Registered number: 02607133

W & M Wholesale Limited

Annual report

31 July 2019

W & M Wholesale Limited

Company Information

Directors	Mr A Wallett Mr G Middlemiss
Company secretary	Mr G Middlemiss
Registered number	02607133
Registered office	Unit 3C, Admiral Business Park Nelson Way Nelson Park West Cramlington Northumberland NE23 1WG
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE

W & M Wholesale Limited

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W & M Wholesale Limited

Strategic report
Year ended 31 July 2019

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 July 2019.

Business review

The principal activity of the company during the year was the retail of sports clothing, footwear and equipment. The company has enjoyed another successful year with pre-tax profits of £2,050k (2018: £1,634k).

The balance sheet shows net assets of £12.7m (2018: £11.4m) and net current assets of £5.5m (2018: £4.4m). As in the prior year, W & M Sportswear Limited's results are included in the financial statements of W&M Wholesale Limited.

The business has grown in recent years mainly due to increased reputation, brand awareness and a continued push to look for new lines and business opportunities.

The company finds itself in a strong financial position and is well placed to face the challenges ahead. Future plans include continued investment in the company's management and operating infrastructure.

Principal risks and uncertainties

Covid-19
At the end of March, the company entered an unprecedented trading environment following the Covid-19 outbreak. With over 75% of sales driven through eChannels, the company continues to trade strongly in the current trading environment.

The company has already implemented a strategic review and stress testing, resulting in a new operating model focused on e-channels to:

- protect staff
- ensure continued profitability and positive cash flow
- deliver an exceptional customer experience
- protect the supply chain

Staff risks
The company has adopted Government guidance by closing all high street operations, allowing staff to work from home and ensuring warehouse staff follow social distancing rules. Staff welfare and availability is being monitored daily to ensure business operations continue undisrupted. A communication programme has been implemented to support all staff, especially those who have been placed on Furlough, and to keep them up to date with ongoing developments.

Financial risks
The company has maintained high levels of liquid funds to enable it to invest in business development and withstand a long period of economic disruption. The company has no external borrowings and principally operates from its freehold locations.

As part of the Covid-19 strategic plan, management immediately reduced High Street retail costs and implemented plans to conserve liquid funds without impacting ongoing growth plans. Stress testing indicates the company can maintain positive cash flow and profitability without a High Street presence even if faced with a significant loss of e-Channel sales.

Financial risks are reduced by operating a multi-channel, multi-location model. With the loss of the High Street, customers sales and service continue across startfitness.co.uk, Amazon and eBay online platforms as well as through the telephony channel.

The company will use its strong financial position to identify upside opportunities that can be implemented on return to economic stability.

Customer risks
The company operates in a highly competitive market and prides itself on sourcing high quality products that it can offer to its loyal customer base at a competitive, often discount, price.

The company is investing in improved customer facing systems to both improve customer experience, improve controls and reduce costs.

Supply chain risk
The company's continued success is reliant on maintaining strong working relationships with all its suppliers. Significant effort is placed on working with suppliers to ensure minimal disruption to the supply and distribution of products.

During the Covid-19 incident, the company will continue to operate a prompt supplier payment policy and work proactively with suppliers to maintain ongoing product supply and delivery. Holding significant levels of stock protects the company from any short-term delivery delays.

Financial key performance indicators

The company monitors its trading performance using a range of key performance indicators including:

	2019	2018
Sales growth	7%	0%
Gross profit %	30%	19%
Debtor days	7	6

This report was approved by the board on 17 April 2020 and signed on its behalf by:

Mr A Wallett
Director

The directors present their report and the financial statements for the year ended 31 July 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,412,853 (2018: £1,258,339).

Dividends paid in the year totalled £100,000 (2018: £160,000). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

Mr A Wallett
Mr G Middlemiss

Matters covered in the strategic report

Items considered of strategic importance by the directors, including a review of future developments, have been included within the strategic report in line with the Companies Act 2006 section 414C (11).

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the company since the year end..

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 17 April 2020 and signed on its behalf by:

Mr A Wallett
Director

Directors' responsibilities statement
Year ended 31 July 2019

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

UNW LLP

Independent auditor's report to the members of W & M Wholesale Limited

Opinion

We have audited the financial statements of W & M Wholesale Limited (the 'company') for the year ended 31 July 2019, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

UNW LLP

Independent auditor's report to the members of W & M Wholesale Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of W & M Wholesale Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Who we are reporting to

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.

Michael Morris ACA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

17 April 2020

W & M Wholesale Limited

Statement of comprehensive income
Year ended 31 July 2019

	Note	2019 £	2018 £
Profit and loss account			
Turnover	4	**25,201,543**	23,511,855
Cost of sales		**(17,742,232)**	(18,939,061)
Gross profit		**7,459,311**	4,572,794
Administrative expenses		**(4,058,179)**	(3,414,321)
Exceptional administrative expenses	12	**(1,788,661)**	-
Other operating income	5	**287,554**	298,187
Fair value movement on derivative instruments		**245,387**	245,388
Operating profit	6	**2,145,412**	1,702,048
Interest receivable and similar income		**1,064**	2,816
Interest payable and similar expenses	10	**(96,272)**	(70,519)
Profit before taxation on ordinary activities		**2,050,204**	1,634,345
Taxation on profit on ordinary activities	11	**(637,351)**	(376,006)
Profit for the financial year		**1,412,853**	1,258,339

There were no amounts recognised in other comprehensive income for 2019 or 2018.

The notes on pages 11 to 22 form part of these financial statements.

W & M Wholesale Limited

Balance sheet
At 31 July 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible fixed assets	13		**4,699,176**		4,843,991
Investment property	14		**4,385,000**		4,385,000
			9,084,176		9,228,991
Current assets					
Stocks	15	**5,957,703**		5,208,661	
Debtors	16	**2,326,890**		1,414,599	
Cash at bank and in hand		**3,020,151**		1,727,871	
		11,304,744		8,351,131	
Creditors: amounts falling due within one year	17	**(5,830,566)**		(3,959,081)	
Net current assets			**5,474,178**		4,392,050
Total assets less current liabilities			**14,558,354**		13,621,041
Creditors: amounts falling due after more than one year	18		**-**		(2,158,324)
Provisions for liabilities					
Deferred taxation	19		**(28,528)**		(34,405)
Other provisions	20		**(1,788,661)**		-
Net assets			**12,741,165**		11,428,312
Capital and reserves					
Called up share capital	21		**217,966**		217,966
Share premium account	22		**12,034**		12,034
Profit and loss account	22		**12,511,165**		11,198,312
Total equity			**12,741,165**		11,428,312

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 April 2020.

Mr A Wallett
Director

Company registered number: 02607133

W & M Wholesale Limited

Statement of changes in equity
Year ended 31 July 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2017	**217,966**	**12,034**	**10,099,973**	**10,329,973**
Profit for the year	-	-	1,258,339	1,258,339
Dividends on ordinary shares	-	-	(160,000)	(160,000)
At 1 August 2018	**217,966**	**12,034**	**11,198,312**	**11,428,312**
Profit for the year	-	-	1,412,853	1,412,853
Dividends on ordinary shares	-	-	(100,000)	(100,000)
At 31 July 2019	**217,966**	**12,034**	**12,511,165**	**12,741,165**

The notes on pages 11 to 22 form part of these financial statements.

1. General information

W & M Wholesale Limited ('the company') retails sports clothing, footwear and equipment within the United Kingdom and overseas markets.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of these financial statements.

Statement of compliance
The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention, modified to include investment properties at fair value. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to certain financial instrument disclosures, disclosure of key management personnel remuneration and the preparation of a cash flow statement. The consolidated financial statements of W & M Holding Limited, which include the company, contain a consolidated cash flow statement.

2. Accounting policies (continued)

2.3 Going concern

In light of recent global events which persist at the date of approval of these financial statements, the directors have also taken measures to counter the potential impact of Covid-19 on the company's operations and the resultant impact on financial headroom. Contingency plans have been implemented to mitigate the risk of employee absence and supply chain failure through working practices designed to protect employees' welfare and through advance purchase of the company's key supply requirements for the coming months. In addition, the UK government have announced a series of funding measures which, the directors anticipate will be available should there be any additional short to medium term funding requirements. Whilst the risks in this regard cannot be completely mitigated and therefore some level of future uncertainty remains, the directors have adopted measures and assessed the financial implications of associated factors outside their control and do not consider the residual uncertainties to be material to the company's ability to continue meeting its liabilities as they fall due in the foreseeable future.

2.4 Revenue

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of value added tax and trade discounts. For Internet sales, turnover is recognised when payment is processed and goods are awaiting despatch or dispatched.

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less expected residual value of each asset over its expected useful life as follows:

Freehold property	-	2% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

2.6 Investment properties

Investment properties are measured at fair value at each reporting date, with any changes in fair value recognised in the profit and loss account. Investment properties are not depreciated.

2.7 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to sell. Cost is determined using the average costing method.

Provision is made as necessary for damaged, obsolete or slow-moving items.

2.8 Cash and cash equivalents

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

2. Accounting policies (continued)

2.9 Financial instruments

Basic debt instruments
The company's basic debt instruments, including trade, intercompany and other accounts receivable and payable and cash and bank balances are all due within one year and are measured, initially and subsequently, at the transaction price.

Financial assets measured at amortised cost comprise cash and cash equivalents as well as trade, intercompany and other debtors. At the end of each reporting period financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, net obligations under finance lease and hire purchase contracts, accruals, trade and intercompany and other creditors.

Derivative financial instruments
Derivative financial instruments, comprising forward currency contracts, are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are recognised in the profit and loss account within administrative expenses.

The company does not currently apply hedge accounting for its forward currency contracts.

2.10 Foreign currencies

The company's functional currency is the pound sterling.

Transactions and balances
Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the period-end retranslation are recognised in the profit and loss account.

2.11 Dividends

Dividends and other distributions to the company's members are recognised when they become legally payable.

2.12 Operating leases

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2. Accounting policies (continued)

2.13 Employee benefits

Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan
The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

The assets of the plan are held separately from the company in independently administered funds.

2.14 Current and deferred taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.16 Exceptional items

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

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

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

Significant judgments in applying the entity's accounting policies
In preparing these financial statements, significant judgments were required in the process of applying the company's accounting policies, with regards to going concern in light of the Covid 19 crisis.

The board's judgments and analysis are governed by key assumptions which based upon the company's position and outlook are considered to be reasonable:
a) although the high street stores are currently closed, online trading is performing exceptionally well.
b) the company's ability to maintain social distancing via the online sales stream and place measures in stores as and when these reopen.
c) the company has sufficient stock levels for the coming months across all departments.
d) the company has surplus cash to take advantage of opportunities as they arise to increase stock levels.

Key sources of estimation uncertainty
A key source of estimation is the fair value of investment properties. Periodically external third party valuations are carried out by a qualified surveyor. In addition the directors review the carrying values regularly to ensure investment properties are stated at their fair value.

Other estimates included within these financial statements include depreciation charges, and asset impairments (for example provisions against stock). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	**19,032,892**	19,184,951
Rest of Europe	**4,888,014**	3,949,907
Rest of the World	**1,280,637**	376,997
	25,201,543	23,511,855

5. Other operating income

	2019 £	2018 £
Net rents receivable	**287,554**	298,187

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:	**146,386**	153,483
Exchange differences	**171,871**	(45,861)
Operating lease rentals	**18,922**	92,922

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**11,450**	11,150

8. Employees

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

	2019 £	2018 £
Wages and salaries	**1,453,209**	1,427,500
Social security costs	**114,083**	113,958
Other pension costs	**18,922**	9,879
	1,586,214	1,551,337

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

	2019 No.	2018 No.
Management and administration	**8**	6
Sales	**44**	51
Warehouse and distribution	**20**	20
	72	77

9. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	**12,480**	12,480

10. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	**28,038**	70,519
Other interest payable	**68,234**	-
	96,272	70,519

11. Taxation

	2019	2018
	£	£
Corporation tax		
UK corporation tax charge on profit for the year	**643,353**	378,292
Adjustments in respect of previous periods	**(125)**	(83)
Total current tax	**643,228**	378,209
Deferred tax		
Origination and reversal of timing differences	**(6,569)**	(2,539)
Effect of change in tax rates	**692**	268
Adjustment in respect of previous periods		68
Taxation on profit on ordinary activities	**637,351**	376,006

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	**2,050,204**	1,634,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 -19.00%)	**389,539**	310,526
Effects of:		
Expenses not deductible for tax purposes	**247,287**	65,226
Effect group relief/ other reliefs	**(43)**	-
Adjustments to tax charge in respect of prior periods	**(125)**	(15)
Tax rate changes	**693**	269
Total tax charge for the year	**637,351**	376,006

Factors that may affect future tax charges

The rate of corporation tax throughout the year was 19%. A reduction to 17%, due to come into effect from 1 April 2020, was substantively enacted on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and reflected in these financial statements. However, the current government announced that this reduction would be put on hold and this was confirmed in the recent Budget on 11 March 2020 and the rate will remain at 19% past 1 April 2020. Future deferred tax balances will be measured at 19% once the rate has been substantively enacted.

12. Exceptional items

	2019 £	2018 £
Distance selling VAT provision	**1,788,661**	-

During the current year management have calculated the provision which is in relation to historic VAT liabilities based on the distance selling EU VAT rules.

13. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 August 2018	5,236,020	24,500	433,648	5,694,168
Additions	-	-	1,571	1,571
At 31 July 2019	5,236,020	24,500	435,219	5,695,739
Depreciation				
At 1 August 2018	591,993	5,746	252,438	850,177
Charge for the year	100,920	4,070	41,396	146,386
At 31 July 2019	692,913	9,816	293,834	996,563
Net book value				
At 31 July 2019	4,543,107	14,684	141,385	4,699,176
At 31 July 2018	4,644,027	18,754	181,210	4,843,991

14. Investment property

	Freehold investment property £
Valuation	
At 1 August 2018 and 31 July 2019	4,385,000

The 2016 valuations were made by ATF Retail Limited, on an open market value for existing use basis. The directors have confirmed that there is no material movement in the valuation of the properties as at 31 July 2019. The historic cost of the investment properties is £5,230,339 (2018: £5,230,339).

15. Stocks

	2019 £	2018 £
Finished goods and goods for resale	**5,957,703**	5,208,661

Stocks are stated after provisions for impairment of £5,872,985 (2018: £7,959,954).

16. Debtors

	2019 £	2018 £
Trade debtors	**471,227**	359,816
Amounts owed by group undertakings	**681,678**	681,678
Other debtors	**697,113**	107,417
Prepayments and accrued income	**476,872**	265,688
	2,326,890	1,414,599

No provision for impairment is recognised within trade debtors (2018: £nil) and no impairment has been charged in the year (2018: £nil).

17. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	**-**	327,870
Trade creditors	**1,612,692**	1,139,112
Amounts owed to group undertakings	**1,529,145**	1,031,122
Corporation tax	**543,353**	252,479
Other taxation and social security	**1,403,989**	247,632
Other creditors	**196,286**	300,468
Accruals and deferred income	**375,190**	266,340
Financial instruments	**169,911**	394,058
	5,830,566	3,959,081

18. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans	-	2,158,324

An unlimited debenture exists incorporating a fixed and floating charge over the assets of the company.

The bank loans due in less than one year and over one year are secured by a legal charge over buildings at: 8 Market Place, Durham; 77-80 Bedford Street, North Shields; 15-16 High Row, Darlington; and 33 Market Street, 35-37 Market Street, 108-110 and 112-118 Grainger Street, Newcastle upon Tyne.

19. Deferred taxation

	2019 £	2018 £
At beginning of year	(34,405)	(36,608)
Charged to profit or loss	5,877	2,203
At end of year	(28,528)	(34,405)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	28,686	34,457
Short term timing differences	(158)	(52)
	28,528	34,405

20. Provisions

	Distance selling VAT provision £
Charged to profit and loss account	1,788,661
At 31 July 2019	1,788,661

21. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
217,966 (2018 -217,966) Ordinary shares of £1.00 each	**217,966**	217,966

22. Reserves

Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

23. Commitments under operating leases

At 31 July 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	**94,470**	94,470
Later than 1 year and not later than 5 years	**30,007**	124,476
	124,477	218,946

24. Related party transactions

Mr A Wallett and Mr G Middlemiss maintained directors current accounts throughout the year. Mr A Wallett was advanced £195,806 and repaid £50,000, leaving an outstanding balance at the year end of £37,985 (2018: £183,791) owed from the company. Mr G Middlemiss was advanced £46,362 and repaid £50,000, leaving an outstanding balance at the year end of £11,513 (2018: £7,875) owed by the company. The accounts are unsecured, interest free and there are no fixed repayment terms.

25. Ultimate controlling party

The immediate and ultimate parent undertaking and the only company to consolidate these financial statements is W&M Holding Company Limited. Copies of the W&M Holding Company Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling parties are considered to be Mr A. Wallett and Mr G. Middlemiss by virtue of issued share capital of W&M Holding Company Limited.