

# **Tulchan Textiles Limited**

## **Report and Financial Statements**

31 March 2015

Registered Number: 01872211

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COMPANIES HOUSE

## **Tulchan Textiles Limited**

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Registered No: 01872211

### **Directors**

S M Watson

M A Needham (appointed 30 July 2014)

### **Auditors**

Edwards

34 High Street

Aldridge

Walsall

WS9 8LZ

### **Bankers**

Barclays Bank PLC

PO Box 3333

One Snow Hill

Snow Hill Queensway

Birmingham

B3 2WN

### **Registered Office**

c/o Waterlinks Investments Limited

Faraday Wharf

Holt Street

Birmingham

B7 4BB

# **Tulchan Textiles Limited**

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## **DIRECTORS' AND STATÉGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015**

Registered No: 01872211

The directors present their report and financial statements for the year ended 31 March 2015.

### **Principal activity and review of the business**

The principal activity of the company during the year was the design and wholesaling of clothing.

### **Results and dividends**

The main performance measures used by the company are sales, profits and cash generation.

Sales for the year ended 31 March 2015 were £2,946,004 (2014: £3,235,623) representing a decrease of 9% on last year.

The loss for the year before taxation was £25,539 (2014: profit £67,129). Interim dividends of £210,835 were declared and paid during the year (2014: £25,000). The directors do not propose the payment of a final dividend (2014: £nil).

### **Review of the business**

As at 1 April 2014, the company was a wholly owned subsidiary of Waterlinks Investments Limited. On 30 June 2014 the Waterlinks Investments group underwent an HMRC approved re-organisation. As a result of the re-organisation, Waterlinks Investments Limited transferred its shareholding in Tulchan Textiles Limited to Tulchan Cornflower (Holdings) Limited via a dividend in specie. Following a reduction in capital of Tulchan Cornflower (Holdings) Limited, its shareholding in Tulchan Textiles Limited was transferred to Tulchan Sunflower (Holdings) Limited on 22 July 2014.

On 23 July 2014 Tulchan Windflower (Holdings) Limited acquired Tulchan Sunflower (Holdings) Limited satisfied by the issue of 1,000 ordinary shares in Tulchan Windflower (Holdings) Limited and £1,500,000 loan notes. After a reduction of capital on 30 September 2014, on 16 February 2015 the company received the shareholding in Tulchan Textiles Limited by way of a distribution in specie from Tulchan Sunflower (Holdings) Limited.

### **Financial risk management policy**

The company's principal financial instruments comprise cash, cash equivalents and overdraft facilities. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial assets and liabilities, including trade debtors and creditors and amounts owed to and by Group undertakings that arise directly from its operations.

The company enters into forward foreign currency contracts, whose purpose is to manage the foreign currency risks arising from the company's operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments of a speculative nature shall be undertaken.

# **Tulchan Textiles Limited**

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## **DIRECTORS' AND STATÉGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015**

Registered No: 01872211

### **Financial risk management policy (continued)**

The principal risks associated with the company's financial assets and liabilities are set out below.

- **Interest rate risk**

The company principal facilities (bank overdraft) attract interest at variable interest rates. Therefore financial liabilities, interest charges and cash flows can be affected by movements in interest rates. The company's financial assets are not exposed to interest rate risk.

- **Price risk**

There is no significant exposure to changes in the carrying value of financial instruments, assets and liabilities, except as a result of foreign currency exchange rate fluctuations, as described below.

- **Credit risk**

The company has no material exposure to external credit risk.

- **Liquidity risk**

The company aims to mitigate liquidity risk by managing cash generated by its operations. The principal form of financing is bank overdraft facilities which are repayable on demand. The company is party to a cross-guarantee of similar financing facilities for other group companies.

- **Foreign currency risk**

The company has exposure to a number of foreign currencies through its purchases and sales of products. Exposure is principally to US and Hong Kong dollars, Euros and Swedish Krona. The company takes out forward foreign currency contracts to mitigate this risk, consistent with the Group's policy of hedging against known and highly probable exposures for a 6-12 month forward period.

### **Directors**

The directors who served during the year were as follows:

S M Watson

M A Needham (appointed 30 July 2014)

### **Going concern**

The directors consider that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason they continue to adopt the going concern basis in preparing the accounts.

## **Tulchan Textiles Limited**

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### **DIRECTORS' AND STATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015**

Registered No: 01872211

#### **Directors' statement as to disclosure of information to auditors**

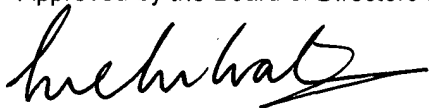
Having made enquiries of the company's auditors, the directors confirm that:

- to the best of the directors' knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

#### **Auditors**

In accordance with the company's articles, a resolution proposing that Edwards be re-appointed as the company's auditors will be put at a General Meeting.

Approved by the Board of Directors and signed by order of the Board



S M Watson  
Director

10 July 2015

## **Tulchan Textiles Limited**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the 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 of 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

# **Tulchan Textiles Limited**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TULCHAN TEXTILES LIMITED**

We have audited the financial statements of Tulchan Textiles Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss 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.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

## **Tulchan Textiles Limited**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TULCHAN TEXTILES LIMITED**

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit



**Neil Taylor BA FCA (Senior Statutory Auditor)**  
**For and on behalf of Edwards, Statutory Auditor**

34 High Street  
Aldridge  
West Midlands  
WS9 8LZ

10 July 2015



## Tulchan Textiles Limited

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
<b>Turnover</b>	2	2,946,004	3,235,623
<b>Cost of sales</b>		(1,218,685)	(1,351,500)
<b>Gross profit</b>		1,727,319	1,884,123
Distribution costs		(28,534)	(19,087)
Administration expenses		(1,723,407)	(1,796,798)
Other operating income		-	-
		(1,751,941)	(1,815,885)
<b>Operating (loss)/profit</b>	3	(24,622)	68,238
Net interest payable	6	(917)	(1,109)
<b>(Loss)/profit on ordinary activities before taxation</b>		(25,539)	67,129
Tax on (loss)/profit on ordinary activities	7	2,903	(14,458)
<b>(Loss)/profit on ordinary activities after taxation</b>	13	(22,636)	52,671

All amounts relate to continuing activities.

#### Statement of total recognised gains and losses

There are no recognised gains and losses other than the loss attributable to shareholders of the company of £22,636 for the year ended 31 March 2015 (2014: profit of £52,671).

# Tulchan Textiles Limited

## BALANCE SHEET AT 31 MARCH 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible fixed assets	8	84,285	78,098
		<u>84,285</u>	<u>78,098</u>
<b>Current assets</b>			
Stocks	9	472,427	422,747
Debtors	10	335,137	550,355
Cash at bank and in hand		42,269	148,510
		<u>849,833</u>	<u>1,121,612</u>
<b>Creditors: amounts falling due within one year</b>	11	(263,947)	(297,874)
<b>Net current assets</b>		<u>585,886</u>	<u>823,738</u>
<b>Total assets less current liabilities</b>		670,171	901,836
<b>Provisions for liabilities and charges</b>			
Deferred taxation	7	(6,848)	(5,042)
<b>Net assets</b>		<u>663,323</u>	<u>896,794</u>
<b>Capital and reserves</b>			
Called up share capital	12	22,000	22,000
Share premium account	13	-	-
Profit and loss account	13	641,323	874,794
<b>Equity shareholders' funds</b>		<u>663,323</u>	<u>896,794</u>

The financial statements were approved by the Board and issued to the shareholders on 10 July 2015



S M Watson  
Director

Company registration No. 01872211

# **Tulchan Textiles Limited**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

### **1. Accounting policies**

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

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### ***Income recognition***

Income is recognised at the point goods are despatched.

#### ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Fixtures, fittings and office equipment - 20 - 33 1/3% straight line

Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

#### ***Leasing***

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### ***Stock and work in progress***

Stock and work in progress is valued at the lower of cost and net realisable value, due allowance being made for obsolete or slow-moving items. Costs include the relevant proportion of overheads assuming normal levels of activity.

#### ***Pensions***

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### ***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

## Tulchan Textiles Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

#### 2. Turnover

Turnover represents amounts receivable for goods and services net of VAT. Turnover is attributable to the continuing activity of the company, the retailing and wholesaling of clothing.

An analysis of turnover by geographical market is given below:

	2015 £	2014 £
Geographical market:		
United Kingdom	2,500,469	2,312,830
Rest of Europe	445,535	896,878
Rest of World	-	25,915
	<u>2,946,004</u>	<u>3,235,623</u>

#### 3. Operating (loss)/profit

	2015 £	2014 £
This is stated after charging:		
Auditors' remuneration	6,500	6,500
Depreciation of tangible assets	29,274	32,576
Operating lease rentals – plant and machinery	18,845	25,813
Operating lease rentals – land and buildings	115,156	90,667
	<u>169,775</u>	<u>155,556</u>

#### 4. Directors' remuneration

The directors' remuneration received in the year was £70,388 (2014: £nil).

#### 5. Staff costs

	2015 £	2014 £
Wages and salaries	526,495	602,671
Social security costs	50,138	53,420
Other pension costs	3,088	2,850
	<u>579,721</u>	<u>658,941</u>

# Tulchan Textiles Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 5. Staff costs (continued)

The average number of employees during the year was:

	2015 No.	2014 No.
Management and administration	24	26

### 6. Net interest payable

	2015 £	2014 £
Bank interest payable on loans and overdraft	(917)	(1,109)
Interest receivable	-	-
	<u>(917)</u>	<u>(1,109)</u>

### 7. Tax on (loss)/profit on ordinary activities

(a) Taxation is made up as follows:

	2015 £	2014 £
Current tax:		
UK Corporation tax	(4,709)	10,000
Group relief	-	562
Adjustments in respect of previous periods	-	-
Total Current tax (note 7 (b))	<u>(4,709)</u>	<u>10,562</u>
Deferred tax (note 7 (d))	1,806	3,896
Tax on profit on ordinary activities	<u>(2,903)</u>	<u>14,458</u>

## Tulchan Textiles Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

#### 7. Tax on (loss)/profit on ordinary activities (*continued*)

##### (b) Factors affecting current tax (credit)/charge:

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are reconciled below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before taxation	(25,539)	67,129
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	(5,363)	15,440
Non deductible expenses	2,566	999
Effect of tax rate changes	(188)	(1,980)
Accelerated capital allowances	(1,724)	(3,597)
Other timing differences	-	(300)
Current tax (credit)/charge	(4,709)	10,562

##### (c) Factors affecting future tax charge

The UK Chancellor of the Exchequer announced a reduction in the mainstream rate of UK corporation tax to 20% from 1 April 2015. This reduction was included within the Finance Act that was enacted on 17 July 2013.

# Tulchan Textiles Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 7. Tax on profit on ordinary activities (*continued*)

#### (d) Deferred taxation

Deferred tax amounts provided are as follows:

		<i>Recognised</i>	<i>Not provided</i>
	2015	2014	2015
	£	£	£
Tax effect of timing differences due to:			
Accelerated capital allowances	8,490	6,766	-
Other timing differences	(1,642)	(1,724)	-
	<u>6,848</u>	<u>5,042</u>	<u>-</u>
Deferred tax liability			
	<u>6,848</u>	<u>5,042</u>	<u>-</u>

The movement in deferred tax during the year is:

	£
At 31 March 2014 – deferred tax liability	5,042
Provided during the year	1,806
	<u>6,848</u>
At 31 March 2015 – deferred tax liability	<u>6,848</u>

# Tulchan Textiles Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 8. Tangible fixed assets

	<i>Fixtures fittings and office equipment £</i>
Cost:	
At 1 April 2014	247,553
Additions	35,461
Disposals	-
	<hr/>
At 31 March 2015	283,014
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Depreciation:	
At 1 April 2014	169,455
Charge for the year	29,274
Disposals	-
	<hr/>
At 31 March 2015	198,729
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Net book value:	
At 31 March 2015	84,285
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At 1 April 2014	78,098
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### 9. Stocks and work in progress

	2015 £	2014 £
Finished goods and goods for resale	472,427	422,747
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The stock value is not materially different from replacement cost.



## Tulchan Textiles Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

#### 10. Debtors

	2015 £	2014 £
Trade debtors	271,694	468,239
Prepayments and accrued income	63,443	82,116
	<u>335,137</u>	<u>550,355</u>

#### 11. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	38,772	127,701
Amounts owed to group undertakings	-	1,478
Amounts owed to related undertakings	150,820	193
Taxes and social security costs	1,759	100,628
Corporation tax	-	10,562
Accruals and deferred income	72,596	57,312
	<u>263,947</u>	<u>297,874</u>

#### 12. Share capital

	2015 £	2014 £
Allotted, called up and fully paid 22,000 Ordinary shares of £1 each	<u>22,000</u>	<u>22,000</u>

# Tulchan Textiles Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 13. Reconciliation of shareholder's funds and movements in reserves

	Share capital £	Share premium account £	Profit and loss account £	Total £.
At 31 March 2013	22,000	-	847,123	869,123
Profit for the year	-	-	52,671	52,671
Dividends paid	-	-	(25,000)	(25,000)
At 31 March 2014	22,000	-	874,794	896,794
Loss for the year	-	-	(22,636)	(22,636)
Dividends paid	-	-	(210,835)	(210,835)
At 31 March 2015	22,000	-	641,323	663,323

### 14. Financial commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings		Plant and machinery	
	2015	2014	2015	2014
	£	£	£	£
Within one year	9,156	-	894	1,847
In two to five years	106,000	106,000	17,951	29,328
Over 5 years	-	-	-	-
	115,156	106,000	18,845	31,175

### 15. Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge in the year was £3,088 (2014: £2,850). At the year end, there was a creditor of £nil (2014: £nil).

# Tulchan Textiles Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 16. Related party transactions

During the year, Tulchan Textiles Limited entered into transactions with Quarks to Quasars Limited and Waterlinks Investments Limited, both related companies by virtue of common director. Transactions entered into and balances outstanding at 31 March 2015 are as follows:

	<i>Purchases</i>	<i>Management charges</i>	<i>Balance due (to)/from</i>
		£	£
Quarks to Quasars Limited	44,070	-	-
Waterlinks Investments Limited	-	15,000	(150,820)
	<u>          </u>	<u>          </u>	<u>          </u>

All transactions have been carried out on an arms' length basis.

### 17. Derivatives

The company has entered into forward foreign exchange contracts in the normal course of business in order to hedge against fluctuations in future exchange rates. As at 31 March 2015, the sterling equivalent of total amounts outstanding on such contracts was £464,816 (2014: £1,007,201).

### 18. Contingent liabilities

The company is party to a cross-guarantee securing loan and overdraft facilities for certain members of the Waterlinks Investments Limited group.

### 19. Parent undertaking and controlling party

At the start of the year, the company's ultimate parent undertaking and controlling party was Waterlinks Investments Limited.

On 16 February 2015, as part of an HMRC approved group re-organisation, Tulchan Windflower (Holdings) Limited acquired the entire share capital of the company.

In the directors' opinion, the company's ultimate parent undertaking and controlling party at 31 March 2015 is Tulchan Windflower (Holdings) Limited. Copies of the parent company accounts are available from the company's registered office, Faraday Wharf, Holt Street, Birmingham, West Midlands, B7 4BB