

**Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Period 1 May 2018 to 31 December 2018
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 Period 1 May 2018 to 31 December 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 Period 1 May 2018 to 31 December 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.

Following the acquisition of a majority holding in Endura Ltd by Pentland Group PLC on 28 February 2018, the period under review was a period of integration for the organisation, however the core business remained largely unchanged. Endura has changed its year end to December to align with Pentland Group so these financial statements are for a short period of account.

The comparatives in the financial statements are for the 12 month period to 30 April 2018 and are therefore not directly comparable to the 8 month period under review. The natural seasonality of the business that favours the first quarter of the calendar year as dealers take in stock for the spring/summer season exacerbates this lack of direct comparability and negates any meaningful extrapolation of the 8 month period to a full year.

Turnover for the abbreviated 8 month period was £17,131k compared to the previous full year turnover of £27,740k. Underlying turnover was broadly flat in the period compared to the same 8 month period the previous year. Challenging conditions in our home UK market negated the impact of continued strong growth in key European markets.

Profit before tax for the period of £410k is stated after non recurring exceptional costs of £469k, partly due to restructuring costs in our supply chain as a result of the majority stake acquisition by Pentland Group Plc.

Net assets at £12,469k continue to increase and are £455k higher than at the end of April 2018. Working capital is at levels we believe to be both appropriate and adequate for the specific point in the season. Stock levels are significantly higher than at April 18 (£12,545k v £10,452k) in anticipation of spring/summer 19 sales. Likewise, trade debtors are significantly lower than at April 18 (£3,709k v £6,516k) as December is pre the high sales months for spring/summer compared to April which is immediately post the high sales season for spring/summer.

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.

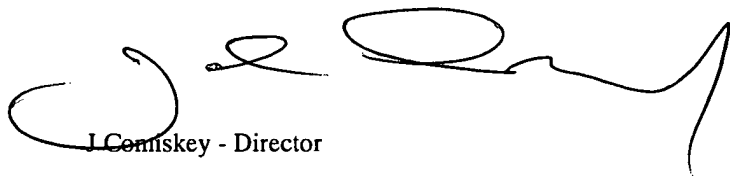
Endura Limited Group Accounts

Group Strategic Report for the Period 1 May 2018 to 31 December 2018

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:

A handwritten signature in black ink, appearing to read 'J Connorskey', is written over the printed name.

J Connorskey - Director

30 July 2019

Endura Limited Group Accounts

Directors' Report for the Period 1 May 2018 to 31 December 2018

The directors present their report with the financial statements of the company and the group for the period 1 May 2018 to 31 December 2018.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2018 to the date of this report.

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

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

30 July 2019

Endura Limited Group Accounts

Statement of Directors' Responsibilities for the Period 1 May 2018 to 31 December 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 Group Accounts (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of the following matters 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.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

Responsibilities of directors

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, and for such internal control as the directors determine 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.



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

30 July 2019

Endura Limited Group Accounts

Consolidated Income Statement for the Period 1 May 2018 to 31 December 2018

		Period 1/5/18 to 31/12/18		Year Ended 30/4/18	
	Notes	£	£	£	£
TURNOVER	4		17,109,076		27,740,327
Cost of sales			<u>9,111,660</u>		<u>14,047,440</u>
GROSS PROFIT			7,997,416		13,692,887
Distribution costs		2,147,771		3,289,871	
Administrative expenses		<u>4,918,131</u>		<u>8,465,211</u>	
			<u>7,065,902</u>		<u>11,755,082</u>
			931,514		1,937,805
Other operating income	5		<u>25,114</u>		<u>165,665</u>
OPERATING PROFIT	8		956,628		2,103,470
Exceptional items	9		<u>(469,231)</u>		<u>(807,972)</u>
			487,397		1,295,498
Interest receivable and similar income			<u>36</u>		<u>2,538</u>
			487,433		1,298,036
Interest payable and similar expenses	10		<u>77,030</u>		<u>138,239</u>
PROFIT BEFORE TAXATION			410,403		1,159,797
Tax on profit	11		<u>98,028</u>		<u>137,986</u>
PROFIT FOR THE FINANCIAL PERIOD			<u>312,375</u>		<u>1,021,811</u>
Profit attributable to: Owners of the parent			<u>312,375</u>		<u>1,021,811</u>

The notes form part of these financial statements

Endura Limited Group Accounts

**Consolidated Statement of Other Comprehensive Income
for the Period 1 May 2018 to 31 December 2018**

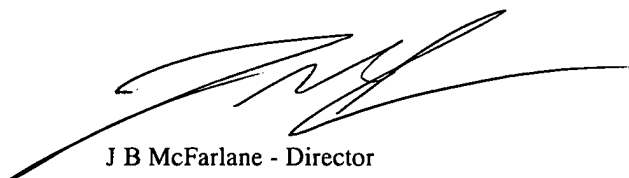
	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Notes		
PROFIT FOR THE PERIOD	312,375	1,021,811
OTHER COMPREHENSIVE INCOME		
Net movement on cash flow hedge position	148,532	(18,014)
Exchange rate difference on translation of Endura Inc at closing v average rate	(6,384)	6,939
Income tax relating to components of other comprehensive income	<u>-</u>	<u>3,422</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	<u>142,148</u>	<u>(7,653)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>454,523</u>	<u>1,014,158</u>
Total comprehensive income attributable to: Owners of the parent	<u>454,523</u>	<u>1,014,158</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
31 December 2018

	Notes	31/12/18 £	£	30/4/18 £	£
FIXED ASSETS					
Tangible assets	13		3,946,800		3,963,914
Investments	14		-		-
			<u>3,946,800</u>		<u>3,963,914</u>
CURRENT ASSETS					
Stocks	15	12,545,050		10,452,494	
Debtors	16	3,708,534		6,515,816	
Cash at bank and in hand		1,499,715		780,928	
		<u>17,753,299</u>		<u>17,749,238</u>	
CREDITORS					
Amounts falling due within one year	17	7,400,448		7,466,098	
		<u>7,400,448</u>		<u>7,466,098</u>	
NET CURRENT ASSETS			<u>10,352,851</u>		<u>10,283,140</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,299,651</u>		<u>14,247,054</u>
CREDITORS					
Amounts falling due after more than one year	18		(825,550)		(976,953)
PROVISIONS FOR LIABILITIES	22		(1,004,793)		(1,255,316)
			<u>(1,004,793)</u>		<u>(1,255,316)</u>
NET ASSETS			<u>12,469,308</u>		<u>12,014,785</u>
CAPITAL AND RESERVES					
Called up share capital	23		37,162		37,162
Share premium	24		2,831,044		2,831,044
Fair value reserve	24		-		(148,532)
Retained earnings	24		9,601,102		9,295,111
			<u>12,469,308</u>		<u>12,014,785</u>
SHAREHOLDERS' FUNDS			<u>12,469,308</u>		<u>12,014,785</u>

The financial statements were approved by the Board of Directors on 30 July 2019 and were signed on its behalf by:



J B McFarlane - Director

Endura Limited Group Accounts (Registered number: SC128821)

**Company Statement of Financial Position
31 December 2018**

	Notes	31/12/18 £	£	30/4/18 £	£
FIXED ASSETS					
Tangible assets	13		3,930,726		3,934,233
Investments	14		1		1
			<u>3,930,727</u>		<u>3,934,234</u>
CURRENT ASSETS					
Stocks	15	12,132,643		9,973,813	
Debtors	16	4,204,698		7,056,817	
Cash at bank and in hand		1,340,659		697,863	
		<u>17,678,000</u>		<u>17,728,493</u>	
CREDITORS					
Amounts falling due within one year	17	7,283,735		7,364,681	
		<u>7,283,735</u>		<u>7,364,681</u>	
NET CURRENT ASSETS			<u>10,394,265</u>		<u>10,363,812</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,324,992</u>		<u>14,298,046</u>
CREDITORS					
Amounts falling due after more than one year	18		(825,550)		(976,953)
PROVISIONS FOR LIABILITIES	22		(920,060)		(1,137,931)
			<u>(920,060)</u>		<u>(1,137,931)</u>
NET ASSETS			<u>12,579,382</u>		<u>12,183,162</u>
CAPITAL AND RESERVES					
Called up share capital	23		37,162		37,162
Share premium	24		2,831,044		2,831,044
Fair value reserve	24		-		(148,532)
Retained earnings	24		9,711,176		9,463,488
			<u>12,579,382</u>		<u>12,183,162</u>
SHAREHOLDERS' FUNDS			<u>12,579,382</u>		<u>12,183,162</u>
Company's profit for the financial year			<u>247,688</u>		<u>865,886</u>

The financial statements were approved by the Board of Directors on 30 July 2019 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 Period 1 May 2018 to 31 December 2018

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1 May 2017	32,043	7,936,203	1,135,105	(133,940)	8,969,411
Changes in equity					
Issue 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>
Changes in equity					
Total comprehensive income	-	305,991	-	148,532	454,523
Balance at 31 December 2018	<u>37,162</u>	<u>9,601,102</u>	<u>2,831,044</u>	<u>-</u>	<u>12,469,308</u>

The notes form part of these financial statements

Endura Limited Group Accounts

Company Statement of Changes in Equity for the Period 1 May 2018 to 31 December 2018

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1 May 2017	32,043	8,267,444	1,135,105	(133,940)	9,300,652
Changes in equity					
Issue 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>
Changes in equity					
Total comprehensive income	-	247,688	-	148,532	396,220
Balance at 31 December 2018	<u>37,162</u>	<u>9,711,176</u>	<u>2,831,044</u>	<u>-</u>	<u>12,579,382</u>

The notes form part of these financial statements

Endura Limited Group Accounts

Consolidated Statement of Cash Flows for the Period 1 May 2018 to 31 December 2018

		Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	1,817,321	1,612,765
Interest paid		(76,285)	(137,122)
Interest element of hire purchase payments paid		(745)	(1,117)
Tax paid		<u>(97,006)</u>	<u>(470,369)</u>
Net cash from operating activities		<u>1,643,285</u>	<u>1,004,157</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(193,850)	(69,325)
Sale of tangible fixed assets		31,318	14,252
Government grants		-	52,322
Interest received		<u>36</u>	<u>2,538</u>
Net cash from investing activities		<u>(162,496)</u>	<u>(213)</u>
 Cash flows from financing activities			
HSBC Other loans		(426,836)	(543,467)
HSBC Term loan		(145,872)	(218,808)
Other loans		-	(320,247)
Capital repayments in year		(9,250)	(13,875)
Repayment of directors' loans		<u>-</u>	<u>(140,727)</u>
Net cash from financing activities		<u>(581,958)</u>	<u>(1,237,124)</u>
 Increase/(decrease) in cash and cash equivalents		<u>898,831</u>	<u>(233,180)</u>
Cash and cash equivalents at beginning of period	2	452,352	700,124
Effect of foreign exchange rate changes		<u>148,532</u>	<u>(14,592)</u>
 Cash and cash equivalents at end of period	2	<u><u>1,499,715</u></u>	<u><u>452,352</u></u>

The notes form part of these financial statements

Endura Limited Group Accounts

Notes to the Consolidated Statement of Cash Flows for the Period 1 May 2018 to 31 December 2018

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

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Profit before taxation	410,403	1,159,797
Depreciation charges	178,422	327,357
Loss on disposal of fixed assets	3,634	2,334
(Decrease) stock rotation provision	(243,950)	(366,782)
Ex rate difference on value of assets	(2,404)	2,263
Sterling translation of Endura Inc	(6,384)	6,939
Government grants	-	(52,321)
Finance costs	77,030	138,239
Finance income	(36)	(2,538)
	<u>416,715</u>	<u>1,215,288</u>
(Increase)/decrease in stocks	(2,092,556)	172,613
Decrease/(increase) in trade and other debtors	2,807,282	(219,779)
Increase in trade and other creditors	<u>685,880</u>	<u>444,643</u>
Cash generated from operations	<u><u>1,817,321</u></u>	<u><u>1,612,765</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:

Period ended 31 December 2018

	31/12/18 £	1/5/18 £
Cash and cash equivalents	1,499,715	780,928
Bank overdrafts	-	(328,576)
	<u><u>1,499,715</u></u>	<u><u>452,352</u></u>

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>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements for the Period 1 May 2018 to 31 December 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 £.

The year end has been changed to 31 December to align with Pentland Group's year end and so this is an eight month period of account.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking. No parent company profit and loss account is presented as permitted by section 408 of the Companies Act 2006. The retained profit dealt with in the financial statements of the parent entity for period 1 May 2018 to 31 December 2018 is £248k (year ended 30 April 2018 £866k). 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

**Notes to the Consolidated Financial Statements - continued
for the Period 1 May 2018 to 31 December 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 period 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 period 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 Period 1 May 2018 to 31 December 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 Period 1 May 2018 to 31 December 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 and were sold in the year to 30 April, 2018.

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

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Sundry receipts	25,114	113,344
Government grants	-	52,321
	<u>25,114</u>	<u>165,665</u>

In the year to 30 April 2018 the company received revenue grants from Scottish Enterprise which are related to product development. There were no grants in the period to 31 December 2018.

6. EMPLOYEES AND DIRECTORS

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Wages and salaries	2,254,934	3,623,581
Social security costs	326,943	273,980
Other pension costs	53,077	76,828
	<u>2,634,954</u>	<u>3,974,389</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

6. EMPLOYEES AND DIRECTORS - continued

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

	Period 1/5/18 to 31/12/18	Year Ended 30/4/18
Administration	76	77
Production	<u>69</u>	<u>63</u>
	<u>145</u>	<u>140</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 9 (2018 - 10).

7. DIRECTORS' EMOLUMENTS

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Directors' remuneration	225,331	285,448
Directors' pension contributions to money purchase schemes	<u>1,764</u>	<u>3,999</u>

Information regarding the highest paid director is as follows:

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Emoluments etc	85,467	116,713
Pension contributions to money purchase schemes	<u>-</u>	<u>3,999</u>

8. OPERATING PROFIT

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

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Other operating leases	75,952	104,360
Depreciation - owned assets	171,274	313,073
Depreciation - assets on hire purchase contracts	7,144	14,288
Loss on disposal of fixed assets	3,634	2,334
Auditors' remuneration	31,000	24,000
Foreign exchange differences	<u>(417,824)</u>	<u>202,236</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

9. EXCEPTIONAL ITEMS

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Redundancy costs	(209,231)	-
HMRC Import duty	(260,000)	-
Staff bonus	-	(557,972)
Employee Benefit Trust	-	(250,000)
	<u>(469,231)</u>	<u>(807,972)</u>

In the current period exceptionals consist of the redundancy costs of £209,231 for closing the general warehouse in Shanghai and £260,000 payable to HMRC which has arisen from a recalculation of import duty.

In the previous year exceptionals were:

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

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Bank interest	53,326	83,261
Loan interest	22,959	53,861
Hire purchase	745	1,117
	<u>77,030</u>	<u>138,239</u>

11. TAXATION

Analysis of the tax charge

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

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Current tax:		
UK corporation tax	104,607	131,818
Deferred tax	<u>(6,579)</u>	<u>6,168</u>
Tax on profit	<u>98,028</u>	<u>137,986</u>

UK corporation tax has been charged at 19% (2018 - 19%).

Notes to the Consolidated Financial Statements - continued
for the Period 1 May 2018 to 31 December 2018

11. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	Period 1/5/18 to 31/12/18 £	Year Ended 30/4/18 £
Profit before tax	<u>410,403</u>	<u>1,159,797</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	77,977	220,361
Effects of:		
Expenses not deductible for tax purposes	6,799	48,914
Adjustments to tax charge in respect of previous periods	-	(165,188)
Tax loss not utilized	5,959	12,648
Depreciation on assets not qualifying for capital allowances	11,054	16,655
Effect on change in tax rates	(3,761)	4,596
	<u>98,028</u>	<u>137,986</u>
Total tax charge	<u>98,028</u>	<u>137,986</u>

Tax effects relating to effects of other comprehensive income

	1/5/18 to 31/12/18		
	Gross £	Tax £	Net £
Net movement on cash flow hedge position	148,532	-	148,532
Exchange rate difference on translation of Endura Inc at closing v average rate	<u>(6,384)</u>	<u>-</u>	<u>(6,384)</u>
	<u>142,148</u>	<u>-</u>	<u>142,148</u>
	30/4/18		
	Gross £	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>

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.

Notes to the Consolidated Financial Statements - continued
for the Period 1 May 2018 to 31 December 2018

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 2018	3,754,972	830,531	258,593
Additions	-	69,999	-
Impairments	-	(244,121)	-
Exchange differences	-	-	978
At 31 December 2018	<u>3,754,972</u>	<u>656,409</u>	<u>259,571</u>
DEPRECIATION			
At 1 May 2018	350,626	616,506	116,144
Charge for period	48,916	73,959	10,622
Eliminated on disposal	-	-	-
Reversal of impairments	-	(244,121)	-
Exchange differences	-	-	809
At 31 December 2018	<u>399,542</u>	<u>446,344</u>	<u>127,575</u>
NET BOOK VALUE			
At 31 December 2018	<u>3,355,430</u>	<u>210,065</u>	<u>131,996</u>
At 30 April 2018	<u>3,404,346</u>	<u>214,025</u>	<u>142,449</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

13. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2018	372,893	98,365	5,315,354
Additions	109,162	14,689	193,850
Disposals	(94,057)	-	(94,057)
Impairments	-	-	(244,121)
Exchange differences	<u>4,522</u>	<u>3,440</u>	<u>8,940</u>
At 31 December 2018	<u>392,520</u>	<u>116,494</u>	<u>5,179,966</u>
DEPRECIATION			
At 1 May 2018	194,374	73,790	1,351,440
Charge for period	33,572	11,349	178,418
Eliminated on disposal	(59,105)	-	(59,105)
Reversal of impairments	-	-	(244,121)
Exchange differences	<u>2,425</u>	<u>3,300</u>	<u>6,534</u>
At 31 December 2018	<u>171,266</u>	<u>88,439</u>	<u>1,233,166</u>
NET BOOK VALUE			
At 31 December 2018	<u>221,254</u>	<u>28,055</u>	<u>3,946,800</u>
At 30 April 2018	<u>178,519</u>	<u>24,575</u>	<u>3,963,914</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 2018	3,754,972	830,531	246,021
Additions	-	69,999	-
Impairments	-	(244,121)	-
At 31 December 2018	<u>3,754,972</u>	<u>656,409</u>	<u>246,021</u>
DEPRECIATION			
At 1 May 2018	350,626	616,506	105,979
Charge for period	48,916	73,959	9,690
Eliminated on disposal	-	-	-
Reversal of impairments	-	(244,121)	-
At 31 December 2018	<u>399,542</u>	<u>446,344</u>	<u>115,669</u>
NET BOOK VALUE			
At 31 December 2018	<u>3,355,430</u>	<u>210,065</u>	<u>130,352</u>
At 30 April 2018	<u>3,404,346</u>	<u>214,025</u>	<u>140,042</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

13. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 May 2018	314,774	54,151	5,200,449
Additions	109,162	14,690	193,851
Disposals	(72,952)	-	(72,952)
Impairments	-	-	(244,121)
At 31 December 2018	<u>350,984</u>	<u>68,841</u>	<u>5,077,227</u>
DEPRECIATION			
At 1 May 2018	161,197	31,908	1,266,216
Charge for period	30,793	9,148	172,506
Eliminated on disposal	(48,100)	-	(48,100)
Reversal of impairments	-	-	(244,121)
At 31 December 2018	<u>143,890</u>	<u>41,056</u>	<u>1,146,501</u>
NET BOOK VALUE			
At 31 December 2018	<u>207,094</u>	<u>27,785</u>	<u>3,930,726</u>
At 30 April 2018	<u>153,577</u>	<u>22,243</u>	<u>3,934,233</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 2018 and 31 December 2018	<u>1</u>
NET BOOK VALUE	
At 31 December 2018	<u>1</u>
At 30 April 2018	<u>1</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 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

	%		
Class of shares:	holding		
Ordinary	100.00		
		31/12/18	30/4/18
		£	£
Loss for the period/year		<u>(31,362)</u>	<u>(220,615)</u>

15. STOCKS

	Group		Company	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Work-in-progress	446,419	659,555	446,419	659,555
Finished goods	<u>12,098,631</u>	<u>9,792,939</u>	<u>11,686,224</u>	<u>9,314,258</u>
	<u>12,545,050</u>	<u>10,452,494</u>	<u>12,132,643</u>	<u>9,973,813</u>

The amount of stock recognised as an expense in the period is £8.4m. (£10.45m in the year to 30 April 2018).

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Trade debtors	3,416,267	5,890,529	3,003,833	5,353,152
Other debtors	4,748	1,484	4,748	1,484
Endura Inc	-	-	904,716	1,081,247
VAT	117,333	222,528	126,921	224,177
Prepayments and accrued income	<u>170,186</u>	<u>401,275</u>	<u>164,480</u>	<u>396,757</u>
	<u>3,708,534</u>	<u>6,515,816</u>	<u>4,204,698</u>	<u>7,056,817</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 Period 1 May 2018 to 31 December 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Bank loans and overdrafts (see note 19)	2,869,063	3,624,475	2,869,063	3,624,475
Hire purchase contracts (see note 20)	10,156	13,875	10,156	13,875
Trade creditors	3,488,522	2,711,762	3,411,598	2,639,560
Tax	48,809	41,208	48,809	41,208
Social security and other taxes	84,171	86,118	84,171	86,118
Other creditors	46,809	158,274	46,809	158,274
Derivative financial instrument	-	148,532	-	148,532
Accruals and deferred income	<u>852,918</u>	<u>681,854</u>	<u>813,129</u>	<u>652,639</u>
	<u>7,400,448</u>	<u>7,466,098</u>	<u>7,283,735</u>	<u>7,364,681</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	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Bank loans (see note 19)	825,550	971,422	825,550	971,422
Hire purchase contracts (see note 20)	<u>-</u>	<u>5,531</u>	<u>-</u>	<u>5,531</u>
	<u>825,550</u>	<u>976,953</u>	<u>825,550</u>	<u>976,953</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	328,576	-	328,576
Bank loans	<u>2,869,063</u>	<u>3,295,899</u>	<u>2,869,063</u>	<u>3,295,899</u>
	<u>2,869,063</u>	<u>3,624,475</u>	<u>2,869,063</u>	<u>3,624,475</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>606,742</u>	<u>656,424</u>	<u>606,742</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>-</u>	<u>96,190</u>	<u>-</u>	<u>96,190</u>
	<u>-</u>	<u>96,190</u>	<u>-</u>	<u>96,190</u>

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

£2.65m import loans from HSBC are included in bank loans due less than one year which were repaid by March 2019.

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	31/12/18	30/4/18
	£	£
Net obligations repayable:		
Within one year	10,156	13,875
Between one and five years	<u>-</u>	<u>5,531</u>
	<u>10,156</u>	<u>19,406</u>

Endura Limited Group Accounts

Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

20. LEASING AGREEMENTS - continued

Company

	Hire purchase contracts	
	31/12/18	30/4/18
	£	£
Net obligations repayable:		
Within one year	10,156	13,875
Between one and five years	-	5,531
	<u>10,156</u>	<u>19,406</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Bank overdraft	-	328,576	-	328,576
Bank loans	<u>3,694,613</u>	<u>4,267,321</u>	<u>3,694,613</u>	<u>4,267,321</u>
	<u>3,694,613</u>	<u>4,595,897</u>	<u>3,694,613</u>	<u>4,595,897</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	
	31/12/18	30/4/18	31/12/18	30/4/18
	£	£	£	£
Deferred tax				
Deferred tax	69,414	63,246	69,414	63,246
Deferred tax for year	<u>(6,579)</u>	<u>6,168</u>	<u>(6,579)</u>	<u>6,168</u>
	<u>62,835</u>	<u>69,414</u>	<u>62,835</u>	<u>69,414</u>
Stock rotation provision	<u>941,958</u>	<u>1,185,902</u>	<u>857,225</u>	<u>1,068,517</u>
Aggregate amounts	<u>1,004,793</u>	<u>1,255,316</u>	<u>920,060</u>	<u>1,137,931</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 May 2018 to 31 December 2018

22. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £	Stock rotation provision £
Balance at 1 May 2018	69,414	1,185,902
Unused amounts reversed during period	9,809	-
Accelerated allowances	(16,388)	-
Stock rotation provision	-	(243,944)
Balance at 31 December 2018	<u>62,835</u>	<u>941,958</u>

Company

	Deferred tax £	Stock rotation provision £
Balance at 1 May 2018	69,414	1,068,517
Unused amounts reversed during period	9,809	-
Accelerated allowances reverse	(16,388)	-
Stock rotation provision	-	(211,292)
Balance at 31 December 2018	<u>62,835</u>	<u>857,225</u>

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.

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.

Deferred tax is expected to increase by £2,494 in the year to 31 December, 2019.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/18 £	30/4/18 £
28,614	Ordinary	£1	28,614	28,614
8,548	Ordinary 'A'	£1	<u>8,548</u>	<u>8,548</u>
			<u>37,162</u>	<u>37,162</u>

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Notes to the Consolidated Financial Statements - continued for the Period 1 May 2018 to 31 December 2018

24. RESERVES

Group

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 May 2018	9,295,111	2,831,044	(148,532)	11,977,623
Profit for the period	312,375			312,375
Fair value adjustment on foreign exchange forwards	-	-	148,532	148,532
Exchange rate difference on translation of Endura Inc.	(6,384)	-	-	(6,384)
At 31 December 2018	<u>9,601,102</u>	<u>2,831,044</u>	<u>-</u>	<u>12,432,146</u>

Company

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1 May 2018	9,463,488	2,831,044	(148,532)	12,146,000
Profit for the period	247,688			247,688
Fair value adjustment on foreign exchange forwards	-	-	148,532	148,532
At 31 December 2018	<u>9,711,176</u>	<u>2,831,044</u>	<u>-</u>	<u>12,542,220</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

	31/12/18 £	30/4/18 £
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, which is classed as a fixed asset, 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.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Pentland Group PLC.