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**SHUBETTE OF LONDON LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**SHUBETTE OF LONDON LIMITED**

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**SHUBETTE OF LONDON LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	G B Offenbach C D Offenbach M J Offenbach
<b>Registered number</b>	00622183
<b>Registered office and principal place of business</b>	Shubette House 2 Apsley Way London NW2 7HF
<b>Independent auditors</b>	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS
<b>Bankers</b>	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP

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## SHUBETTE OF LONDON LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

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The directors present their report and the financial statements for the year ended 30 September 2016.

#### Directors

The directors who served during the year were:

G B Offebach  
C D Offebach  
M J Offebach

#### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 for the company's financial statements and then apply them consistently;
- make judgments 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 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £241,739 (2015 - loss £455,725).

No dividends were paid during the year (2015: £nil) and the directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report.

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SHUBETTE OF LONDON LIMITED

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**Matters covered in the strategic report**

Information regarding future developments and post reporting date events are not shown in the Directors' Report as they are included within the Strategic Report on pages 4 to 5, in accordance with s414c (11) of the Companies Act 2016.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28/2/17 and signed on its behalf.



**G B Offenbach**  
Director



**M J Offenbach**  
Director

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## SHUBETTE OF LONDON LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### Introduction

Shubette of London Limited, henceforth referred to as the 'Company', is a well renowned and long established corporate entity, as well as one of the last remaining independent fashion companies with an international presence, whose principal activity continued to be the design, manufacture and distribution of contemporary and modern own-brand and private-label fashion clothing lines specialising in ladies occasion wear.

#### Business review

The Company's financial performance for the year and financial position as at 30 September 2016 are shown on pages 8 to 9 of these financial statements.

The directors are pleased with the results for the year considering them to be a positive improvement on prior years and a strong foundation for the Company to build upon.

With the increasing move of the retail market from the high street towards the online storefront, there are new market opportunities which the directors are fully aware of, including investment in the Company's online presence with the introduction of the new website [GinaBacconi.com](http://GinaBacconi.com) which allows anyone with internet access to buy direct from Shubette of London from anywhere in the world.

#### Principal risks and uncertainties

The directors have overall responsibility for the Company's systems of internal control and risk management and for reviewing their overall effectiveness; applying an adaptive approach with respect to internal control and operational risk management taking steps to embed changes as areas for improvement are brought to their attention.

The fashion market and its attributable external environment is influenced by the strength of the international economy, seasonal trends and the power of social media. Competition within the fashion market is fierce and should a seasonal collection be received less positively than anticipated, this could result in a loss of market standing, key customers and revenue. The Company manages this risk by providing bespoke high quality garments, continually updating its seasonal lines, regular attendance of international fashion events, and maintaining strong relationships with its customer base.

The loss or damage of the Company's stocks may result in financial liabilities payable to customers and/or stock write offs. The overwhelming majority of the risk is minimised through the implementation of appropriate insurance policies.

The Company's credit risk is primarily attributable to its trade receivables which the Company manages through the assessment of the credit risk of current and potential customers and ongoing review and collection of outstanding receivables. Where applicable, the Company will not release items sold until full payment has been received. As at 30 September 2016, there were no actual or potentially significant concentrations of credit risk aware of by the directors of the Company.

The Company's principal financial instruments comprise bank balances, trade receivables and payables and the provision of loan facilities between fellow Group undertakings. Due to the nature of the financial instruments used by the Company there is no exposure to price risk. The Company's policy is to adhere to agreed terms and conditions and ensure timely payment in accordance with these terms for all suppliers.

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SHUBETTE OF LONDON LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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**Principal risks and uncertainties (continued)**

Liquidity risk is monitored on an ongoing basis as part of the Company's day to day control activities and periodic financial reviews and forecasts, with action taken as considered necessary including the acquisition of loan finance, and the retention of bank balances.

The Company enters into transactions that are denominated in currencies other than its functional currency, primarily the Euro and US Dollar, and is therefore exposed to movements in foreign currency exchange rates. The Company will therefore use currency-specific bank facilities, where considered financially appropriate, to manage exposure to movements in foreign currency exchange rates. The Company does not speculate on currency exchange rate movements.

The performance of the Company is also dependent on its ongoing ability to attract, motivate and retain key personnel. The loss of key personnel could impact the Company's ability to operate effectively or result in a loss of knowledge and expertise. The directors monitor the levels and structure of remuneration for the Company's employees with the purpose to provide conditions for fulfilling careers for all employees through remuneration packages which attract, motivate and retain personnel.

**Financial key performance indicators**

Given the straightforward and individual nature of the business, the directors consider turnover, gross and operating profit and net asset position as the relevant financial key performance indicators sufficient to ensure an appropriate understanding to the true underlying financial performance and position of the Company.

Details of these financial key performance indicators for the current and preceding financial reporting periods can be found on pages 8 to 9 of these financial statements.

**Other key performance indicators**

The directors do not consider, in the context of the market in which the Company trades, that there are any consistent non-financial key performance indicators which would assist in ensuring a sufficient understanding of the Company's underlying performance not already determinable from information available elsewhere.

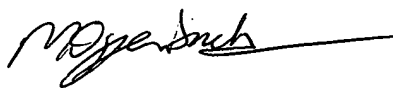
This report was approved by the board on

28/2/17

and signed on its behalf.



**G B Offenbach**  
Director



**M J Offenbach**  
Director

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## SHUBETTE OF LONDON LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHUBETTE OF LONDON LIMITED

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We have audited the financial statements of Shubette of London Limited for the year ended 30 September 2016, set out on pages 8 to 24. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit or loss for the year 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.



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SHUBETTE OF LONDON LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHUBETTE OF LONDON LIMITED  
(CONTINUED)

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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.



Richard Paul (senior statutory auditor)

for and on behalf of  
**Nyman Libson Paul**

Chartered Accountants  
Statutory Auditors

Regina House  
124 Finchley Road  
London  
NW3 5JS

Date:

*28 February 2017*

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**SHUBETTE OF LONDON LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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	Note	2016 £	2015 £
Turnover	4	8,949,980	11,054,847
Cost of sales		(5,829,991)	(8,501,235)
<b>Gross profit</b>		<u>3,119,989</u>	<u>2,553,612</u>
Distribution costs		(1,235,033)	(1,576,303)
Administrative expenses		(1,469,060)	(1,442,119)
<b>Operating profit/(loss)</b>	5	<u>415,896</u>	<u>(464,810)</u>
Interest receivable and similar income	8	905	704
Interest payable and expenses	9	(5,466)	(106,258)
<b>Profit/(loss) before tax</b>		<u>411,335</u>	<u>(570,364)</u>
Tax on profit/(loss)	10	(169,596)	114,639
<b>Profit/(loss) for the year</b>		<u><u>241,739</u></u>	<u><u>(455,725)</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015 :£NIL).

The notes on pages 11 to 24 form part of these financial statements.

**SHUBETTE OF LONDON LIMITED**  
**REGISTERED NUMBER: 00622183**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

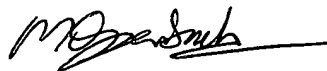
	Note	2016 £	2015 £
<b>Non-current assets</b>			
Tangible assets	11	81,441	98,590
		<u>81,441</u>	<u>98,590</u>
<b>Current assets</b>			
Stocks	12	1,045,016	945,752
Debtors: amounts falling due within one year	13	2,078,339	2,462,924
Cash at bank and in hand	14	406,616	365,760
		<u>3,529,971</u>	<u>3,774,436</u>
Creditors: amounts falling due within one year	15	(3,058,617)	(3,561,970)
<b>Net current assets</b>		<u>471,354</u>	<u>212,466</u>
<b>Total assets less current liabilities</b>		<u>552,795</u>	<u>311,056</u>
<b>Net assets</b>		<u><u>552,795</u></u>	<u><u>311,056</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account	18	(447,205)	(688,944)
		<u>552,795</u>	<u>311,056</u>

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

**28 February 2017.**



**G B Offenbach**  
 Director



**M J Offenbach**  
 Director

The notes on pages 11 to 24 form part of these financial statements.

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**SHUBETTE OF LONDON LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015	1,000,000	(688,944)	311,056
Profit for the year	-	241,739	241,739
<b>At 30 September 2016</b>	<u>1,000,000</u>	<u>(447,205)</u>	<u>552,795</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2014	1,000,000	(233,219)	766,781
Loss for the year	-	(455,725)	(455,725)
<b>At 30 September 2015</b>	<u>1,000,000</u>	<u>(688,944)</u>	<u>311,056</u>

The notes on pages 11 to 24 form part of these financial statements.

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 1. General information

Shubette of London Limited ('the Company') is a private company limited by shares and is incorporated and domiciled in England. The address of the Company's registered office and principal place of business can be found within the Company Information on page 1 of these financial statements.

The Company's principal activity is the design, manufacture and distribution of contemporary and modern own-brand and private-label fashion clothing lines specialising in ladies occasion wear.

The directors having reviewed the Company's performance up to the date these financial statements were approved as well as internally prepared forecasts and projections, taking into account of possible changes in trading performance, determine that the Company will be able to operate within the level of its current facilities and have a reasonable expectation that the Company has, available at its disposal, adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the Company's financial statements.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of the Company's ultimate parent undertaking, as disclosed in note 22 to these financial statements, for the year ended 30 September 2016. Copies of these consolidated financial statements may be obtained from the UK Companies House website: <https://beta.companieshouse.gov.uk/>.

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.3 Revenue

Turnover comprises amounts receivable for the sale of own-brand and private-label clothing.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 2.4 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided at the following rates:

Plant & machinery	-	15.0%
Motor vehicles	-	20.0%
Fixtures & fittings	-	15.0%
Computer equipment	-	33.3%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

##### 2.5 Stocks

Stocks are stated at the lower of cost and net realisable value. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.6 Debtors

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

##### 2.7 Cash and cash equivalents

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

##### 2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payables, loans with fellow group undertakings and other third parties and investments in non-puttable ordinary shares.

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

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

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

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

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

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### Financial instruments (continued)

Financial instruments are derecognised when either;

- the contractual rights to the cash flows expire or are settled, or;
- substantially all the risks and rewards of ownership are transferred to another party; or;
- despite having retained some significant risks and rewards of ownership, control has been transferred to another party who has the practical ability to unilaterally trade the instrument to an unrelated third party without imposing additional restrictions.

#### 2.9 Creditors

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

#### 2.10 Ordinary share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend income is recognised when the right to receive payment is established.

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. These amounts are recognised in the statement of changes in equity.

#### 2.11 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

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



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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.12 Finance costs

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

##### 2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

##### 2.14 Employee benefits

The Company provides a range of benefits to employees, including staff loans, bonus payments, paid holiday arrangements and defined contribution pension plans.

###### Staff loans

- Staff loans, provided on a case by case basis, are recognised as an asset in the period in which the loan was provided and are initially recognised either at the undiscounted amount of consideration expected to be received, when receivable within one year or have no fixed date of repayment and are repayable on demand; or when constituting a financing transaction, at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, less any impairment.

###### Short term benefits

- Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

###### Defined contribution pension plans

- The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

###### Contributions to personal pension plans

- The Company makes contributions to the personal pension schemes of employees. An expense (i.e. a pension charge) is recognised when the Company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

###### Bonus payments

- The Company makes bonus payments to employees. An expense is recognised in the income statement when the company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

##### 2.16 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

##### 2.17 Provisions

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

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

##### 2.18 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical judgments in applying the entity's accounting policies

There are no critical judgments made in applying the entity's accounting policies.

##### Critical accounting estimates and assumptions

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

##### Depreciation of tangible assets

- The useful lives of assets and residual values of tangible assets are estimated by the directors based on general consensus taking into account a number of factors such as technological innovation, product life cycles, maintenance programs and projected disposal values.

##### Impairment of stocks

- When assessing stock impairment, the directors consider the nature and condition of stocks held; and taking into account current and expected market activity, the likelihood of future sale and whether the current carrying value exceeds the expected net sales value.

##### Impairment of trade receivables

- When assessing the recoverable value of trade receivables, the directors consider a variety of factors including the ageing profile of the debt, historical and market experience with the customer and the quality of communications to date.

#### 4. Turnover

The whole of the turnover is attributable to the sale of own-brand and private-label clothing as disclosed in note 2.3 to the financial statements. In the opinion of the directors, the different streams with respect to sales do not differ substantially.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	6,180,516	6,299,117
Rest of the world	2,769,464	4,755,730
	<u>8,949,980</u>	<u>11,054,847</u>

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**SHUBETTE OF LONDON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	20,629	24,211
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	7,000	14,000
Exchange differences	(236,113)	109,967
Other operating lease rentals	301,342	289,413
Contributions towards defined contribution pension schemes	15,436	9,748
	<u>          </u>	<u>          </u>

**6. Employees**

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

	2016 £	2015 £
Wages and salaries	1,575,621	1,877,595
Social security costs	180,592	193,112
Contributions towards defined contribution pension schemes	15,436	9,748
	<u>1,771,649</u>	<u>2,080,455</u>

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

	2016 No.	2015 No.
Management	3	3
Administration, production and sales	34	48
	<u>37</u>	<u>51</u>

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**SHUBETTE OF LONDON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**7. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	253,222	207,712
Company contributions to defined contribution pension schemes	369	152
	<u>253,591</u>	<u>207,864</u>

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £175,250 (2015 - £107,024).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £369 (2015 - £152).

**8. Interest receivable**

	2016 £	2015 £
Other interest receivable	905	704
	<u>905</u>	<u>704</u>

**9. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	-	1,626
Other loan interest payable	5,466	104,476
Other interest payable	-	156
	<u>5,466</u>	<u>106,258</u>

**10. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	82,531	-
Adjustments in respect of previous periods	87,065	(114,639)
<b>Total current tax</b>	<u>169,596</u>	<u>(114,639)</u>

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SHUBETTE OF LONDON LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	411,335	(570,364)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	82,267	(116,925)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	6,236	9,725
Adjustments to tax charge in respect of prior periods	87,065	(114,639)
Tax losses (claimed) / surrendered under group relief	(18,226)	55,841
Unrelieved tax losses carried back	-	43,002
Other differences leading to an increase / (decrease) in the current tax charge	(3,254)	24,236
Deferred tax charge on unrecognised temporary differences from prior periods	6,244	(9,248)
Deferred tax charge / (credit) relating to changes in tax rates or laws	1,390	(387)
Over / (under) provision of deferred tax on unrecognised temporary differences	7,874	(6,244)
<b>Total tax charge for the year</b>	<b>169,596</b>	<b>(114,639)</b>

**Factors that may affect future tax charges**

There were no material factors that may affect future tax charges.

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**SHUBETTE OF LONDON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**11. Tangible fixed assets**

	Plant and machinery £	Fixtures, fittings, computer equipment and motor vehicles £	Total £
<b>Cost or valuation</b>			
At 1 October 2015	67,037	474,634	541,671
Additions	-	3,480	3,480
At 30 September 2016	<u>67,037</u>	<u>478,114</u>	<u>545,151</u>
<b>Depreciation</b>			
At 1 October 2015	60,016	383,065	443,081
Charge for the period on owned assets	1,057	19,572	20,629
At 30 September 2016	<u>61,073</u>	<u>402,637</u>	<u>463,710</u>
<b>Net book value</b>			
At 30 September 2016	<u>5,964</u>	<u>75,477</u>	<u>81,441</u>
At 30 September 2015	<u>7,021</u>	<u>91,569</u>	<u>98,590</u>

**12. Stocks**

	2016 £	2015 £
Fabrics, consumables and work in progress	382,316	353,033
Finished goods	662,700	592,719
	<u>1,045,016</u>	<u>945,752</u>

Stock recognised in cost of sales during the year as an expense was £3,815,596 (2015 - £6,432,977).

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SHUBETTE OF LONDON LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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**13. Debtors**

	2016 £	2015 £
Trade debtors	2,013,948	2,195,794
Other debtors	17,331	133,024
Prepayments and accrued income	47,060	47,041
Tax recoverable	-	87,065
	<u>2,078,339</u>	<u>2,462,924</u>

**14. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	406,616	365,760
	<u>406,616</u>	<u>365,760</u>

**15. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Other loans	-	200,000
Trade creditors	478,910	463,235
Amounts owed to group undertakings	1,928,889	2,461,190
Corporation tax	82,431	-
Other taxation and social security	163,679	148,092
Other creditors	1,783	12,059
Accruals and deferred income	402,925	277,394
	<u>3,058,617</u>	<u>3,561,970</u>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

**Secured loans**

Included in creditors falling due within one year are other loans, amounting to £nil (2015: £200,000), with capital repayable on demand and carrying variable interest at LIBOR plus 3.0%. The other loans are secured by debentures granting a fixed and floating charge over all present and future assets of the Company.



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SHUBETTE OF LONDON LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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**16. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	406,616	365,760
	<u>406,616</u>	<u>365,760</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	-	(200,000)
	<u>-</u>	<u>(200,000)</u>

Financial assets measured at fair value through profit or loss comprise of cash balances held at bank.

Financial liabilities measured at amortised cost comprise of other loans.

**17. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

**18. Reserves**

**Profit & loss account**

The Profit and Loss account includes all current and prior period retained profits and losses.

**19. Pension commitments**

The Company operates a defined contribution pension scheme for all qualifying employees and makes lump sum contributions to the personal pension schemes of its employees. The assets of the relevant schemes are held separately from those of the Company in independently administered funds.

The pension cost charge represents contributions payable by the Company to the respective funds in the year and for the year under review amounted to £15,436 (2015: £9,748).

Contributions payable totalling £1,783 (2015: £3,430) were outstanding at the reporting date and are included in creditors falling due within one year.

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## SHUBETTE OF LONDON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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#### 20. Commitments under operating leases

At 30 September 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	257,291	235,968
Later than 1 year and not later than 5 years	24,265	21,104
	<u>281,556</u>	<u>257,072</u>

#### 21. Related party transactions

##### Key management personnel

Only the directors, as disclosed in the Directors' Report, are recognised as being key management personnel of the Company. It is the directors whom hold sole responsibility for planning, directing and controlling the activities of the Company.

As the Company forms part of a wholly owned group for which consolidated financial statements are prepared, the Company has taken advantage of the exemption provided by paragraph 33.7 of FRS 102 not to disclose total key management compensation.

##### Subsidiaries

The Company forms part of a wholly owned group for which consolidated financial statements are prepared. Accordingly the Company has taken advantage of the exemption provided by paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned group undertakings.

#### 22. Controlling party

The immediate and ultimate parent company is Shubette Group of Companies Limited, a company registered in England and Wales, by virtue of a 100% holding in the issued share capital of the Company.

The ultimate parent company along with its subsidiary undertakings are jointly controlled by G B Offenbach and M J Offenbach.

#### 23. First time adoption of FRS 102

The policies applied under the Company's previous accounting framework are not materially different to FRS 102 and transition has resulted in no material changes to previously reported total comprehensive income or equity carried forward for the Company.