

REGISTERED NUMBER: 03941136 (England and Wales)

**Ebuyer (UK) Limited**  
**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31st December 2018**



**Ebuyer (UK) Limited (Registered number: 03941136)**

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for the year ended 31st December 2018**

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**Ebuyer (UK) Limited**

**Company Information  
for the year ended 31st December 2018**

**DIRECTORS:**

M J Pullan  
J M Oldfield  
A A Roberts  
A E Smith  
L R Weymouth

**SECRETARY:**

J M Oldfield

**REGISTERED OFFICE:**

The Nest  
Falkland Way  
Barton-upon-Humber  
North Lincolnshire  
DN18 5RX

**REGISTERED NUMBER:**

03941136 (England and Wales)

**INDEPENDENT AUDITOR:**

KPMG LLP  
1 Sovereign Street  
Sovereign Square  
Leeds  
LS1 4DA

**BANKERS:**

The Royal Bank of Scotland plc  
3rd Floor  
2 Whitehall Quay  
Leeds  
West Yorkshire  
LS1 4HR

**Ebuyer (UK) Limited (Registered number: 03941136)**

**Strategic Report  
for the year ended 31st December 2018**

The directors present their Strategic Report for the year ended 31st December 2018.

**REVIEW OF THE BUSINESS**

The directors are satisfied with the company's performance during the year under review.

The electronics sector remains exceptionally competitive with continued pressure on prices within the main markets in which the company operates. The company can withstand such competitive pressures and maintain its highly competitive prices by its ability to operate its distribution centre efficiently and through its strong relationships with suppliers.

Despite the competitive pressures in the market the company has again increased sales in 2018. Sales for the year amounted to £212,241,705 which represents an increase of 5% over the previous year (2017: £202,072,091). Over the two-year period to 31 December 2018 sales have therefore increased by 12.5% (2016: £188,622,846). The gross margin percentage has been broadly maintained during the year under review at 9.3% (2017: 9.4%).

Whilst the company has continued to invest significantly in advertising and the IT infrastructure that drives the business, the profit before tax has been broadly maintained at £1,206,828 (2017: £1,257,906).

Net assets at 31st December 2018 amounted £10,351,346 (2017: £9,363,905). The company's balance sheet is predominantly liquid with net current assets amounting to £9,074,179 (2017: £8,105,665). The company continues to monitor its stock levels and the age of that stock on a regular basis and prices are adjusted for any slower moving lines to minimise the risk of obsolescence. Debtor balances are also reviewed on a regular basis and insurance is in place to limit the exposure to any single debtor. The company does not borrow from banks or third-party financial institutions.

The directors remain of the opinion that on-line retailers cannot rely purely on a highly competitive price to succeed, this is purely a starting point. Customer service, the accuracy with which you pick a customer's order and the speed of delivery of that order are paramount. The company continues to invest substantially in maintaining its facility to the highest possible specification, as a result it is one of very few businesses in the UK which can take orders until 11pm and deliver the next day and the accuracy with which the system picks and ships the correct order remains at above 99.9%.

**FUTURE DEVELOPMENTS**

The impact of Brexit on the company and UK economy in general remains to be seen but it is likely that it will provide challenges. Whilst the prices charged by suppliers will inevitably increase, the extent to which these prices can be passed on and the impact that has on consumer confidence is unknown. That being said, the directors believe the company is well placed to withstand this pressure. The company holds relatively low levels of stock and can adjust prices instantly to reflect market conditions. The company will continue to focus on improving the overall customer experience whilst ensuring that the company's operational efficiencies are maintained or improved.

The company has significant room for expansion or diversification within its operational facilities, this flexibility was designed into the distribution centre from the outset. The company will continue to investigate options as they present themselves.

**KEY PERFORMANCE INDICATORS ("KPIs")**

The directors closely monitor the business' performance using both financial and non-financial KPIs. Financial KPIs used include sales by product category, gross profit and operating profit. Non-financial KPIs used include orders placed, order conversion, website hits, customer satisfaction and market share.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Aside from the impact of Brexit and general economic factors, the company has some risk in that elements of the stock it holds are at risk of price deflation and obsolescence as a result of technological advances and changing consumer tastes. The company manages this risk by closely monitoring financial and non-financial KPIs and continually adjusting pricing to ensure that stock levels are commensurate with run rates for every stock line.

The company operates in a highly competitive market with sophisticated consumers who are willing to spend time carrying out research to ensure they are paying the right price for their products. To meet its customers' demands the company has built up a diverse supplier base and because the company is not reliant on funding from banks or any other financial institution it can move very quickly to secure stock as it becomes available.

**ON BEHALF OF THE BOARD**



M J Pullan - Director

28th February 2019

**Ebuyer (UK) Limited (Registered number: 03941136)**

**Report of the Directors  
for the year ended 31st December 2018**

The directors present their report with the audited financial statements of the company for the year ended 31st December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of online selling of computer equipment, electrical and other goods.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st December 2018 (2017: £nil).

**FUTURE DEVELOPMENTS**

The future developments of the company are disclosed in the Strategic Report.

**DIRECTORS**

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

M J Pullan  
J M Oldfield  
A A Roberts  
A E Smith  
L R Weymouth

Other changes in directors holding office are as follows:

P R Lyon - resigned 22nd March 2018

**DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**CREDIT RISK**

The company is an online retailer and in line with standard business practice in this industry payment is taken up front prior to goods being despatched.

**LIQUIDITY AND CASH FLOW RISK**

The company has no external finance. The company monitors and forecasts its cash flow. Overall the company considers that it is not exposed to a significant level of risk.

**EMPLOYEE INVOLVEMENT**

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its growth. The company encourages the involvement of employee's by means of regular written and oral communications.

**EMPLOYMENT OF DISABLED PERSONS**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues their employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

**Ebuyer (UK) Limited (Registered number: 03941136)**

**Report of the Directors  
for the year ended 31st December 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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 company's auditor is 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 company's auditors are aware of that information.

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re appointed and KPMG LLP will therefore continue in office.

**ON BEHALF OF THE BOARD:**



M J Pullan - Director

28th February 2019

## **Independent Auditor's Report to the Members of Ebuyer (UK) Limited**

### **Opinion**

We have audited the financial statements of Ebuyer (UK) Limited ("the company") for the year ended 31<sup>st</sup> December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Independent Auditor's Report to the Members of  
Ebuyer (UK) Limited**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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



**David Mitchell (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
1 Sovereign Street  
Sovereign Square  
Leeds  
LS1 4DA

28th February 2019



Ebuyer (UK) Limited (Registered number: 03941136)

**Statement of Comprehensive Income  
for the year ended 31st December 2018**

	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	<b>212,241,705</b>	202,072,091
Cost of sales		<u>192,537,753</u>	<u>183,159,187</u>
<b>GROSS PROFIT</b>		<b>19,703,952</b>	18,912,904
Administrative expenses		<u>18,523,022</u>	<u>17,658,422</u>
<b>OPERATING PROFIT</b>	6	<b>1,180,930</b>	1,254,482
Interest receivable and similar income	7	<u>25,898</u>	<u>3,424</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,206,828</b>	1,257,906
Tax on profit	8	<u>219,387</u>	<u>263,135</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>987,441</b>	994,771
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>987,441</b></u>	<u>994,771</u>

The notes form part of these financial statements

**Ebuyer (UK) Limited (Registered number: 03941136)**

**Balance Sheet  
31st December 2018**

	Notes	2018		2017	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		1,277,167		1,258,240
<b>CURRENT ASSETS</b>					
Stocks	10	16,035,211		14,431,506	
Debtors	11	11,359,528		13,970,822	
Cash at bank		<u>7,626,309</u>		<u>5,617,835</u>	
		35,021,048		34,020,163	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>25,946,869</u>		<u>25,914,498</u>	
<b>NET CURRENT ASSETS</b>			<u>9,074,179</u>		<u>8,105,665</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,351,346</u>		<u>9,363,905</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		730,000		730,000
Retained earnings	16		<u>9,621,346</u>		<u>8,633,905</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>10,351,346</u>		<u>9,363,905</u>

The financial statements were approved by the Board of Directors on 28th February 2019 and were signed on its behalf by:

J M Oldfield - Director



Ebuyer (UK) Limited (Registered number: 03941136)

**Statement of Changes in Equity  
for the year ended 31st December 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2017</b>	730,000	7,639,134	8,369,134
<b>Changes in equity</b>			
Total comprehensive income	-	994,771	994,771
<b>Balance at 31st December 2017</b>	<u>730,000</u>	<u>8,633,905</u>	<u>9,363,905</u>
<b>Changes in equity</b>			
Total comprehensive income	-	987,441	987,441
<b>Balance at 31st December 2018</b>	<u>730,000</u>	<u>9,621,346</u>	<u>10,351,346</u>

The notes form part of these financial statements

Notes to the Financial Statements  
for the year ended 31st December 2018

1. STATUTORY INFORMATION

Ebuyer (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Going Concern**

The company meets its day to day working capital requirements through cash balances and cash flow from operating activities.

The directors have considered the company's forecasts and projections, taking account of reasonably possible changes in trading performance, and these show that the company should be able to continue to operate within its available resources and is well placed to manage its business risks, despite an element of economic uncertainty.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Turnover**

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on despatch of the goods.

**Interest received and other income**

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use.

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.

Plant and machinery	- Straight line over 10 years
Fixtures and fittings	- Straight line over 10 years
Motor vehicles	- Straight line over 4 years
Computer equipment	- Straight line over 3 years

**Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Notes to the Financial Statements - continued  
for the year ended 31st December 2018

2. ACCOUNTING POLICIES - continued

**Stocks**

Stocks are valued at the lower of weighted average cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost represents purchase price including transport and handling costs, less trade discounts.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

**Debtors and creditors receivable / payable within one year**

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 profit and loss account in other administrative expenses.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension schemes for its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Leases**

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

**Key accounting estimates and assumptions**

Critical judgements in applying the company's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**Provisions**

The Group exercises judgement in measuring and recognising provisions. These provisions require management's best estimate of the costs that will be incurred based on the legislative and contractual requirements and also historical performance.

3. TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company and is all within the United Kingdom.

Notes to the Financial Statements - continued  
for the year ended 31st December 2018

4. EMPLOYEES AND DIRECTORS

The average number of persons employed by the company during the year was:

	2018 No.	2017 No.
Distribution	85	91
Administration	<u>148</u>	<u>137</u>
	<u>233</u>	<u>228</u>

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	5,311,790	5,358,802
Social security costs	363,853	403,469
Pension cost	<u>60,724</u>	<u>37,089</u>
	<u>5,736,367</u>	<u>5,799,360</u>

5. DIRECTORS' EMOLUMENTS

	2018 £	2017 £
Directors' remuneration	341,873	166,785
Directors' pension contributions to money purchase schemes	<u>2,503</u>	<u>808</u>

Information regarding the highest paid director for the year ended 31st December 2018 is as follows:

	2018 £
Emoluments etc	<u>111,753</u>

During the year ended 31st December 2018 certain directors were remunerated by the ultimate parent company, The WEST Retail Group Limited, and there was no reasonable way to allocate this cost accurately within the group.

6. OPERATING PROFIT

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

	2018 £	2017 £
Depreciation - owned assets	495,500	704,606
Profit on disposal of fixed assets	-	(1,177)
Foreign exchange differences	101,833	(23,703)
Operating leases	966,059	948,526
Auditor's remuneration	<u>57,000</u>	<u>51,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are, as required, disclosed in the group accounts of its parent The WEST Retail Group Limited.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £	2017 £
Bank interest receivable	<u>25,898</u>	<u>3,424</u>

Notes to the Financial Statements - continued  
for the year ended 31st December 2018

8. 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	249,068	320,862
Adjustments in respect of prior periods	<u>(43,258)</u>	<u>-</u>
Total current tax	<u>205,810</u>	<u>320,862</u>
Deferred tax:		
Origination and reversal of timing differences	(15,287)	(57,727)
Adjustment in respect of prior periods	<u>28,864</u>	<u>-</u>
Total deferred tax	<u>13,577</u>	<u>(57,727)</u>
Tax on profit	<u>219,387</u>	<u>263,135</u>

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>1,206,828</u>	<u>1,257,906</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	229,297	242,147
Effects of:		
Expenses not deductible for tax purposes	2,570	-
Depreciation in excess of capital allowances	116	-
Adjustments to tax charge in respect of previous periods	(14,394)	-
Tax rate changes	1,798	20,988
Total tax charge	<u>219,387</u>	<u>263,135</u>

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Notes to the Financial Statements - continued  
for the year ended 31st December 2018

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1st January 2018	5,342,452	3,261,564	19,537	3,216,577	11,840,130
Additions	<u>343,179</u>	<u>34,840</u>	<u>132,260</u>	<u>4,148</u>	<u>514,427</u>
At 31st December 2018	<u>5,685,631</u>	<u>3,296,404</u>	<u>151,797</u>	<u>3,220,725</u>	<u>12,354,557</u>
<b>DEPRECIATION</b>					
At 1st January 2018	4,909,660	2,540,974	16,402	3,114,854	10,581,890
Charge for year	<u>53,434</u>	<u>383,166</u>	<u>11,770</u>	<u>47,130</u>	<u>495,500</u>
At 31st December 2018	<u>4,963,094</u>	<u>2,924,140</u>	<u>28,172</u>	<u>3,161,984</u>	<u>11,077,390</u>
<b>NET BOOK VALUE</b>					
At 31st December 2018	<u>722,537</u>	<u>372,264</u>	<u>123,625</u>	<u>58,741</u>	<u>1,277,167</u>
At 31st December 2017	<u>432,792</u>	<u>720,590</u>	<u>3,135</u>	<u>101,723</u>	<u>1,258,240</u>

10. STOCKS

	2018 £	2017 £
Goods for resale	<u>16,035,211</u>	<u>14,431,506</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	7,298,949	10,322,295
Social security & other taxes	935,319	935,319
Amounts owed by group undertakings	-	1,334,362
Other debtors	152,875	152,588
Deferred tax asset	26,124	39,701
Prepayments and accrued income	<u>2,946,261</u>	<u>1,186,557</u>
	<u>11,359,528</u>	<u>13,970,822</u>
Deferred tax asset		
	2018 £	2017 £
Accelerated capital allowances	24,127	39,035
Short term timing differences	<u>1,997</u>	<u>666</u>
	<u>26,124</u>	<u>39,701</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	18,956,846	19,897,745
Amounts owed to group undertakings	15,586	52,553
Corporation tax	54,546	320,862
Social security and other taxes	3,418,988	2,028,152
Other creditors	29,912	19,023
Accruals and deferred income	<u>3,470,991</u>	<u>3,596,163</u>
	<u>25,946,869</u>	<u>25,914,498</u>



Notes to the Financial Statements - continued  
for the year ended 31st December 2018

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	1,022,872	935,000
Between one and five years	4,091,487	3,740,000
In more than five years	<u>9,887,761</u>	<u>9,973,332</u>
	<u>15,002,120</u>	<u>14,648,332</u>

14. DEFERRED TAX

Balance at 1st January 2018	£
	(39,701)
Charge to Statement of Comprehensive Income during year	<u>13,577</u>
Balance at 31st December 2018	<u>(26,124)</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
730,000	Ordinary	£1	<u>730,000</u>	<u>730,000</u>

16. RESERVES

	Retained earnings
	£
At 1st January 2018	8,633,905
Profit for the year	<u>987,441</u>
At 31st December 2018	<u>9,621,346</u>

17. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The gross pension cost charge represents contributions payable by the company and amounted to £60,724 (2017: £37,089).

18. ULTIMATE PARENT COMPANY

The company is an immediate subsidiary undertaking of The WEST Retail Group Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is The WEST Retail Group Limited. The consolidated financial statements of the group can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is M S Healey.

19. RELATED PARTY DISCLOSURES

During the year the company charged rent and sold goods and services totalling £2,544,541 (2017: £3,259,297) to fellow group undertakings. At 31st December 2018 the company owed £15,586 (2017: net receivable £1,281,809) to these companies.

During the year the company leased premises from a company in which M J Pullan is a director. During the year rent charges of £957,116 (2017: £948,526) were recognised in respect of the lease.