

**BB (UK) Limited**

**Financial statements**

**Year ended**

**31 March 2019**

**BB (UK) Limited**

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**BB (UK) Limited**

**Directors and other information**

<b>Directors</b>	R Batra P Rudran
<b>Secretary</b>	P Rudran
<b>Company number</b>	03395567
<b>Registered office</b>	Unit 1 Colonial Business Park Colonial Way Watford, Herts WD24 4PR
<b>Business address</b>	Unit 1 Colonial Business Park Colonial Way Watford, Herts WD24 4PR
<b>Auditor</b>	SRV Delson Amba House 2nd Floor Delson Suite 15 College Road Harrow HA1 1BA
<b>Bankers</b>	HSBC Bank Plc 69 Pall Mall London SW1Y 5EY

## **BB (UK) Limited**

### **Strategic report** **Year ended 31 March 2019**

The directors hereby present their strategic report, Director's report and the audited financial statements of BB (UK) Limited for the year ended 31st March 2019. BB (UK) Ltd is a wholly owned subsidiary of Cravatex Ltd. which is a listed company in the Bombay Stock Exchange, India.

#### **Principal activities**

The principal activity of the Company during the year was that of design, manufacture and wholesale of "Fila" and "Sergio Tacchini" branded sportswear, casual wear and life style products consisting of footwear, apparel and accessories category for men, women and children.

#### **Business Review and key performance indicators**

The business during this year has delivered yet again an excellent performance after the brands have been received well amongst most prestigious customers in the UK, Eire, Europe, Middle East, USA and Asia.

The company has two product divisions, namely Lifestyle and Sportswear. The directors consider that the key financial performance indicators are those that monitor the performance in respect of each of these divisions.

The key performance indicators used by the business are turnover, gross margin, season on season and year on year forward order books, debtor days, stock turnover days, sell through percentage in the newly developed product categories and the year on year growth in each market.

The company's forward sales order book has been satisfactory on a year-on-year basis and the turnover and gross margin have been maintained at an exceptional level. This was reflective in the company's financial statements.

#### **Principal risk and uncertainties**

Just like any other companies in this market sector, this company also faces number of risk. The Board acknowledges there are risks that affect the company and actions have been taken to minimise or mitigate any such risk that can be either controlled or is insurable. The credit risk is mitigated by having credit insurance policies and also by following stringent credit control procedures. Currency rate exposures are minimised by booking forward foreign exchange contracts. Stock risk is controlled by encouraging forward orders from customers and by following careful stock purchasing policies. The company maintains robust quality control and perpetual checking process through its sourcing centres to minimise the risk of faulty or sub-standard products.

#### **Future developments**

The directors anticipate that the business environment will remain competitive. However, they believe that the company is in sound financial position and they remain confident that the company and its brands will continue to grow in the foreseeable future. To maintain this growth the directors have authorised an increased investments in the company's logistics infrastructure and the recruitment of skilled staffs within sales, product design, product development, operations, customer service, sourcing, advertising and public relations department.

#### **Research and development**

The company has currently put in place a perpetual improvement process to undertake research and development with the view to improving the performance of its two licensed brands and to enhance its product offers and to maintain its market edge over its competition.

This report was approved by the board of directors on 10 May 2019 and signed on behalf of the board by:

**P Rudran**  
**Director**

## **BB (UK) Limited**

### **Directors report** **Year ended 31 March 2019**

The directors present their report and the financial statements of the company for the year ended 31 March 2019.

#### **Directors**

The directors who served the company during the year were as follows:

R Batra  
P Rudran

#### **Dividends**

The directors recommend payment of a dividend of £6.00 per share for the year under review.

The profit after tax and dividends for the financial year will therefore be taken to reserves.

#### **Future developments**

The future developments of the company has been reported in the strategic report.

#### **Employment of disabled persons**

The Company operates an equal opportunities policy. The aim of this policy is to ensure that there should be equal opportunity for all and this applies to external recruitment and internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability.

Disabled persons are given full and fair consideration for all types of vacancy in as much as the opportunities available are constrained by the practical limitations of the disability. Should, for whatever reason, an employee of the Company become disabled whilst in employment, every step, where appropriate, will be taken to assist with rehabilitation and suitable retraining. The Company maintains its own health, safety and environmental policies covering all aspects of its operations. Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the Company is responsible for the needs of the employees and the environment

#### **Employee involvement**

Within the bounds of commercial confidentiality, the Company endeavours to keep staff at all levels informed of matters that affect the progress of the Company and are of interest to them as employees.

## **BB (UK) Limited**

### **Directors report (continued)** **Year ended 31 March 2019**

#### **Financial instruments**

The period of unprecedented market pressures on consumers continues as did falling demand for the luxury and branded goods.

Continued market conditions and currency fluctuation in input costs and intense competition can adversely impact the growth and profitability as well as capability to execute long term plans.

In the current highly competitive and volatile market, the company continues to pursue strategies to explore new streams of revenue. The directors expect the environment to remain highly competitive in 2019 but are confident that the company is well positioned to deal with the market risks.

Competition. European market volatility and currency fluctuations remain the principal risk and the company has implemented programs to increase efficiency in logistics and raise the standard of service in order to maintain its strong market position. Management is constantly striving to reduce base costs.

Foreign exchange exposure is a risk area with the products purchased and sold in various currencies. However the company mitigates these risks by utilising its forward currency booking options.

Recoverability of trade debts is a risk in the current economic climate and the company constantly monitors its customers' credit worthiness and credit insurance covers.

Due to the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

#### **Events after the end of the reporting period**

There are no matters to report as post balance sheet events.

#### **Disclosure of information in the strategic report.**

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report.

#### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

#### **Auditor**

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 10 May 2019 and signed on behalf of the board by:

**P Rudran**  
**Director**

Date: 10 May 2019

**BB (UK) Limited**

**Directors responsibilities statement**  
**Year ended 31 March 2019**

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

## **BB (UK) Limited**

### **Independent auditor's report to the members of**

#### **BB (UK) Limited**

**Year ended 31 March 2019**

We have audited the financial statements of BB (UK) Limited for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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



## **BB (UK) Limited**

### **Independent auditor's report to the members of** **BB (UK) Limited (continued)** **Year ended 31 March 2019**

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 directors' report.

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, 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 the returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**BB (UK) Limited**

**Independent auditor's report to the members of**

**BB (UK) Limited (continued)**

**Year ended 31 March 2019**

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Sailesh Rameshchandra Vaghjee (Senior Statutory Auditor)**

For and on behalf of

**SRV Delson**

**Chartered Certified Accountants and Statutory Auditors**

Amba House

2nd Floor Delson Suite

15 College Road

Harrow

HA1 1BA

10 May 2019

**BB (UK) Limited**

**Statement of comprehensive income**  
**Year ended 31 March 2019**

	<b>Note</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Turnover</b>	<b>4</b>	61,935,606	28,211,165
Cost of sales		(46,608,209)	(21,484,160)
<b>Gross profit</b>		15,327,397	6,727,005
Distribution costs		(777,638)	(342,870)
Administrative expenses		(11,474,262)	(5,230,919)
<b>Operating profit</b>	<b>5</b>	3,075,497	1,153,216
Interest payable and similar expenses	<b>8</b>	(44,714)	(19,232)
<b>Profit before taxation</b>		3,030,783	1,133,984
Tax on profit	<b>9</b>	(604,201)	(219,990)
<b>Profit for the financial year and total comprehensive income</b>		2,426,582	913,994

All the activities of the company are from continuing operations.

The notes on pages 14 to 23 form part of these financial statements.

**BB (UK) Limited****Statement of financial position**  
**31 March 2019**

	Note	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12	1		1	
Tangible assets	13	283,410		40,987	
			283,411		40,988
<b>Current assets</b>					
Stocks	14	5,063,173		1,070,166	
Debtors	15	10,110,981		5,371,690	
Cash at bank and in hand		318,786		402,858	
		15,492,940		6,844,714	
<b>Creditors: amounts falling due within one year</b>	16	(11,065,172)		(5,013,150)	
<b>Net current assets</b>			4,427,768		1,831,564
<b>Total assets less current liabilities</b>			4,711,179		1,872,552
<b>Provisions for liabilities</b>	17		(37,085)		(6,689)
<b>Accruals and deferred income</b>			(1,063,159)		(381,508)
<b>Net assets</b>			3,610,935		1,484,355
<b>Capital and reserves</b>					
Called up share capital	20		50,000		50,000
Share premium account	21		4,557		4,557
Profit and loss account	21		3,556,378		1,429,798
<b>Shareholders funds</b>			3,610,935		1,484,355

The notes on pages 14 to 23 form part of these financial statements.

**BB (UK) Limited**

**Statement of financial position (continued)**

**31 March 2019**

These financial statements were approved by the board of directors and authorised for issue on 10 May 2019, and are signed on behalf of the board by:

**P Rudran**  
**Director**

Company registration number: 03395567

**The notes on pages 14 to 23 form part of these financial statements.**

**BB (UK) Limited**

**Statement of changes in equity**  
**Year ended 31 March 2019**

	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
<b>At 1 April 2017</b>	50,000	4,557	590,802	645,359
Profit for the year			913,994	913,994
<b>Total comprehensive income for the year</b>	-	-	913,994	913,994
Dividends paid and payable			(75,000)	(75,000)
<b>Total investments by and distributions to owners</b>	-	-	(75,000)	(75,000)
<b>At 31 March 2018 and 1 April 2018</b>	<u>50,000</u>	<u>4,557</u>	<u>1,429,796</u>	<u>-</u>
Profit for the year			2,426,582	2,426,582
<b>Total comprehensive income for the year</b>	-	-	2,426,582	2,426,582
Dividends paid and payable			(300,000)	(300,000)
<b>Total investments by and distributions to owners</b>	-	-	(300,000)	(300,000)
<b>At 31 March 2019</b>	<u>50,000</u>	<u>4,557</u>	<u>3,556,378</u>	<u>3,610,935</u>

**BB (UK) Limited**

**Statement of cash flows  
Year ended 31 March 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	786,887	393,270
Interest paid		(44,714)	(19,232)
Tax paid		(224,436)	(69,442)
Net cash from operating activities		<u>517,737</u>	<u>304,596</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(301,809)	(23,099)
Net cash used in investing activities		<u>(301,809)</u>	<u>(23,099)</u>
<b>Cash flows from financing activities</b>			
Equity dividends paid		(300,000)	(75,000)
Net cash used in financing activities		<u>(300,000)</u>	<u>(75,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(84,072)	206,497
<b>Cash and cash equivalents at beginning of year</b>		402,858	196,361
<b>Cash and cash equivalents at end of year</b>		<u>318,786</u>	<u>402,858</u>

## **BB (UK) Limited**

### **Notes to the financial statements** **Year ended 31 March 2019**

#### **1. General information**

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Unit 1, Colonial Business Park, Colonial Way, Watford, Herts, WD24 4PR.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

##### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.



## **BB (UK) Limited**

### **Notes to the financial statements (continued)** **Year ended 31 March 2019**

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Website - straight line basis over 5 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

#### **Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

## **BB (UK) Limited**

### **Notes to the financial statements (continued)**

**Year ended 31 March 2019**

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**4. Turnover**

Turnover arises from:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sale of goods	61,935,606	28,211,165
	<u>61,935,606</u>	<u>28,211,165</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
United Kingdom	33,470,045	12,628,762
Europe	7,731,673	4,303,967
Rest of the world	20,733,888	11,278,436
	<u>61,935,606</u>	<u>28,211,165</u>

**5. Operating profit**

Operating profit is stated after charging/(crediting):

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amortisation of intangible assets	-	4,945
Depreciation of tangible assets	59,386	18,881
Cost of stocks recognised as an expense	46,608,209	21,484,160
Impairment of trade debtors	253,400	1,360
Fees payable for the audit of the financial statements	22,000	15,675
	<u>46,942,995</u>	<u>21,505,021</u>

**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**6. Staff costs**

The average number of persons employed by the company during the year, including the directors, amounted to:

	<b>2019</b>	<b>2018</b>
Production staff	4	1
Distribution staff	22	14
Administrative staff	12	6
Design and Development	23	12
	<u>61</u>	<u>33</u>

The aggregate payroll costs incurred during the year were:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,831,134	1,608,503
Social security costs	277,019	129,641
Other pension costs	22,109	126,920
	<u>3,130,262</u>	<u>1,865,064</u>

**7. Directors remuneration**

The directors aggregate remuneration in respect of qualifying services was:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration	975,000	371,504
Company contributions to pension schemes in respect of qualifying services	4,001	120,978
	<u>979,001</u>	<u>492,482</u>

Remuneration of the highest paid directors in respect of qualifying services:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Aggregate remuneration	975,000	371,504
Company contributions to pension plans in respect of qualifying services	4,001	120,978
	<u>979,001</u>	<u>492,482</u>

**8. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>44,714</u>	<u>19,232</u>

**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**9. Tax on profit**

**Major components of tax expense**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
UK current tax expense	572,365	222,997
Adjustments in respect of previous periods	1,440	-
Total current tax	<u>573,805</u>	<u>222,997</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	30,396	(3,007)
<b>Tax on profit</b>	<u><u>604,201</u></u>	<u><u>219,990</u></u>

**Reconciliation of tax expense**

The tax assessed on the profit for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<u>3,030,783</u>	<u>1,133,984</u>
Profit multiplied by rate of tax	575,849	215,457
Adjustments in respect of prior periods	1,440	-
Effect of expenses not deductible for tax purposes	26,912	8,892
Effect of capital allowances and depreciation	(30,396)	(1,352)
Deferred tax adjustments	30,396	(3,007)
Tax on profit	<u><u>604,201</u></u>	<u><u>219,990</u></u>

**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**10. Earnings per share**

**Basic earnings/(loss) per share**

The earnings/(loss) and weighted average number of shares used in the calculation of basic earnings/(loss) per share are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit for the year attributable to the owners of the company	2,426,582	913,994

**Diluted earnings/(loss) per share**

The earnings/(loss) and weighted average number of shares used in the calculation of diluted earnings/(loss) per share are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Earnings/(loss) used in calculation of basic earnings/(loss) per share	2,426,582	913,994

**11. Dividends**

**Equity dividends**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	300,000	75,000

**12. Intangible assets**

	<b>Website</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 April 2018 and 31 March 2019	24,727	24,727
<b>Amortisation</b>		
At 1 April 2018 and 31 March 2019	24,726	24,726
<b>Carrying amount</b>		
At 31 March 2019	1	1
At 31 March 2018	1	1

**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**13. Tangible assets**

	<b>Fixtures, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2018	165,710	5,950	171,660
Additions	301,809	-	301,809
<b>At 31 March 2019</b>	<u>467,519</u>	<u>5,950</u>	<u>473,469</u>
<b>Depreciation</b>			
At 1 April 2018	129,351	1,322	130,673
Charge for the year	57,403	1,983	59,386
<b>At 31 March 2019</b>	<u>186,754</u>	<u>3,305</u>	<u>190,059</u>
<b>Carrying amount</b>			
<b>At 31 March 2019</b>	<u>280,765</u>	<u>2,645</u>	<u>283,410</u>
At 31 March 2018	<u>36,359</u>	<u>4,628</u>	<u>40,987</u>

**14. Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Finished goods	5,063,173	1,070,166

**15. Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	9,670,088	5,184,630
Prepayments and accrued income	115,117	74,429
Other debtors	325,776	112,631
	<u>10,110,981</u>	<u>5,371,690</u>

**16. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	7,465,688	3,302,142
Corporation tax	572,365	222,996
Social security and other taxes	520,910	276,385
Other creditors	2,506,209	1,211,627
	<u>11,065,172</u>	<u>5,013,150</u>

**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**17. Provisions**

	Deferred tax (note 18)	<b>Total</b>
	£	£
At 1 April 2018	6,689	6,689
Charges against provisions	30,396	30,396
<b>At 31 March 2019</b>	<u>37,085</u>	<u>37,085</u>

**18. Deferred tax**

The deferred tax included in the statement of financial position is as follows:

	<b>2019</b>	<b>2018</b>
	£	£
Included in provisions (note 17)	<u>37,085</u>	<u>6,689</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>2019</b>	<b>2018</b>
	£	£
Accelerated capital allowances	6,689	9,696
Provisions	30,396	(3,007)
	<u>37,085</u>	<u>6,689</u>

**19. Employee benefits**

The amount recognised in profit or loss in relation to defined contribution plans was £22,109 (2018: £126,920).

**20. Called up share capital  
Issued, called up and fully paid**

	<b>2019</b>		<b>2018</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares shares of £ 1.00 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Called up share capital represents the nominal value of share that have been issued.

The share premium reserve contains the premium arising on issue of equity shares.

**21. Reserves**

The profit and loss reserve includes all current and prior retained period profits and losses.



**BB (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 March 2019**

**22. Cash generated from operations**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,426,582	913,994
Depreciation of tangible assets	59,386	18,881
Amortisation of intangible assets	-	4,945
Interest payable and similar expenses	44,714	19,232
Tax on profit	604,199	219,990
Accrued expenses/(income)	681,651	96,571
<i>Changes in:</i>		
Stocks	(3,993,007)	(502,018)
Trade and other receivables	(4,739,291)	(3,533,007)
Trade and other payables	5,702,653	3,154,682
Cash generated from operations	<u>786,887</u>	<u>393,270</u>

**23. Related party transactions**

During the year the company paid fees, expenses and subsistence of £90,900 (31 March 2018 - £101,390) to Rudy & Sons, a company in which P Rudran is also a director.

**24. Controlling party**

The ultimate controlling interest is held by Cravatex Limited.

**25. Holiday Pay**

FRS102 requires short term employee benefits to be charged to Profit & Loss Accounts as the employee service is received.

The company does not have any provision for holiday pay accruals for the year.

**26. General information**

BB (UK) Ltd is a trading company incorporated and domiciled in England & Wales and has its registered office address and principal place of business at Unit 1 Colonial Business Park, Colonial Way, Watford, WD24 4PR.

The principal activity of the company is that of footwear and clothing design, sourcing and wholesale of branded sportswear and casual wear.

The company is a wholly owned subsidiary of Cravatex Limited which is a listed company in the Bombay Stock Exchange.