Consolidated Financial Statements

Panache Lingerie Limited

For the Year Ended 30 June 2017

Registered number: 01524006

Company Information

Directors	Mr J A Power Mr D T Power Miss L E Power Mrs S M Grantham
Registered number	01524006
Registered office	Panache House 7 Drake House Crescent Sheffield S20 7HT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court Sheffield S8 0XF

Contents

Group Strategic Report
For the Year Ended 30 June 2017

Business review

The priority of the group continues to be the development of global branded sales. In the UK, trading conditions appear to have stabilised although UK sales have decreased year on year as a result of a reduction in contract business and a reduction in the sale of discontinued inventory. UK sales are recorded at £10.9m (2016: £11.6m). Overseas sales are recorded at £13.2m which compares favourably to the prior year of £12.8m. Overseas sales continue to represent over half of the Groups revenue (54.7%, 2016: 52.6%) which provides some natural hedge against our domestic economic and foreign exchange risks. Total group turnover is reported at £24.1m which compares to a prior year of £24.4m.

The Directors consider the following KPI's to be relevant to monitoring the performance of the business; sales, gross margin, operating costs, inventory holding and net debt.

As a result of the continued focus on developing Global branded sales and despite an increase in the cost of goods as a result of a deterioration in Sterling, gross margin has increased by 1.2% to 51.5%.

The UK and US operations have both experienced inflationary pressure on its overhead base in the period. However continuous improvement in processes has meant that Distribution and Administrative expenses have shown a small year on year decrease (0.5%).

Operating profit is reported at £480k (2016: £744k). This profit measurement includes a Fair value charge relating to foreign exchange contracts held at the year end (2017: £211k, 2016: Credit £242k). Excluding this Fair value movement operating profit for the year is £691k which compares to a prior year of £502k.

For the first time in four years Inventory is showing a year on year increase (2017: £6.8m, 2016: £6.0m). This increase is due to the earlier arrival of Autumn Winter stocks at the year end, the higher unit cost of stocks following a reduction in value of sterling and a higher stock holding of core items in order to improve stock availability of our fastest selling lines.

Despite the increase in inventory careful working capital management has meant there has been no increase in the Groups Net Debt position which is reported at £2.2m which compares to a prior year of £2.4m.

Principal risks and uncertainties

The business is reliant on the success of the retail sector and broader economic trends but where risks can be identified they have been addressed and actions taken where possible to control them. Currency fluctuations, particularly with the US dollar, affect the group's trading and the business reduces any future impact of further uncertainty by placing forward contracts for future seasons. The retail sector is constantly changing and Panache aims to keep up with the trends and is constantly looking for new markets and outlets both globally and in the UK.

The impact of Brexit on the UK retail sector and wider UK economy is currently uncertain. The devaluation of Sterling following Brexit represents a challenge to the groups cost of goods although there is also an opportunity within the export side of the business. The Directors continue to monitor the situation and have plans in place to mitigate the impact of a loss of gross margin through adverse currency movements.

Financial risk management objectives and policies

The group uses financial instruments comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. In order to manage the group's exposure to those risks, in particular its exposure to currency risk, the group enters into a number of derivative transactions including, but not limited to, forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.
The main risks arising from the group's financial instruments are liquidity risk, interest rate risk and foreign currency exchange rate risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group has a mixture of asset based debt facilities and general bank overdraft facilities which are regularly reviewed to ensure the group has sufficient facilities available to enable it to maintain sufficient headroom at the expected levels of activity.

Interest rate risk

The group finances its operations through a mixture of retained earnings and bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed through the use of both fixed and floating facilities.

Foreign currency exchange rate risk

The group manages its exposure to foreign exchange rate risk through the use of foreign currency bank accounts and foreign currency exchange rate options.

Group Strategic Report
For the Year Ended 30 June 2017

Going Concern

The current economic conditions create an uncertainty over the consumer demand for the Group's products and the volatility in global foreign exchange markets creates an uncertainty in the Groups cost of goods (which is largely denominated in US$) and the groups income which is partially denominated in US$ and the Euro.

The Group manages its foreign exchange exposure through the use of forward contracts and updates its price list bi-annually and where possible looks to reflect the movement in Sterling verses the US$ and Euro.

The Group meets its day to day working capital requirements with the support of working capital facilities provided by Barclays Bank and HSBC USA. The Directors keep its bankers up to date about its future borrowing requirements and no matters have been drawn to its attention to suggest that future funding may not be forthcoming on acceptable terms.

The Directors have prepared forecasts for the period to June 2018 and have used these as the basis of assessing the going concern assumption. Taking into account reasonable possible changes in trading performance and the facilities available the Directors consider the Group should have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors consider the adoption of the going concern basis in preparing the financial statements is appropriate. The business is expected to continue with no major plans to change business activities.

This report was approved by the board on 14 November 2017 and signed on its behalf.

Mr J A Power
Director

Directors' Report
For the Year Ended 30 June 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Principal activity

The principal activity of the Group during the year was that of the wholesale distribution of ladies undergarments and swimwear.

Results and dividends

The profit for the year, after taxation, amounted to £381,000 (2016: £447,000).

Directors

The directors who served during the year were:

Mr J A Power
Mr D T Power
Miss L E Power
Mrs S M Grantham

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)
For the Year Ended 30 June 2017

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 and the Group'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 and the Group's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 November 2017 and signed on its behalf.

Mr J A Power
Director

Grant Thornton

Independent Auditor's Report to the Members of Panache Lingerie Limited

Opinion

We have audited the financial statements of Panache Lingerie Limited for the year ended 30 June 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2017;
- give a true and fair view of the Group's profit for the year then ended;
- are 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

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 in the preparation of the financial statements is inappropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties; or
- the directors failed to disclose information that may cast significant doubt about the going concern basis; or
- there is uncertainty over the period of at least twelve months from the authorising of the financial statements.

Grant Thornton

Independent Auditor's Report to the Members of Panache Lingerie 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

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

Grant Thornton

Independent Auditor's Report to the Members of Panache Lingerie Limited (continued)

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Grant Thornton UK LLP

Donna Steel (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Sheffield

14 November 2017

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 £000	2016 £000
Turnover	4	**24,126**	24,390
Cost of sales		**(11,697)**	(12,113)
Gross profit		**12,429**	12,277
Distribution costs		**(1,870)**	(2,133)
Administrative expenses		**(9,899)**	(9,693)
Other operating income	5	**31**	51
Fair value movements		**(211)**	242
Operating profit	6	**480**	744
Interest receivable and similar income	10	**44**	6
Interest payable and expenses	11	**(72)**	(157)
Profit before taxation		**452**	593
Tax on profit	12	**(71)**	(146)
Profit for the financial year		**381**	447
Currency translation differences		**187**	255
Other comprehensive income for the year		**187**	255
Total comprehensive income for the year		**568**	702
Attributable to owners of the parent Company		**381**	447
Profit for the year		**381**	447
Attributable to owners of the parent Company		**568**	702
Total comprehensive income for the year		**568**	702

The notes on pages 16 to 42 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note		2017 £000		2016 £000
Fixed assets					
Intangible assets	13		**18**		13
Tangible assets	14		**672**		682
Investment property	15		**1,500**		1,500
			2,190		2,195
Current assets					
Stocks	18	**6,762**		6,047	
Debtors: amounts falling due within one year	19	**4,648**		5,072	
Cash at bank and in hand	20	**515**		1,050	
		11,925		12,169	
Creditors: amounts falling due within one year	21	**(6,037)**		(6,633)	
Net current assets			**5,888**		5,536
Total assets less current liabilities			**8,078**		7,731
Creditors: amounts falling due after more than one year	22		**(234)**		(455)
Provisions for liabilities					
Net assets excluding pension asset			**7,844**		7,276
Net assets			**7,844**		7,276
Capital and reserves					
Called up share capital	29		**5**		5
Capital redemption reserve	30		**5**		5
Profit and loss account	30		**7,834**		7,266
Equity attributable to owners of the parent Company			**7,844**		7,276
			7,844		7,276

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 November 2017.

Mr J A Power
Director

The notes on pages 16 to 42 form part of these financial statements.

Company Statement of Financial Position

As at 30 June 2017

	Note		2017 £000		2016 £000
Fixed assets					
Intangible assets	13		**18**		12
Tangible assets	14		**641**		645
Investments	16		**586**		586
Investment property	15		**1,500**		1,500
			2,745		2,743
Current assets					
Stocks	18	**4,394**		3,499	
Debtors: amounts falling due within one year	19	**4,859**		4,324	
Cash at bank and in hand	20	**328**		718	
		9,581		8,541	
Creditors: amounts falling due within one year	21	**(6,250)**		(5,200)	
Net current assets			**3,331**		3,341
Total assets less current liabilities			**6,076**		6,084
Creditors: amounts falling due after more than one year	22		**(234)**		(455)
Net assets			**5,842**		5,629
Capital and reserves					
Called up share capital	29		**5**		5
Capital redemption reserve	30		**5**		5
Profit and loss account	30		**5,832**		5,619
			5,842		5,629

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £213,000 (2016: £368,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 November 2017.

Mr J A Power
Director

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2016	5	5	7,266	7,276
Comprehensive income for the year				
Profit for the year	-	-	381	381
Currency translation differences	-	-	187	187
Total comprehensive income for the year	-	-	568	568
At 30 June 2017	5	5	7,834	7,844

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2015	5	5	6,564	6,574
Comprehensive income for the year				
Profit for the year	-	-	447	447
Currency translation differences	-	-	255	255
Other comprehensive income for the year	-	-	255	255
Total comprehensive income for the year	-	-	702	702
At 30 June 2016	5	5	7,266	7,276

The notes on pages 16 to 42 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 June 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2016	5	5	5,619	5,629
Comprehensive income for the year				
Profit for the year	-	-	213	213
Total comprehensive income for the year	-	-	213	213
At 30 June 2017	5	5	5,832	5,842

Company Statement of Changes in Equity

For the Year Ended 30 June 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2015	5	5	5,251	5,261
Comprehensive income for the year				
Profit for the year	-	-	368	368
Total comprehensive income for the year	-	-	368	368
At 30 June 2016	5	5	5,619	5,629

The notes on pages 16 to 42 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	381	447
Adjustments for:		
Amortisation of intangible assets	5	86
Depreciation of tangible assets	74	112
Foreign currency translation	187	-
Interest paid	72	153
Interest received	(44)	(6)
Taxation charge	71	146
(Increase)/decrease in stocks	(715)	648
(Increase)/decrease in debtors	(46)	528
(Decrease)/increase in creditors	(72)	134
Tax paid	(90)	-
Net fair value losses/(gains) recognised in P&L	211	(242)
Net cash generated from operating activities	34	2,006
Cash flows from investing activities		
Purchase of intangible fixed assets	(10)	(4)
Purchase of tangible fixed assets	(64)	(58)
Interest received	44	6
HP interest paid	(2)	(3)
Net cash from investing activities	(32)	(59)
Cash flows from financing activities		
Repayment of loans	(166)	(171)
Repayment of other loans	(100)	(98)
Repayment of/new finance leases	(20)	(18)
Interest paid	(70)	(150)
Other non-cash changes	211	242
Net cash used in financing activities	(145)	(195)
Net (decrease)/increase in cash and cash equivalents	(143)	1,752
Cash and cash equivalents at beginning of year	(1,644)	(3,396)
Cash and cash equivalents at the end of year	(1,787)	(1,644)

Consolidated Statement of Cash Flows (continued)

For the Year Ended 30 June 2017

	2017 £000	2016 £000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	515	1,050
Bank overdrafts	(2,302)	(2,694)
	(1,787)	(1,644)

Notes to the Financial Statements
For the Year Ended 30 June 2017

1. General information

Panache Lingerie Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Panache House, 7 Drake House Crescent, Sheffield, S20 7HT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 July 2014.

Panache Lingerie Limited ("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.

2.3 Revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer upon delivery and the amount of revenue can be measured reliably. A provision for estimated returns is made, representing the profit on goods sold during the year which are expected to be returned and refunded after the year end. Revenue is reduced by the value of sales returns provided for during the year.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Intellectual property	-	30 % on cost
Trademarks	-	10 % on cost
Software	-	30 % on cost

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2%
Motor vehicles	- 25%
Fixtures & fittings	- 20%
Computer equipment	- 20% - 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.7 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location, or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.12 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.14 Government grants

Grants are accounted under the performance model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement on the basis of completion of criteria within the contract. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Inventory valuation

The directors have used their knowledge and experience of the fashion industry in determining the level and rates of provisioning required to calculate the appropriate inventory carrying values. Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result, there is a risk that the cost of inventory exceeds its net realisable value. Management calculate the inventory provision on the basis of the ageing profile of what is in stock. Adjustments are made where appropriate based on directors' knowledge and experience to calculate the appropriate inventory carrying values.

Bad Debts

Bad debt provisions are calculated using a combination of internally and externally sourced information, including historical collection rates and other credit data.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed annually for indications of impairment or if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use or net realisable value calculations and is prepared on the basis of management's assumptions and estimates. These include assumptions on future growth rates, inflation, cost of capital and appropriate risk weightings.

Revenue Recognition

Section 23.10 of FRS 102 stipulates the conditions which must be satisfied in order for Revenue to be recognised. These conditions include that 'the risks and rewards of ownership has been transferred' and that there is no 'continuing managerial involvement...over the goods sold'. The Group sells it goods on a mixture of an ex-works and delivered basis and uses a number of delivery methods ranging from same day to 3-day delivery. Revenue is recognised at the point of despatch from its warehouse(s) as the Directors believe this to be the most appropriate timing and do not consider the difference between this and revenue based on delivery to be material.

4. Turnover

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	**10,920**	11,568
Rest of Europe	**5,138**	4,400
Rest of the world	**8,068**	8,422
	24,126	24,390

Notes to the Financial Statements
For the Year Ended 30 June 2017

5. Other operating income

	2017 £000	2016 £000
Net rents receivable	**31**	51

6. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets owned by the group	**46**	84
Depreciation of tangible fixed assets held under finance leases	**28**	28
Amortisation of intangible assets, including goodwill	**5**	86
Other operating lease rentals	**561**	572
Amounts of stock written down in the year	**(97)**	499
Impairment loss for doubtful debts recognised in the year	**105**	60

7. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**29**	34
Fees payable to the Group's auditor for taxation services	**12**	9
Fees payable to the Group's auditor for payroll services	**1**	3
	42	46

Notes to the Financial Statements
For the Year Ended 30 June 2017

8. Employees

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

	2017 £000	2016 £000
Wages and salaries	**4,195**	4,221
Social security costs	**266**	266
Cost of defined contribution scheme	**68**	75
	4,529	4,562

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

	2017 No.	2016 No.
Warehouse staff	**35**	37
Distribution staff	**21**	22
Administrative staff	**64**	73
	120	132

9. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	**330**	329

The highest paid director received remuneration of £147,000 (2016: £151,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2016: £Nil).

10. Interest receivable

	2017 £000	2016 £000
Other interest receivable	**44**	6

Notes to the Financial Statements

For the Year Ended 30 June 2017

11. Interest payable and expenses

	2017 £000	2016 £000
Bank interest payable	64	145
Finance leases and hire purchase contracts	2	3
Mortgage interest payable	6	9
	72	157

12. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	110	62
	110	62
Foreign tax		
Foreign tax on income for the year	62	79
Foreign tax in respect of prior periods	(49)	(18)
	13	61
Total current tax	123	123
Deferred tax		
Origination and reversal of timing differences	(52)	23
Total deferred tax	(52)	23
Taxation on profit on ordinary activities	71	146

Notes to the Financial Statements

For the Year Ended 30 June 2017

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	**452**	593
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	**89**	119
Effects of:		
Expenses not deductible for tax purposes	**45**	5
Higher rate taxes on overseas earnings	**31**	40
Adjustments to tax charge in respect of prior periods	**(93)**	(18)
Non-taxable income	**(1)**	(19)
Deferred tax not recognised	**-**	19
Total tax charge for the year	71	146

Notes to the Financial Statements

For the Year Ended 30 June 2017

13. Intangible assets

Group

	Intellectual property £000	Software £000	Trademarks £000	Total £000
Cost				
At 1 July 2016	93	1,063	16	1,172
Additions	-	10	-	10
At 30 June 2017	93	1,073	16	1,182
Amortisation				
At 1 July 2016	93	1,059	7	1,159
Charge for the year	-	4	1	5
At 30 June 2017	93	1,063	8	1,164
Net book value				
At 30 June 2017	-	10	8	18
At 30 June 2016	-	4	9	13

Notes to the Financial Statements
For the Year Ended 30 June 2017

13. Intangible assets (continued)

Company

	Intellectual Property £000	Software £000	Trademarks £000	Total £000
Cost				
At 1 July 2016	93	1,063	16	1,172
Additions	-	10	-	10
At 30 June 2017	93	1,073	16	1,182
Amortisation				
At 1 July 2016	93	1,059	7	1,159
Charge for the year	-	4	1	5
At 30 June 2017	93	1,063	8	1,164
Net book value				
At 30 June 2017	-	10	8	18
At 30 June 2016	-	4	9	13

Notes to the Financial Statements

For the Year Ended 30 June 2017

14. Tangible fixed assets

Group

	Freehold property £000	Motor vehicles £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 July 2016	490	99	918	481	1,988
Additions	-	-	57	7	64
At 30 June 2017	490	99	975	488	2,052
Depreciation					
At 1 July 2016	-	57	833	416	1,306
Charge for the year	-	37	25	12	74
At 30 June 2017	-	94	858	428	1,380
Net book value					
At 30 June 2017	490	5	117	60	672
At 30 June 2016	490	42	85	65	682

The cost/valuation of Freehold land is made up of land held at deemed cost based on a directors' valuation at 1 July 2014. The historical cost of the land is £1,194,000.

The net book amount includes an amount of £9,000 (2016: £37,000) in respect of assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £28,000 (2016: £28,000).

Notes to the Financial Statements

For the Year Ended 30 June 2017

14. Tangible fixed assets (continued)

Company

	Freehold property £000	Motor vehicles £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 July 2016	490	84	866	396	1,836
Additions	-	-	54	7	61
At 30 June 2017	490	84	920	403	1,897
Depreciation					
At 1 July 2016	-	47	803	341	1,191
Charge for the year	-	28	25	12	65
At 30 June 2017	-	75	828	353	1,256
Net book value					
At 30 June 2017	490	9	92	50	641
At 30 June 2016	490	37	63	55	645

The cost/valuation of Freehold land is made up of land held at deemed cost based on a directors' valuation at 1 July 2014. The historical cost of the land is £1,194,000.

The net book amount includes an amount of £9,000 (2016: £37,000) in respect of assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £28,000 (2016: £28,000).

Notes to the Financial Statements

For the Year Ended 30 June 2017

15. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 July 2016	1,500
At 30 June 2017	1,500

The 2016 and 2017 valuations were made by the directors, on an open market value for existing use basis.

Company

	Freehold investment property £000
Valuation	
At 1 July 2016	1,500
At 30 June 2017	1,500

The 2016 and 2017 valuations were made by the directors, on an open market value for existing use basis.

Notes to the Financial Statements

For the Year Ended 30 June 2017

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Panache Licensing Limited	Ordinary	100 %	Dormant
Panache Contract Lingerie Limited	Ordinary	100 %	Wholesale distribution of ladies undergarments
Panache North America Inc.	Ordinary	100 %	Wholesale distribution of ladies undergarments
Panache Lingerie Canada Inc.	Ordinary	100 %	Wholesale distribution of ladies undergarments
Panache Lingerie Asia Limited	Ordinary	100 %	Wholesale distribution of ladies undergarments

All of the Ordinary share capital of Panache China Limited (registered in China) is held via Panache Lingerie Asia Limited.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2016	606
Disposals	(20)
At 30 June 2017	586
Impairment	
At 1 July 2016	20
Impairment on disposals	(20)
At 30 June 2017	-
Net book value	
At 30 June 2017	586
At 30 June 2016	586

Notes to the Financial Statements
For the Year Ended 30 June 2017

17. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £213,000 (2016 - £368,000).

18. Stocks

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Finished goods and goods for resale	**6,762**	6,047	**4,394**	3,499

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £12,194,000 (2016: £10,955,000).

Faunus Group International, Inc. hold security over stock in the US subsidiary.

Barclays Bank plc hold security over stock held in Panache Lingerie Limited.

19. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	**3,352**	3,926	**2,596**	2,852
Amounts owed by group undertakings	**-**	-	**984**	397
Other debtors	**113**	24	**113**	24
Prepayments and accrued income	**1,127**	931	**1,110**	860
Tax recoverable	**-**	1	**-**	1
Deferred taxation	**56**	4	**56**	4
Financial instruments	**-**	186	**-**	186
	4,648	5,072	**4,859**	4,324

Amounts owed by group undertakings relate to normal trade between Group companies, no interest is charged and they are repayable on demand.

Notes to the Financial Statements
For the Year Ended 30 June 2017

20. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	**515**	1,050	**328**	718
Less: bank overdrafts	**(2,302)**	(2,694)	**(2,302)**	(2,167)
	(1,787)	(1,644)	**(1,974)**	(1,449)

21. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank overdrafts	**2,302**	2,694	**2,302**	2,167
Bank loans	**184**	159	**184**	159
Other loans	**-**	100	**-**	100
Trade creditors	**2,171**	2,294	**1,781**	1,537
Amounts owed to group undertakings	**-**	-	**973**	-
Corporation tax	**113**	81	**105**	62
Other taxation and social security	**219**	246	**206**	227
Obligations under finance lease and hire purchase contracts	**30**	20	**30**	20
Other creditors	**57**	353	**57**	362
Accruals and deferred income	**916**	666	**567**	547
Financial instruments	**45**	19	**45**	19
	6,037	6,632	**6,250**	5,200

Amounts under short term financing arrangements amounting to £1,327,000 (2016: £1,478,000) included in bank overdrafts are secured on those trade debtors against which advances have been made. A total of £322,000 (2016: £258,000) included in bank loans and overdrafts is secured against stock held by the subsidiary Panache North America Inc.

Amounts owed to group undertakings relate to normal trade between Group companies, no interest is charged and they are repayable on demand.

Notes to the Financial Statements

For the Year Ended 30 June 2017

22. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans	234	425	234	425
Net obligations under finance leases and hire purchase contracts	-	30	-	30
	234	455	234	455

23. Loans

Bank loans relate to a mortgage secured against the investment property.

Other loans relate to a Finance Yorkshire loan.

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts falling due within one year				
Bank loans	184	159	184	159
Other loans	-	100	-	100
	184	259	184	259
Amounts falling due 1-2 years				
Bank loans	234	159	234	159
	234	159	234	159
Amounts falling due 2-5 years				
Bank loans	-	266	-	266
	-	266	-	266

24. Analysis of changes in net (debt)/funds

	1 July 2016 £000	Cash flow £000	30 June 2017 £000
Cash at bank and in hand	1,050	(535)	515
Bank overdraft	(2,694)	392	(2,302)
	(1,644)	(143)	(1,787)
Finance leases	(50)	20	(30)
Debts due within one year	(259)	75	(184)
Debts falling due after more than one year	(425)	191	(234)
	(2,378)	143	(2,235)

25. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Within one year	**30**	23	**30**	23
Between 1-2 years	**-**	52	**-**	52
	30	75	**30**	75
Less: Finance charges	**-**	(6)	**-**	(6)
	30	69	**30**	69

Notes to the Financial Statements

For the Year Ended 30 June 2017

26. Financial Instruments

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Financial assets measured at fair value through profit or loss				
Forward exchange contracts	-	188	-	188
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	**3,502**	3,926	**2,596**	2,852
Amounts owed by group undertakings	-	-	**984**	397
Financial liabilities measured at amortised cost				
Bank overdrafts	**2,302**	2,694	**2,302**	2,167
Bank loans	**418**	584	**418**	584
Other loans	-	100	-	100
Trade creditors	**2,171**	2,294	**1,781**	1,537
Amounts owed to group undertakings	-	-	**973**	-
Obligations under finance lease and hire purchase contacts	**30**	50	**30**	50
Other creditors	**57**	353	**57**	362
Financial liabilities measured at fair value through profit or loss				
Forward exchange contracts	**45**	19	**45**	19

27. Financial risk management

The group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk.

Foreign exchange transactional currency exposure
The group is exposed to currency exchange rate risk as a significant proportion of its cost of goods are denominated in non-Sterling currencies. The net exposure is monitored and managed by the use of forward foreign exchange contracts. The forward foreign exchange contracts all mature within 12 months.

Liquidity risk
The group expects to meet its financial obligations through operating cash flows and the utilisation of working capital loan facilities that it has in place. The Directors regularly monitor and forecast operating cash flows and the headroom within its working capital loan facilities to ensure the group is in position to meet its commitments and obligations as they come due.

Customer credit exposure
The group may offer credit terms to its customers which allow payment of the debt after delivery of goods. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Interest rate risk
The group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

28. Deferred taxation

Group

	Deferred tax asset £000
At beginning of year	4
Charged to profit or loss	52
At end of year	**56**

28. Deferred taxation (continued)

Company

	Deferred tax asset £000
At beginning of year	4
Charged to profit or loss	52
At end of year	**56**

	Group 2017 £000	Company 2017 £000
Decelerated capital allowances	56	56
	56	56

29. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
4,800 Ordinary shares of £1 each	5	5

30. Reserves

Capital redemption reserve

Pertains to non-distributable reserve into which amounts are transferred following the redemption or purchase of the company's own shares.

Profit & loss account

Includes all current and prior period retained profits and losses.

31. Contingent liabilities

An unlimited guarantee has been provided by Panache North America Inc over amounts due on bank loans and overdrafts by Panache Lingerie Limited.

Notes to the Financial Statements
For the Year Ended 30 June 2017

32. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £68,000 (2016: £75,000). Contributions totalling £14,887 (2016: £14,295) were payable to the fund at the reporting date.

33. Commitments under operating leases

At 30 June 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Not later than 1 year	**412**	515	**269**	360
Later than 1 year and not later than 5 years	**1,096**	641	**522**	73
Later than 5 years	**632**	782	**-**	-
	2,140	1,938	**791**	433

34. Related party transactions

The company is exempt from disclosing transactions and balances with wholly owned subsidiaries in accordance with FRS 102.

Included within other creditors as at 30 June 2017 are amounts payable to the directors of the company as follows:

	J Power £	**L Power £**	**D Power £**	**S Grantham £**
Balance due to directors as at 1 July 2016	**(145,733)**	**(25,263)**	**(151,160)**	**(29,750)**
Advances to	**-**	**(4,487)**	**-**	**-**
Repayments	**145,733**	**29,750**	**151,160**	**29,750**
Interest	**-**	**-**	**-**	**-**
Repayments made after the year end	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**

During the year the directors did not receive any dividends from the company.

Key management personnel are considered to be the directors and the operational board. Aggregate remuneration which includes remuneration, benefits in kind and contributions to pension scheme for this group amounted to £643,170 (2016: £749,634)

Notes to the Financial Statements
For the Year Ended 30 June 2017

35. Limited liability agreement with auditor

The directors propose that the company enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 30 June 2017. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the shareholders by written resolution.