
SHUBETTE GROUP OF COMPANIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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SHUBETTE GROUP OF COMPANIES LIMITED

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SHUBETTE GROUP OF COMPANIES LIMITED

COMPANY INFORMATION

Directors	C D Offenbach G B Offenbach M J Offenbach
Registered number	01760685
Registered office and principal place of business	Shubette House 2 Apsley Way London NW2 7HF
Independent auditors	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS
Bankers	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP

SHUBETTE GROUP OF COMPANIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

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:

C D Offenbach
G B Offenbach
M J Offenbach

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

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

Results and dividends

The profit for the Group for the year, after taxation, amounted to £329,481 (2015 - loss £254,475).

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 Group 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 the Directors' Report being approved.

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 6, in accordance with s414c (11) of the Companies Act 2016.

SHUBETTE GROUP OF COMPANIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 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 and the Group'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 and the Group'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 26 / 4 / 17 and signed on its behalf.



G B Offenbach
Director



M J Offenbach
Director

SHUBETTE GROUP OF COMPANIES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

Introduction

Shubette Group of Companies Limited and its subsidiary undertakings, as reported in the notes to the financial statements and henceforth collectively referred to as the 'Group', is home to one of the last remaining independent fashion companies with an international presence.

The principal activity of the Group during the year was the design, manufacture and distribution of contemporary and modern own-brand and private-label fashion clothing lines specialising in ladies occasion wear.

Other activities of the Group include the acquisition of properties for both trading and investment purposes. Said other activities are considered immaterial with respect to the Group's financial performance.

Business review

The Group's financial performance for the year and financial position of the Group and Company as at 30 September 2016 are shown on pages 9 to 11 of the 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 Group to build upon.

With the increasing move of the retail market from the high street towards the online storefront, there is uncertainty over the future of the high street retail scene; with the impact significantly more pronounced upon the small owner operated boutiques that make up a key part of the Group's customer base. These changing times however also present new market opportunities which the directors are fully aware of, including the pressures and rewards these opportunities impose on the future of Shubette of London, and are acting accordingly to optimise beneficial effects including investment in the Group's online presence with the revitalisation of the Shubette.com website and introduction of the new online storefront GinaBacconi.com which allows the general public to buy direct from Shubette of London from anywhere in the world where there is access to the internet.

Principal risks and uncertainties

The directors have overall responsibility for the Group'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 Group manages this risk by providing bespoke high quality garments, continually updating its seasonal lines with changes in trends and consumer demand through ongoing market observation and regular attendance of international fashion events, as well as maintaining strong relationships with its customer base.

The loss or damage of the Group's stocks may result in financial liabilities payable to customers and/or stock write-offs. The majority of the risk is minimised by the Group through the implementation of insurance policies but there may be certain liabilities retained by the Group and/or not covered under the terms of the insurance policies in place.

SHUBETTE GROUP OF COMPANIES LIMITED

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

Principal risks and uncertainties (continued)

The activities of the Group are subject laws and regulations, including, but not limited to, Customs handling of imports and exports, anti-money laundering compliance and the levy of local taxes. Non compliance may result in personal and/or corporate liability, financial penalties, litigation and trading restrictions.

The Group's credit risk is primarily attributable to its trade receivables which the Group manages through the assessment of the credit risk of current and potential customers and ongoing review and collection of outstanding receivables. Where applicable, the Group 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 Group.

The Group's principal financial instruments comprise of bank balances, trade receivables and payables and the provision of loan facilities. The main purpose of these instruments is to raise funds and to finance the Group's operations. Due to the nature of the financial instruments used by the Group there is no exposure to price risk.

The Group does not follow any specific code nor standard practice on the payment of trade payables. The Group's policy is to adhere to agreed terms and conditions and ensure timely payment in accordance with these terms for all suppliers.

Liquidity risk is monitored on an ongoing basis as part of the Group'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; thereby ensuring appropriate funding facilities are continually available within the Group.

The Group 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. Where exchange rates change between reporting periods, fluctuations in the reported results of the Group's operations may arise that are reflective of currency performance and not indicative of operating performance. The Group will therefore use currency specific bank facilities, where considered financially appropriate, to manage exposure to movements in foreign currency exchange rates. The Group does not speculate on currency exchange rate movements.

The performance of the Group is also dependant on its ongoing ability to attract, motivate and retain key personnel. The loss of key personnel could impact the Group'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 Group'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 nature of the business, the directors consider turnover, gross and operating profit, net asset position and cash flow as the relevant financial key performance indicators sufficient to ensure an appropriate understanding to the true underlying financial performance and position of the Group.

Details of these financial key performance indicators for the current and preceding financial reporting periods can be found on pages 9 to 14 of these financial statements.

Other key performance indicators

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

SHUBETTE GROUP OF COMPANIES LIMITED

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

This report was approved by the board on

26/4/17

and signed on its behalf.



G B Offenbach
Director



M J Offenbach
Director

SHUBETTE GROUP OF COMPANIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHUBETTE GROUP OF COMPANIES LIMITED

We have audited the financial statements of Shubette Group of Companies Limited for the year ended 30 September 2016, set out on pages 9 to 35. 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 Group's and the parent 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 group 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 Group's and the parent Company's affairs as at 30 September 2016 and of the Group's 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 group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.


SHUBETTE GROUP OF COMPANIES LIMITED

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

Matters on which we are required to report by exception

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

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



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:

26 April 2017

SHUBETTE GROUP OF COMPANIES LIMITED

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

	Note	2016 £	2015 £
Turnover	4	9,030,401	11,125,840
Cost of sales		(5,829,991)	(8,520,908)
Gross profit		<u>3,200,410</u>	<u>2,604,932</u>
Distribution costs		(1,235,033)	(1,576,303)
Administrative expenses		(1,270,173)	(1,287,388)
Operating profit/(loss)	5	695,204	(258,759)
Amounts written off investments		(44,587)	(22,025)
Interest receivable and similar income	9	20,205	18,800
Interest payable and expenses	10	(113,096)	(107,130)
Profit/(loss) before taxation		<u>557,726</u>	<u>(369,114)</u>
Tax on profit/(loss)	11	(228,245)	114,639
Profit/(loss) for the year		<u>329,481</u>	<u>(254,475)</u>
Profit/(loss) for the year attributable to:			
Owners of the parent Company		<u>329,481</u>	<u>(254,475)</u>
		<u>329,481</u>	<u>(254,475)</u>

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

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


The notes on pages 15 to 35 form part of these financial statements.


SHUBETTE GROUP OF COMPANIES LIMITED
REGISTERED NUMBER: 01760685

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Non-current assets			
Tangible assets	13	2,214,847	2,281,036
Investments	14	-	44,587
		<u>2,214,847</u>	<u>2,325,623</u>
Current assets			
Stocks	16	2,150,343	2,051,079
Debtors: amounts falling due within one year	17	2,525,426	2,968,825
Cash at bank and in hand	18	2,813,337	2,067,366
		<u>7,489,106</u>	<u>7,087,270</u>
Creditors: amounts falling due within one year	19	<u>(1,246,313)</u>	<u>(1,284,734)</u>
Net current assets		<u>6,242,793</u>	<u>5,802,536</u>
Net assets		<u><u>8,457,640</u></u>	<u><u>8,128,159</u></u>
Capital and reserves			
Called up share capital	22	1,100,000	1,100,000
Other reserves	23	135,298	135,298
Profit and loss account	23	7,222,342	6,892,861
		<u><u>8,457,640</u></u>	<u><u>8,128,159</u></u>

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


G B Offenbach
 Director


M J Offenbach
 Director

The notes on pages 15 to 35 form part of these financial statements.


SHUBETTE GROUP OF COMPANIES LIMITED
REGISTERED NUMBER: 01760685

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Non-current assets			
Investments	14	1,823,392	1,823,392
		<u>1,823,392</u>	<u>1,823,392</u>
Current assets			
Debtors: amounts falling due within one year	17	3,974,093	4,914,782
Cash at bank and in hand	18	2,405,996	1,700,732
		<u>6,380,089</u>	<u>6,615,514</u>
Creditors: amounts falling due within one year	19	(39,657)	(183,954)
Net current assets		<u>6,340,432</u>	<u>6,431,560</u>
Net assets		<u>8,163,824</u>	<u>8,254,952</u>
Capital and reserves			
Called up share capital	22	1,100,000	1,100,000
Profit and loss account	23	7,063,824	7,154,952
		<u>8,163,824</u>	<u>8,254,952</u>

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

26 April 2017.



G B Offenbach
Director



M J Offenbach
Director

SHUBETTE GROUP OF COMPANIES LIMITED

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2015	1,100,000	135,298	6,892,861	8,128,159
Profit for the year	-	-	329,481	329,481
At 30 September 2016	<u>1,100,000</u>	<u>135,298</u>	<u>7,222,342</u>	<u>8,457,640</u>

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2014	1,100,000	135,298	7,147,336	8,382,634
Loss for the year	-	-	(254,475)	(254,475)
At 30 September 2015	<u>1,100,000</u>	<u>135,298</u>	<u>6,892,861</u>	<u>8,128,159</u>

The notes on pages 15 to 35 form part of these financial statements.

SHUBETTE GROUP OF COMPANIES LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015	1,100,000	7,154,952	8,254,952
Loss for the year	-	(91,128)	(91,128)
At 30 September 2016	<u>1,100,000</u>	<u>7,063,824</u>	<u>8,163,824</u>

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2014	1,100,000	7,137,917	8,237,917
Profit for the year	-	17,035	17,035
At 30 September 2015	<u>1,100,000</u>	<u>7,154,952</u>	<u>8,254,952</u>

The notes on pages 15 to 35 form part of these financial statements.

SHUBETTE GROUP OF COMPANIES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit/(loss) for the financial year	329,481	(254,475)
Adjustments for:		
Depreciation of tangible assets	69,670	73,251
Loss on disposal of tangible assets	-	26
Interest paid	113,096	107,130
Interest received	(20,205)	(18,800)
Taxation charge	228,245	(114,639)
(Increase) in stocks	(99,264)	(11,060)
Decrease in debtors	336,488	324,947
Increase/(decrease) in creditors	100,946	(132,310)
Corporation tax (paid)	(60,702)	(326,770)
Impairments and losses on disposal of investments	44,587	22,025
Net cash generated from operating activities	<u>1,042,342</u>	<u>(330,675)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,480)	(11,027)
Interest received	20,205	18,800
Net cash from investing activities	<u>16,725</u>	<u>7,773</u>
Cash flows from financing activities		
Repayment of other loans	(200,000)	(200,000)
Interest paid	(113,096)	(87,767)
Net cash used in financing activities	<u>(313,096)</u>	<u>(287,767)</u>
Net increase/(decrease) in cash and cash equivalents	<u>745,971</u>	<u>(610,669)</u>
Cash and cash equivalents at beginning of year	2,067,366	2,678,035
Cash and cash equivalents at the end of year	<u><u>2,813,337</u></u>	<u><u>2,067,366</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>2,813,337</u>	<u>2,067,366</u>
	<u><u>2,813,337</u></u>	<u><u>2,067,366</u></u>

SHUBETTE GROUP OF COMPANIES LIMITED

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

1. General information

Shubette Group of Companies 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 that of an investment holding company and in conjunction with its subsidiaries (together 'the Group') operates in the fashion industry, specifically the design, manufacture and distribution of contemporary and modern ladies occasion wear, on an international scale with primary customers located in the UK and Europe.

The Group meets its day-to-day working capital requirements through its bank facilities and managing trade receivables and payables. The current market in which the Group trades creates uncertainties over the level of demand for the Group's services and the retention of key talent and customers to fellow competitors.

The directors having reviewed the Company's and its consolidated Group's forecasts and projections, taking into account possible changes in trading performance, determine that the Company and its undertakings will be able to operate within the level of its current facilities and have a reasonable expectation that the Group 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 individual and consolidated group 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

SHUBETTE GROUP OF COMPANIES LIMITED

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

2. Accounting policies (continued)

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations by applying the share of net assets principle under the acquisition method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or; contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Revenue

Turnover comprises amounts receivable by the Group for the following:

- sales of own-brand and private-label clothing;
- rental income receivable; and
- sales of properties held as stock.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

SHUBETTE GROUP OF COMPANIES LIMITED

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

2. Accounting policies (continued)

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 using the following bases:

Freehold property	-	2.0% straight line method
Plant & machinery	-	15.0% reducing balance method
Motor vehicles	-	20.0% reducing balance method
Fixtures & fittings	-	15.0% reducing balance method
Computer equipment	-	33.3% reducing balance method

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

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

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.6 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 consolidated statement of comprehensive income.

2.7 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.

SHUBETTE GROUP OF COMPANIES LIMITED

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

2. Accounting policies (continued)

2.8 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related 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 consolidated statement of comprehensive income.

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

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

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

SHUBETTE GROUP OF COMPANIES LIMITED

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

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.

2.10 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.

2.11 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 Group's shareholders are recognised as a liability in the respective Company's financial statements in the period in which the dividends are approved by the respective 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.

SHUBETTE GROUP OF COMPANIES LIMITED

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

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.13 Finance costs

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

2.14 Operating leases: the Group as lessee

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

SHUBETTE GROUP OF COMPANIES LIMITED

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

2. Accounting policies (continued)

2.15 Employee benefits

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

Contributions to personal pension plans

- The Group makes contributions to the personal pension schemes of employees. An expense (i.e. a pension charge) is recognised when the Group 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 Group makes bonus payments to employees. An expense is recognised in the consolidated statement of comprehensive income when the Group 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.

2.16 Interest income

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

2.17 Borrowing costs

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

SHUBETTE GROUP OF COMPANIES LIMITED

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

2. Accounting policies (continued)

2.18 Provisions

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

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the 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 consolidated statement of financial position.

2.19 Current and deferred taxation

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

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

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

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

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

SHUBETTE GROUP OF COMPANIES LIMITED

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

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

In the application of the Group'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 Group's accounting policies

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

Critical accounting estimates and assumptions

Although the directors of the Group will make estimates and assumptions concerning the future and the 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.

SHUBETTE GROUP OF COMPANIES LIMITED

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sales of own-brand and private-label clothing	8,949,980	11,075,169
Rental income receivable	80,421	50,671
	<u>9,030,401</u>	<u>11,125,840</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	6,260,937	6,370,110
Rest of the world	2,769,464	4,755,730
	<u>9,030,401</u>	<u>11,125,840</u>

5. Operating profit/(loss)

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

	2016 £	2015 £
Depreciation of tangible fixed assets	69,669	73,251
Fees payable for the audit of the Group's annual financial statements	10,750	14,000
Exchange differences	(236,113)	101,867
Other operating lease rentals	46,342	85,413
Amounts payable towards defined contribution pension schemes	15,436	9,748
	<u>15,436</u>	<u>9,748</u>

6. Auditors' remuneration

	2016 £	2015 £
Fees payable for the audit of the Group's annual financial statements	10,750	10,000
Other professional services	3,250	4,000
	<u>14,000</u>	<u>14,000</u>

SHUBETTE GROUP OF COMPANIES LIMITED

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

7. 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>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	253,222	207,712
Group 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).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>20,205</u>	<u>18,800</u>

SHUBETTE GROUP OF COMPANIES LIMITED

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

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	-	1,626
Other loan interest payable	113,058	104,476
Other interest payable	38	1,028
	<u>113,096</u>	<u>107,130</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	148,760	-
Adjustments in respect of previous periods	87,065	(114,639)
Total current tax	<u>235,825</u>	<u>(114,639)</u>
Deferred tax		
Origination and reversal of timing differences	(7,580)	-
Total deferred tax	<u>(7,580)</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>228,245</u>	<u>(114,639)</u>

SHUBETTE GROUP OF COMPANIES LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower 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	557,726	(369,114)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	111,545	(75,668)
Effects of:		
Expenses not deductible for tax purposes	6,236	9,742
Depreciation on ineligible non-current assets	9,808	10,053
Ineligible loss on fixed asset disposal	-	4,514
Unrelieved tax losses carried back	-	43,002
Adjustments to tax charge in respect of prior periods	87,065	(114,639)
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	2,727	(387)
Over / (under) provision of deferred tax on unrecognised temporary differences	7,874	(6,244)
Total tax charge for the year	228,245	(114,639)

Factors that may affect future tax charges

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

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £91,128 (2015 - profit £17,035).

SHUBETTE GROUP OF COMPANIES LIMITED

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

13. Tangible fixed assets

Group

	Land and buildings £	Plant & machinery £	Fixtures, equipment and motor vehicles £	Total £
Cost or valuation				
At 1 October 2015	2,452,170	67,037	474,634	2,993,841
Additions	-	-	3,480	3,480
At 30 September 2016	<u>2,452,170</u>	<u>67,037</u>	<u>478,114</u>	<u>2,997,321</u>
Depreciation				
At 1 October 2015	269,724	60,016	383,065	712,805
Charge for the period on owned assets	49,040	1,057	19,572	69,669
At 30 September 2016	<u>318,764</u>	<u>61,073</u>	<u>402,637</u>	<u>782,474</u>
Net book value				
At 30 September 2016	<u>2,133,406</u>	<u>5,964</u>	<u>75,477</u>	<u>2,214,847</u>
At 30 September 2015	<u>2,182,446</u>	<u>7,021</u>	<u>91,569</u>	<u>2,281,036</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold property	<u>2,133,406</u>	<u>2,182,446</u>
	<u>2,133,406</u>	<u>2,182,446</u>

Company

The Company held no tangible fixed assets during the year ended 30 September 2016 nor during the preceding financial reporting period.

SHUBETTE GROUP OF COMPANIES LIMITED

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

14. Fixed asset investments

Group

	Unlisted investments £
Cost or valuation	
At 1 October 2015	44,587
At 30 September 2016	<u>44,587</u>
Impairment	
At 1 October 2015	-
Charge for the period	44,587
At 30 September 2016	<u>44,587</u>
Net book value	
At 30 September 2016	<u>-</u>
At 30 September 2015	<u>44,587</u>

SHUBETTE GROUP OF COMPANIES LIMITED

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

14. Fixed asset investments (continued)

Company

	Shares in group undertakings £
Cost or valuation	
At 1 October 2015	1,823,392
At 30 September 2016	<u>1,823,392</u>
Net book value	
At 30 September 2016	1,823,392
At 30 September 2015	<u><u>1,823,392</u></u>

15. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Shubette of London Limited	England	Ordinary	100 %	Design, manufacture and distribution of clothing
Shubette Properties Limited	England	Ordinary	100 %	Property investment and trading

SHUBETTE GROUP OF COMPANIES LIMITED

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

16. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Fabrics, consumables and work in progress	382,316	353,033	-	-
Property stocks	1,105,327	1,105,327	-	-
Finished goods	662,700	592,719	-	-
	<u>2,150,343</u>	<u>2,051,079</u>	<u>-</u>	<u>-</u>

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

17. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	2,013,948	2,195,794	-	-
Amounts owed by group undertakings	-	-	3,534,596	4,474,647
Other debtors	311,436	495,130	294,095	296,340
Prepayments and accrued income	50,180	48,554	3,120	1,513
Tax recoverable	142,282	229,347	142,282	142,282
Deferred taxation	7,580	-	-	-
	<u>2,525,426</u>	<u>2,968,825</u>	<u>3,974,093</u>	<u>4,914,782</u>

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

18. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	<u>2,813,337</u>	<u>2,067,366</u>	<u>2,405,996</u>	<u>1,700,732</u>

SHUBETTE GROUP OF COMPANIES LIMITED

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

19. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	-	200,000	-	-
Trade creditors	478,910	463,235	-	-
Corporation tax	148,653	88,020	-	88,020
Other taxation and social security	163,679	148,092	-	-
Other creditors	41,255	107,993	28,766	95,934
Accruals and deferred income	413,816	277,394	10,891	-
	<u>1,246,313</u>	<u>1,284,734</u>	<u>39,657</u>	<u>183,954</u>

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 Shubette of London Limited.

20. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets measured at fair value through profit or loss	2,813,337	2,067,366	2,405,996	1,700,732
Financial assets that are equity instruments measured at cost less impairment	-	44,587	-	-
	<u>2,813,337</u>	<u>2,111,953</u>	<u>2,405,996</u>	<u>1,700,732</u>

Financial liabilities

Financial liabilities measured at amortised cost	200,000
	<u>200,000</u>

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

Financial assets that are equity instruments measured at cost less impairment comprise of investments in unlisted share capital.

Financial liabilities measured at amortised cost comprise of other loans.

SHUBETTE GROUP OF COMPANIES LIMITED

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

21. Deferred taxation

Group

	2016 £
At 1 October 2015	-
Charged to profit or loss	(7,580)
At 30 September 2016	<u><u>(7,580)</u></u>

The net deferred tax (asset)/liability carried forward is made up as follows:

	Group 2016 £
Other timing differences	<u><u>(7,580)</u></u>

Deferred tax assets of £nil in respect of other timing differences are expected to reverse in the following financial reporting period.

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,100,000 Ordinary shares of £1 each	<u><u>1,100,000</u></u>	<u><u>1,100,000</u></u>

23. Reserves

Other reserves

Other reserves represent the differences in valuation bases of investments in subsidiaries and consideration payable on consolidation.

Profit & loss account

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

SHUBETTE GROUP OF COMPANIES LIMITED

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

24. Pension commitments

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

The pension cost charge represents contributions payable by the Group 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.

25. Commitments under operating leases

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

	Group 2016 £	Group 2015 £
Not later than 1 year	2,291	31,968
Later than 1 year and not later than 5 years	24,265	21,104
	<u>26,556</u>	<u>53,072</u>
Company		

The Company had no commitments under non-cancellable operating leases as at the reporting date for both current and preceding financial reporting periods.

26. Transactions with directors

During the year M J Offenbach maintained an unsecured loan account with the Group. The loan account is repayable on demand and has no fixed date of repayment. Interest, at LIBOR plus 3% per annum, is payable by the Group on amounts owed to M J Offenbach.

As at the reporting date, M J Offenbach owed the Group £294,085 (2015: £296,335) and interest payable by the Group during the year towards the loan account was £nil (2015: £57).

SHUBETTE GROUP OF COMPANIES LIMITED

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

27. Related party transactions

The directors, as disclosed in the Directors' Report, are recognised as being key management personnel of both the Company and the Group as a whole. It is these individuals whom together hold sole responsibility for planning, directing and controlling the activities of the Company and its subsidiary undertakings.

Details regarding remuneration of key management personnel made by the Group during the year are disclosed within note 8.

During the year G B Offenbach, C D Offenbach and J Kulukundis, the daughter of G B Offenbach, maintained unsecured loan accounts with the Group. The loan accounts are repayable on demand and have no fixed date of repayment. Interest, at LIBOR plus 3% per annum, is payable by the Group on amounts owed towards each respective loan account.

Amounts due from the Group as at the reporting date and interest payable by the Group during the year towards the respective loan accounts were as follows:

- G B Offenbach: £491 and £82,792 (2015: £30,803 and £86,459)
- C D Offenbach: £27,699 and £3,266 (2015: £64,432 and £5,677)
- J Kulukundis: £576 and £20 (2015: £699 and £1,362)

The Group has taken advantage of the exemptions given in section 33 of FRS 102 from the requirement to disclose transactions undertaken or balances carried forward as at the reporting date between the Company and/or its subsidiary undertakings, as disclosed in note 15, on the grounds that together they form a wholly-owned group. Outstanding balances with the Company's wholly-owned subsidiaries are disclosed within notes 17 and 19.

At the balance sheet date, secured loans amounting to £nil (2015: £200,000) were payable by the Group to the Shubette of London Executive Pension Scheme whose beneficiaries include the directors G B Offenbach and C D Offenbach. Interest, at LIBOR plus 3% per annum, amounting to £5,466 (2015: £10,922) was charged on the loans during the year.

28. Controlling party

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

29. First time adoption of FRS 102

The policies applied under the 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 or the Group as a consolidated single entity.