
EAST LONDON TEXTILES LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 MARCH 2018

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EAST LONDON TEXTILES LIMITED
REGISTERED NUMBER: 05373866

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	4		668,184		636,369
Investments	5		85,000		60,000
			<u>753,184</u>		<u>696,369</u>
Current assets					
Stocks	6	330,810		316,022	
Debtors: amounts falling due within one year	7	992,409		793,483	
Cash at bank and in hand		263,708		260,510	
		<u>1,586,927</u>		<u>1,370,015</u>	
Creditors: amounts falling due within one year	8	(1,096,216)		(971,705)	
Net current assets			<u>490,711</u>		<u>398,310</u>
Total assets less current liabilities			<u>1,243,895</u>		<u>1,094,679</u>
Creditors: amounts falling due after more than one year	9		(125,219)		(152,547)
Provisions for liabilities					
Deferred tax	11		(125,758)		(125,758)
Net assets			<u><u>992,918</u></u>		<u><u>816,374</u></u>
Capital and reserves					
Called up share capital			100		100
Profit and loss account			992,818		816,274
			<u><u>992,918</u></u>		<u><u>816,374</u></u>

EAST LONDON TEXTILES LIMITED
REGISTERED NUMBER: 05373866

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13/12/2018



Marek Lewonowski
Director

The notes on pages 3 to 12 form part of these financial statements.

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

East London Textiles Limited ("the Company") is a private company limited by shares and incorporated in England and Wales. The address of the registered office is Unit G4, Galman's End Farm Manor Road, Abridge, Romford, England, RM4 1NA.

The Company's principal activity during the year continued to be that of export of second hand clothing.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises revenue when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below:

The Company exports second hand clothing and provides these goods to both domestic and international customers.

Revenue is recognised when the Company has despatched the clothing to the customer. The risks and rewards of the product are considered to have been transferred to either the customer or to a third party when the products have been despatched from the Company's warehouse.

All sales are normally made with credit terms, unless settled immediately in cash. The element of financing is deemed immaterial and disregarded in the measurement of revenue.

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.4 Operating leases: the company as lessee

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

2.5 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

2.7 Finance costs

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

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Share capital

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

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.12 Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits

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

(ii) Termination benefits

The Company is committed, by legislation and/or contractual obligations, to make payments to employees when the company terminates their employment. Such payments are termination benefits. Because termination benefits do not provide the Company with future economic benefits, the Company recognises these as an expense in the profit and loss account immediately. The Company will only recognise termination benefits as a liability and an expense when the company is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date.

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold property improvements	-	2% Straight line
Plant & machinery	-	25% Reducing balance
Motor vehicles	-	25% Reducing balance
Fixtures & fittings	-	25% Reducing balance
Office equipment	-	25% Reducing balance

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

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

2.14 Valuation of investments

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

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

2.16 Debtors

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

2.17 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.18 Creditors

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

2.19 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. Employees

The average monthly number of employees, including directors, during the year was 91 (2017 - 83).

4. Tangible fixed assets

	Leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost						
At 1 April 2017	96,595	487,968	611,087	30,690	20,843	1,247,183
Additions	664	46,448	150,620	-	4,908	202,640
At 31 March 2018	97,259	534,416	761,707	30,690	25,751	1,449,823
Depreciation						
At 1 April 2017	1,931	247,840	320,968	23,996	16,079	610,814
Charge for the year on owned assets	1,936	25,354	46,258	1,673	1,535	76,756
Charge for the year on financed assets	-	47,120	46,949	-	-	94,069
At 31 March 2018	3,867	320,314	414,175	25,669	17,614	781,639
Net book value						
At 31 March 2018	93,392	214,102	347,532	5,021	8,137	668,184
At 31 March 2017	94,664	240,128	290,119	6,694	4,764	636,369

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	144,418	181,253
Motor vehicles	219,959	280,642
	364,377	461,895

EAST LONDON TEXTILES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 April 2017	60,000
Additions	25,000
At 31 March 2018	85,000
Net book value	
At 31 March 2018	85,000
At 31 March 2017	60,000

6. Stocks

	2018 £	2017 £
Raw materials and consumables	330,810	316,022

Stock recognised in cost of sales during the year as an expense was £6,163,812 (2017 - £5,553,548) .

7. Debtors

	2018 £	2017 £
Trade debtors	804,943	598,197
Other debtors	158,093	165,913
Prepayments and accrued income	29,373	29,373
	992,409	793,483

EAST LONDON TEXTILES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	552,358	486,258
Corporation tax	53,868	28,739
Other taxation and social security	62,142	47,473
Obligations under finance lease and hire purchase contracts	180,149	200,808
Other creditors	237,699	198,427
Accruals and deferred income	10,000	10,000
	<u>1,096,216</u>	<u>971,705</u>

9. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	<u>125,219</u>	<u>152,547</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

10. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	180,149	200,808
Between 1-2 years	102,120	116,448
Between 2-5 years	23,099	36,099
	<u>305,368</u>	<u>353,355</u>

EAST LONDON TEXTILES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Deferred taxation

	2018 £	2017 £
At beginning of year	(125,758)	(121,715)
Charged to profit or loss	-	(4,043)
At end of year	<u>(125,758)</u>	<u>(125,758)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	<u>(125,758)</u>	<u>(125,758)</u>

12. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,750 (2017 - £111,284). Contributions totalling £493 (2017 - £1,663) were payable to the fund at the balance sheet date.

13. Related party transactions

Included within other creditors at the year end are amounts totalling £Nil (2017 - £10,652) owed to the directors.

During the year the directors and close family members of directors had an interest in dividends totalling £50,000 (2017 - £110,000).

During the year dividends of £30,000 (2017 - £Nil) were paid to the company's parent undertaking.

Included within other creditors at the year end are amounts totalling £2,311 (2017 - £2,311) owed to companies with common directors.

Included within other debtors at the year end are amounts totalling £100,000 (2017 - £100,000) owed by companies with common directors.

During the year the company made purchases totalling £Nil (2017 - £17,035) from companies with common directors.

14. Post balance sheet events

Subsequent to the year end, the employees of East London Textiles Limited were TUPE transferred to a fellow subsidiary.

EAST LONDON TEXTILES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Controlling party

The ultimate parent company is New Sequent Limited.

16. Auditors' information

The financial statements were audited by Barnes Roffe LLP. The audit report was unqualified and signed by Simon Liggins as senior statutory auditor.