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**EAST LONDON TEXTILES LIMITED**

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**EAST LONDON TEXTILES LIMITED**  
**REGISTERED NUMBER: 05373866**

**BALANCE SHEET**  
**AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	4	1,215,500	966,195
Investments	5	75,000	25,000
		<u>1,290,500</u>	<u>991,195</u>
<b>Current assets</b>			
Stocks	6	509,625	366,012
Debtors: amounts falling due after more than one year	7	200,000	-
Debtors: amounts falling due within one year	7	2,947,213	2,761,599
Cash at bank and in hand		537,072	719,709
		<u>4,193,910</u>	<u>3,847,320</u>
Creditors: amounts falling due within one year	8	(1,652,647)	(1,610,929)
<b>Net current assets</b>		<u>2,541,263</u>	<u>2,236,391</u>
<b>Total assets less current liabilities</b>		<u>3,831,763</u>	<u>3,227,586</u>
Creditors: amounts falling due after more than one year	9	(917,457)	(985,478)
<b>Provisions for liabilities</b>			
Deferred tax		(301,588)	(240,191)
<b>Net assets</b>		<u><u>2,612,718</u></u>	<u><u>2,001,917</u></u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		2,612,618	2,001,817
		<u><u>2,612,718</u></u>	<u><u>2,001,917</u></u>

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**EAST LONDON TEXTILES LIMITED**  
**REGISTERED NUMBER: 05373866**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2023**

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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 19 December 2023.

**Marek Lewonowski**  
Director

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**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, Gallman's End Farm, Manor Road, Abridge, Essex, England, RM4 1NA.

The Company's principal activity during the year continued to be that of the 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 Going concern**

The directors have considered the ability of the Company to continue as a Going Concern. In making their assessment the directors have prepared and critically reviewed the Company's cash flow forecast for the next 12 months and ensured that this forecast is modelled on a suitably cautious.

Based on these forecasts the directors have been able to conclude that it is still appropriate to prepare the financial statements on a Going Concern basis.

**2.3 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.4 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.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.6 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

**2.8 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**2. Accounting policies (continued)**

**2.10 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.

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

**2.12 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**2. Accounting policies (continued)**

**2.13 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 statement of income and retained earnings 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.

**2.14 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 and machinery	-	25%	Reducing balance
Motor vehicles	-	25%	Reducing balance
Fixtures and 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 profit or loss.

**2.15 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**2. Accounting policies (continued)**

**2.16 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.

**2.17 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.

**2.18 Cash**

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

**2.19 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.

**2.20 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**3. Employees**

The average monthly number of employees, including directors, during the year was 1 (2022 - 2).

**4. Tangible fixed assets**

	Leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2022	96,595	869,977	1,174,696	27,436	58,420	2,227,124
Additions	-	268,902	288,880	-	-	557,782
Disposals	-	(310,458)	(116,622)	(14,673)	(27,619)	(469,372)
At 31 March 2023	96,595	828,421	1,346,954	12,763	30,801	2,315,534
<b>Depreciation</b>						
At 1 April 2022	11,592	604,686	581,799	26,091	36,761	1,260,929
Charge for the year on owned assets	1,932	34,578	69,789	336	5,415	112,050
Charge for the year on financed assets	-	37,929	105,362	-	-	143,291
Disposals	-	(277,318)	(100,261)	(14,385)	(24,272)	(416,236)
At 31 March 2023	13,524	399,875	656,689	12,042	17,904	1,100,034
<b>Net book value</b>						
At 31 March 2023	<u>83,071</u>	<u>428,546</u>	<u>690,265</u>	<u>721</u>	<u>12,897</u>	<u>1,215,500</u>
<b>At 31 March 2022</b>	<u>85,003</u>	<u>265,291</u>	<u>592,897</u>	<u>1,345</u>	<u>21,659</u>	<u>966,195</u>

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

	2023 £	2022 £
Plant and machinery	274,210	143,486
Motor vehicles	493,470	499,444
	<u>767,680</u>	<u>642,930</u>

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

5. Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2022	85,000
Additions	50,000
	<hr/>
At 31 March 2023	135,000
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<b>Impairment</b>	
At 1 April 2022	60,000
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At 31 March 2023	60,000
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<b>Net book value</b>	
At 31 March 2023	75,000
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<b>At 31 March 2022</b>	25,000
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6. Stocks

	2023 £	2022 £
Raw materials and consumables	509,625	366,012
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Stock recognised in cost of sales during the year as an expenses was £3,694,727 (2022 - £3,637,847).

EAST LONDON TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

7. Debtors

	2023 £	2022 £
<b>Due after more than one year</b>		
Other debtors	<u>200,000</u>	<u>-</u>
	<b>2023 £</b>	<b>2022 £</b>
<b>Due within one year</b>		
Trade debtors	1,304,167	1,190,542
Amounts owed by group companies	1,187,003	916,407
Other debtors	291,600	513,655
Prepayments and accrued income	164,443	140,995
	<u>2,947,213</u>	<u>2,761,599</u>

8. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans	253,600	253,600
Trade creditors	766,982	743,633
Corporation tax	23,463	29,650
Obligations under finance lease and hire purchase contracts	270,350	309,984
Other creditors	308,308	264,062
Accruals and deferred income	29,944	10,000
	<u>1,652,647</u>	<u>1,610,929</u>

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

	2023 £	2022 £
Bank loans	458,567	712,167
Net obligations under finance leases and hire purchase contracts	458,890	273,311
	<u>917,457</u>	<u>985,478</u>

Net obligations under finance leases and hire purchase contracts and bank loans are secured.

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EAST LONDON TEXTILES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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10. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
<b>Amounts falling due within one year</b>		
Bank loans	253,600	253,600
<b>Amounts falling due 1-2 years</b>		
Bank loans	233,400	253,600
<b>Amounts falling due 2-5 years</b>		
Bank loans	225,167	458,567
	<u>712,167</u>	<u>965,767</u>

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	270,350	309,984
Between 1-2 years	201,343	151,867
Between 2-5 years	257,547	121,444
	<u>729,240</u>	<u>583,295</u>

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EAST LONDON TEXTILES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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12. Deferred taxation

	2023 £	2022 £
At beginning of year	(240,191)	(150,364)
Charged to profit or loss	(61,397)	(89,827)
<b>At end of year</b>	<b>(301,588)</b>	<b>(240,191)</b>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(301,588)	(240,191)
	<b>(301,588)</b>	<b>(240,191)</b>

13. Related party transactions

Included within other creditors at the year end are amounts owed to the director totalling £2,795 (2022 - £8,061).

Included within other creditors at the year end are amounts totalling £2,552 (2022 - £2,552) owed to a former director.

Included within other debtors at the year end are amounts totalling £880,000 (2022 - £610,000) owed by fellow subsidiary companies that are not wholly owned within the group.

The directors have personally guaranteed certain creditors of the company.

Advantage has been taken of the exemption available under section 33.1A of FRS 102 not to disclose transactions with the companies that are wholly owned within the group.

14. Controlling party

The ultimate parent company is Green Sequoia Limited. The ultimate controlling party is Marek Lewonowski.

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2023 was unqualified.

The audit report was signed on 19 December 2023 by Simon Liggins (Senior statutory auditor) on behalf of Barnes Roffe LLP.



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