

**COMPANY REGISTRATION NUMBER: 02498196**

**Paragon Clothing Limited**

**Financial Statements**

**For the year ended**

**31 December 2015**

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**Paragon Clothing Limited**  
**Financial Statements**  
**Year ended 31 December 2015**

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# **Paragon Clothing Limited**

## **Strategic Report**

**Year ended 31 December 2015**

### **Fair review of the business**

The key financial highlights are as follows:

	31/12/15	31/12/14
Turnover	£17.1m	£15.6m
Turnover growth	9.7%	(12%)
Gross profit margin	18.6%	24.8%
Profit before tax	£0.8m	£1.7m
Current ratio	1.88	2.48

The directors are satisfied with the results for the year.

### **Principal risks and uncertainties**

The directors consider the state of the company's affairs to be satisfactory. The company cannot control the amount of orders they receive from customers and sales can fluctuate significantly accordingly.

This report was approved by the board of directors on 29 September 2016 and signed on behalf of the board by:



M Buhus-Orwin  
Director

Registered office:  
7 - 12 Tavistock Square  
Lynton House  
London  
WC1H 9BQ

# **Paragon Clothing Limited**

## **Directors' Report**

**Year ended 31 December 2015**

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

### **Directors**

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

M Buhus-Orwin  
M A Ward  
V C Gheorghe

### **Dividends**

Particulars of recommended dividends are detailed in note 12 to the financial statements.

### **Future developments**

The directors continue to review the marketplace with a view to continuing growth, identifying opportunities and manage the risks facing the business.

### **Financial instruments**

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

#### **Credit risk**

The company's principal financial assets are bank balances along with trade and other receivables. The company monitors credit risk and considers that due to the nature of its revenue, its exposure to credit risk is minimal. The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest in assets profitability.

#### **Exchange rate risk**

The company seeks to manage exchange rate risk by hedging where possible.

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

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has chosen to set out the information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in its strategic report, which can be found on page 1.

**Paragon Clothing Limited**

**Directors' Report** *(continued)*

**Year ended 31 December 2015**

**Directors' responsibilities statement**

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;
- 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.

**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.

This report was approved by the board of directors on 29 September 2016 and signed on behalf of the board by:



M Buhus-Orwin  
Director

Registered office:  
7 - 12 Tavistock Square  
Lynton House  
London  
WC1H 9BQ

## **Paragon Clothing Limited**

### **Independent Auditor's Report to the Shareholders of Paragon Clothing Limited**

**Year ended 31 December 2015**

We have audited the financial statements of Paragon Clothing Limited for the year ended 31 December 2015, on pages 6 to 18. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

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. 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 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 strategic report and the directors' report 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 December 2015 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.

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

In our opinion 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.

**Paragon Clothing Limited**

**Independent Auditor's Report to the Shareholders of Paragon Clothing Limited *(continued)***

**Year ended 31 December 2015**

**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 the information and explanations we require for our audit.



Daniel Burke (Senior Statutory Auditor)

For and on behalf of  
BSG Valentine  
Chartered accountant & statutory auditor

Lynton House  
7 - 12 Tavistock Square  
London  
WC1H 9BQ

29 September 2016

**Paragon Clothing Limited**  
**Statement of Income and Retained Earnings**  
**Year ended 31 December 2015**

	Note	2015 £	2014 (restated) £
<b>Turnover</b>	<b>4</b>	17,144,741	15,629,377
Cost of sales		(13,947,721)	(11,759,152)
<b>Gross profit</b>		<u>3,197,020</u>	<u>3,870,225</u>
Administrative expenses		(2,400,576)	(2,187,854)
Other operating income	<b>5</b>	<u>—</u>	<u>40,000</u>
<b>Operating profit</b>	<b>6</b>	796,444	1,722,371
Other interest receivable and similar income		111,065	543
Interest payable and similar charges	<b>10</b>	<u>(138,858)</u>	<u>(29,003)</u>
<b>Profit on ordinary activities before taxation</b>		768,651	1,693,911
Tax on profit on ordinary activities	<b>11</b>	<u>(273,676)</u>	<u>(337,943)</u>
<b>Profit for the financial year and total comprehensive income</b>		<u>494,975</u>	<u>1,355,968</u>
Dividends paid and payable	<b>12</b>	(1,106,500)	(1,619,589)
<b>Retained earnings at the start of the year</b>		<u>6,965,134</u>	<u>7,228,755</u>
<b>Retained earnings at the end of the year</b>		<u>6,353,609</u>	<u>6,965,134</u>

All the activities of the company are from continuing operations.

The notes on pages 9 to 18 form part of these financial statements.




**Paragon Clothing Limited**  
**Statement of Financial Position**

**31 December 2015**

		2015	2014 (restated)
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	13	161,777	177,980
<b>Current assets</b>			
Stocks	14	1,608,016	1,590,645
Debtors	15	6,091,598	4,703,790
Investments	16	1,348,185	1,240,000
Cash at bank and in hand	17	4,213,593	3,856,139
		<u>13,261,392</u>	<u>11,390,574</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(7,064,139)</u>	<u>(4,594,738)</u>
<b>Net current assets</b>		6,197,253	6,795,836
<b>Total assets less current liabilities</b>		6,359,030	6,973,816
<b>Provisions</b>			
Taxation including deferred tax	20	(5,309)	(8,570)
<b>Net assets</b>		<u>6,353,721</u>	<u>6,965,246</u>
<b>Capital and reserves</b>			
Called up share capital	22	112	112
Profit and loss account	23	6,353,609	6,965,134
<b>Shareholders funds</b>		<u>6,353,721</u>	<u>6,965,246</u>

These financial statements were approved by the board of directors and authorised for issue on 29 September 2016, and are signed on behalf of the board by:

  
M Buhus-Orwin  
Director

Company registration number: 02498196

The notes on pages 9 to 18 form part of these financial statements.

**Paragon Clothing Limited**  
**Statement of Cash Flows**  
**Year ended 31 December 2015**

	2015	2014 (restated)
Note	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	494,975	1,355,968
<i>Adjustments for:</i>		
Depreciation of tangible assets	41,645	49,984
Other interest receivable and similar income	(111,065)	(543)
Interest payable and similar charges	138,858	29,003
Tax on profit on ordinary activities	273,676	337,943
Accrued (income)/expenses	(456)	5,722
<i>Changes in:</i>		
Stocks	(17,371)	(1,108,708)
Trade and other debtors	(1,387,808)	1,132,623
Trade and other creditors	2,331,137	(300,003)
Cash generated from operations	1,763,591	1,501,989
Interest paid	(138,858)	(29,003)
Interest received	111,065	543
Tax paid	(460,102)	(350,001)
Net cash from operating activities	<u>1,275,696</u>	<u>1,123,528</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(25,442)	(17,418)
Purchases of other investments	(108,185)	–
Net cash used in investing activities	<u>(133,627)</u>	<u>(17,418)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	(985,145)	1,753,670
Proceeds from loans from group undertakings	173	–
Dividends paid	(1,106,500)	(1,619,589)
Net cash (used in)/from financing activities	<u>(2,091,472)</u>	<u>134,081</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(949,403)	1,240,191
<b>Cash and cash equivalents at beginning of year</b>	2,365,211	1,125,020
<b>Cash and cash equivalents at end of year</b>	<u>17</u> <u>1,415,808</u>	<u>2,365,211</u>

The notes on pages 9 to 18 form part of these financial statements.

**Paragon Clothing Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2015**

**1. Statement of compliance**

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

**2. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis.

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

**Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 30.

**Revenue recognition**

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.

**Income tax**

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

**Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

## **Paragon Clothing Limited**

### **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2015**

#### **2. Accounting policies *(continued)***

##### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

##### **Tangible assets**

Tangible assets are initially recorded at cost, and 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 equity, 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 equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity 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:

Leasehold property	-	over 15 years
Motor vehicles	-	25% reducing balance
Furniture and Equipment	-	25% reducing balance

##### **Impairment of fixed assets**

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.

For the purposes of impairment testing, 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 largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

# Paragon Clothing Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

### 2. Accounting policies *(continued)*

#### 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 stock to its present location and condition.

#### 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 as a finance cost in profit or loss in the period it arises.

#### 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 as a finance cost in profit or loss in the period in which it arises.

#### Current asset investments

Current asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

### 3. Prior year adjustment

For comparability with the current year, the comparative figures have been restated in order to recognise additional stock and related liabilities in respect of goods in transit at the year end. In addition, payments made on account to suppliers which were recognised as other debtors were allocated against the recognised liability. See notes 14, 15 and 17 for the restated figures.

### 4. Turnover

Turnover arises from:

	2015	2014 <i>(restated)</i>
	£	£
Sale of goods	<u>17,144,741</u>	<u>15,629,377</u>

**Paragon Clothing Limited**  
**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2015**

**4. Turnover (continued)**

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

**5. Other operating income**

	2015	2014 (restated)
	£	£
Rental income	<u>—</u>	<u>40,000</u>

**6. Operating profit**

Operating profit or loss is stated after charging:

	2015	2014 (restated)
	£	£
Depreciation of tangible assets	41,645	49,984
Foreign exchange differences	7,618	4,439
Defined contribution plans expense	<u>29,848</u>	<u>31,063</u>

**7. Auditor's remuneration**

	2015	2014 (restated)
	£	£
Fees payable for the audit of the financial statements	<u>15,291</u>	<u>24,600</u>

**8. Staff costs**

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

	2015 No	2014 No
Production staff	33	29
Administrative staff	6	5
Management staff	<u>5</u>	<u>3</u>
	<u>44</u>	<u>37</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014 (restated)
	£	£
Wages and salaries	1,459,870	1,211,939
Social security costs	151,703	124,844
Other pension costs	<u>29,848</u>	<u>31,063</u>
	<u>1,641,421</u>	<u>1,367,846</u>

**Paragon Clothing Limited**  
**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2015**

**9. Directors' remuneration**

The directors aggregate remuneration in respect of qualifying services was:

	2015	2014 (restated)
	£	£
Remuneration	91,689	91,689
Company contributions to defined contribution pension plans	21,968	22,438
	<u>113,657</u>	<u>114,127</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2015	2014 (restated)
	No	No
Defined contribution plans	<u>3</u>	<u>3</u>

**10. Interest payable and similar charges**

	2015	2014 (restated)
	£	£
Interest on banks loans and overdrafts	<u>138,858</u>	<u>29,003</u>

**11. Tax on profit on ordinary activities**

**Major components of tax expense**

	2015	2014 (restated)
	£	£
<b>Current tax:</b>		
UK current tax expense	153,737	341,619
Adjustments in respect of prior periods	123,200	—
Total current tax	<u>276,937</u>	<u>341,619</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>(3,261)</u>	<u>(3,676)</u>
<b>Tax on profit on ordinary activities</b>	<u>273,676</u>	<u>337,943</u>

**Paragon Clothing Limited**  
**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2015**

**11. Tax on profit on ordinary activities (continued)**

**Reconciliation of tax expense**

The tax assessed on the profit on ordinary activities for the year is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 21%).

	2015	2014 (restated)
	£	£
Profit on ordinary activities before taxation	768,651	1,693,911
Profit on ordinary activities by rate of tax	153,730	355,721
Effect of expenses not deductible for tax purposes	3,919	2,427
Effect of different UK tax rates on some earnings	(9,531)	(28,336)
Utilisation of tax losses	3,747	3,318
Unused tax losses	1,872	8,489
Prior year under provision	123,200	–
Deferred tax	(3,261)	(3,676)
Tax on profit on ordinary activities	<u>273,676</u>	<u>337,943</u>

**12. Dividends**

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015	2014 (restated)
	£	£
Dividends on equity shares relating to line 1 in the shares issued page of cdb	<u>1,106,500</u>	<u>1,619,589</u>

**13. Tangible assets**

	Land and buildings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>				
At 1 January 2015 (as restated)	50,450	36,700	373,704	460,854
Additions	16,608	–	8,834	25,442
<b>At 31 December 2015</b>	<u>67,058</u>	<u>36,700</u>	<u>382,538</u>	<u>486,296</u>
<b>Depreciation</b>				
At 1 January 2015	12,332	21,273	249,269	282,874
Charge for the year	4,471	3,857	33,317	41,645
<b>At 31 December 2015</b>	<u>16,803</u>	<u>25,130</u>	<u>282,586</u>	<u>324,519</u>
<b>Carrying amount</b>				
<b>At 31 December 2015</b>	<u>50,255</u>	<u>11,570</u>	<u>99,952</u>	<u>161,777</u>
At 31 December 2014	<u>38,118</u>	<u>15,427</u>	<u>124,435</u>	<u>177,980</u>



**Paragon Clothing Limited**  
**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2015**

**14. Stocks**

	2015	2014 (restated)
	£	£
Finished goods and goods for resale	<u>1,608,016</u>	<u>1,590,645</u>

**15. Debtors**

	2015	2014 (restated)
	£	£
Trade debtors	4,462,188	3,547,938
Amounts owed by group undertakings	1,125,413	1,041,495
Prepayments and accrued income	58,079	56,385
Corporation tax repayable	33,098	—
Other debtors	<u>412,820</u>	<u>57,972</u>
	<u>6,091,598</u>	<u>4,703,790</u>

**16. Investments**

	2015	2014 (restated)
	£	£
Other investments	<u>1,348,185</u>	<u>1,240,000</u>

Investments having a net book value of £1,348,185 (2014: £1,240,000) had a market value of £1,415,862 (2014: £1,362,861) at the balance sheet date.

**17. Cash and cash equivalents**

Cash and cash equivalents comprise the following:

	2015	2014 (restated)
	£	£
Cash at bank and in hand	4,213,593	3,856,139
Bank overdrafts	<u>(2,797,785)</u>	<u>(1,490,928)</u>
	<u>1,415,808</u>	<u>2,365,211</u>

**Paragon Clothing Limited**

**Notes to the Financial Statements (continued)**

**Year ended 31 December 2015**

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

	2015	2014 (restated)
	£	£
Bank loans and overdrafts	3,851,240	3,529,827
Trade creditors	1,959,180	933,035
Amounts owed to group undertakings	173	–
Accruals and deferred income	120,534	120,990
Corporation tax	–	183,165
Social security and other taxes	368,090	510,762
Director loan accounts	1,358	1,059
Other creditors	763,564	(684,100)
	<u>7,064,139</u>	<u>4,594,738</u>

Details of security and details of loans, overdraft and limits held by the company's bankers are as follows.

Composite facility comprising of Multicurrency Overdraft facility and/or Overdraft facility for £100, Sight Bills/Documents facility of £1,000,000, Currency Account No Interest facility of £5,000,000, Commercial card facility of £50,000 and Import Line facility of £2,500,000.

Security held through a General Letter of Pledge dated 26 July 2007, a Fixed Charge over book debts and other debts, goodwill, uncalled capital and intellectual property and a Floating Charge over all other assets dated 13 July 1995 and a Debenture including Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 16 December 2009.

Deed of charge dated 13 September 2012 for securing all money and liabilities whatever, whenever and howsoever incurred by the Company whether now or in the future to HSBC PLC.

Fixed charge on non-vesting debts and floating charge dated 18 March 2013 for securing all monies due or to become due from the Company to HSBC Invoice Finance (UK) Ltd.

A legal charge over contract monies dated 17 May 2013.

**19. Deferred tax**

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

	2015	2014 (restated)
	£	£
Included in provisions (note 20)	<u>5,309</u>	<u>8,570</u>

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

	2015	2014 (restated)
	£	£
Accelerated capital allowances	<u>5,309</u>	<u>8,570</u>

The estimated net movement of deferred tax liabilities expected to occur during the period beginning after the reporting period is no material change. This is due to the estimated writing down allowances being comparable to the estimate depreciation for the same period. The estimates are based on the relevant assets held at the end of the current period written down at the current rates of depreciation and the current rates of writing down allowance and corporation tax.

**Paragon Clothing Limited**  
**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2015**

**20. Provisions**

	Deferred tax (note 19) £
At 1 January 2015 (as restated)	8,570
Charge against provision	(3,261)
At 31 December 2015	<u>5,309</u>

**21. Employee benefits**

**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £29,848 (2014: £31,063).

**22. Called up share capital**

**Issued, called up and fully paid**

	2015		2014 (restated)	
	No	£	No	£
Ordinary Type "A" shares of £1 each	65	65	65	65
Ordinary Type "B" shares of £1 each	35	35	35	35
Ordinary Type "C" shares of £1 each	12	12	12	12
	<u>112</u>	<u>112</u>	<u>112</u>	<u>112</u>

All classes of share capital rank pari passu in all respects.

**23. Reserves**

Profit and loss account - This reserve records retained earnings and accumulated losses.

**24. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014 (restated)
	£	£
Not later than 1 year	132,000	132,000
Later than 1 year and not later than 5 years	528,000	528,000
Later than 5 years	693,000	825,000
	<u>1,353,000</u>	<u>1,485,000</u>

During the year operating lease payments recognised as an expense totalled £132,000 (2015 - £132,000).

**25. Contingencies**

The company is subject to a cross guarantee and right of set-off, which is held by its bankers in respect of group companies Mazzuro Group Limited and Bespoke Garments Processing Limited.

**Paragon Clothing Limited**

**Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2015**

**26. Directors' advances, credits and guarantees**

At the balance sheet date the company owed £1,358 (2014: £1,059) to the director, M Buhus-Orwin.

**27. Related party transactions**

During the period the company paid rent at market value, totalling £132,000 (2014: £132,000) to the directors M Buhus-Orwin and V C Gheorghe, in respect of its trading premises. At the balance sheet date, included within trade creditors was a balance of £39,600 (2014: £39,600) due to the directors in respect of this rent.

The company has taken the exemption under paragraph 33.1A of FRS 102 from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that group.

**28. Company information**

The company is a private company limited by shares and is incorporated in England and Wales. The registered office of the company is Lynton House, 7-12 Tavistock Square, London, WC1H 9BQ. Details of the operations and activities of the company can be found in the Strategic Report and the Directors Report within these financial statements.

**29. Controlling party**

The immediate and ultimate parent company is Mazzuro Group Ltd, a company incorporated in England & Wales. Copies of the consolidated financial statements are available from the company's registered address. Mazzuro Group Ltd is under the control of Mr M Buhus-Orwin, who is one of the directors and majority shareholder.

**30. Transition to FRS 102**

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments were required in equity or profit or loss for the year.