

TIGER LILY GARMENTS LTD

FINANCIAL STATEMENTS

31 OCTOBER 2017



ArmstrongWatson®
Accountants, Business & Financial Advisers

TIGER LILY GARMENTS LTD

COMPANY INFORMATION

Director	Afza Chowdhary
Registered number	07619081
Registered office	77 Newton Street Manchester M1 1EX
Independent auditors	Armstrong Watson Audit Ltd Chartered Accountants 10 South Parade Leeds West Yorkshire LS1 5QS
Bankers	HSBC 4 Hardman Square Spinningfields Manchester M3 3EB

TIGER LILY GARMENTS LTD

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TIGER LILY GARMENTS LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

Introduction

The directors present their strategic report for Tiger Lily Garments Ltd for the year ended 31 October 2017.

The principal activity of the Company during the year was the wholesale of clothing.

Business review

The trading results for the year and the Company's financial position at the year end are shown in the attached financial statements.

The 2017 financial year saw some decline in the profitability of high street clothing stores, as many consumers shift their demand towards the growing presence of online retailers. The Company has minimised the impact of this change by maintaining strong relationships with its customer base.

The Company continued to trade well. Sales volumes with major customers have grown steadily and are expected to increase further in the near future. This has been achieved through the ongoing provision of the 'Fast Fashion' service which ensures goods are delivered to customers within a short time frame from the date of order. 'Fast Fashion' has proven to be a key source of competitive advantage for the Company.

Looking towards 2018, management expect to see turnover increase as the effect of increased competition on the high street leads customers to turn towards low-cost fast-delivery suppliers such as Tiger Lily Garments Ltd.

Principal risks and uncertainties

Management continually monitor and assess risks to the business, and aim to eliminate these risks whenever viable to do so.

The principal risks and uncertainties facing the Company are as follows:

Economic downturn

The Company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. The Company operate with relatively low fixed costs and have significant cash reserves which would be sufficient to see the company through a difficult period.

Reliance on key customers

The Company places heavy reliance on a small customer base, which in the context of falling high street profits could lead to significant loss of revenue. The Company trades primarily with large and long-standing high street stores who continue to develop their own online presence and alter their strategy according to economic conditions. Relationships between the Company and its customers are deep-rooted and remain mutually beneficial throughout the changing market conditions.

Movements in foreign exchange

Several suppliers to the Company are based overseas, which generates a foreign exchange risk. These suppliers are typically paid in USD as the currency is considered to be more stable. Hedging has been considered but using USD reduces risk exposure sufficiently such that the costs of hedging are not significantly outweighed by the benefits.

Compliance issues

Compliance risk is relatively low since the responsibility falls onto the Company's customers to ensure that garments meet the required quality standards before being sold to the general public.

Financial key performance indicators

The Company's key financial performance indicators during the year were as follows:

TIGER LILY GARMENTS LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2017

	2017 £	2016 £
Turnover	24,832,672	23,677,717
Gross profit	1,849,369	2,790,725
Gross profit margin	7.4%	11.8%
Operating profit	654,615	1,551,537
Operating profit margin	2.6%	6.6%

Turnover increased during the year by 4.9%, showing improvement from the previous 7.0% decline. This has been driven by greater sales volumes to key customers, achieved through strong relationships, fast delivery and good value.

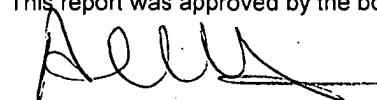
Gross profit has fallen by 34.3%, which brings the Company back in line with 2015 performance when the Company achieved a 7.0% gross profit margin. The purchases and sales mix of the Company is determined by trends in the fashion industry. Certain trends move towards more expensive garments for which the Company tends to achieve lower profit margins. The increase of 4.8% in gross profit margin from 2015 to 2016, and subsequent reduction of 4.4% from 2016 to 2017 was thus unpredictable but not unusual.

Operating profit has fallen by 57.8% which is partly due to the reduction in gross profit, and partly due to prior period adjustments to write off certain accruals and other creditors. The company continues to generate healthy profits throughout changes to the clothing retail industry and fashion trends.

This report was approved by the board on

30/1/19

and signed on its behalf.



Afza Chowdhary
Director

TIGER LILY GARMENTS LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

The director presents her report and the financial statements for the year ended 31 October 2017.

Results and dividends

The profit for the year, after taxation, amounted to £872,917 (2016 - £1,566,955).

The director has not recommended a dividend.

Director

The director who served during the year was:

Afza Chowdhary

Future developments

The directors are not expecting to make any significant changes to the nature of the business in the near future. Please see the Business Review section of the Strategic Report for details of future developments.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

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

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

TIGER LILY GARMENTS LTD

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2017**

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as she is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- she has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Armstrong Watson Audit Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30/11/17 and signed on its behalf.



Afza Chowdhary
Director

TIGER LILY GARMENTS LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF TIGER LILY GARMENTS LTD

Opinion

We have audited the financial statements of Tiger Lily Garments Ltd (the 'Company') for the year ended 31 October 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2017 and of its profit for the year 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

TIGER LILY GARMENTS LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF TIGER LILY GARMENTS LTD (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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


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

TIGER LILY GARMENTS LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF TIGER LILY GARMENTS LTD
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.


Matthew Osbourne (Senior Statutory Auditor)

for and on behalf of
Armstrong Watson Audit Ltd

Chartered Accountants & Statutory Auditors

Leeds

Date: 30.1.19

TIGER LILY GARMENTS LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2017**

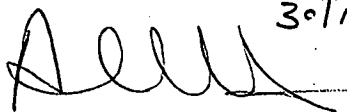
	Note	2017 £	Restated 2016 £
Turnover	4	24,832,672	23,677,717
Cost of sales		(22,983,303)	(20,886,992)
Gross profit		1,849,369	2,790,725
Administrative expenses		(1,194,754)	(1,239,188)
Operating profit	5	654,615	1,551,537
Interest receivable and similar income		431,059	413,409
Profit before tax		1,085,674	1,964,946
Tax on profit	10	(212,757)	(397,991)
Profit for the financial year		872,917	1,566,955
Other comprehensive income for the year			
Total comprehensive income for the year		872,917	1,566,955

TIGER LILY GARMENTS LTD
REGISTERED NUMBER: 07619081

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2017

	Note	2017 £	Restated 2016 £
Fixed assets			
Tangible assets	11	35,934	34,815
		<u>35,934</u>	<u>34,815</u>
Current assets			
Stocks	12	83,635	167,267
Debtors: amounts falling due after more than one year	13	-	5,394,512
Debtors: amounts falling due within one year	13	13,790,525	6,514,494
Cash at bank and in hand	14	3,459,200	2,772,178
		<u>17,333,360</u>	<u>14,848,451</u>
Creditors: amounts falling due within one year	15	(13,144,379)	(11,533,618)
Net current assets		<u>4,188,981</u>	<u>3,314,833</u>
Total assets less current liabilities		<u>4,224,915</u>	<u>3,349,648</u>
Provisions for liabilities			
Deferred tax	16	(2,350)	
		<u>(2,350)</u>	
Net assets		<u><u>4,222,565</u></u>	<u><u>3,349,648</u></u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	4,222,564	3,349,647
		<u><u>4,222,565</u></u>	<u><u>3,349,648</u></u>

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

 30/11/19

Afza Chowdhary
Director

The notes on pages 13 to 23 form part of these financial statements.

TIGER LILY GARMENTS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2016	1	3,349,647	3,349,648
Profit for the year	-	872,917	872,917
At 31 October 2017	1	4,222,564	4,222,565

The notes on pages 13 to 23 form part of these financial statements.

TIGER LILY GARMENTS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2015 (restated)	1	1,782,692	1,782,693
Profit for the year (restated)	-	1,566,955	1,566,955
	<hr/>	<hr/>	<hr/>
At 31 October 2016	1	3,349,647	3,349,648
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 23 form part of these financial statements.

TIGER LILY GARMENTS LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017 £	Restated 2016 £
Cash flows from operating activities		
Profit for the financial year	872,917	1,566,955
Adjustments for:		
Depreciation of tangible assets	5,565	4,607
Interest received	(431,059)	(413,409)
Taxation charge	212,757	397,991
Decrease/(increase) in stocks	83,634	(51,641)
Decrease/(increase) in debtors	334,257	(4,451,111)
(Decrease)/increase in creditors	(696,476)	2,690,884
Corporation tax (paid)	(118,948)	(181,149)
Net cash generated from operating activities	<u>262,647</u>	<u>(436,873)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,685)	(3,721)
Interest received	431,060	413,409
Net cash from investing activities	<u>424,375</u>	<u>409,688</u>
Net increase/(decrease) in cash and cash equivalents	<u>687,022</u>	<u>(27,185)</u>
Cash and cash equivalents at beginning of year	2,772,178	2,799,363
Cash and cash equivalents at the end of year	<u><u>3,459,200</u></u>	<u><u>2,772,178</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,459,200	2,772,178
	<u><u>3,459,200</u></u>	<u><u>2,772,178</u></u>

The notes on pages 13 to 23 form part of these financial statements.

TIGER LILY GARMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. General information

The principal activity of the Company during the year was the manufacture and distribution of knitted and crocheted clothing.

The Company is a private company limited by shares, incorporated in the United Kingdom. The address of the registered office is 77 Newton Street, Manchester, M1 1EX.

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 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 (see note 3).

The following principal accounting policies have been applied:

2.2 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income, within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income, within 'other operating income'.

TIGER LILY GARMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 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 Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

TIGER LILY GARMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting 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 Statement of Financial Position 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 reporting date.

2.8 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, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20% straight line
Fixtures and fittings	-	10% straight line
Office equipment	-	10% straight line

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 Comprehensive Income.

TIGER LILY GARMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.9 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 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.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 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.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 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

TIGER LILY GARMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	Restated 2016 £
Sale of goods	24,832,672	23,677,717
	<u>24,832,672</u>	<u>23,677,717</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	Restated 2016 £
- Exchange differences	162,715	280,348
Other operating lease rentals	121,161	137,124
Depreciation of tangible assets	<u>5,565</u>	<u>4,607</u>

TIGER LILY GARMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>19,500</u>	<u>15,000</u>

7. Employees

Staff costs, including director's remuneration, were as follows:

	2017 £	Restated 2016 £
Wages and salaries	307,785	287,649
Social security costs	25,526	22,594
Cost of defined contribution scheme	4,011	-
	<u>337,322</u>	<u>310,243</u>

The average monthly number of employees, including the director, during the year was as follows:

	2017 No.	2016 No.
Management staff	2	-
Administrative staff	18	13
	<u>20</u>	<u>13</u>

8. Director's remuneration

	2017 £	2016 £
Director's emoluments	7,778	5,695
Company contributions to defined contribution pension schemes	16	-
	<u>7,794</u>	<u>5,695</u>

During the year retirement benefits were accruing to 1 director (2016 - nil) in respect of defined contribution pension schemes.

TIGER LILY GARMENTS LTD

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9. Interest receivable

	2017 £	2016 £
Other interest receivable	431,059	413,409
	<u>431,059</u>	<u>413,409</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	209,992	397,991
	<u>209,992</u>	<u>397,991</u>
Total current tax	<u>209,992</u>	<u>397,991</u>
Deferred tax		
Origination and reversal of timing differences	2,765	-
	<u>2,765</u>	<u>-</u>
Total deferred tax	<u>2,765</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>212,757</u>	<u>397,991</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	1,085,674	1,964,946
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	206,278	392,989
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,479	5,002
Total tax charge for the year	<u>212,757</u>	<u>397,991</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 November 2016	37,015	15,087	52,102
Additions	3,149	3,535	6,684
At 31 October 2017	<u>40,164</u>	<u>18,622</u>	<u>58,786</u>
Depreciation			
At 1 November 2016	7,521	9,766	17,287
Charge for the year on owned assets	3,920	1,645	5,565
At 31 October 2017	<u>11,441</u>	<u>11,411</u>	<u>22,852</u>
Net book value			
At 31 October 2017	<u>28,723</u>	<u>7,211</u>	<u>35,934</u>
At 31 October 2016	<u>29,494</u>	<u>5,321</u>	<u>34,815</u>

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12. Stocks

	2017 £	2016 £
Finished goods and goods for resale	83,635	167,267
	<u>83,635</u>	<u>167,267</u>

13. Debtors

	2017 £	Restated 2016 £
Due after more than one year		
Other debtors	-	5,394,512
	<u>-</u>	<u>5,394,512</u>

	2017 £	Restated 2016 £
Due within one year		
Trade debtors	6,982,555	5,705,681
Other debtors	6,241,163	373,956
Prepayments and accrued income	566,807	434,442
Deferred taxation	-	415
	<u>13,790,525</u>	<u>6,514,494</u>

14. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	3,459,200	2,772,178
	<u>3,459,200</u>	<u>2,772,178</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Creditors: Amounts falling due within one year

	2017 £	Restated 2016 £
Trade creditors	3,108,344	2,792,345
Corporation tax	607,921	516,877
Other taxation and social security	64,065	71,201
Other creditors	5,049,356	5,049,964
Accruals and deferred income	4,314,693	3,103,231
	<u>13,144,379</u>	<u>11,533,618</u>

Within other creditors is an invoice financing facility of £4,999,356 (2016: £4,999,964), the value of which is secured against trade debtors.

16. Deferred taxation

	2017 £	2016 £
At beginning of year	415	415
Charged to profit or loss	(2,765)	-
At end of year	<u>(2,350)</u>	<u>415</u>

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(2,350)	415
	<u>(2,350)</u>	<u>415</u>

17. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 (2016 - 1) Ordinary Share of £1.00	<u>1</u>	<u>1</u>

TIGER LILY GARMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
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18. Reserves

Profit and loss account

This reserve represents cumulative profits or losses, net of any dividends paid and other adjustments.

19. Prior year adjustment

During the current year a number of errors were identified which related to prior periods. The net effect of the corrected errors on profit and reserves over these periods was nil.

20. Commitments under operating leases

At 31 October 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	40,498	39,005
Later than 1 year and not later than 5 years	72,085	105,380
	<u>112,583</u>	<u>144,385</u>

21. Controlling party

The ultimate controlling party is the director and majority shareholder, Afza Chowdhary.