

Registration number: 02764368

Acheson & Acheson Limited
Annual Report and Financial Statements
for the Period from 1 April 2018 to 31 December 2018



Acheson & Acheson Limited

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Acheson & Acheson Limited

Company Information

Directors

J P Pochin

J A Gallemore

Company secretary

J P Pochin

Registered office

5th Floor
Voyager House Chicago Avenue
Manchester Airport
Manchester
M90 3DQ

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

HSBC Bank Plc
8 Canada Square
Canary Wharf
London
E14 5HQ

Santander UK Plc
2 Triton Square
Regent's Place
London
NW1 5LB

Citibank N.A
33 Canada Square
London
N14 5LB

JP Morgan Securities Plc
25 Bank Street
London
E14 5JP

Acheson & Acheson Limited

Company Information (continued)

The Royal Bank of Scotland Plc
36 St Andrew Square
Edinburgh
EH2 2YB

The Governor and Company of the Bank of Ireland
Bow Bells House
1 Bread Street
London
EC4M 9BE

Shanghai Pudong Development Bank Co., Ltd
19th Floor
1 Angel Court
London
EC2V 7HN

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Silicon Valley Bank
Alphabeta
14 - 18 Finsbury Square
London
EC2A 1BR

PDL Europe Holdings LP
1100-10830 Jasper Avenue
Edmonton
Alberta
T5J 2B3

Auditors

Smithfield Accountants LLP
Suite 50, Unit 5
Stansted Courtyard
Parsonage Road
Takeley
Essex, CM22 6PU

Acheson & Acheson Limited

Strategic Report for the Period from 1 April 2018 to 31 December 2018

The directors present their strategic report for the period from 1 April 2018 to 31 December 2018.

Fair review of the business

The Directors are pleased with the results for the period, reporting revenue of £32.5m (period ended 31 March 2018: £39.3m) and a profit before tax of £2.2m (period ended 31 March 2018: £4.3m).

The Company has a strong balance sheet that allows it to look at further investment when this is beneficial, and the directors consider the results and the Company's financial position to be satisfactory, and look forward to further developing the business over the coming years.

Key financial performance data is as shown in the attached accounts. The Company does not break down its activities into smaller segments, as the directors do not believe that this would be of any overall benefit, when the costs of analysis are factored in.

Principal risks and uncertainties

The execution of the Company's strategy and the management of its business are subject to a number of risks and uncertainties. The principal risks and uncertainties include: competition; supply chain risk; technological change; and employee hiring and retention.

Competitor activities are constantly monitored to ensure that the Business can react in a timely manner to such activity and ensure that the Company maintains a competitive position in each market in which it operates.

Significant effort is placed on working with suppliers to manage the potential risk of interruptions and delays in supply or distribution that may adversely impact on trade. The Company has multiple delivery routes and options, and uses multiple delivery service providers, to reduce the level of dependency on any single provider. There is continuous monitoring of service levels and warehouse handling to ensure goods are delivered in a timely manner. All products are on relatively short lead times, with a steady flow of products into the warehouse, enabling supply chain to be diverted to alternative locations if necessary within a manageable time frame.

The Company has a strong balance sheet that allows it to look at further investment when this is beneficial, and the directors consider the results and the Company's financial position to be satisfactory, and look forward to further developing the business over the coming years.

The Company is able to attract and retain high calibre employees through a combination of competitive basic salaries and performance based bonuses coupled with share option schemes, which are open to individuals at every level in the Business.

Approved by the Board on 14/08/2019 and signed on its behalf by:

.....
J A Gallemore
Director

Acheson & Acheson Limited

Directors' Report for the Period from 1 April 2018 to 31 December 2018

The directors present their report and the financial statements for the period from 1 April 2018 to 31 December 2018.

Incorporation

The company was incorporated on 13 November 1992.

Directors' of the company

The directors, who held office during the period, were as follows:

J P Pochin - Company secretary and director (appointed 31 August 2018)

J A Gallemore (appointed 31 August 2018)

K H Acheson (resigned 31 August 2018)

T R Acheson (resigned 31 August 2018)

F J Acheson (resigned 31 August 2018)

The ultimate holding company is The Hut Group Limited, a company registered in England and Wales, in which the Directors hold direct interests as discussed in the financial statements of that company.

Principal activity

The Company's principal activity is the manufacture and marketing of toiletries and gift products.

Dividends

The directors do not recommend the payment of a dividend for the period.

Financial instruments

Objectives and policies

Senior management are aware of their responsibility for managing risks within their business units. The head of each business unit reports to the Board on the status of these risks through management reports. Risk is regularly reviewed at board level to ensure that risk management is being implemented and monitored effectively.

The Board's policy is to ensure that the business units are empowered to operate effectively and appropriately, bearing in mind the requirements for timely decision making and commercial reality. Through management reports, risks are highlighted and monitored to identify potential business risk areas and to quantify and address the risk wherever possible.

Price risk, credit risk, liquidity risk and cash flow risk

Commercial and general risk

Standard form contracts are provided by the Business's in-house legal team for commercial use and to ensure the commercial functions negotiate within approved parameters. Insurance policies are regularly reviewed to ensure these are adequate, appropriate and in line with the nature, size and complexity of the Business.

Financial risk management

The Company's operations involve exposure to credit, liquidity risk, currency risk and interest rate risk. The Board's policies for managing these financial risks are implemented by the Chief Financial Officer.

Acheson & Acheson Limited

Directors' Report for the Period from 1 April 2018 to 31 December 2018 (continued)

Credit risk

There is a minority of the Company's customers that pay in advance for purchases. Where services are supplied without advance payment, a credit review of the customer is undertaken at the point order is received and subsequently on a periodic basis. The maximum credit risk exposure is represented by the carrying value as at the statement of financial position date. The credit risk on bank balances is considered to be low as they are held with A rated counter-parties.

Liquidity risk

The Company regularly forecasts cash flow and maintains an appropriate balance of cash and debt facilities to ensure that sufficient funds are available from to cover future expenses and capital expenditure.

Currency risk

The Company predominantly generates revenue in sterling, along with an increasing proportion in foreign currency. In addition, certain key suppliers invoice in foreign currencies. The Company aims to naturally hedge these transactions.

Employment of disabled persons

The Company has a full equal opportunities policy, and gives full and fair consideration to applications made by disabled persons, appropriate training and adjustments for employees who have become disabled, and training and career development for disabled employees.

Employee involvement

The Company values input from its employees, and employees are encouraged to actively participate in decisions affecting production, quality control, and health and safety, whether formally through regular meetings, or informally through their line managers.

Research and development

The Company undertakes research into new products and methods of extraction, often in conjunction with academic or other commercial organisations, with a view to using these advances in new products for customers. Extensive product development work is carried out by the Company's in house team of chemists for customers to ensure that products are compliant with the relevant legislative requirements, and developments in the relevant markets.

Going concern

The Board has received assurance of ongoing support from the Company's ultimate parent company, The Hut Group Limited, and on the basis of projections and current operating levels believe that adequate finance is in place to allow the Company to continue trade for at least 12 months from the date of signing the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' liabilities

There were no qualifying third party indemnity provisions during the period or in place at the period end.

There were no qualifying third party pension indemnity provisions during the period or in place at the period end.

Acheson & Acheson Limited

Directors' Report for the Period from 1 April 2018 to 31 December 2018 (continued)

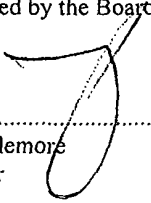
Disclosure of information to the auditors

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Smithfield Accountants LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 14/08/2019 and signed on its behalf by:



.....
J A Gallemore
Director

Acheson & Acheson Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Acheson & Acheson Limited

Independent Auditor's Report to the Members of Acheson & Acheson Limited

Opinion

We have audited the financial statements of Acheson & Acheson Limited (the 'Company') for the period from 1 April 2018 to 31 December 2018, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Acheson & Acheson Limited

Independent Auditor's Report to the Members of Acheson & Acheson Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Acheson & Acheson Limited

**Independent Auditor's Report to the Members of Acheson & Acheson Limited
(continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Smithfield Accountants LLP
Elias Poli (Senior Statutory Auditor)
For and on behalf of Smithfield Accountants LLP, Statutory Auditor

Suite 50, Unit 5
Stansted Courtyard
Parsonage Road
Takeley
Essex, CM22 6PU

Date: *14th* August, 2019

Acheson & Acheson Limited

Income Statement for the Period from 1 April 2018 to 31 December 2018

	Note	9 months ended December 2018 £ 000	12 months ended March 2018 £ 000
Turnover	3	32,462	39,308
Cost of sales		<u>(23,876)</u>	<u>(29,584)</u>
Gross profit		8,586	9,724
Distribution costs		(259)	-
Administrative expenses		<u>(5,961)</u>	<u>(5,089)</u>
Operating profit	4	<u>2,366</u>	<u>4,635</u>
Other interest receivable and similar income	5	1	1
Interest payable and similar charges	6	<u>(172)</u>	<u>(385)</u>
		<u>(171)</u>	<u>(384)</u>
Profit before tax		2,195	4,261
Tax on profit on ordinary activities	10	<u>(50)</u>	<u>(826)</u>
Profit for the period		<u>2,145</u>	<u>3,435</u>

The above results were derived from continuing operations.

Acheson & Acheson Limited

(Registration number: 02764368)

Statement of Financial Position as at 31 December 2018

		31 December 2018 £ 000	31 March 2018 £ 000
	Note		
Non-current assets			
Intangible assets	12	263	-
Tangible assets	11	12,402	12,756
Investments	13	-	-
		<u>12,665</u>	<u>12,756</u>
Current assets			
Stocks	14	10,125	10,094
Debtors	15	11,488	11,909
Cash at bank and in hand	16	155	239
		<u>21,768</u>	<u>22,243</u>
Creditors: Amounts falling due within one year		<u>(11,363)</u>	<u>(10,286)</u>
Net current assets		<u>10,405</u>	<u>11,957</u>
Total assets less current liabilities		23,070	24,713
Creditors: Amounts falling due after more than one year		(676)	(4,512)
Provisions for liabilities	10	<u>(259)</u>	<u>(211)</u>
Net assets		<u>22,135</u>	<u>19,990</u>
Capital and reserves			
Called up share capital	17	20	20
Profit and loss account		<u>22,115</u>	<u>19,970</u>
Shareholders' funds		<u>22,135</u>	<u>19,990</u>

Approved by the Board on 14/08/2019 and signed on its behalf by:

.....
J A Gallemore
Director

The notes on pages 14 to 27 form an integral part of these financial statements.

Acheson & Acheson Limited

Statement of Changes in Equity for the Period from 1 April 2018 to 31 December 2018

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2018	20	19,970	19,990
Profit for the period	-	2,145	2,145
At 31 December 2018	20	22,115	22,135

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2017	20	16,535	16,555
Profit for the period	-	3,435	3,435
At 31 March 2018	20	19,970	19,990

The notes on pages 14 to 27 form an integral part of these financial statements.
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Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated in England & Wales and domiciled in United Kingdom.

The address of its registered office is:

5th Floor
Voyager House Chicago Avenue
Manchester Airport
Manchester
M90 3DQ
England

The Company's functional and presentational currency is British pound sterling.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with United Kingdom's Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework.

The Company is a private limited company, limited by shares, and it is domiciled and incorporated in England and Wales. The Company's registered address is 5th Floor, Voyager House, Chicago Avenue, Manchester Airport, Manchester, M90 3DQ.

Summary of disclosure exemptions

The Company's key accounting policies adopted are set out below, which apply in preparing the financial statements for the year ended 31 December 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- i) The requirements of IAS 7 Statement of Cash Flows.
- ii) The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.
- ii) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets.
- iv) The requirements of IFRS 7 Financial Instruments: Disclosures
- v) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

2 Accounting policies (continued)

Going concern

The Board have received assurances of ongoing support from the Company's ultimate holding company, The Hut Group Limited, and on the basis of projects and current operating levels believe that adequate finance is in place to allow the Company to continue to trade in the foreseeable future and pay its debts as they fall due. The Company is party to group banking facilities under which it and other subsidiaries have provided a cross guarantee, secured over the assets of the Company.

The Directors have therefore concluded that it is appropriate to continue to prepare the financial statements on the going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2018 have had a material effect on the financial statements.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Revenue includes revenue earned from the sale of goods and from rendering of services and are recognised at a point in time when the customer obtains the control.

The transaction price is allocated to performance obligations on a relative stand-alone selling price basis. Revenue for services provided is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	5-10 years
Fixtures and fittings	3-20 years
Computer equipment and software	1-10 years
Freehold buildings	20-50 years
Motor Vehicles	3-7 years
Leasehold improvements	Lower of lease term or asset life

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Platform development costs	1-5 years
Brands	5 years-indefinite
Computer software	1-10 years
Intellectual Property (including customer lists, domain and trade names)	2-10 years

Investments

Investments in unquoted equity instruments are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The right of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the Company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	31 December 2018 £ 000	31 March 2018 £ 000
Sale of goods	32,462	39,308

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

3 Turnover (continued)

	2018 £ 000	2018 £ 000
UK	31,587	39,226
Europe	861	4
Rest of the world	14	78
	<u>32,462</u>	<u>39,308</u>

Geographic analysis is based on the country in which the customer is located.

4 Operating profit

Arrived at after charging/(crediting)

	31 December 2018 £ 000	31 March 2018 £ 000
Depreciation expense	808	1,135
Amortisation expense	19	-
Operating lease rentals	-	2
Foreign exchange (gains)/losses	(98)	187
Profit on disposal of property, plant and equipment	<u>(36)</u>	<u>(10)</u>

5 Other interest receivable and similar income

	31 December 2018 £ 000	31 March 2018 £ 000
Other finance income	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	31 December 2018 £ 000	31 March 2018 £ 000
Interest on bank overdrafts and borrowings	72	350
Interest on obligations under finance leases and hire purchase contracts	93	34
Other finance costs	<u>7</u>	<u>45</u>
	<u>172</u>	<u>430</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

7 Staff costs (continued)

	31 December 2018 £ 000	31 March 2018 £ 000
Wages and salaries	8,660	8,263
Social security costs	502	714
Pension costs, defined contribution scheme	133	180
Other employee expense	51	33
	<u>9,346</u>	<u>9,190</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2018 No.	2018 No.
Production	374	340
Administration and support	15	16
	<u>389</u>	<u>356</u>

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	31 December 2018 £ 000	31 March 2018 £ 000
Remuneration	<u>111</u>	<u>290</u>

In respect of the highest paid director:

	31 December 2018 £ 000	31 March 2018 £ 000
Remuneration	56	148

The current directors in office did not receive any emoluments in respect of their services for the 9 month period ended 31 December 2018 and are remunerated through other group companies.

9 Auditors' remuneration

	31 December 2018 £ 000	31 March 2018 £ 000
Audit of the financial statements	<u>14</u>	<u>15</u>

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

10 Income tax

Tax charged/(credited) in the income statement

	31 December 2018 £ 000	31 March 2018 £ 000
Current taxation		
UK corporation tax	-	783
Deferred taxation		
Origination and reversal of timing differences	80	43
Adjustment in respect of prior periods	(22)	-
Effect of changes in tax rates	(8)	-
Tax expense in the income statement	50	826

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19.25%).

The differences are reconciled below:

	31 December 2018 £ 000	31 March 2018 £ 000
Profit before tax	2,195	4,261
Corporation tax at standard rate at 19% (31 March 2018: 19.25%)	418	783
Increase (decrease) in current tax from adjustment for prior periods	(22)	-
Increase (decrease) from effect of capital allowances depreciation	-	43
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	142	-
Increase (decrease) arising from group relief tax reconciliation	(480)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	(8)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	-
Total tax charge	50	826

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

10 Income tax (continued)

Deferred tax

Deferred tax movement during the period:

	At 1 April 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated capital allowances	(211)	(49)	(260)

Deferred tax movement during the prior year:

	At 1 April 2017 £ 000	Recognised in income £ 000	At 31 March 2018 £ 000
Accelerated capital allowances	(167)	(44)	(211)

11 Property, plant and equipment

	Land and buildings £ 000	Plant and machinery £ 000	Office equipment £ 000	Motor Vehicles £ 000	Total £ 000
Cost or valuation					
At 1 April 2018	11,302	7,601	-	569	19,472
Additions	111	282	47	58	498
Disposals	-	(26)	-	(161)	(187)
Transfer	-	(587)	587	-	-
At 31 December 2018	<u>11,413</u>	<u>7,270</u>	<u>634</u>	<u>466</u>	<u>19,783</u>
Depreciation					
At 1 April 2018	1,581	4,697	-	438	6,716
Charge for the year	145	573	40	51	809
Disposals	-	(23)	-	(121)	(144)
Transfer	-	(400)	400	-	-
At 31 December 2018	<u>1,726</u>	<u>4,847</u>	<u>440</u>	<u>368</u>	<u>7,381</u>
Carrying amount					
At 31 December 2018	<u>9,687</u>	<u>2,423</u>	<u>194</u>	<u>98</u>	<u>12,402</u>
At 31 March 2018	<u>9,721</u>	<u>2,903</u>	<u>-</u>	<u>132</u>	<u>12,756</u>

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

11 Property, plant and equipment (continued)

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	31 December 2018 £ 000	31 March 2018 £ 000
Plant and Machinery	1,103	1,381

12 Intangible assets

	Intellectual property £ 000	Total £ 000
Cost or valuation		
At 1 April 2018	-	-
Additions	282	282
At 31 December 2018	282	282
Amortisation		
Amortisation charge	19	19
At 31 December 2018	19	19
Carrying amount		
At 31 December 2018	263	263

Intangible asset has been recognised for the Ameliorate brand, £282k was paid as consideration to a third party for 1/3 of the interest.

13 Investments

	31 December 2018 £	31 March 2018 £
Shares in subsidiary undertakings	200	200

The Company holds 100% of the ordinary share capital in the following subsidiaries as at 31 December 2018:

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

13 Investments (continued)

Name of subsidiary	Nature of business	Registered office	Holding	Proportion of ownership interest and voting rights held at	
				2018	2018
1010 Products Ltd.	Dormant	5th Floor, Voyager House Chicago Avenue, Manchester Airport, Manchester, England, M90 3DQ England & Wales	Ordinary	100%	100%
Ameliorate Skincare Ltd.	Dormant	5th Floor, Voyager House Chicago Avenue, Manchester Airport, Manchester, England, M90 3DQ England & Wales	Ordinary	100%	100%

Both subsidiaries are dormant, and the Company has not prepared group accounts on the basis that the subsidiaries are not material to the purpose of giving a true and fair view.

14 Inventories

	31 December 2018 £ 000	31 March 2018 £ 000
Inventories, work in progress & goods for resale	10,125	10,094

15 Trade and other receivables

	31 December 2018 £ 000	31 March 2018 £ 000
Trade receivables	11,057	11,682
Prepayments	287	227
Corporation tax asset	144	-
	<u>11,488</u>	<u>11,909</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

16 Cash and cash equivalents

	31 December 2018 £ 000	31 March 2018 £ 000
Cash at bank	155	239

17 Share capital

Allotted, called up and fully paid shares

	31 December 2018		31 March 2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary share capital of £1 each	20	20	20	20

18 Loans and borrowings

	31 December 2018 £ 000	31 March 2018 £ 000
Non-current loans and borrowings		
Hire purchase contracts	676	820
Bank loans	-	3,692
	676	4,512
Current loans and borrowings		
Hire purchase contracts	283	361
Bank loans	-	510
	283	871

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

The bank borrowings of the Company's ultimate parent, The Hut Group Limited, are secured by a fixed and floating charge over the assets of the Company.

19 Obligations under leases and hire purchase contracts

Finance leases

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

19 Obligations under leases and hire purchase contracts (continued)

	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
9 months ended 31 December 2018			
Within one year	309	(26)	283
In two to five years	743	(67)	676
	<u>1,052</u>	<u>(93)</u>	<u>959</u>
	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
12 months ended 31 March 2018			
Within one year	413	(52)	361
In two to five years	894	(73)	821
	<u>1,307</u>	<u>(125)</u>	<u>1,182</u>

The present values of future finance lease payments are analysed as follows:

	31 December 2018 £ 000	31 March 2018 £ 000
Current liabilities	283	361
Non-current liabilities	<u>676</u>	<u>821</u>
	<u>959</u>	<u>1,182</u>

20 Trade and other payables

	31 December 2018 £ 000	31 March 2018 £ 000
Trade payables	3,979	3,326
Accrued expenses	88	700
Amounts due to related parties	5,939	-
Social security and other taxes	1,028	1,163
Other payables	46	-
Bank overdrafts	-	3,788
Corporation tax liability	-	438
	<u>11,080</u>	<u>9,415</u>

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note.

21 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £132,577 (2018 - £179,767).

Acheson & Acheson Limited

Notes to the Financial Statements for the Period from 1 April 2018 to 31 December 2018 (continued)

22 Contingent liabilities

The Company's bankers have given a guarantee not exceeding £100,000 to H. M. Revenue & Customs in respect of import duty deferments with full recourse to the Company. The directors do not anticipate that any financial loss will result from this guarantee.

23 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is The Hut Group Limited.

These financial statements are available upon request from 5th Floor, Voyager House Chicago Avenue, Manchester Airport, England, M90 3DQ.

24 Parent and ultimate parent undertaking

The company's immediate parent is The Hut IHC Limited.

The ultimate parent is The Hut Group Limited. These financial statements are available upon request from 5th Floor, Voyager House Chicago Avenue, Manchester Airport, England, M90 3DQ.

The ultimate controlling party is The Hut Group Limited.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is The Hut Group Limited, incorporated in England & Wales.

The address of The Hut Group Limited is:

5th Floor, Voyager House Chicago Avenue, Manchester Airport, England, M90 3DQ.