total tax 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:

	2018 £	2017 £
Profit before tax	<u>1,159,797</u>	<u>1,847,558</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	220,361	369,512
Effects of:		
Expenses not deductible for tax purposes	48,914	1,071
Adjustments to tax charge in respect of previous periods	(165,188)	(236,256)
Tax loss not utilized	12,648	100,475
Depreciation on assets not qualifying for capital allowances	16,655	12,325
Effect on change in tax rates	4,596	(2,931)
Total tax charge	<u>137,986</u>	<u>244,196</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2018 Tax £	Net £
Net movement on cash flow hedge position	(18,014)	3,422	(14,592)
Exchange rate difference on translation of Endura Inc at closing v average rate	6,939	-	6,939
Reinstatement of share premium to full value	<u>330,158</u>	<u>-</u>	<u>330,158</u>
	<u>319,083</u>	<u>3,422</u>	<u>322,505</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2018

11. TAXATION - continued

	Gross £	2017 Tax £	Net £
Net movement on cash flow hedge position	(127,459)	25,492	(101,967)
Exchange rate difference on translation of Endura Inc at closing v average rate	<u>(44,113)</u>	<u>-</u>	<u>(44,113)</u>
	<u>(171,572)</u>	<u>25,492</u>	<u>(146,080)</u>

The main rate of UK corporation tax reduced from 20% to 19% from 1 April 2017 and is legislated to reduce further to 17% from 1 April 2020. As the reduction in the main rate of corporation tax was substantively enacted at the balance sheet date, and reduces the tax rate applying when temporary differences reverse in years starting on or after 1 January 2020, it could have the effect of reducing the UK deferred tax assets and liabilities depending on the timing of the reversal of the temporary differences.

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. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 May 2017	3,754,972	1,119,043	325,499
Additions	-	16,272	9,351
Write off historic cost	-	(304,784)	(75,476)
Exchange differences	<u>-</u>	<u>-</u>	<u>(781)</u>
At 30 April 2018	<u>3,754,972</u>	<u>830,531</u>	<u>258,593</u>
DEPRECIATION			
At 1 May 2017	275,525	756,120	174,732
Charge for year	75,101	165,170	17,482
Write off historic cost	-	(304,784)	(75,476)
Exchange differences	<u>-</u>	<u>-</u>	<u>(594)</u>
At 30 April 2018	<u>350,626</u>	<u>616,506</u>	<u>116,144</u>
NET BOOK VALUE			
At 30 April 2018	<u>3,404,346</u>	<u>214,025</u>	<u>142,449</u>
At 30 April 2017	<u>3,479,447</u>	<u>362,923</u>	<u>150,767</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

13. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2017	414,265	321,900	5,935,679
Additions	30,519	13,183	69,325
Disposals	(71,096)	-	(71,096)
Write off historic cost	-	(233,972)	(614,232)
Exchange differences	(795)	(2,746)	(4,322)
At 30 April 2018	<u>372,893</u>	<u>98,365</u>	<u>5,315,354</u>
DEPRECIATION			
At 1 May 2017	193,617	294,886	1,694,880
Charge for year	54,262	15,346	327,361
Eliminated on disposal	(54,510)	-	(54,510)
Write off historic cost	-	(233,972)	(614,232)
Exchange differences	1,005	(2,470)	(2,059)
At 30 April 2018	<u>194,374</u>	<u>73,790</u>	<u>1,351,440</u>
NET BOOK VALUE			
At 30 April 2018	<u>178,519</u>	<u>24,575</u>	<u>3,963,914</u>
At 30 April 2017	<u>220,648</u>	<u>27,014</u>	<u>4,240,799</u>

The net book value of assets held under hire purchase contracts is £57,147 (2016 £201,966).

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 May 2017	3,754,972	1,119,043	312,147
Additions	-	16,272	9,350
Write off historic cost	-	(304,784)	(75,476)
At 30 April 2018	<u>3,754,972</u>	<u>830,531</u>	<u>246,021</u>
DEPRECIATION			
At 1 May 2017	275,525	756,120	165,243
Charge for year	75,101	165,170	16,212
Eliminated on disposal	-	-	-
Write off historic cost	-	(304,784)	(75,476)
At 30 April 2018	<u>350,626</u>	<u>616,506</u>	<u>105,979</u>
NET BOOK VALUE			
At 30 April 2018	<u>3,404,346</u>	<u>214,025</u>	<u>140,042</u>
At 30 April 2017	<u>3,479,447</u>	<u>362,923</u>	<u>146,904</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

13. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2017	355,351	274,940	5,816,453
Additions	30,519	13,183	69,324
Disposals	(71,096)	-	(71,096)
Write off historic cost	-	(233,972)	(614,232)
	<u>314,774</u>	<u>54,151</u>	<u>5,200,449</u>
DEPRECIATION			
At 1 May 2017	170,026	254,945	1,621,859
Charge for year	45,681	10,935	313,099
Eliminated on disposal	(54,510)	-	(54,510)
Write off historic cost	-	(233,972)	(614,232)
	<u>161,197</u>	<u>31,908</u>	<u>1,266,216</u>
NET BOOK VALUE			
At 30 April 2018	<u>153,577</u>	<u>22,243</u>	<u>3,934,233</u>
At 30 April 2017	<u>185,325</u>	<u>19,995</u>	<u>4,194,594</u>

The net book value of assets held under hire purchase contracts is £57,147 (2016 £201,966).

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 May 2017 and 30 April 2018	<u>1</u>
NET BOOK VALUE	
At 30 April 2018	<u>1</u>
At 30 April 2017	<u>1</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2018

14. 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

	% holding	2018 £	2017 £
Class of shares:			
Ordinary	100.00		
Loss for the year		<u>(220,615)</u>	<u>(541,899)</u>

15. STOCKS

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Work-in-progress	659,555	393,436	659,555	393,436
Finished goods	<u>9,792,939</u>	<u>10,231,671</u>	<u>9,314,258</u>	<u>9,305,451</u>
	<u>10,452,494</u>	<u>10,625,107</u>	<u>9,973,813</u>	<u>9,698,887</u>

The amount of stock recognised as an expense in the year is £10.45m.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	5,890,529	5,631,093	5,353,152	4,702,046
Other debtors	1,484	2,492	1,484	2,492
Endura Inc	-	-	1,081,247	1,987,369
VAT	-	356,593	-	356,593
Prepayments and accrued income	<u>401,275</u>	<u>305,859</u>	<u>396,757</u>	<u>295,171</u>
	<u>6,293,288</u>	<u>6,296,037</u>	<u>6,832,640</u>	<u>7,343,671</u>

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 19)	3,624,475	3,834,469	3,624,475	3,834,469
Other loans (see note 19)	-	320,247	-	320,247
Hire purchase contracts (see note 20)	13,875	13,875	13,875	13,875
Trade creditors	2,048,396	2,284,043	1,976,194	2,284,043
Tax	41,208	379,759	41,208	379,759
Social security and other taxes	86,118	66,592	86,118	66,592
VAT	440,838	-	439,189	-
Other creditors	158,274	329,631	158,274	329,631
Derivative financial Instruments	148,532	133,940	148,532	133,940
Directors' loan accounts	-	140,727	-	140,727
Accruals and deferred income	681,854	527,691	652,639	501,218
	<u>7,243,570</u>	<u>8,030,974</u>	<u>7,140,504</u>	<u>8,004,501</u>

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

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 19)	971,422	1,195,130	971,422	1,195,130
Hire purchase contracts (see note 20)	5,531	19,406	5,531	19,406
Other creditors	-	2,031,216	-	2,031,216
	<u>976,953</u>	<u>3,245,752</u>	<u>976,953</u>	<u>3,245,752</u>

Other creditors at 30 April, 2017 were preference shares that were classified as debt. These shares were sold to Pentland Group PLC in the current year and so have been reclassified as equity.

The impact of the above reclassification in the current year is a reduction in other creditors of £2.03m offset by an increase to the share premium account of £1.7m to reinstate its original value, the reinstatement of 5,119, £1 'A' ordinary shares, along with the reversal of the fair value reduction in the liability of £0.3m.

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2018

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	328,576	-	328,576	-
Bank loans	3,295,899	3,834,469	3,295,899	3,834,469
Other loans	-	320,247	-	320,247
	<u>3,624,475</u>	<u>4,154,716</u>	<u>3,624,475</u>	<u>4,154,716</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>218,808</u>	<u>218,808</u>	<u>218,808</u>	<u>218,808</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>656,424</u>	<u>656,424</u>	<u>656,424</u>	<u>656,424</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more than 5 years				
by instalments	<u>96,190</u>	<u>319,898</u>	<u>96,190</u>	<u>319,898</u>
	<u>96,190</u>	<u>319,898</u>	<u>96,190</u>	<u>319,898</u>

The business has 2 term loans and the rate of interest on these loans is 2.95% above the base rate.

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	13,875	13,875
Between one and five years	<u>5,531</u>	<u>19,406</u>
	<u>19,406</u>	<u>33,281</u>

Company

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	13,875	13,875
Between one and five years	<u>5,531</u>	<u>19,406</u>
	<u>19,406</u>	<u>33,281</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank overdraft	328,576	-	328,576	-
Bank loans	<u>4,267,321</u>	<u>5,029,599</u>	<u>4,267,321</u>	<u>5,029,599</u>
	<u>4,595,897</u>	<u>5,029,599</u>	<u>4,595,897</u>	<u>5,029,599</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.

22. PROVISIONS FOR LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax				
Deferred tax	63,246	142,184	63,246	142,184
Deferred tax for year	<u>6,168</u>	<u>(78,938)</u>	<u>6,168</u>	<u>(78,938)</u>
	<u>69,414</u>	<u>63,246</u>	<u>69,414</u>	<u>63,246</u>
Other provisions	<u>1,185,902</u>	<u>1,552,684</u>	<u>1,068,517</u>	<u>1,216,049</u>
Aggregate amounts	<u>1,255,316</u>	<u>1,615,930</u>	<u>1,137,931</u>	<u>1,279,295</u>

Group

	Deferred tax	Other provisions
	£	£
Balance at 1 May 2017	63,246	1,552,684
Accelerated allowances	(22,154)	-
Stock rotation provision	-	(366,782)
Deferred currency gains	<u>28,322</u>	<u>-</u>
Balance at 30 April 2018	<u>69,414</u>	<u>1,185,902</u>

Company

	Deferred tax	Other provisions
	£	£
Balance at 1 May 2017	63,246	1,216,049
Accelerated allowances	(22,154)	-
Stock rotation provision	-	(147,532)
Deferred currency gains	<u>28,322</u>	<u>-</u>
Balance at 30 April 2018	<u>69,414</u>	<u>1,068,517</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2018

22. 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

The main rate of UK corporation tax reduced from 20% to 19% from 1 April 2017 and is legislated to reduce further to 17% from 1 April 2020. As the reduction in the main rate of corporation tax was substantively enacted at the balance sheet date, and reduces the tax rate applying when temporary differences reverse in years starting on or after 1 January 2020, it could have the effect of reducing the UK deferred tax assets and liabilities depending on the timing of the reversal of the temporary differences.

£10,880 deferred tax is expected to reverse in the year to 30 April, 2019.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
28,614	Ordinary	£1	28,614	28,614
8,548	Ordinary 'A'	£1	8,548	3,429
			<u>37,162</u>	<u>32,043</u>

24. RESERVES

Group

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 May 2017	7,936,203	1,135,105	(133,940)	8,937,368
Profit for the year	1,021,811			1,021,811
Fair value adjustment on foreign exchange forwards	-	-	(14,592)	(14,592)
Exchange rate difference on translation of Endura Inc.	6,939	-	-	6,939
Fair value 'A' shares reversed	330,158	-	-	330,158
Reinstatement of share premium	-	1,695,939	-	1,695,939
At 30 April 2018	<u>9,295,111</u>	<u>2,831,044</u>	<u>(148,532)</u>	<u>11,977,623</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Year Ended 30 April 2018

24. RESERVES - continued

Company

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 May 2017	8,267,444	1,135,105	(133,940)	9,268,609
Profit for the year	865,886			865,886
Fair value adjustment on foreign exchange forwards	-	-	(14,592)	(14,592)
Fair value 'A' shares reversed	330,158	-	-	330,158
Reinstatement of share premium	-	1,695,939	-	1,695,939
At 30 April 2018	<u>9,463,488</u>	<u>2,831,044</u>	<u>(148,532)</u>	<u>12,146,000</u>

25. RELATED PARTY DISCLOSURES

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

Entities over which the entity has control, joint control or significant influence

	2018 £	2017 £
Bike trail for use of Endura Lifecycle Trust	<u>117,550</u>	<u>117,550</u>

Endura Lifecycle Trust is a charity set up to provide bike trail facilities to disadvantaged groups. J McFarlane and P Barclay are trustees of the charity. Endura Ltd has built a bike trail that will be used by the charity on land that is owned by J McFarlane and P Barclay. The cost of the trail is £117,550

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

	2018 £	2017 £
Amount due to related party	<u>-</u>	<u>140,727</u>

The amount due to key management personnel was repaid during the year.

Other related parties

	2018 £	2017 £
Amount due to related party	<u>-</u>	<u>316,313</u>

The amount due to N McFarlane, the mother of J McFarlane, Director was repaid during the year.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Pentland Group PLC