

Company Registration No. 04820501 (England and Wales)

NEW WAY INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

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NEW WAY INTERNATIONAL LIMITED

COMPANY INFORMATION

Director N Prince (Appointed 13 January 2015)

Secretary R Singh

Company number 04820501

Registered office Britannia House
Pier Road
Feltham
London
TW14 0TW

Auditor Alliotts
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

NEW WAY INTERNATIONAL LIMITED

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NEW WAY INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2016

The director presents the strategic report for the period 1 November 2014 to 31 March 2016.

Fair review of the business

Business Review

The results for the year and the financial position of the company are shown in the annexed financial statements. The decrease in turnover reflects in part a continued rationalisation of the Company's customer list but also reflects the prevailing business conditions throughout the period with the level of competition resulting in a fall in the gross profit percentage achieved from 3.9% to 3.0%.

Whilst the Director is disappointed with the result he is of the opinion that the group is well placed for future expansion.

Financial risk management objectives and policies

The company continues to deal in high value consumer products in a fast changing market with continuous technical development. Consequently, many purchased are made on a matched sale basis although stocks of popular, high demand phones are maintained so as to fulfil urgent orders.

Serial numbers of all phones are recorded to provide a full audit trail of all stock purchased. Additional information is provided to HMRC as requested. Stringent controls are made on both payments of funds by electronic transfer and collection of debtor monies.

The key objective with all trading transactions is to provide customers with a first class service whilst balancing this against profitability. Pricing policies are determined by market forces and reference to specialist internet subscription websites. The Company's sales team is in constant touch with other traders throughout the world and therefore have unit prices at their fingertips. The Company continues to build and enhance its relationships and during the period established some promising new relationships.

Key Performance indicators

KPI's are perceived to be Gross Margin (which decreased from 3.9% to 3.0%), Turnover (which reduced from £155.1m to £152.1m in an extended period) and Return on Assets Employed (which reduced from 30.06% to an annual equivalent of 0.96%).

In a Fast Moving Consumer Goods market, the gross margin remains to be under pressure. The result was also affected by a significant bad debt and foreign exchange losses, the latter also prevailing in the present year.

The workforce continues to be highly motivated with a focus on meeting customer expectations.

Business Environment

The industry remains highly competitive with the principal bar to entry being a high capital requirement coupled with regulatory control imposed by HMRC. New Way International Ltd however continues to seek new opportunities in the UK and overseas, at the same time doing all possible to test the veracity of new clients and, where possible, to insist on advance payments for transactions.

On behalf of the board



N Prince

Director

29 November 2016

NEW WAY INTERNATIONAL LIMITED

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 31 MARCH 2016

The director presents his annual report and the financial results for the period 1 November 2014 to 31 March 2016.

Principal activities

The principal activity of the company and group in the year under review is that of the wholesaling and internet distribution of mobile phones and accessories. The company continues to be a leading wholesaler of mobile phones and accessories selling both domestically and internationally.

Director

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

E J Wrigley
N Prince

(Resigned 13 January 2015)
(Appointed 13 January 2015)

Results and dividends


The results for the Period are set out on page 6.

Ordinary dividends were paid amounting to £1,185,000. The director does not recommend payment of a further dividend.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



N Prince

Director

29 November 2014

NEW WAY INTERNATIONAL LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2016

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 group and company will continue in business.

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

NEW WAY INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEW WAY INTERNATIONAL LIMITED

We have audited the financial statements of New Way International Limited for the Period ended 31 March 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows 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), including FRS 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 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 director and auditor

As explained more fully in the Director's Responsibilities Statement, the director is 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 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 31 March 2016 and of its profit 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 Director's Report for the financial Period for which the financial statements are prepared is consistent with the financial statements.

NEW WAY INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEW WAY INTERNATIONAL 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 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 Hopes FCA (Senior Statutory Auditor)
for and on behalf of Alliotts

Chartered Accountants
Statutory Auditor

29 November 2016
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Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL
WC2B 6UN

NEW WAY INTERNATIONAL LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	period ended 31 March 2016 £	31 October 2014 £
Turnover	3	152,068,864	155,164,630
Cost of sales		(147,461,606)	(149,110,559)
Gross profit		4,607,258	6,054,071
Distribution costs		(270,071)	(46,414)
Administrative expenses		(4,195,879)	(2,085,807)
Other operating income		16,015	-
Operating profit	4	157,323	3,921,850
Interest receivable and similar income	8	42	59
Interest payable and similar charges	9	-	(1,109)
Profit before taxation		157,365	3,920,800
Taxation	10	(33,251)	(856,886)
Profit for the financial Period		124,114	3,063,914

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NEW WAY INTERNATIONAL LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016

	Period ended 31 March 2016 £	31 October 2014 £
Profit for the Period	124,114	3,063,914
Other comprehensive income	-	-
Total comprehensive income for the Period	<u>124,114</u>	<u>3,063,914</u>

Total comprehensive income for the Period is all attributable to the owners of the parent company.

NEW WAY INTERNATIONAL LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2014 £	£
Fixed assets					
Tangible assets	12		201,118		223,292
Current assets					
Stocks	16	13,500,895		5,161,684	
Debtors	17	6,362,741		5,986,713	
Cash at bank and in hand		765,184		1,728,977	
		<u>20,628,820</u>		<u>12,877,374</u>	
Creditors: amounts falling due within one year	18	<u>(11,668,794)</u>		<u>(2,876,757)</u>	
Net current assets			8,960,026		10,000,617
Total assets less current liabilities			<u>9,161,144</u>		<u>10,223,909</u>
Provisions for liabilities	19		(28,584)		(30,463)
Net assets			<u>9,132,560</u>		<u>10,193,446</u>
Capital and reserves					
Called up share capital	20		102		102
Profit and loss reserves			<u>9,132,458</u>		<u>10,193,344</u>
Total equity			<u>9,132,560</u>		<u>10,193,446</u>

The financial statements were approved by the board of directors and authorised for issue on 29 November 2016 and are signed on its behalf by:



N Prince
Director


NEW WAY INTERNATIONAL LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2014 £	£
Fixed assets					
Tangible assets	12		201,118		223,292
Investments	13		15,390		15,390
			<u>216,508</u>		<u>238,682</u>
Current assets					
Stocks	16	13,500,895		5,161,684	
Debtors	17	6,545,972		6,050,201	
Cash at bank and in hand		424,317		1,663,094	
		<u>20,471,184</u>		<u>12,874,979</u>	
Creditors: amounts falling due within one year	18	(11,610,732)		(2,888,968)	
Net current assets			<u>8,860,452</u>		<u>9,986,011</u>
Total assets less current liabilities			<u>9,076,960</u>		<u>10,224,693</u>
Provisions for liabilities	19		(28,584)		(30,463)
Net assets			<u><u>9,048,376</u></u>		<u><u>10,194,230</u></u>
Capital and reserves					
Called up share capital	20		102		102
Profit and loss reserves			9,048,274		10,194,128
Total equity			<u><u>9,048,376</u></u>		<u><u>10,194,230</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 November 2016 and are signed on its behalf by:



N Prince
Director

Company Registration No. 04820501

NEW WAY INTERNATIONAL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2013		102	7,234,430	7,234,532
Year ended 31 October 2014:				
Profit and total comprehensive income for the year		-	3,063,914	3,063,914
Dividends	11	-	(105,000)	(105,000)
Balance at 31 October 2014		102	10,193,344	10,193,446
Period ended 31 March 2016:				
Profit and total comprehensive income for the period		-	124,114	124,114
Dividends	11	-	(1,185,000)	(1,185,000)
Balance at 31 March 2016		102	9,132,458	9,132,560

NEW WAY INTERNATIONAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2013		102	7,234,430	7,234,532
Year ended 31 October 2014:				
Profit and total comprehensive income for the year		-	3,064,698	3,064,698
Dividends	11	-	(105,000)	(105,000)
Balance at 31 October 2014		102	10,194,128	10,194,230
Period ended 31 March 2016:				
Profit and total comprehensive income for the period		-	39,146	39,146
Dividends	11	-	(1,185,000)	(1,185,000)
Balance at 31 March 2016		102	9,048,274	9,048,376

NEW WAY INTERNATIONAL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	2016 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	25	1,283,463		379,686	
Interest paid		-		(1,109)	
Income taxes paid		(1,025,000)		(662,570)	
Net cash inflow/(outflow) from operating activities		258,463		(283,993)	
Investing activities					
Purchase of tangible fixed assets		(37,298)		(84,355)	
Proceeds on disposal of subsidiaries		-		15,390	
Interest received		42		59	
Net cash used in investing activities		(37,256)		(68,906)	
Financing activities					
Dividends paid to equity shareholders		(1,185,000)		(105,000)	
Net cash used in financing activities		(1,185,000)		(105,000)	
Net decrease in cash and cash equivalents		(963,793)		(457,899)	
Cash and cash equivalents at beginning of Period		1,728,977		2,186,876	
Cash and cash equivalents at end of Period		765,184		1,728,977	

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

Company information

New Way International Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of New Way International Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the Period ended 31 March 2016 are the first financial statements of New Way International Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 November 2013. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the period was £39,146 (2014 - £3,064,698 profit).

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of New Way International Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

New Way International Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Ultimate Phoneshop Limited for the seventeen month period.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	25% reducing balance

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 recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

1.9 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.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.10 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net 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 debtors and cash and bank balances, 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 publically 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 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 group 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.

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 group after deducting all of its liabilities.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. 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 group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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 fixed 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.

1.14 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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Creditors

Creditors are receivable once an invoice has been raised and the goods have been dispatched. Management use the goods delivered records to ascertain this.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Foreign exchange

Where transactions occur in foreign exchange they are translated into sterling at an agreed company average exchange rate and where balances at the year end are in foreign exchange these have been translated at the rate as at the average company agreed rate at the year end.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2014 £
Turnover		
Sales	152,068,864	155,164,630
	<hr/>	<hr/>
Other significant revenue		
Interest income	42	59
	<hr/>	<hr/>

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

4 Operating profit

	2016 £	2014 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	444,656	-
Depreciation of owned tangible fixed assets	59,472	69,375
Cost of stocks recognised as an expense	147,365,984	149,029,112
Operating lease charges	205,004	143,214
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016 £	2014 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	25,000	17,500
Audit of the company's subsidiaries	1,555	1,510
	<u> </u>	<u> </u>
	26,555	19,010
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the Period was:

	2016 Number	2014 Number
Sales and admin	32	32
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2014 £
Wages and salaries	1,807,093	1,395,671
Social security costs	239,411	126,189
	<u> </u>	<u> </u>
	2,046,504	1,521,860
	<u> </u>	<u> </u>

7 Director's remuneration

	2016 £	2014 £
Remuneration for qualifying services	117,500	84,090
	<u> </u>	<u> </u>

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

8 Interest receivable and similar income

	2016 £	2014 £
Interest income		
Interest on bank deposits	42	59

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	42	59
--	----	----

9 Interest payable and similar charges

	2016 £	2014 £
Other finance costs:		
Other interest	-	1,109
Total finance costs	-	1,109

10 Taxation

	2016 £	2014 £
Current tax		
UK corporation tax on profits for the current period	35,130	850,766
Adjustments in respect of prior periods	-	8
Total current tax	35,130	850,774
Deferred tax		
Origination and reversal of timing differences	(1,879)	6,112
Total tax charge	33,251	856,886

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

10 Taxation

(Continued)

The actual charge for the Period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2014 £
Profit before taxation	157,365	3,920,800
Expected tax charge based on the standard rate of corporation tax in the UK of 20.12% (2014: 21.80%)	31,662	854,905
Tax effect of expenses that are not deductible in determining taxable profit	1,784	1,340
Unutilised tax losses carried forward	(158)	-
Permanent capital allowances in excess of depreciation	(10,295)	(20,987)
Depreciation on assets not qualifying for tax allowances	12,227	1,558
Other permanent differences	(90)	13,958
Deferred tax adjustments in respect of current year	(1,879)	6,112
Tax expense for the period	33,251	856,886

11 Dividends

	2016 £	2014 £
Interim paid	1,185,000	105,000

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

12 Tangible fixed assets

Group	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 November 2014	249,209	62,303	129,788	441,300
Additions	26,597	10,701	-	37,298
At 31 March 2016	275,806	73,004	129,788	478,598
Depreciation and impairment				
At 1 November 2014	99,371	36,567	82,070	218,008
Depreciation charged in the Period	39,882	7,659	11,931	59,472
At 31 March 2016	139,253	44,226	94,001	277,480
Carrying amount				
At 31 March 2016	136,553	28,778	35,787	201,118
At 31 October 2014	149,838	25,736	47,718	223,292
Company				
	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 November 2014	249,209	62,303	129,788	441,300
Additions	26,597	10,701	-	37,298
At 31 March 2016	275,806	73,004	129,788	478,598
Depreciation and impairment				
At 1 November 2014	99,371	36,567	82,070	218,008
Depreciation charged in the Period	39,882	7,659	11,931	59,472
At 31 March 2016	139,253	44,226	94,001	277,480
Carrying amount				
At 31 March 2016	136,553	28,778	35,787	201,118
At 31 October 2014	149,838	25,736	47,718	223,292

13 Fixed asset investments

	Notes	Group 2016 £	2014 £	Company 2016 £	2014 £
Investments in subsidiaries	14	-	-	15,390	15,390

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
New Way Accessories Limited	England	Dormant subsidiary	Ordinary	100.00
New Way Associates Limited	England	Dormant subsidiary	Ordinary	100.00
New Gate Communications BV	Holland	Dormant subsidiary	Ordinary	100.00
Ultimate Phoneshop Limited	England	Internet Retailer of mobile phones and accessories	Ordinary	100.00

15 Financial instruments

	Group 2016 £	2014 £	Company 2016 £	2014 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,696,646	5,744,165	5,879,877	5,807,653
Equity instruments measured at cost less impairment	-	-	15,390	15,390
Carrying amount of financial liabilities				
Measured at amortised cost	11,262,572	2,019,777	11,276,006	2,033,858

16 Stocks

	Group 2016 £	2014 £	Company 2016 £	2014 £
Finished goods and goods for resale	13,500,895	5,161,684	13,500,895	5,161,684

17 Debtors

	Group 2016 £	2014 £	Company 2016 £	2014 £
Amounts falling due within one year:				
Trade debtors	5,694,729	5,673,863	5,668,277	5,732,351
Corporation tax recoverable	510,308	-	510,308	-
Amounts due from subsidiary undertakings	-	-	209,955	-
Other debtors	58,763	129,154	58,491	134,154
Prepayments and accrued income	98,941	183,696	98,941	183,696
	6,362,741	5,986,713	6,545,972	6,050,201

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

18 Creditors: amounts falling due within one year

	Group 2016 £	2014 £	Company 2016 £	2014 £
Trade creditors	11,138,892	1,663,546	11,152,327	1,677,627
Corporation tax payable	21,204	500,766	-	500,766
Other taxation and social security	89,192	25,950	40,826	25,950
Other creditors	123,680	356,231	123,679	356,231
Accruals and deferred income	295,826	330,264	293,900	328,394
	<u>11,668,794</u>	<u>2,876,757</u>	<u>11,610,732</u>	<u>2,888,968</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2016 £	Liabilities 2014 £
Accelerated capital allowances	<u>28,584</u>	<u>30,463</u>
Company	Liabilities 2016 £	Liabilities 2014 £
Accelerated capital allowances	<u>28,584</u>	<u>30,463</u>
Movements in the Period:	Group 2016 £	Company 2016 £
Liability at 1 November 2014	30,463	30,463
Other	(1,879)	(1,879)
Liability at 31 March 2016	<u>28,584</u>	<u>28,584</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

20 Share capital

	Group and company	
	2016	2014
	£	£
Ordinary share capital		
Issued and fully paid		
102 Ordinary Shares of £1 each	102	102

21 Financial commitments, guarantees and contingent liabilities

There is a Composite Company Unlimited Multilateral Guarantee given by New Way International Limited, New Way Associates Limited, New Way Accessories Limited and Superexcel Investments Limited, and an agreement over specific credit balances to cover any indebtedness to the bank. At the balance sheet date the bank was owed £1,153,648 (2014 - £1,443,960) by Superexcel Investments Limited. These agreements also secure against forward exchange contracts of up to \$1,200,000 and foreign currency options up to \$10,000,000.

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2014	2016	2014
	£	£	£	£
Within one year	144,000	144,000	144,000	144,000
Between two and five years	24,000	168,000	24,000	168,000
	<u>168,000</u>	<u>312,000</u>	<u>168,000</u>	<u>312,000</u>

23 Related party transactions

No guarantees have been given or received.

The rental lease is provided by Superexcel Investments Limited, a company registered within the British Virgin Isles. The ultimate controlling party is the shareholder, Mr M Singh.

During the period £209,294 (2014: £143,214) was paid to Superexcel Investments Limited for rent owed.

At the year end Mr M Singh, the sole shareholder, was owed £8,099 by the company (2014: 12,715) in relation to an interest free loan.

During the period purchases of £5,393,531 and sales of £2,233,645 were made with New Way GmbH.

Purchases of £48,173,411 and sales of £13,658,089 were made with New Way Middle East.

NEW WAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

24 Controlling party

The ultimate controlling party is shareholder Mr M Singh.

25 Cash generated from group operations

	2016 £	2014 £
Profit for the year after tax	124,114	3,063,914
Adjustments for:		
Taxation charged	33,251	856,886
Finance costs	-	1,109
Investment income	(42)	(59)
Depreciation and impairment of tangible fixed assets	59,472	69,375
Movements in working capital:		
(Increase)/decrease in stocks	(8,339,211)	418,252
Decrease in debtors	132,274	2,915,462
Increase/(decrease) in creditors	9,273,605	(6,945,253)
Cash generated from operations	1,283,463	379,686

26 Transition to FRS102

For the year ending 31 March 2016 the group adopted the FRS 102 accounting framework, where previously it had used UK GAAP. This change had no effect on the Statement of Financial Position or the Income Statement figures, however the titles have altered slightly.