Financial Statements
Theo Fennell Limited

For the year ended 31 January 2015

Registered number: 01955534

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Company Information

Directors	A T Fennell A K Hadden-Paton (Resigned 8 December 2014) M D Jatania J S Piasecki (Resigned 8 December 2014) R A Shaheen A Salam
Company secretary	D S D Steptoe
Registered number	01955534
Registered office	2b Pond Place London SW3 6TF
Registered auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Barclays Bank PLC Level 27 1 Churchill Place London E14 5HP
Solicitors	Trowers and Hamlin LLP 3 Bunhill Row London EC1Y 8Y

Strategic Report

For the year ended 31 January 2015

Introduction

The directors present their report and the financial statements for the year ended 31 January 2015.

Business activities

Theo Fennell is a unique British luxury brand enjoying a strong market position in the UK, offering design led jewellery & silverware with quirk, style and humour, incorporating unusual coloured gems and stone. Made by master British craftsman in England with a story behind each piece that will make the customer feel unique, special and different.

The strategy and focus of the Group are the development of Theo Fennell as Britain's leading jewellery designer.

Review of the Business

The Company made a pre-tax loss of £4,240,636 on sales of £9,459,565 in the year to 31 January 2015.

In view of the disappointing result that fell short of expectations the Board decided to implement a change in leadership in October 2014 leading to a strategic review which concluded in January 2015 with the adoption of a new 3 year Business Plan. The key objective is to return profitability within three years.

This will be achieved through a combination of sales growth, margin improvements, reduced overheads and well controlled and targeted marketing initiatives. The focus will return to growing the core Theo Fennell brand in Jewellery and Silverware in UK and very selective international markets. We will reduce the number of third party brands we represent, concentrating on the unique growing brands that are well supported and where we have strategic relationships.

The past year has had significant investment from shareholders demonstrating their confidence in the future of the business and a further vote of confidence from the conclusion of the new asset based financing facilties that introduced an additional £5,500,000 to support the new business plan.

The Board and the new management team remain confident of the prospects for the business and would like to take this opportunity to thank our long serving staff including master craftsmen for their hard work and also express our gratitude to our long standing suppliers, customers and partners.

Banking

Pursuant to the acquisition of the Company by Mirfield, Clydesdale Bank replaced the Company's existing secured overdraft with a £2.5 million committed senior secured Revolving Credit Facility, maturing on 31 October 2015. On 29 January 2015, this was replaced with a £5.5 million senior asset backed Revolving Credit Facility from PNC Business Credit, a trading name of PNC Financial Services UK Ltd. The new facility has been provided for a minimum term of 36 months.

Day-to-day clearing services, together with the provision of ancillary banking facilities, have been transferred from Clydesdale Bank to Barclays Bank Plc.

Financial

Following the acquisition of the Company, £3 million of additional shareholder loans were provided by Mirfield to support investment in the operations of the Company, including the recruitment of experienced managers and staff, the development of a new website and refurbishment work at other retail outlets. The management team is successfully sourcing high value stones and other product on approval from key suppliers.

Strategic Report (continued)

For the year ended 31 January 2015

Going concern

The current economic conditions continue to create uncertainty over the level of demand for the Group's and Company's products and the Board have therefore undertaken detailed forecasting of the Group's and Company's activities, including sensitivity analysis, through to January 2017.

The Group and Company meet their day-to-day working capital requirements through a committed revolving credit facility totalling £5.5 million that was finalised on 29 January 2015 and has a minimum term of 36 months. The directors have prepared cash flow projections based on prudent assumptions.

Based on this, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operation existence for the foreseeable future. Accordingly, the accounts have been prepared adopting the going concern basis.

This report was approved by the board on 9th July 2015 and signed on its behalf.

M D Jatania
Director

Directors' Report
For the year ended 31 January 2015

The directors present their report and the financial statements for the year ended 31 January 2015.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Principal activities

Theo Fennell Limited ("the Company") is a unique British luxury brand enjoying a strong market position in the UK, offering a range of very high quality jewellery, silver objets and gifts.

The Company's principal activity continues to be the design, manufacture and retailing of fine jewellery.

A review of the activities and development of the Company during the year and the prospects for the Company are set out in the Strategic Report on pages 2 and 3.

The strategy and focus of the Company continue to be the development of Theo Fennell as Britain's leading jewellery designer.

Results

The loss for the period, after taxation, amounted to £4,240,636 (10 months to January 2014 - loss £3,791,760).

Directors' Report

For the year ended 31 January 2015

Directors

The directors who served during the period were:

A T Fennell
A K Hadden-Paton (resigned 8 December 2014)
M D Jatania
J S Piasecki (resigned 8 December 2014)
R A Shaheen
A Salam

Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that directors 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 auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 9th July 2016 and signed on its behalf.

M D Jatania
Director

Grant Thornton

Independent Auditor's Report to the Members of Theo Fennell Limited

We have audited the financial statements of Theo Fennell Limited for the year ended 31 January 2015, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 January 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 period for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent Auditor's Report to the Members of Theo Fennell Limited

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.

Grant Thornton UK LLP

Marc Summers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

9/7/15.

Profit and Loss Account

For the year ended 31 January 2015

	Note	Year ended 31 January 2015 £	10 months to 31 January 2014 £
Turnover	1,2	**9,459,565**	8,253,316
Cost of sales		**(6,592,141)**	(5,214,149)
Gross profit		**2,867,424**	3,039,167
Selling and distribution costs		**(5,469,084)**	(4,872,462)
Administrative expenses		**(1,143,397)**	(1,173,399)
Exceptional administrative expenses	4	**(196,710)**	(700,331)
Total administrative expenses		**(1,340,108)**	(1,873,730)
Operating loss	3	**(3,941,767)**	(3,707,025)
Interest receivable and similar income		**-**	5
Interest payable and similar charges	5	**(298,869)**	(84,740)
Loss on ordinary activities before taxation		**(4,240,636)**	(3,791,760)
Tax on loss on ordinary activities	6	**-**	-
Loss for the financial period	14	**(4,240,636)**	(3,791,760)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

Balance Sheet
As at 31 January 2015

	Note	£	31 January 2015 £	£	31 January 2014 £
Fixed assets					
Tangible assets	8		**458,120**		672,088
Current assets					
Stocks	10	**6,582,596**		7,113,595	
Debtors	11	**767,912**		1,053,237	
Cash at bank		**209,592**		137,731	
		7,560,100		8,304,563	
Creditors: amounts falling due within one year	12	**(8,661,563)**		(5,379,358)	
Net current (liabilities)/assets			**(1,101,463)**		2,925,205
Net (liabilities)/assets			**(643,343)**		3,597,293
Capital and reserves					
Called up share capital	13		**3,457,952**		3,457,952
Share premium account	14		**5,741,166**		5,741,166
Profit and loss account	14		**(9,842,461)**		(5,601,825)
Shareholders' (deficit)/funds	15		**(643,343)**		3,597,293

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

M D Jatania
Director
9/7/15

The notes on pages 10 to 20 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 January 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies which are set out below have remained unchanged from the previous year. These policies have been applied consistently in dealing with items in relation to the Company's financial statements and have been reviewed in accordance with Financial Reporting Standard 18 "Accounting Policies".

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

The current economic conditions continue to create uncertainty over the level of demand for the Group's and Company's products and the Board have therefore undertaken detailed forecasting of the Group's and Company's activities, including sensitivity analysis, through to January 2017.

The Group and Company meet their day-to-day working capital requirements through a committed revolving credit facility totalling £5.5 million that was finalised on 29 January 2015 and has a minimum term of 36 months. The directors have prepared cash flow projections based on prudent assumptions.

Based on this, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operation existence for the foreseeable future. Accordingly, the accounts have been prepared adopting the going concern basis.

1.3 Turnover

Turnover, substantially all of which arises in the United Kingdom, relates to the Company's principal activity. Turnover, which is stated excluding VAT and other sales taxes, is the amount receivable for goods supplied (less discounts and allowances). Wholesale sales are recognised when goods are despatched to trade customers. Retail sales and allowances are recorded when the significant risks and rewards of ownership have been transferred to the buyer at point of sale.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Moulds & Masters	-	20% per annum
Fixtures and fittings and computer equipment	-	20% to 50% per annum

Notes to the Financial Statements
For the year ended 31 January 2015

1. Accounting policies (continued)

1.5 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted, by the balance sheet date.

1.6 Operating leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the company are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of raw materials, cost is the purchase price, including transport and handling costs and less trade discounts, calculated on a weighted average cost basis. In the case of work in progress and finished goods, cost consists of direct materials, direct labour and attributable production and other overheads. Net realisable value is the estimated selling price, less trade discounts and all further costs to be incurred in marketing, selling and distribution.

The Company recognises consignment stock in its balance sheet when there has been a substantial transfer of the risks and rewards of ownership. The related liabilities are included in trade creditors.

1.8 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates is dealt with in the profit and loss account.

Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.9 Defined contribution pension scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the year.

Notes to the Financial Statements
For the year ended 31 January 2015

1. Accounting policies (continued)

1.10 Financial instruments

Financial assets are recognised in the balance sheet at amortised cost. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments are recognised on an accruals basis, and credited or charged to the profit and loss account in the financial period to which they relate.

Interest differentials, under which the amounts and periods for which interest rates on borrowings are varied, are reflected as adjustments to interest payable.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

1.11 Investments

Fixed asset investments are shown at cost less provision for impairment. At each balance sheet date the Company reviews the carrying amount of its fixed asset investments to determine whether there are any indicators of impairment. If indicators of impairment exist then the recoverable amount of the investment is estimated and if this is less than its carrying amount, the difference is recognised in the profit and loss account as an impairment loss.

1.12 Cash flow

The Company has taken advantage of the exemption allowed under Financial Reporting Standard No 1 "Cash flow statements" not to prepare a cash flow statement as it is a wholly owned subsidiary of a parent company, which prepares a cash flow statement.

Notes to the Financial Statements

For the year ended 31 January 2015

2. Turnover

All revenue is earned from principal activities.

A geographical analysis of turnover is as follows:

	Year ended 31 January 2015 £	10 months to 31 January 2014 £
United Kingdom	9,082,958	7,987,965
Rest of world	376,607	265,351
	9,459,565	8,253,316

3. Operating loss

The operating loss is stated after charging:

	Year ended 31 January 2015 £	10 months to 31 January 2014 £
Depreciation of tangible fixed assets:		
- owned by the company	304,321	222,954
Auditor's remuneration	41,000	38,750
Auditor's remuneration - non-audit	577	1,000
Difference on foreign exchange	(136,820)	(113,636)
Impairment on investment	-	305,000
Operating lease rentals on land and buildings	598,625	587,500

4. Exceptional items

	Year ended 31 January 2015 £	10 months to 31 January 2014 £
Write off Harrods Boutique fixed assets	155,888	-
Write off The Original Design Partnership Ltd fixed assets	40,822	-
Impairment on The Original Design Partnership Ltd	-	305,000
Professional fees in relation to the acquisition	-	395,331
	196,710	700,331

Notes to the Financial Statements

For the year ended 31 January 2015

5. Interest payable

	Year ended 31 January 2015 £	10 months to 31 January 2014 £
On bank loans and overdrafts	**122,334**	84,370
Shareholder Loan Interest	**176,535**	-
On other loans	**-**	370
	298,869	84,740

6. Taxation

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	Year ended 31 January 2015 £	10 months to 31 January 2014 £
Loss on ordinary activities before tax	**(4,240,636)**	(3,791,760)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.32% (2014 - 23%)	**(904,104)**	(872,105)
Effects of:		
Depreciation in excess of capital allowances	**94,253**	48,910
Other short term timing differences	**(12,004)**	12,660
Expenses not deductible for tax purposes	**39,781**	134,260
Tax losses arising/(utilised) in year	**782,074**	676,275
Current tax charge for the period/year (see note above)	**-**	-

Unrelieved tax losses remain available to offset against future taxable profits. These losses have not been recognised as deferred tax assets within the financial statements due to the uncertainty of the recoverability of the asset. Losses carried forward in the UK total £7,885,745 (2014: £6,671,682) – tax effect is £2,351,067 (2014: £1,334,336).

Notes to the Financial Statements

For the year ended 31 January 2015

7. Staff costs

Staff costs were as follows:

	Year ended 31 January 2015 £	10 months to 31 January 2014 £
Wages and salaries	**3,758,828**	2,056,737
Social security costs	**334,717**	224,328
Other pension costs	**89,829**	55,319
Share-based payments	**-**	10,993
	4,183,374	2,347,377

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

	Year ended 31 January 2015 No.	10 months to 31 January 2014 No.
Sales	**28**	24
Manufacturing	**9**	8
Design, marketing and administration	**28**	25
	65	57

Director's remuneration	**2015 £**	2014 £
Emoluments	**351,603**	357,915
Pension contributions to money purchase schemes	**50,000**	58,548
Compensation for loss of office	**-**	20,500
	401,603	436,963

During the year, one director (2014: two directors) participated in money purchase pension schemes.

Notes to the Financial Statements

For the year ended 31 January 2015

8. Tangible fixed assets

	Fixtures, fittings and computer equipment £	Moulds and Tooling £	Total £
Cost			
At 1 February 2014	**4,987,896**	**628,532**	**5,616,428**
Additions	**246,240**	-	**246,240**
Disposals	**(155,888)**	-	**(155,888)**
At 31 January 2015	**5,078,248**	**628,532**	**5,706,780**
Depreciation			
At 1 February 2014	**4,321,847**	**622,492**	**4,944,339**
Charge for the period	**302,156**	**2,165**	**304,321**
At 31 January 2015	**4,624,003**	**624,657**	**5,248,660**
Net book value			
At 31 January 2015	**454,245**	**3,875**	**458,120**
At 31 January 2014	666,048	6,040	672,088

9. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country	Holding
The Original Design Partnership Limited	United Kingdom	100%

For the year ended 31 January 2015 The Original Design Partnership made a profit before tax of £125,728 (2014: Loss (£141,312)) and the total capital and reserves were a surplus of £10,389 (2014: deficit of £115,338).

10. Stocks

	31 January 2015 £	31 January 2014 £
Raw materials	**718,905**	752,580
Work in progress	-	25,513
Finished goods and goods for resale	**5,863,691**	6,335,502
	6,582,596	7,113,595

Notes to the Financial Statements
For the year ended 31 January 2015

The Company held £4,338,381 of stock on consignment as at 31 January 2015 (2014: £5,557,355) which is not recorded on the balance sheet. The principal terms of the consignment agreements, which can generally be terminated by either side, are such that the Company can return any or all of the stock to the relevant suppliers without financial and commercial penalties and the supplier can vary stock prices.

11. Debtors

	31 January 2015 £	31 January 2014 £
Trade debtors	**419,639**	466,480
Amounts owed by group undertakings	**-**	34,745
Other debtors	**164,472**	232,578
Prepayments and accrued income	**183,801**	319,434
	767,912	1,053,237

12. Creditors: Amounts falling due within one year

	31 January 2015 £	31 January 2014 £
Bank loans and overdrafts	**3,320,112**	2,220,219
Trade creditors	**1,225,869**	2,234,238
Other taxation and social security	**145,263**	184,476
Other creditors	**216,283**	205
Accruals and deferred income	**504,916**	740,220
Amounts owed to group undertakings	**3,249,120**	-
	8,661,563	5,379,358

The bank loans are secured by a debenture over the assets and undertakings of the Company. The Company's committed revolving credit facility matures on 29 January 2018.

13. Share capital

	31 January 2015 £	31 January 2014 £
Allotted, called up and fully paid		
69,159,030 (2014 – 69,159,030) Ordinary shares of £0.05 each	**3,457,952**	3,457,952

Notes to the Financial Statements

For the year ended 31 January 2015

14. Reserves

	Share premium account £	Profit and loss account £
At 1 February 2014	**5,741,166**	(5,601,825)
Loss for the period	-	(4,240,636)
At 31 January 2015	**5,741,166**	(9,842,461)

15. Reconciliation of movement in shareholders' funds

	31 January 2015 £	31 January 2014 £
Opening shareholders' funds	**3,597,293**	5,078,009
Loss for the financial period/year	**(4,240,636)**	(3,791,760)
Shares issued during the period/year	-	2,300,051
Recognition of equity settled share based payments in the year	-	(205,517)
Other movements	-	216,510
Closing shareholders' funds	**(643,343)**	3,597,293

16. Capital commitments

The Company had committed to capital expenditure of £Nil at 31 January 2015 (2014: £Nil).

17. Pension commitments

The Company operates defined contribution pension schemes for the benefit of employees and directors. The assets of the executive scheme are administered by trustees in a fund independent from the assets of the Company. In addition the Company operates a separate group personal pension scheme for employees.

18. Operating lease commitments

The Company had commitments as at 31 January 2015 to make annual payments under non-cancellable operating leases of £598,625 (2014: £598,625) in respect of land and buildings. The leases to which these payments relate expire after more than five years other than the lease of Unit 4, The Courtyard, Royal Exchange, London EC3, which expires on 28 September 2016 (annual rental: £86,625).

	Land and buildings	
	31 January 2014 £	31 January 2014 £
Expiry date:		
After more than 5 years	**598,625**	598,625

19. Financial instruments

The Company's financial instruments comprise borrowings, cash, and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The Company has applied the exemption allowed under FRS 13 'Derivatives and other financial instruments: disclosures' in making no disclosures on short term debtors and creditors. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

At the year-end there was a concentration of credit risk with a balance of £169,175 (2014: £348,175) due from one entity.

Credit risk

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the Finance Director on a regular basis in conjunction with debt ageing and collection history.

Interest rate risk

The Company finances its operations through a mixture of bank loan and overdraft. The Company borrows at a floating interest rate of 4% above its Bank's base rate. The effects of interest rate fluctuations are not considered a significant risk at the current borrowing levels.

Liquidity risk

The Company ensures short-term flexibility through the use of its revolving credit facility.

The Company's policy is not to fix interest rates in respect of its borrowings.

Currency risk

The Company's exposure to exchange rate fluctuations is small and it is therefore the Company's policy not to hedge against foreign currency transactions.

Financial assets and liabilities

The Company has no financial assets, other than debtors.

The balance sheet values for financial assets and liabilities are not considered materially different to the fair values.

Notes to the Financial Statements

For the year ended 31 January 2015

20. Related party transactions

In accordance with section 3(c) of Financial Reporting Standard 8, Related Party Disclosure, transactions made between 100% subsidiary undertakings of Mirfield 1964 PLC have not been disclosed.

21. Ultimate parent undertaking and controlling party

The ultimate parent company is Mirfield 1964 PLC, a company registered in England and Wales. Copies of the group accounts of Mirfield 1964 PLC can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. The controlling parties are M D Jatania, K Mills and J P Moulton by virtue of their ownership of the majority of the issued share capital of Mirfield 1964 Plc, the ultimate parent company.