Registration number: 08367949

Cornerstone Brands Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2019

LHP Auditors Ltd
Llys Deri
Parc Pensarn
Carmarthen
SA31 2NF

Cornerstone Brands Ltd

Contents

Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3 to 10

Cornerstone Brands Ltd

Company Information

Directors	Mr S M Hill Mr O Bridge Mr R M Fifield Mr D J Harris
Registered office	86-90 Paul Street, London EC2A 4NE
Auditors	LHP Auditors Ltd Llys Deri Parc Pensarn Carmarthen SA31 2NF

Cornerstone Brands Ltd

(Registration number: 08367949)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	75,820	146,995
Current assets			
Stocks	6	610,817	655,972
Debtors	7	189,371	246,398
Cash at bank and in hand		425,132	519,729
		1,225,320	1,422,099
Creditors: Amounts falling due within one year	8	(1,187,280)	(1,014,382)
Net current assets		38,040	407,717
Total assets less current liabilities		113,860	554,712
Creditors: Amounts falling due after more than one year	8	(82,178)	(119,397)
Net assets		31,682	435,315
Capital and reserves			
Called up share capital	9	286	286
Share premium reserve		8,186,967	8,186,967
Profit and loss account		(8,155,571)	(7,751,938)
Total equity		31,682	435,315

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 29 April 2020 and signed on its behalf by:

....

Mr O Bridge

Director

The notes on pages 3 to 10 form an integral part of these financial statements.

1 General information

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

The address of its registered office is:
86-90 Paul Street,
London
EC2A 4NE

These financial statements were authorised for issue by the Board on 29 April 2020.

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.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 29 April 2020 was Matthew Williams, who signed for and on behalf of LHP Auditors Ltd.

Judgements

Stock Provision - The company establishes inventory provisions which include shrinkage, obsolescence and write-downs. The directors have taken into account historical information related to sales trends and stock counts. The provision represents the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less costs of completion and costs incurred in marketing, selling and distribution

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.
The company recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current 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.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
The cost of tangible assets 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
Computer Equipment	Over 2 years
Leasehold Improvements	Over 5 years
Office Equipment	Over 2 years
Razor Tooling	Various

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 change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.
Trade debtors 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 debtors 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.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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, stocks are assessed for impairment. If stocks are 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 creditors

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.
Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing 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 Profit and Loss Account over the period of the relevant borrowing.
Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.
Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.
Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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 pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Cornerstone Brands Ltd

Notes to the Financial Statements for the Year Ended 31 December 2019

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into accounts by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.
The fair value of the award also takes into account non-vesting conditions. These are ether factors beyond the control of ether party (such as target on index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme the scheme open or the employee maintaining any contributions required by the scheme).
Where the terms and conditions of options are modified before they vest, the increase in their fair value of the options, measured immediately before and after the modification, is also charged to statement of comprehensive income over the remaining vesting period.
Where equity instruments are granted to persons other than employees, thee statement of comprehensive income is charged with fair value of goods and services received.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 26 (2018 - 31).

4 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	9,500	10,500

5 Tangible assets

	Short leasehold land and buildings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	11,987	242,739	30,848	285,574
Additions	-	-	1,486	1,486
Disposals	(11,987)	-	-	(11,987)
At 31 December 2019	-	242,739	32,334	275,073
Depreciation				
At 1 January 2019	2,397	117,242	18,940	138,579
Charge for the year	8,104	53,153	9,918	71,175
Eliminated on disposal	(10,501)	-	-	(10,501)
At 31 December 2019	-	170,395	28,858	199,253
Carrying amount				
At 31 December 2019	-	72,344	3,476	75,820
At 31 December 2018	9,590	125,497	11,908	146,995

Included within the net book value of land and buildings above is £Nil (2018 - £9,590) in respect of short leasehold land and buildings.

6 Stocks

	2019 £	2018 £
Other inventories	610,817	655,972

7 Debtors

	2019 £	2018 £
Trade debtors	9,832	48,288
Prepayments	16,495	57,209
Other debtors	163,044	140,901
	189,371	246,398

8 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Loans and finance leases	10	417,938	36,262
Trade creditors		405,382	596,903
Taxation and social security		134,915	126,920
Other creditors		229,045	254,297
		1,187,280	1,014,382

Creditors include bank loans, loans secured by floating charge, overdrafts and net obligations under finance lease and hire purchase contracts which are secured of £417,938 (2018 - £36,262).

Creditors: amounts falling due after more than one year

	Note	2019 £	2018 £
Due after one year			
Finance leases and hire purchase contracts	10	82,178	119,397

Creditors include loans and overdrafts and net obligations under finance lease and hire purchase contracts which are secured of £82,178 (2018 - £119,397).

9 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	**£**	**No.**	**£**
Ordinary A of £0.00001 each	18,271,107	182.71	18,271,107	182.71
Investment B of £0.00001 each	175,823	1.76	175,823	1.76
Ordinary C of £0.00001 each	5,619,999	56.20	5,619,999	56.20
Ordinary D of £0.00001 each	959,104	9.59	959,104	9.59
Ordinary E of £0.00001 each	3,571,429	35.71	3,571,429	35.71
	28,597,462	285.97	28,597,462	285.97

10 Loans and borrowings

	2019	2018
	£	**£**
Non-current loans and borrowings		
Hire purchase contracts	82,178	119,397

	2019	2018
	£	**£**
Current loans and borrowings		
Hire purchase contracts	11,945	36,262
Other borrowings	405,993	-
	417,938	36,262

Other borrowings

The carrying amount of hire purchase at year end is £94,123 (2018 - £155,659).

Hire purchase liabilities are secured against the assets to which they relate.

The carrying amount of Director/Shareholder Loan at year end is £405,993 (2018 - £Nil).

The loan is secured by a floating charge that covers all the property or undertaking of the company.

11 Related party transactions

Transactions with directors

2019	At 1 January 2019 £	Other payments made to company by director £	At 31 December 2019 £
Loan provided by directors at market rate of interest	-	(25,000)	(25,000)

The loan is secured by floating charge covers all the property or undertaking of the company.

12 Controlling Party

The directors consider there to be no ultimate controlling party of the company