

Bendon UK Limited

Annual Report and Financial Statements

Year Ended

30 June 2018

Company Number 04200853

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Bendon UK Limited

Annual report and financial statements for the year ended 30 June 2018

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Bendon UK Limited

**Officers and professional advisors
for the year ended 30 June 2018**

Director

J Davis-Rice

Registered Office

Second Floor
10 Golden Square
London
W1F 9JA

Auditor

BDO LLP
Bridgewater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

Banker

HSBC Bank plc
75-77 High Street
Sutton
Surrey
SM1 1DU

Bendon UK Limited

Strategic report for the year ended 30 June 2018

The director presents his Strategic Report on Bendon UK Limited ("the Company") for the year ended 30 June 2018.

Principal activities, review of the business and future developments

The Company's principal activity during the year was a wholesaler of branded lingerie. The entity ceased operations in February 2019.

Key performance indicators (KPIs)

The Company's financial performance is assessed by KPIs in respect of turnover and operating profit as disclosed in the Statement of comprehensive income.

Results and performance

Turnover has decreased to £6,406,624 (2017: £9,630,510) due to stock availability and delivery challenges faced by the business during the year. Notwithstanding this, focus on operational cost savings reduced impact on the operating profit. Operating profit has decreased to £151,555 (2017: £255,736).

The statement of financial position on page 11 of the financial statements shows the Company's financial position at the year end. The Company has continued to increase its net assets position from the prior year.

Given the challenges faced during the year with a sales decrease of 33%, the business focus on mitigating the impact with a tight control over indirect costs during the year resulting in a decrease in administrative expenses of 26%, and a resulting overall decrease in operating profit of 41%.

	2018 £000	2017 £000
Turnover	6,407	9,631
Gross profit	1,989	2,730
Operating profit	152	256
Profit for the financial year	97	222

The decision to cease trading in February 2019 has focused the business on winding down of activities and transfer of opportunities to other entities in the wider group as appropriate.

Bendon UK Limited

Strategic report for the year ended 30 June 2018 (continued)

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company. The Company manages this risk by providing added value services to its customers.

Trade pressure is continuing to increase with more and more entries by competing brands into the Company's core markets. The Company however continues to spread its sales base and its continuing mix of customers in order to negate the effect of market dilution.

Part of the Company's sales are denominated in euros. Bendon group manages this risk by monitoring cross rates and is able to take out forward cover when deemed necessary.

Credit risk is managed by strict credit setting and credit control procedures. Liquidity risk is managed by funding all being sourced through the group undertakings.

Economic and market risk

The economic market can affect the performance of the Company in terms of both sales and costs. Through product development and consumer research, management works to ensure that value is delivered to all our customers and consumers. Management works hard to mitigate the impact of external cost increases on customers and its overall profitability through the delivery of cost savings.

International operations

The Company sells in certain international markets. Management continually reviews all relevant requirements to ensure appropriate policies and controls are developed when trading continually.

Competitor risk

The Company operates in competitive markets where the activities of multinational, local and regional companies, which have branded and private label businesses, may adversely affect the Company's market share, cash flow, turnover, profits and profit margins. Management focuses on investing in innovation and product development where it can build competitive advantage and where it can consistently grow sales and margins.

On behalf of the Board

J Davis-Rice
Director



Date: 20 May 2021

Bendon UK Limited

Director's report for the year ended 30 June 2018

The director presents his annual report on the affairs of Bendon UK Limited ("the Company") together with the financial statements and independent auditor's report for the year ended 30 June 2018.

Results and dividends

The results for the year are set out on page 10. The director does not propose the declaration of a dividend (2017: £nil).

Director

The director who served during the year and to the date of this report is shown on page 1.

Justin Ashley Davis-Rice

Supplier payment policy

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

Employment policies

Employees of the Company are regularly consulted by directors and managers and kept informed of matters affecting them and the overall development of the Company.

Financial risk management/future developments

Details of the Company's financial risk management policy and future developments are set out in the strategic report.

Qualifying third-party indemnity provisions

The Bendon Group maintains liability insurance for its director, which is a qualifying third party indemnity provision for the purposes of the Companies Act. This indemnity was in place during the financial year and continues to be in place at the date of the approval of these financial statements.

Environment

The Company recognises the importance of environmental responsibility.

Bendon UK Limited

Director's report for the year ended 30 June 2018 (continued)

The director is 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.

In the case of each director in office at the date the Director's Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Director has made the decision to cease trading in the United Kingdom in February 2019 and to liquidate the Company. Therefore the accounts are to be prepared on a basis other than that of a going concern.

Subsequent events

Subsequent to the year end the onset of the Covid-19 pandemic has had a profound impact on the wider UK economy. In accordance with FRS101, this is considered to be a non-adjusting event after the end of the reporting period that is not indicative of conditions that existed at the end of the reporting period.

Auditors

The auditors, BDO LLP have expressed their willingness to continue in office and will be re-appointed in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

Justin Ashley Davis-Rice
Director

Date: 20 May 2021



Bendon UK Limited

Statement of director's responsibilities for the year ended 30 June 2018

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework". Under company law the director must not approve the financial statements unless he is 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

The director is 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bendon UK Limited

Independent auditor's report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENDON UK LIMITED

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Bendon UK Limited ("the Company") for the year ended 30 June 2018 which comprise; the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We were not appointed as auditors of the Company until after 30 June 2018 and thus did not observe the counting of physical inventories. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2018, which are stated in the statement of financial position at £968,339, respectively. In addition, due to the long length of time between the year end date of 30 June 2018 and the date of our audit, we were unable to obtain sufficient evidence to confirm the carrying value of the inventory.

Subsequent to year end, the immediate parent undertaking, Bendon Holdings Limited, a company registered and incorporated in New Zealand, made the decision to close the United Kingdom office and run a more centralised process from New Zealand. This reorganisation resulted in a considerable amount of the accounting records becoming lost for the year ended 30 June 2018. We were unable to confirm or verify by alternative means accounts receivable, accounts payable and accrued costs included in the statement of financial position at total amounts of £698,450, £947,831 and £292,444 respectively as at 30 June 2018. We were also unable to satisfy ourselves by alternative means concerning the existence and accuracy of turnover included within the statement of comprehensive income at £6,406,624 for the year ended 30 June 2018. Furthermore, we have not been able to obtain sufficient appropriate audit evidence to confirm the accuracy and existence of cost of sales and administrative expenses, excluding payroll costs, included within the statement of comprehensive income at £4,417,645 and £1,140,987 respectively for the year ended 30 June 2018.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, accounts payable, turnover, cost of sales and administrative expenses, and the related elements making up the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows.

The possible effects of any undetected misstatements in respect of the matters stated above, if any, could be both material and pervasive to the financial statements.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements which explains that the Company has ceased trading and that the director intends to liquidate the Company and therefore does not consider the Company to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of going concern as described in Note 1. Our opinion is not modified in this respect of this matter.

Bendon UK Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- and the Strategic report and Director's 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 are unable to conclude on whether the Strategic Report and the Director's report are materially misstated in respect of the matters set out in the basis for disclaimer of opinion section of our report.

Arising from the limitations of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept.

Arising from the limitations of our work referred to above, in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; and
- we are unable to determine whether the financial statements are in agreement with the accounting records and returns; and
- we are unable to conclude whether certain disclosures of director's remuneration specified by law have been made;

Bendon UK Limited

Independent auditor's report (*continued*)

Responsibilities of the Director

As explained more fully in the Director's responsibilities statement, the Director is 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 Director determines 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 Director is 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 Director either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

DocuSigned by:

Andrea Bishop

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Andrea Bishop (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Bristol

Date: 20 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Bendon UK Limited

Statement of Comprehensive Income for the year ended 30 June 2018

	Note	2018 £	2017 £
Turnover	2	6,406,624	9,630,510
Cost of sales		<u>(4,417,645)</u>	<u>(6,900,402)</u>
Gross profit		1,988,979	2,730,108
Administrative expenses		<u>(1,837,424)</u>	<u>(2,474,372)</u>
Operating profit	3	151,555	255,736
Interest receivable		<u>-</u>	<u>501</u>
Profit on ordinary activities before taxation		151,555	256,237
Tax on profit	6	<u>(53,748)</u>	<u>(34,318)</u>
Profit for the financial year and total comprehensive income	14	<u>97,807</u>	<u>221,919</u>

All activities derive from continuing operations.

These financial statements should be read in conjunction with the notes on pages 14 to 25.

Bendon UK Limited

Statement of Financial Position at 30 June 2018

Company number 04200853	Note	2018 £	2018 £	2017 £	2017 £
Non-current assets					
Tangible fixed assets	7		54,157		66,741
Intangible assets	8		1,716		2,288
			55,873		69,029
Current assets					
Inventories	9	968,339		1,947,906	
Trade and other receivables	10	1,537,084		1,944,592	
Cash at bank and in hand		33,014		108,727	
		2,538,437		4,001,225	
Creditors: amounts falling due within one year	11	(2,371,812)		(3,945,563)	
Net current assets			166,625		55,662
Total assets less current liabilities			222,498		124,691
Net assets			222,498		124,691
Capital and reserves					
Called up share capital	12		300,000		300,000
Profit and loss account	13		(77,502)		(175,309)
Total shareholders' funds	14		222,498		124,691

The financial statements on pages 10 to 25 were approved by the Board on 20 May 2021 and signed on its behalf by:



Justin Ashley Davis-Rice
Director

Date: 20 May 2021

These financial statements should be read in conjunction with the notes on pages 14 to 25.

Bendon UK Limited

Statement of changes in equity for the year ended 30 June 2018

	Note	Share capital £	Retained earnings £	Total equity £
Balance at 1 July 2016		300,000	(397,228)	(97,228)
Changes in equity for the year 2017				
Profit for the year		-	221,919	221,919
Balance at 30 June 2017	14	300,000	(175,309)	124,691
Changes in equity for the year 2018				
Profit for the year		-	97,807	97,807
Balance at 30 June 2018	14	300,000	(77,502)	222,498

These financial statements should be read in conjunction with the notes on pages 14 to 25.

Bendon UK Limited

Statement of cash flows for the year ended 30 June 2018

	Note	2018 £ Inflows/ (Outflows)	2017 £ Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		7,277,836	10,427,845
Payments to suppliers and employees		(7,399,892)	(10,466,347)
Income taxes received/(paid)		-	14,835
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	15	(62,056)	(23,667)
		<hr/>	<hr/>
Cash flows from investing activities			
Payment for property, plant and equipment		(13,657)	(41,461)
Payment for intangible assets		-	(2,574)
Interest received		-	501
		<hr/>	<hr/>
Net cash used in investing activities		(13,657)	(43,534)
		<hr/>	<hr/>
Cash flows from financing activities			
Funding from related parties		-	-
		<hr/>	<hr/>
Net cash inflow from financing activities		-	-
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(75,713)	(67,201)
Cash and cash equivalents at the beginning of the financial year		108,727	175,928
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		33,014	108,727
		<hr/> <hr/>	<hr/> <hr/>

These financial statements should be read in conjunction with the notes on pages 14 to 25.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018

1 Accounting policies

General information

Bendon UK Limited ("the Company") is a wholesaler of branded lingerie. The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Golden Square, London, England.

Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements of Bendon UK Limited have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional currency of the company and are rounded to the nearest £1.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- paras 16, 38A, 38B-D in respect of the presentation of financial statements;
- comparative period reconciliations for property, plant and equipment (IAS 16 para 73(e)) and intangible assets (IAS 38 para 118 (e));
- disclosures in respect of transactions with wholly owned subsidiaries (IAS 24);
- disclosures in respect of capital management (IAS 1 paras 134-136);
- the effects of new but not yet effective IFRS (IAS 8 paras 30 and 31);
- an additional statement of financial position for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- disclosure in respect of the compensation of Key Management Personnel (IAS 24 para 17).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

The Director has made the decision to cease trading in the United Kingdom in February 2019. Subsequent to the year end, operations have been wound down, the UK property has been vacated and the intention is to liquidate the company once all affairs are in order. This is an adjusting post balance sheet event, therefore the directors have prepared the accounts on a basis other than that of a going concern. No such adjustments to the carrying value of assets or liabilities at year end were identified as a result of being prepared on this basis.

Non-derivatives financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for any impairment and depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets. The useful lives used to calculated depreciation are as follows:

Leasehold land and buildings	-	over the lease term
Store, fixtures and office equipment	-	3 to 5 years straight line

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Deferred taxation

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

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

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

Turnover

Turnover is recognised when the significant risks and rewards of ownership pass to the customer. Risk and rewards are transferred to the customer when goods are received by the customer. Turnover excludes value added tax and trade discounts and is presented net of returns, discounts and rebates.

Foreign currencies

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling on that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

Operating leases

Rental costs under operating leases are charged to the income statement as the leasing charges are incurred.

Accounting estimates and judgements

Estimates and judgements 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.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property, plant and equipment and note 1 for the useful economic lives for each class of assets.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions (continued)

b) Inventory provisioning

The company sells products and is subject to changing customer demands and economic trends. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the finished goods and future usage of raw materials. See note 9 for the net carrying amount of the inventory and associated provision.

c) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and the historical experience. See note 10 for the net carrying amount of the receivables and associated impairment provision.

2 Turnover

Turnover represents sales less returns and discounts and excludes Value Added Tax and is generated from the wholesale of lingerie and sleepwear.

	2018 £	2017 £
UK	2,788,730	3,917,701
Rest of Europe	2,143,070	3,730,346
Rest of World	1,474,824	1,982,463
	<u>6,406,624</u>	<u>9,630,510</u>

3 Operating profit

	2018 £	2017 £
This is stated after charging/(crediting):		
Purchases in the year	3,132,449	4,549,476
Foreign exchange losses	26,828	8,644
Depreciation of fixed assets (note 7)	26,241	41,287
Reversal of impairment of fixed assets (note 7)	-	(6,596)
Amortisation of intangible assets (note 8)	572	286
Operating lease rentals - land and buildings	164,410	284,765
Auditors' remuneration - audit services	25,000	30,000
Reversal of impairment of inventories	-	(25,248)
Reversal of impairment of trade debtors	-	(39,993)
Staff redundancy costs	42,384	-
	<u>42,384</u>	<u>-</u>

4 Director's emoluments

No emoluments or fees were paid to the director during the year in respect of his services to the company. These costs are borne by other companies in the group and no such costs have been recharged to the company.

Bendon UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

5 Staff costs

	2018 £	2017 £
Wages and salaries	625,058	803,372
Social security costs	65,064	80,776
Pension costs	8,314	4,631
	<u>698,436</u>	<u>888,779</u>

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

	2018 Number	2017 Number
Sales and administration	<u>12</u>	<u>17</u>

6 Tax

(a) Tax on profit

The tax charge is made up as follows:

	2018 £	2017 £
Current tax:		
UK Corporation tax on profits for the year	-	59,669
Adjustments in respect of prior years	53,748	(25,351)
	<u>53,748</u>	<u>34,318</u>
Total current tax		
	<u>53,748</u>	<u>34,318</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total deferred tax		
	<u>-</u>	<u>-</u>
Tax on profit	<u>53,748</u>	<u>34,318</u>

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

6 Tax (continued)

(b) Reconciliation of income tax to accounting profit

Tax expense for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2018 of 19% (2017: 19.75%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before taxation	151,555	256,237
Tax at standard rate of corporation in the UK of 19% (2017 – 19.75%)	28,795	50,607
<i>Tax effect of:</i>		
Fixed asset differences	912	-
Expenses not deductible for tax	830	830
Other differences	13,897	8,232
Adjustments to brought forward values	522	-
Losses brought back	(37,155)	--
Adjustments in respect of current income tax of previous years	53,748	(25,351)
Adjust closing deferred tax to average rate of 19.00%	1,816	-
Adjust opening deferred tax to average rate of 19.00%	(2,637)	-
Deferred tax not recognised	(6,980)	-
Income tax expense (note 6(a))	53,748	34,318
(c) Movement of deferred tax asset		
	2018 £	2017 £
Balance at 1 July	-	-
Tax charge	-	-
Balance at 30 June	-	-

There is unrecognised deferred tax asset of £15,437 (2017: £27,172).

The tax rate for the current year is lower than prior year, due to changes in the UK Corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

Changes to the UK Corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

Bendon UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

7 Tangible fixed assets

	Short - leasehold land and buildings £	Store, fixtures and office equipment £	Total £
Cost:			
At 1 July 2017	7,442	714,538	721,980
Additions	-	13,657	13,657
At 30 June 2018	7,442	728,195	735,637
Accumulated Depreciation:			
At 1 July 2017	(7,442)	(647,797)	(655,239)
Charge for the year	-	(26,241)	(26,241)
At 30 June 2018	(7,442)	(674,038)	(681,480)
Impairment of fixed asset:			
At 1 July 2017	-	-	-
Change for the year	-	-	-
At 30 June 2018	-	-	-
Net book value:			
At 30 June 2018	-	54,157	54,157
At 30 June 2017	-	66,741	66,741

Bendon UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

8 Intangible assets

	Software £	Total £
Cost:		
At 1 July 2017	2,574	2,574
Additions	-	-
At 30 June 2018	2,574	2,574
Accumulated amortisation:		
At 1 July 2017	(286)	(286)
Charge for the year	(572)	(572)
At 30 June 2018	858	858
Net book value:		
At 30 June 2018	1,716	1,716
At 30 June 2017	2,288	2,288

9 Inventories

	2018 £	2017 £
Finished goods and goods for resale	968,339	1,947,906
	968,339	1,947,906

The cost of inventories recognised as an expense and included in "cost of sales" amounted to £3,132,449 (2017: £4,549,476).

10 Trade and other receivables

	2018 £	2017 £
Trade debtors	698,450	1,847,380
Taxation and social security	53,174	41,509
Amounts due from group undertakings	721,607	-
Other debtors and prepayments	63,853	55,703
	1,537,084	1,944,592

Trade debtors are stated after provisions for impairment of £253,927 (2017: £42,979).

Amounts due from group undertakings are payable on demand and non-interest bearing.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

11 Creditors: amounts falling due within one year

	2018 £	2017 £
Debenture with parent company	994,002	994,002
Trade creditors	947,831	899,438
Amounts due to group undertakings	-	1,427,255
Corporation tax	113,758	60,011
Accruals	292,444	564,857
Provision	23,777	-
	<u>2,371,812</u>	<u>3,945,563</u>

Debenture issued on 1 April 2004 to parent company is a fully paid-up unsecured debenture which has a face value of £994,002.

Amounts owed to group undertakings are unsecured, payable on demand (see note 1) and are non-interest bearing.

A provision of £23,777 (2017: £nil) has been recognised in of costs relating to dilapidations of the leased premises. The Company has a contractual obligation to incur these costs as a result of past events by bringing this property back to its original state of repair on cessation of the lease.

12 Issued share capital

	2018 £	2017 £
<i>Authorised, issued and fully paid:</i>		
300,000 (2017: 300,000) called up, allotted and fully paid ordinary shares of £1 each	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

13 Reserves

	Profit and loss account	
	2018 £	2017 £
At 1 July	(175,309)	(397,228)
Profit for the financial year	97,807	221,919
	<u>(77,502)</u>	<u>(175,309)</u>
At 30 June	(77,502)	(175,309)

Bendon UK Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

14 Reconciliation of shareholders' funds

	2018 £	2017 £
Profit for the financial year	97,807	221,919
Opening equity shareholders' deficit	124,691	(97,228)
	<u>222,498</u>	<u>124,691</u>

15 Reconciliation of profit for the financial year to net cash flows from operating activities:

	2018 £	2017 £
Profit for the financial year	97,807	221,919
Adjusted for		
Depreciation and amortisation of non current assets	26,813	41,573
Interest received	-	(501)
Reversal of impairment of fixed assets	-	(6,596)
(Increase)/decrease in assets:		
Trade and other receivables	407,507	(28,616)
Inventories	979,567	183,074
Deferred tax asset	-	-
(Increase)/decrease in liabilities:		
Current payables	(1,627,498)	(483,673)
Current tax liabilities	53,747	49,153
	<u>(62,056)</u>	<u>(23,667)</u>
Net cash (outflow)/inflow from operating activities		

16 Operating leases

	2018 £	2017 £
Leases which expire:		
Not later than one year	62,140	71,086
Between one and five years	139,815	201,955
Later than five years	-	-
	<u>201,955</u>	<u>273,041</u>

Operating leases are in place for leased premises and photocopier.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

17 Commitments and contingencies

The company is part of a Borrowing Group comprising other entities within the Bendon Limited group. The Borrowing Group has loan facilities which are secured by a charge over the assets of the Guaranteeing Group. The Guaranteeing Group consists of all Bendon Limited group companies and is required to maintain certain covenants.

At the end of the reporting period, for which no provision has been made in these financial statements, the guarantees were as follows. These guarantee's expired in September 2019, at which point the trade in the company had been ceased. No provision at balance sheet date was considered necessary:

	2018 £	2017 £
Guarantee given to UK Customs Department	160,000	160,000

18 Related party transactions

The company has taken advantage of the exemption contained in FRS 101.8 j) and k) not to disclose transactions with other wholly owned group companies as permitted in IAS 24 (para 17).

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Bendon Holdings Limited. The largest and smallest group for which consolidated financial statements are prepared is Bendon Limited, a company registered and incorporated in New Zealand.

The ultimate parent company and controlling party during the year was Naked Brand Group Limited which is incorporated in Australia. On 20 June 2018, Bendon Limited and Naked Brand Group Inc. completed the merger of the two companies into wholly-owned subsidiaries of newly formed Naked Brand Group Limited, a company registered and incorporated in Australia. Shares of the Naked Brand Group Limited are trading on the Nasdaq stock Market under the symbol 'NAKD'. Subsequent to year end, Bendon Limited was divested from the Naked Brand Group as detailed in note 20.

Copies of Bendon Limited consolidated financial statements are available from the following address:

8 Airpark Drive
Airport Oaks
Auckland
New Zealand

20 Subsequent events

Cessation of trade

As disclosed in the accounting policies note, the company ceased to trade in February 2019. The going concern basis is not appropriate and the director has prepared the financial statements on a basis other than that of going concern.

Covid-19

Subsequent to the year end the onset of the Covid-19 pandemic has had a profound impact on the wider UK economy. In accordance with FRS101, this is considered to be a non-adjusting event after the end of the reporting period that is not indicative of conditions that existed at the end of the reporting period.

Bendon UK Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

20 Subsequent events (continued)

Intercompany balances

Subsequent to year end, the intercompany debt of £672,823 was assigned to Bendon Holdings Limited. The debenture of £994,002 was settled in part by offsetting the intercompany debt balance, and the resulting balance of £321,179 was forgiven by the parent company, resulting in a capital contribution being made to the company.

Ultimate parent undertaking

On January 21, 2021, the Company's ultimate parent Naked Brand Group Limited announced plans to undertake a transformative restructure in which it would dispose of its bricks-and-mortar operations in order to focus exclusively on its e-commerce business. To that end Naked Brand Group Limited signed a non-binding and non-exclusive term sheet to divest its Bendon Limited subsidiary (the parent of Bendon UK Limited), to a group composed of existing management of the Company, including Justin Davis-Rice, the Executive Chairman and Chief Executive Officer of the Company and Director of Bendon Limited, and Anna Johnson, the Chief Executive Officer of Bendon. On April 23, 2021, Naked Brand Group Limited held an Extraordinary General Meeting of Shareholders, at which shareholders approved the sale of Bendon Limited. On April 30, 2021, Naked Brand Group Limited signed a conditional share sale agreement for the sale of Bendon Limited and simultaneously consummated the transactions contemplated thereby.