Company Registration No. 08166807 (England and Wales)

REVOLUTION DIRECT LTD

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
24 JUNE 2018

REVOLUTION DIRECT LTD

COMPANY INFORMATION

Director	J J Gelp Jr
Secretary	Oakwood Corporate Secretary Limited
Company number	08166807
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire United Kingdom WA14 2DT
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

REVOLUTION DIRECT LTD

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 24 JUNE 2018

The director presents his annual report and financial statements for the period ended 24 June 2018. The director has taken advantage of the small companies exemption from the requirement to prepare a strategic report.

Principal activities
During the period the principal activity of the company was that of a holding company. The principal activity of the group was that of a mail order distributor of dancewear and accessories.

Director
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

S Harris	(Resigned 25 June 2018)
L Rubinov	(Resigned 25 June 2018)
J C Glover	(Resigned 25 June 2018)
M Kronenfeld	(Resigned 29 January 2019)
J Sclafani	(Appointed 6 July 2018 and resigned 29 January 2019)
J J Gelp Jr	(Appointed 9 January 2019)

Results and dividends
The results for the period are set out on page 6. No ordinary dividends were paid. The director does not recommend payment of a dividend.

Future developments
The director believes that the long-term prospects of the group are favourable and will continue to invest in the resources to drive that growth.

Events after the reporting date
After the period end, as detailed in note 29, there was a change in ownership. On 12 October 2018 the group acquired the entire issued ordinary share capital of International Dance Supplies Limited for consideration of £33.3m and increased its share capital by £23.0m Further details are given in note 30.

Financial risk management
The board regularly reviews the financial requirements of the group. The group does not use complex financial instruments.

Brexit
Subsequent to triggering article 50, the UK expects to depart the European Union on 29 March 2019. At the date this report was approved, the outcome of the negations with the European Union regarding the UK's exit from the EU and subsequent trading relationship is not finalised and therefore there is uncertainty as to the outcome and potential future impact on the business.

The following risks and potential impacts could affect the group:

- Potential delays in shipping goods to and from the EU member states, for any group sales to EU customers, or EU based group entities.
- Additional tariffs on goods shipped to and from the EU, and on group sales to EU customers, or EU based group entities.
- Potential changes and turbulence in exchange rates, on both sales and supplier purchases.
- Impact of a general downturn from a no-deal Brexit on sales.

The director has considered these risks and has put in place appropriate contingency plans, as well as identifying natural hedging opportunities that the group structure allows.

REVOLUTION DIRECT LTD

DIRECTOR'S REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 JUNE 2018

Auditor

RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been in have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Audit exemption

The Companies & Limited Liability Partnerships (Accounts & Audit Exemptions & Change of Accounting Framework) Regulations 2012 (SI 2012/2301) amends the Companies Act 2006 from 1 October 2012 in relation to statutory audit requirements. Revolution Direct Ltd has agreed to guarantee all the liabilities of its trading subsidiary companies as at 30 June 2018 and as a result each UK trading subsidiary identified in note 14 to the accounts has claimed the audit exemption from mandatory audit that is now permitted by these regulations. As a consequence of these exemptions only the consolidated accounts of the group have been audited.

On behalf of the board

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J J Gelp Jr
Director

Date: 3/13/19

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 24 JUNE 2018

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUTION DIRECT LTD

Opinion

We have audited the financial statements of Revolution Direct Ltd (the 'parent company') and its subsidiaries (the 'group') for the period ended 24 June 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 24 June 2018 and of the group's loss 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 group and 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.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the director's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUTION DIRECT LTD (CONTINUED)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

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

- adequate accounting records have not been kept 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of director
As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 director is 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 director 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

RSM UK Audit LLP
Hywel Pegler (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD
14 MARCH 2019

REVOLUTION DIRECT LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 24 JUNE 2018

	Notes	51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £
Turnover	3	6,115,281	6,769,651
Cost of sales		(3,635,881)	(3,369,549)
Gross profit		2,479,400	3,400,102
Distribution costs		(838,754)	(802,639)
Administrative expenses		(3,345,691)	(4,747,985)
Exceptional items	4	(1,573,744)	4,002,242
Operating (loss)/profit	6	(3,278,789)	1,851,720
Interest payable to group undertakings	9	(827,190)	(1,261,353)
(Loss)/profit before taxation		(4,105,979)	590,367
Tax on (loss)/profit	10	(36,319)	(89,815)
(Loss)/profit for the financial period		(4,142,298)	500,552
Other comprehensive income net of taxation			
Currency translation differences		4,348	46,607
Total comprehensive income for the period		(4,137,950)	547,159

(Loss)/profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

Company Registration No. 08166807

REVOLUTION DIRECT LTD

STATEMENTS OF FINANCIAL POSITION
AS AT 24 JUNE 2018

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Fixed assets					
Goodwill	12	1,533,302	3,637,295	-	-
Other intangible assets	12	202,781	138,004	-	-
Total intangible assets		1,736,083	3,775,299	-	-
Tangible assets	13	71,984	146,139	-	-
Investments	14	-	-	4,409,676	4,409,676
		1,808,067	3,921,438	4,409,676	4,409,676
Current assets					
Stocks	15	2,091,484	2,911,101	-	-
Debtors	16	1,380,403	850,737	-	-
Cash at bank and in hand		722,201	680,662	-	-
		4,194,088	4,442,500	-	-
Creditors: amounts falling due within one year	17	(16,876,882)	(15,469,069)	(14,967,985)	(14,244,525)
Net current liabilities		(12,682,794)	(11,026,569)	(14,967,985)	(14,244,525)
Total assets less current liabilities		(10,874,727)	(7,105,131)	(10,558,309)	(9,834,849)
Creditors: amounts falling due after more than one year	18	-	-	(746,054)	(746,054)
Provisions for liabilities	21	(693,068)	(324,714)	-	-
Net liabilities		(11,567,795)	(7,429,845)	(11,304,363)	(10,580,903)
Capital and reserves					
Called up share capital	24	100	100	100	100
Share premium account	25	5,594,212	5,594,212	5,594,212	5,594,212
Profit and loss reserves	25	(17,162,107)	(13,024,157)	(16,898,675)	(16,175,215)
Total equity		(11,567,795)	(7,429,845)	(11,304,363)	(10,580,903)

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the period was £723,460 (2017 - £1,200,745 loss).

The financial statements were approved by the board of directors and authorised for issue on 3/13/19 and are signed on its behalf by:

J J Gelp Jr
Director

REVOLUTION DIRECT LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 24 JUNE 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2016	100	5,594,212	(13,571,316)	(7,977,004)
Period ended 30 June 2017:				
Profit for the period	-	-	500,552	500,552
Other comprehensive income net of taxation:				
Currency translation differences	-	-	46,607	46,607
Total comprehensive income for the period	-	-	547,159	547,159
Balance at 30 June 2017	100	5,594,212	(13,024,157)	(7,429,845)
Period ended 24 June 2018:				
Loss for the period	-	-	(4,142,298)	(4,142,298)
Other comprehensive income net of taxation:				
Currency translation differences	-	-	4,348	4,348
Total comprehensive income for the period	-	-	(4,137,950)	(4,137,950)
Balance at 24 June 2018	100	5,594,212	(17,162,107)	(11,567,795)

REVOLUTION DIRECT LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 24 JUNE 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2016	100	5,594,212	(14,974,470)	(9,380,158)
Period ended 30 June 2017:				
Loss and total comprehensive income for the period	-	-	(1,200,745)	(1,200,745)
Balance at 30 June 2017	100	5,594,212	(16,175,215)	(10,580,903)
Period ended 24 June 2018:				
Loss and total comprehensive income for the period	-	-	(723,460)	(723,460)
Balance at 24 June 2018	100	5,594,212	(16,898,675)	(11,304,363)

REVOLUTION DIRECT LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 24 JUNE 2018

	Notes	£	51 weeks ended 24 June 2018 £	£	Year ended 30 June 2017 as restated £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		277,676		(321,172)
Income taxes paid			(64,569)		(61,565)
Net cash inflow/(outflow) from operating activities			213,107		(382,737)
Investing activities					
Purchase of intangible assets		(145,810)		(195,530)	
Purchase of tangible fixed assets		(26,371)		(21,526)	
Proceeds on disposal of tangible fixed assets		79		-	
Net cash used in investing activities			(172,102)		(217,056)
Net increase/(decrease) in cash and cash equivalents			41,005		(599,793)
Cash and cash equivalents at beginning of period			680,662		1,257,943
Effect of foreign exchange rates			534		22,512
Cash and cash equivalents at end of period			722,201		680,662

1 Accounting policies

Company information
Revolution Direct Ltd ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. The group consists of Revolution Direct Ltd and all of its subsidiaries. The company's and the group's principal activities and nature of its operations are disclosed in the Director's Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 ('CA2006').

As permitted by Section 390 of CA2006, the financial statements each year are based on underlying accounting records drawn up to a date not more than seven days before or after the company's accounting reference date of 30 June, reflecting the calendar periods used by management to monitor and control the business.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Restatement of comparatives
In the consolidated statement of cash flows, comparatives have been restated to reclassify amounts previously reported as interest paid. The interest is being rolled up rather than settled in cash. The amounts have now been reported as movements in the respective loan and creditor balances. Cash absorbed by operations has been increased by £60,608, interest paid has been reduced by £1,261,353 and loan cash flows have been reduced by £1,200,745. These adjustments have no net impact on the net decrease in cash and cash equivalents as previously reported for the year ended 30 June 2017.

Reduced disclosures
For the purposes of its individual financial statements, the company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemption from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flows and related notes and disclosures
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Basis of consolidation
The consolidated financial statements incorporate those of Revolution Direct Ltd and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 24 June 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 **Accounting policies (Continued)**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Going concern

The group has net current liabilities of £12,682,794 (2017 - £11,026,569) at the period end and is dependent on the ongoing financial support of its parent company. This is provided in the form of loan notes which are recognised as short-term liabilities at the reporting date at a value of £14,164,619 (2017 - £13,441,159). The parent company has confirmed its intention to continue to support the group for the foreseeable future and a period of not less than twelve months following approval of the financial statements. The director has therefore continued to prepare these accounts on a going concern basis.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts and is recognised on despatch.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of ten years as the director considers the group will continue to benefit from the original business purchased for this period. The director has reviewed this and consider the remaining useful life is still appropriate with this policy.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Software	3 years straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short leasehold premises	5 years straight line
Plant and machinery	3 - 5 years straight line
Fixtures, fittings and equipment	3 - 5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments
In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment of fixed assets
At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1 **Accounting policies (Continued)**

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable for the period. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The group operates a defined contribution scheme. The amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1 Accounting policies (Continued)

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The judgements, estimates and assumptions which have had the most significant impact on amounts recognised in these financial statements are set out below:

Investments in subsidiaries and the carrying value of goodwill
The recoverable amount of goodwill is based on value in use, which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and future earnings growth.

Tangible fixed asset impairment
The net book value of tangible fixed assets is based on value in use, which requires estimates in respect of the allocation of tangible fixed assets to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and future earnings growth.

Stock provision
Finished goods are reviewed on a periodic basis for evidence of obsolescence. The director considers the ageing, current sales price and recent sales quantities in estimating an appropriate stock provision of £693,262 (2017 - £161,985) which is included in the financial statements.

Other provisions
Other provisions are recognised on the basis of applicable tax rates and historic sales. Further details of other provisions can be found in note 21.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	51 weeks ended 24 June 2018	Year ended 30 June 2017
	£	£
Turnover analysed by class of business		
Mail order distribution of dancewear and accessories	6,115,281	6,769,651

	51 weeks ended 24 June 2018	Year ended 30 June 2017
	£	£
Turnover analysed by geographical market		
United Kingdom	2,525,134	2,840,450
Rest of the World	3,590,147	3,929,201
	6,115,281	6,769,651

4 Exceptional costs/(income)

	51 weeks ended 24 June 2018	Year ended 30 June 2017
	£	£
Intercompany loan write off	-	(4,002,242)
Impairment of goodwill	1,400,000	-
Restructuring costs	123,342	-
Impairment of fixed assets	50,402	-
	1,573,744	(4,002,242)

In the comparative period, Revolution Dancewear LLC agreed to waive intercompany amounts owed by the group. This waiver was accounted for as exceptional income.

5 Employees

The average monthly number of persons (including directors) employed during the period was:

	Group 51 weeks ended 24 June 2018 Number	Year ended 30 June 2017 Number	Company 51 weeks ended 24 June 2018 Number	Year ended 30 June 2017 Number
Administration	23	25	-	-
Sales	3	9	-	-
Warehouse	6	14	-	-
	32	48	-	-

Their aggregate remuneration comprised:

	Group 51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £	Company 51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £
Wages and salaries	871,811	1,251,078	-	-
Social security costs	175,018	132,150	-	-
Pension costs	6,352	7,638	-	-
	1,053,181	1,390,866	-	-

6 Operating (loss)/profit

	51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange losses	6,409	187,827
Depreciation of owned tangible fixed assets	50,077	67,534
Impairment of owned tangible fixed assets	50,402	-
Amortisation of intangible assets	785,026	1,057,744
Impairment of intangible assets	1,400,000	418,906
Cost of stocks recognised as an expense	3,635,881	3,369,549
Stocks impairment losses recognised or reversed	679,352	(236,922)
Operating lease charges	226,569	214,190

7 Director's remuneration

The directors received no remuneration from the group in either the current or previous period.

8 Auditor's remuneration

	51 weeks ended 24 June 2018	Year ended 30 June 2017
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the group and company	35,050	33,696
For other services		
Taxation compliance services	13,650	12,500
Other taxation services	13,100	-
All other non-audit services	10,600	10,330
	37,350	22,830

9 Interest payable and similar expenses

	51 weeks ended 24 June 2018	Year ended 30 June 2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	1,080,685	1,041,875
Exchange differences on interest payable to group undertakings	(253,495)	219,478
Total finance costs	827,190	1,261,353
Disclosed on the income statement as follows:		
Interest payable to group undertakings	827,190	1,261,353

10 Taxation

	51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £
Current tax		
Foreign current tax on profits for the current period	64,569	61,565
Deferred tax		
Origination and reversal of timing differences	-	28,250
Adjustment in respect of prior periods	(28,250)	-
Total deferred tax	(28,250)	28,250
Total tax charge for the period	36,319	89,815

The charge for the period can be reconciled to the loss per the income statement as follows:

	51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £
(Loss)/profit before taxation	(4,105,979)	590,367
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(780,136)	116,601
Tax effect of expenses that are not deductible in determining taxable profit	326,887	20,923
Change in unrecognised deferred tax assets	324,489	(249,566)
Effect of overseas tax rates	21,780	22,974
Under/(over) provided in prior years	(28,250)	-
Amortisation of goodwill not deductible	133,759	151,250
Adjust deferred tax to reconciliation rate	37,790	27,633
Taxation charge for the period	36,319	89,815

Factors that may affect future tax charges
The main rate of corporation tax will be reduced to 17% from 1 April 2020.

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

		51 weeks ended 24 June 2018	Year ended 30 June 2017
		£	£
In respect of:			
Goodwill	12	1,400,000	-
Intangible assets (software)		-	418,906
Tangible fixed assets	13	50,402	-
Recognised in:			
Administrative expenses		1,450,402	418,906

12 Intangible fixed assets

Group	Goodwill	Software	Total
	£	£	£
Cost			
At 1 July 2017	11,907,955	1,094,650	13,002,605
Additions - separately acquired	-	145,810	145,810
At 24 June 2018	11,907,955	1,240,460	13,148,415
Amortisation and impairment			
At 1 July 2017	8,270,660	956,646	9,227,306
Amortisation charged for the period	703,993	81,033	785,026
Impairment losses	1,400,000	-	1,400,000
At 24 June 2018	10,374,653	1,037,679	11,412,332
Carrying amount			
At 24 June 2018	1,533,302	202,781	1,736,083
At 30 June 2017	3,637,295	138,004	3,775,299

The company had no intangible fixed assets at 24 June 2018 or 30 June 2017.

The amortisation charge for the period is included within administrative expenses.

13 Tangible fixed assets

Group	Short leasehold premises	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 July 2017	107,047	156,359	303,237	566,643
Additions	1,265	405	24,701	26,371
Disposals	-	(79)	(9,925)	(10,004)
Exchange adjustments	-	9	69	78
At 24 June 2018	108,312	156,694	318,082	583,088
Depreciation and impairment				
At 1 July 2017	41,532	132,642	246,330	420,504
Depreciation charged in the period	21,344	3,474	25,259	50,077
Impairment losses	45,436	-	4,966	50,402
Eliminated in respect of disposals	-	-	(9,925)	(9,925)
Exchange adjustments	-	-	46	46
At 24 June 2018	108,312	136,116	266,676	511,104
Carrying amount				
At 24 June 2018	-	20,578	51,406	71,984
At 30 June 2017	65,515	23,717	56,907	146,139

The company had no tangible fixed assets at 24 June 2018 or 30 June 2017.

14 Fixed asset investments

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Investments in subsidiaries	-	-	4,409,676	4,409,676

Investments in subsidiaries reflects the company's interest in the entire issued ordinary share capital of its direct subsidiary Dancing & Co. Holdings Ltd, which holds the entire issued ordinary share capital of Dancing and Co Limited, Plume Dance Limited and Dancing & Co. SARL.

Dancing & Co. Holdings Ltd, Dancing and Co Limited and Plume Dance Limited are incorporated in the United Kingdom and registered in England and Wales and their registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT. Dancing & Co. SARL is incorporated in France and its registered office is Dancing and co, 6 Rue Gay Lussac, 33700 MERIGNAC.

The principal activity of Dancing & Co. Holdings Ltd. is that of an intermediate holding company. The principal activity of Dancing and Co Limited and Dancing & Co. SARL is that of a mail order distributor of dancewear and accessories. The principal activity of Plume Dance Limited is that of an online retailer of dancewear.

Revolution Direct Ltd has agreed to guarantee all the liabilities of its UK trading subsidiary companies as at 30 June 2018 and as a result each subsidiary has claimed exemption from statutory audit by virtue of s479A of the Companies Act 2006.

Movements in fixed asset investments
Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 July 2017 and 24 June 2018	14,779,676
Impairment	
At 1 July 2017 and 24 June 2018	10,370,000
Carrying amount	
At 24 June 2018	4,409,676
At 30 June 2017	4,409,676

15 Stocks

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Finished goods and goods for resale	2,091,484	2,911,101	-	-

16 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	165,664	49,253	-	-
Amounts owed by group undertakings	453,029	465,043	-	-
Other debtors	611,063	214,242	-	-
Prepayments and accrued income	150,647	122,199	-	-
	1,380,403	850,737	-	-

17 Creditors: amounts falling due within one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Loan notes	20	14,164,619	13,441,159	14,164,619	13,441,159
Trade creditors		538,744	242,264	-	-
Amounts due to group undertakings		1,695,179	1,445,166	803,366	803,366
Other taxation and social security		234,240	122,590	-	-
Other creditors		15,093	34,574	-	-
Accruals and deferred income		229,007	183,316	-	-
		16,876,882	15,469,069	14,967,985	14,244,525

18 Creditors: amounts falling due after more than one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Other borrowings	20	-	-	746,054	746,054

19 Financial instruments

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,131,668	705,690	-	-
Equity instruments measured at cost less impairment	-	-	4,409,676	4,409,676
Carrying amount of financial liabilities				
Measured at amortised cost	16,642,642	15,346,479	14,967,985	14,244,525

20 Borrowings

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Loan notes from fellow subsidiary	14,164,619	13,441,159	14,164,619	13,441,159
Loans from group undertakings	-	-	746,054	746,054
	14,164,619	13,441,159	14,910,673	14,187,213
Payable within one year	14,164,619	13,441,159	14,164,619	13,441,159
Payable after one year	-	-	746,054	746,054

Details of loan notes are given in note 28.

21 Provisions for liabilities

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Late registration fees and charges		693,068	296,464	-	-
Deferred tax liabilities	22	-	28,250	-	-
		693,068	324,714	-	-

Movements on provisions apart from deferred tax liabilities:

Group	**Late registration fees and charges £**
At 1 July 2017	296,464
Increase in provisions	396,604
At 24 June 2018	693,068

Provisions represent liabilities of uncertain timing and amount relating to late registration fees and charges.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Fixed asset timing differences	-	28,591
Short-term timing differences	-	(341)
	-	28,250

The company has no deferred tax assets or liabilities. No deferred tax asset has been recognised in respect of tax losses due to uncertainty regarding future profits.

Movements in the period:	Group 2018 £	Company 2018 £
Liability at 1 July 2017	28,250	-
Credit to profit or loss	(28,250)	-
Liability at 24 June 2018	-	-

23 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	6,352	7,638

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1	100	100

The company has one class of ordinary shares. The shares carry no right to fixed income. Each share carries the right to one vote at general meetings of the company and ranks equally for any distributions of dividends or returns of capital.

After the period end, the company increased its share capital as detailed in note 30.

25 Reserves

Share premium
The share premium account reflects consideration received for shares above their nominal value net of transaction costs.

Profit and loss reserves
Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

26 Cash generated from group operations

	51 weeks ended 24 June 2018	Year ended 30 June 2017 as restated
	£	£
(Loss)/profit for the period after tax	(4,142,298)	500,552
Adjustments for:		
Taxation charged	36,319	89,815
Finance costs	827,190	1,261,353
Amortisation and impairment of intangible assets	2,185,026	1,476,650
Depreciation and impairment of tangible fixed assets	100,479	67,534
Increase in provisions	396,604	116,595
Movements in working capital:		
Decrease in stocks	819,617	51,967
(Increase) in debtors	(529,666)	(194,362)
Increase/(decrease) in creditors	580,623	(3,713,348)
Exchange loss	3,782	22,072
Cash generated from/(absorbed by) operations	277,676	(321,172)

27 Operating lease commitments

Lessee
At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Within one year	194,318	194,195	-	-
Between one and five years	777,272	776,780	-	-
In over five years	297,383	491,516	-	-
	1,268,973	1,462,491	-	-

28 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, who consist of the managing directors of the businesses, is as follows:

	51 weeks ended 24 June 2018 £	Year ended 30 June 2017 £
Aggregate compensation	190,543	164,928

Transactions with related parties
The group has taken advantage of the exemption conferred by Section 33 of FRS 102 and has not disclosed details of transactions or balances between wholly-owned companies in its group. Transactions with other related parties are set out below.

At the period end, the company owed £14,164,619 (2017 - £13,441,159) by way of a loan note with Rev Up Direct Inc., a company incorporated in the United States. Interest is accruing at a rate of 7.25%. Rev Up Direct Inc is a fellow subsidiary company in the group headed by Dancewear Holdings, LLC.

At the period end Revolution Dancewear, LLC, a group company incorporated in the United States, owed £453,029 (2017 - £465,043) to the group headed by Revolution Direct Ltd. The balance relates mainly to unpaid share premium relating to shares in group companies. No interest accrues on this balance and it is payable on demand.

In connection with exemption from audit under section 479A of the Companies Act 2006, Revolution Direct Ltd has guaranteed the liabilities of its subsidiaries Dancing & Co. Holdings Ltd, Dancing and Co Limited and Plume Dance Limited at the reporting date.

29 Controlling party

The immediate parent company is Revolution Dancewear LLC. The ultimate parent company at the period end was Dancewear Holdings LLC. After the period end there was a change in ownership and the ultimate parent company is now RevDance Acquisition Holdings LP.

Dancewear Holdings LLC continues to head the largest and smallest group into which the results and financial position of the Revolution Direct Ltd group are consolidated. The consolidated financial statements of Dancewear Holdings LLC can be obtained from 6100 West Howard Street, Niles, IL 60714, USA.

30 Events after the reporting date

On 12 October 2018 the group acquired the entire issued ordinary share capital of International Dance Supplies Limited for consideration of £33.3m. The acquisition was financed by an increase in the global group's credit agreement dated 11 October 2018 with the Bank of Montreal. The total increase to the UK's debt was £11,858,770.

Also on 12 October 2018 the company issued a further 5,741,000 ordinary shares of £1 each for total consideration of £22,964,000 thereby increasing its share capital from £100 to £5,741,100 and its share premium from £5,594,212 to £22,817,212.