

Registered number
03595452

Continental Clothing Company Limited
Report and Financial Statements for the Year Ended
31 December 2018



Continental Clothing Company Limited
Report and accounts
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Continental Clothing Company Limited
Company Information

Directors

Mr P Gamett
Mr P Hughes
Mr M Zeegan

Secretary

Paul Hughes

Auditors

Compass Accountants Ltd
Venture House, The Tanneries
East street
Titchfield
Hampshire
PO14 4AR

Registered office

24-25 The Quadrant
135 Salisbury Road
London
NW6 6RJ

Registered number

03595452

Continental Clothing Company Limited
Registered number: 03595452
Directors' Report

The directors present their report and financial statements for the year ended 31 December 2018.

Directors

The following persons served as directors during the year:

Mr P Gamett
Mr P Hughes
Mr M Zeegan

Principal activities

The company's principal activity during the year continued to be that of clothing merchandisers.

Results and dividends

The results for the year are set out on page 7.

Research and development

By virtue of its continuing development of organic cotton lines, low carbon apparel to address climate change and with the new green manufacturing bases in Asia, the company continues to be regarded as an ethical apparel company.

The company strives to promote good practices across the industry presenting itself as a role model within the cotton based apparel industry.

Employee involvement

Details of the numbers of employees are given in the financial statements.

The company aims to keep employees informed of all relevant matters through regular staff meetings, both formal and informal, and through written communications and any staff issues are dealt with efficiently and fairly.

The company feels it has a transparent and appropriate policy for employee remuneration. The company has begun a programme to engage employees specifically regarding environmental and social issues relevant to cotton and clothing manufacture, but also relevant to general business practices.

Future developments

Maintaining the expansion of its established brands along with the continued growth of the eco-friendly range will be a focus in the coming period that will help strengthen the company's sustainability of its wholesale business. The directors expect the general level of trade to continue in the forthcoming year.

Auditors

Compass Accountants Ltd have expressed their willingness to continue in office.

Continental Clothing Company Limited
Registered number: 03595452
Directors' Report

Directors' responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 24/09/2019 and signed on its behalf.



M Zeegan
Director

Continental Clothing Company Limited Strategic Report

The directors present their strategic report and Directors' report together with the audited financial statements for the year ended 31 December 2018. In view of the increasingly competitive retail environments in which the company operated the Directors believe that the outcome for the year was satisfactory.

Principal activities and review of the business

Continental Clothing Company Limited was established in 1998. The principal activity of the company continues to be that of clothing merchandisers. The company designs, imports and wholesales blank apparel for decoration (t-shirts, polo shirts, sweatshirts, children's and babywear). The focus has always been and will continue to be creating high quality, ethically produced ; expertly styled garments for markets such as music merchandise, the fashion industry and the promotional apparel industry. Over the last 10 years, Continental Clothing acquired a reputation for its pioneering work in the field of sustainable clothing manufacture.

The company owns four unique brands - Continental™, EarthPositive™, Salvage™ and Fairshare. They are among the most up-to-date wholesale blank apparel T-shirt brands in the world. The company mainly distributes its brands across Europe through a large network of re-sellers. The company is continuing to source new manufacturing facilities across Europe and Asia in order to help keep margins strong and to be flexible in case of any adverse macro-economic conditions within these sourcing countries.

During the year Continental pushed further into new market territories to get further brand awareness and enhance sales in new market areas. Also the company continued to invest in IT infrastructure and digital e-commerce B2B platform . This all contributed to increase turnover by 6.5% for the financial year .

Principal risks and uncertainties

The company operates in an industry that continues to be dominated by brands such as Fruit Of The Loom, Hanes, and Gildan. It is an influential force in this industry by virtue of its ongoing commitment to quality and ethics, and also by reinforcing its status as the key indicator of current trends. The business growth will depend on being able to grow in strategic markets and new market channels. Failure to successfully develop these opportunities will limit growth.

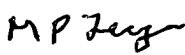
The company is subject to commodity fluctuations especially with cotton price movements. To overcome these risks cotton is procured in advance.

The industry standard is to give key accounts credit terms. If a customer fails to meet its contractual obligations then this could affect the business. The company has very strong business relationships with key accounts so this helps in understanding their financial requirements and effective credit control.

If there are changes in general economic conditions such as the global credit crisis in 2008/2009 or Brexit , which is now the main principal risk with the uncertainty of the outcome and what type of trading relationship the UK will have with the EU. Brexit may lead to lower demand for products and therefore a slowdown in sales and turnover. In case of a no Brexit deal the company has taken a contingency strategy to be activated if required.

Over the last few years the company has increased the number of factories and countries where it sources production in order to limit the effects of political unrest or climate change on the supply chain.

This report was approved by the board on 24/01/2019 and signed on its behalf.


M Zeegan
Director

Continental Clothing Company Limited
Independent auditor's report
to the members of Continental Clothing Company Limited

Opinion

We have audited the financial statements of Continental Clothing Company Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Continental Clothing Company Limited
Independent auditor's report
to the members of Continental Clothing Company Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

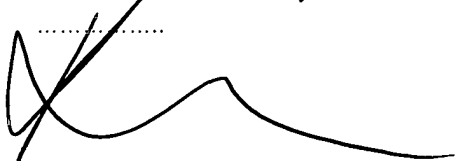
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Kerry Lawrance FCA
(Senior Statutory Auditor)
for and on behalf of
Compass Accountants Ltd
Accountants and Statutory Auditors



Venture House, The Tanneries
East street
Titchfield
Hampshire
PO14 4AR

25 SEPTEMBER 2019

Continental Clothing Company Limited
Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	3	13,374,121	12,573,465
Cost of sales		(10,308,087)	(9,653,639)
Gross profit		<u>3,066,034</u>	<u>2,919,826</u>
Administrative expenses		(1,377,546)	(1,256,885)
Operating profit	4	<u>1,688,488</u>	<u>1,662,941</u>
Profit on sale of fixed assets		299	-
Interest receivable		37,651	13,907
Profit on ordinary activities before taxation		<u>1,726,438</u>	<u>1,676,848</u>
Tax on profit on ordinary activities	7	(327,977)	(323,583)
Profit for the financial year		<u>1,398,461</u>	<u>1,353,265</u>

The income statement has been prepared on the basis that all operations are continuing operations.

Continental Clothing Company Limited**Registered number:****03595452****Statement of Financial Position****as at 31 December 2018**

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	8	47,396	42,662
Current assets			
Stocks	9	2,897,045	3,056,498
Debtors	10	1,307,458	1,065,198
Cash at bank and in hand		6,669,852	6,414,856
		<u>10,874,355</u>	<u>10,536,552</u>
Creditors: amounts falling due within one year	11	(6,320,539)	(6,078,276)
Net current assets		<u>4,553,816</u>	<u>4,458,276</u>
Total assets less current liabilities		<u>4,601,212</u>	<u>4,500,938</u>
Provisions for liabilities			
Deferred taxation	12	(4,847)	(3,034)
Net assets		<u>4,596,365</u>	<u>4,497,904</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	4,596,363	4,497,902
Total equity		<u>4,596,365</u>	<u>4,497,904</u>



M Zeegan

Director

Approved by the board on 24/09/2019

Continental Clothing Company Limited
Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 January 2017	2	-	-	3,884,637	3,884,639
Profit for the financial year				1,353,265	1,353,265
Dividends				(740,000)	(740,000)
At 31 December 2017	<u>2</u>	<u>-</u>	<u>-</u>	<u>4,497,902</u>	<u>4,497,904</u>
 At 1 January 2018	 2	 -	 -	 4,497,902	 4,497,904
Profit for the financial year				1,398,461	1,398,461
Dividends				(1,300,000)	(1,300,000)
At 31 December 2018	<u>2</u>	<u>-</u>	<u>-</u>	<u>4,596,363</u>	<u>4,596,365</u>

Continental Clothing Company Limited
Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Operating activities			
Profit for the financial year		1,398,461	1,353,265
Adjustments for:			
Profit on sale of fixed assets		(299)	-
Interest receivable		(37,651)	(13,907)
Tax on profit on ordinary activities		327,977	323,583
Depreciation		23,447	13,780
Decrease/(increase) in stocks		159,453	(1,026,869)
Increase in debtors		(242,260)	(17,729)
Increase in creditors		315,329	463,538
		<u>1,944,457</u>	<u>1,095,661</u>
Corporation tax paid		(399,230)	(207,345)
Cash generated by operating activities		<u>1,545,227</u>	<u>888,316</u>
Investing activities			
Payments to acquire tangible fixed assets		(28,182)	(27,486)
Proceeds from sale of tangible fixed assets		300	6
Interest received		37,651	13,907
Cash generated by/(used in) investing activities		<u>9,769</u>	<u>(13,573)</u>
Financing activities			
Equity dividends paid		(1,300,000)	(740,000)
Cash used in financing activities		<u>(1,300,000)</u>	<u>(740,000)</u>
Net cash generated			
Cash generated by operating activities		1,545,227	888,316
Cash generated by/(used in) investing activities		9,769	(13,573)
Cash used in financing activities		(1,300,000)	(740,000)
Net cash generated		<u>254,996</u>	<u>134,743</u>
Cash and cash equivalents at 1 January		<u>6,414,856</u>	<u>6,280,113</u>
Cash and cash equivalents at 31 December		<u>6,669,852</u>	<u>6,414,856</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>6,669,852</u>	<u>6,414,856</u>

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the requirements of the Companies Act 2006.

Going concern

At the time of approving the financial statements, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue

Turnover from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to the customer. Turnover represents the sales amounts net of sales discount and Value Added Tax.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	over the shorter of the leasehold period remaining and useful economic life
Computer equipment	33% straight line
Warehouse equipment	20% straight line
Office equipment	20% straight line
Motor vehicles	20% straight line

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

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

Impairment of non-current assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of inventories sold is recognised as an expense in the period in which the related revenue is recognised.

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

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the new amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs of finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Leases

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

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

2 Critical accounting estimates and judgements and key sources of estimation uncertainty

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

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

Areas of judgement and estimation include the depreciation of fixed assets, bad debt provision and the slow moving stock provision.

3 Analysis of turnover

	2018 £	2017 £
Sale of goods	<u>13,374,121</u>	<u>12,573,465</u>
By geographical market:		
UK	8,531,836	8,343,978
Germany	363,723	373,955
Rest of world	<u>4,478,562</u>	<u>3,855,532</u>
	<u>13,374,121</u>	<u>12,573,465</u>

4 Operating profit

	2018 £	2017 £
This is stated after charging:		
Depreciation of owned fixed assets	23,447	13,780
Operating lease rentals - land and buildings	54,304	46,260
Auditors' remuneration for audit services	10,600	10,600
Key management personnel compensation (including directors' emoluments)	415,986	383,692
Carrying amount of stock sold	<u>9,375,507</u>	<u>8,739,935</u>

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

5 Directors' emoluments	2018	2017
	£	£
Emoluments	<u>210,005</u>	<u>210,005</u>
Highest paid director: Emoluments	<u>180,000</u>	<u>180,000</u>
6 Staff costs	2018	2017
	£	£
Wages and salaries	765,846	682,932
Social security costs	75,537	72,048
Other pension costs	5,964	3,045
	<u>847,347</u>	<u>758,025</u>
Average number of employees during the year	Number	Number
Office and administration sales and marketing	13	13
Warehousing	<u>1</u>	<u>1</u>
	<u>14</u>	<u>14</u>
7 Taxation	2018	2017
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	326,164	318,970
Deferred tax:		
Origination and reversal of timing differences	1,813	4,613
	<u>327,977</u>	<u>323,583</u>
Tax on profit on ordinary activities		

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,726,438</u>	<u>1,676,848</u>
Standard rate of corporation tax in the UK (UK tax rate changed from 20% to 19% on 1st April 2017)	19.00%	19.25%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	328,023	322,793
Effects of:		
Expenses not deductible for tax purposes and other adjustments	(57)	(56)
Capital allowances for period in excess of depreciation	(1,802)	(3,767)
Deferred tax	1,813	4,613
	<u>327,977</u>	<u>323,583</u>
Taxation charge for period		

8 Tangible fixed assets

	Leasehold Improvements <i>At cost</i> £	Warehouse Equipment <i>At cost</i> £	Office & Computer Equipment <i>At cost</i> £	Total £
Cost or valuation				
At 1 January 2018	32,467	180,734	144,923	358,124
Additions	-	-	28,182	28,182
Disposals	-	(10,954)	(52,070)	(63,024)
At 31 December 2018	<u>32,467</u>	<u>169,780</u>	<u>121,035</u>	<u>323,282</u>
Depreciation				
At 1 January 2018	32,467	164,595	118,400	315,462
Charge for the year	-	6,052	17,395	23,447
On disposals	-	(10,954)	(52,069)	(63,023)
At 31 December 2018	<u>32,467</u>	<u>159,693</u>	<u>83,726</u>	<u>275,886</u>
Carrying amount				
At 31 December 2018	<u>-</u>	<u>10,087</u>	<u>37,309</u>	<u>47,396</u>
At 31 December 2017	<u>-</u>	<u>16,139</u>	<u>26,523</u>	<u>42,662</u>

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

9 Inventories		2018	2017	
		£	£	
Finished goods and goods for resale		<u>2,897,045</u>	<u>3,056,498</u>	
10 Debtors		2018	2017	
		£	£	
Trade debtors		1,220,051	978,243	
Other debtors		1,307	-	
Prepayments and accrued income		<u>86,100</u>	<u>86,955</u>	
		<u>1,307,458</u>	<u>1,065,198</u>	
11 Creditors: amounts falling due within one year		2018	2017	
		£	£	
Trade creditors		912,086	597,784	
Corporation tax		251,164	324,230	
Other taxes and social security costs		37,622	66,044	
Other creditors		5,076,528	5,074,620	
Accruals and deferred income		<u>43,139</u>	<u>15,598</u>	
		<u>6,320,539</u>	<u>6,078,276</u>	
12 Deferred taxation		2018	2017	
		£	£	
Accelerated capital allowances		<u>4,847</u>	<u>3,034</u>	
		2018	2017	
		£	£	
At 1 January		3,034	(1,579)	
Charged to the profit and loss account		1,813	4,613	
At 31 December		<u>4,847</u>	<u>3,034</u>	
13 Share capital	Nominal value	2018 Number	2018 £	2017 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	2	2	2

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

14 Profit and loss account	2018	2017
	£	£
At 1 January	4,497,902	3,884,637
Profit for the financial year	1,398,461	1,353,265
Dividends	(1,300,000)	(740,000)
At 31 December	<u>4,596,363</u>	<u>4,497,902</u>

15 Dividends	2018	2017
	£	£
Dividends on ordinary shares (note 14)	<u>1,300,000</u>	<u>740,000</u>

16 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2018 £	Land and buildings 2017 £	Other 2018 £	Other 2017 £
Falling due:				
within one year	44,333	44,333	-	-
within two to five years	<u>112,000</u>	<u>160,000</u>	<u>-</u>	<u>-</u>
	<u>156,333</u>	<u>204,333</u>	<u>-</u>	<u>-</u>

17 Related party transactions

During the year, the company made sales totalling £363,723 (2017: £373,955) to Continental Clothing GmbH and made purchases of £392,426 (2017: £403,865) from that company. Paul Hughes owns Continental Clothing GmbH.

During the year, the company made purchases of £642,218 (2017: £426,251) from The Distribution Centre Limited, a company which Philip Gammett owns. Phillip Gammett is a director and shareholder in Continental Clothing Company Limited. The balance owed by Continental Clothing Company Limited to Distribution Centre Limited at the year end was nil (2017: nil).

The company is in receipt of a loan of £5,070,000 from a director. The loan is repayable on demand and the rate of interest charged is 0%. At this, and the previous, balance sheet date, the loan was still outstanding and is presented within creditors; amount falling due within one year.

No guarantees have been given or received.

Continental Clothing Company Limited
Notes to the Accounts
for the year ended 31 December 2018

18 Controlling party

The company is controlled by Mr P Gamett and Mr P Hughes.

19 Presentation currency

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

20 Legal form of entity and country of incorporation

Continental Clothing Company Limited is a private company limited by shares and incorporated in England.

21 Principal place of business

The address of the company's principal place of business and registered office is:

24-25 The Quadrant
135 Salusbury Road
London
NW6 6RJ

Continental Clothing Company Limited
Detailed profit and loss account
for the year ended 31 December 2018

This schedule does not form part of the statutory accounts

	2018 £	2017 £
Sales	13,374,121	12,573,465
Cost of sales	(10,308,087)	(9,653,639)
Gross profit	<u>3,066,034</u>	<u>2,919,826</u>
Administrative expenses	(1,377,546)	(1,256,885)
Operating profit	<u>1,688,488</u>	<u>1,662,941</u>
Profit on sale of fixed assets	299	-
Interest receivable	37,651	13,907
Profit before tax	<u>1,726,438</u>	<u>1,676,848</u>

Continental Clothing Company Limited
Detailed profit and loss account
for the year ended 31 December 2018

This schedule does not form part of the statutory accounts

	2018 £	2017 £
Sales		
Sale of goods	<u>13,374,121</u>	<u>12,573,465</u>
Cost of sales		
Purchases	9,216,054	9,766,804
Decrease/(increase) in stocks	159,453	(1,026,869)
Other direct costs	927,102	950,554
Exchange differences & charges	<u>5,478</u>	<u>(36,850)</u>
	<u>10,308,087</u>	<u>9,653,639</u>
Administrative expenses		
Employee costs:		
Wages and salaries	555,841	472,927
Directors' salaries	210,005	210,005
Pensions	5,964	3,045
Employer's NI	75,537	72,048
Payroll Admin	1,645	1,699
Temporary staff and recruitment	2,885	-
Staff training and welfare	6,395	3,788
Computer running costs	104,349	84,282
Travel and subsistence	21,943	35,596
Motor expenses	805	3,880
Charitable donations	<u>850</u>	<u>2,777</u>
	<u>986,219</u>	<u>890,047</u>
Premises costs:		
Rent and service charges	54,304	46,260
Rates	17,583	17,314
Light and heat	2,857	3,252
Cleaning	<u>9,509</u>	<u>8,870</u>
	<u>84,253</u>	<u>75,696</u>
General administrative expenses:		
Telephone and fax	9,897	13,696
Stationery and printing	5,310	7,456
Subscriptions	25,760	17,291
Bank charges	68,773	65,750
Insurance	20,280	18,583
Repairs and maintenance	1,143	4,706
Depreciation	23,448	13,779
Bad debts	31,385	10,186
Sundry expenses	<u>2,814</u>	<u>1,658</u>
	<u>188,810</u>	<u>153,105</u>
Legal and professional costs:		
Audit fees	10,600	11,100
Accountancy fees	4,895	5,000
Consultancy fees	30,825	57,104
Advertising and PR	66,295	48,533
Other legal and professional	<u>5,649</u>	<u>16,300</u>
	<u>118,264</u>	<u>138,037</u>
	<u>1,377,546</u>	<u>1,256,885</u>