

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2021  
FOR  
MISIRLI UK LIMITED**

Magma Audit LLP  
Chartered Accountants  
Statutory Auditor  
Unit 2, Charnwood Edge Business Park  
Syston Road  
Leicestershire  
LE7 4UZ

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for the year ended 30 December 2021

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**MISIRLI UK LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 30 December 2021**

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**DIRECTORS:**

Mrs K Bown  
Mr G Bown  
Mrs L M Churcher  
Mr I Ertugut

**SECRETARY:**

Mr G Bown

**REGISTERED OFFICE:**

Unit 5  
22 Pinfold Road  
Thurmaston  
Leicester  
Leicestershire  
LE4 8AS

**REGISTERED NUMBER:**

02941920 (England and Wales)

**AUDITORS:**

Magma Audit LLP  
Chartered Accountants  
Statutory Auditor  
Unit 2, Charnwood Edge Business Park  
Syston Road  
Leicestershire  
LE7 4UZ

**STRATEGIC REPORT**  
**for the year ended 30 December 2021**

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The directors present their strategic report for the year ended 30 December 2021.

The strategic report is set out by the directors to provide information on the entity and insight into its main objectives and strategies, and the principal risks it faces.

**REVIEW OF BUSINESS**

The results for the year and the financial position of the company are shown in the financial statements.

The company faced several market challenges during the course of the financial year. In the opinion of the directors, the company successfully identified these and implemented proactive solutions resulting in a strong financial performance overall.

The directors have a positive outlook for the company and continue to build upon the historic results and the customer base.

The directors intend to increase turnover going forward by developing new products and opportunities for new and existing customers. We do expect the challenging economic circumstances and resulting competition to remain for the foreseeable future however with the plans of the management to implement new products and programs the outlook for Company's business development remains positive.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors see that the key financial indicators are turnover and operating profit year on year comparatives. Turnover during the current year has increased in comparison to the previous financial year by 30.3% to £22.06m, with operating profit up by 92.8% to £1.375m.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's principal categories of risk are enumerated as follows. Management objectives and policies for these risks are summarised:

**Operational Risk**

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The directors are responsible for the day-to-day running of the business and have instituted processes to monitor and mitigate operational risk. These measures are appropriate to the size and complexity of the business.

**Business Risk**

The company's risk appetite is defined, evaluated and documented in the first instance by the directors. The company's business strategy is proactively reviewed and updated quarterly by the Directors as required.

Management is aware of the many inflationary pressures on raw material, labour, and freight/transportation costs. Where possible these cost price increases are passed onto the customer but there is a potential for a resultant loss of margin.

**Market Risk**

The principal market risk the Company faces is currency risk through purchases being derived in a currency other than sterling. Currency risk is monitored by the accounting function and balances are reviewed weekly by a Director.

**Financial Risk**

Financial risk is the risk that the company's cash flow proves inadequate to meet its financial obligations. Financial risk is monitored by the accounting function and presented to the Directors as part of the monthly internal management reporting.

**ON BEHALF OF THE BOARD:**

Mr G Bown - Director

1 April 2022

**REPORT OF THE DIRECTORS**  
**for the year ended 30 December 2021**

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The directors present their report with the financial statements of the company for the year ended 30 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the wholesale of nightwear, underwear and hosiery.

**DIVIDENDS**

The total distribution of dividends for the year ended 30 December 2021 will be £324,000 (2020: £234,000). The directors recommend that no final dividend be paid.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 31 December 2020 to the date of this report.

Mrs K Bown  
Mr G Bown  
Mrs L M Churcher  
Mr I Ertugut

**DISCLOSURE IN THE STRATEGIC REPORT**

Information relating to financial instruments is given in the Strategic Report.

Information relating to future developments is given in the Strategic Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Mr G Bown - Director

1 April 2022

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MISIRLI UK LIMITED

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### Opinion

We have audited the financial statements of Misirli UK Limited (the 'company') for the year ended 30 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

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

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.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MISIRLI UK LIMITED

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### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the industry, we have identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and breaches with the Financial Conduct Authority and General Data Protection Regulation, and we have considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, and management bias in accounting estimates. Audit procedures performed included:

- Enquiries with management for consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in their accounting estimates, in particular in relation to recognising royalties and the impairment review of licences;
- Identifying and testing material journal entries, in particular those journal entries posted with unusual account combinations, journal entries crediting revenue, journal entries crediting cash and journal entries with specific defined descriptions.

There are inherent limitations in the audit procedures described above. The more removed non-compliance with laws and regulations is, from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by forgery or intentional misrepresentation, for example, or through collusion.

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

### **Other matters which we are required to address**

There was no requirement for the audit of the financial statements in the prior period. The comparatives are therefore unaudited.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
MISIRLI UK LIMITED**

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**Use of our report**

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

Luke Turner ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Magma Audit LLP  
Chartered Accountants  
Statutory Auditor  
Unit 2, Charnwood Edge Business Park  
Syston Road  
Leicestershire  
LE7 4UZ

4 April 2022



**STATEMENT OF COMPREHENSIVE  
INCOME**  
for the year ended 30 December 2021

		2021	2020
	Notes	£	as restated £
<b>TURNOVER</b>	4	22,060,305	16,924,295
Cost of sales		<u>(18,284,226)</u>	<u>(14,303,973)</u>
<b>GROSS PROFIT</b>		3,776,079	2,620,322
Administrative expenses		<u>(2,401,575)</u>	<u>(2,019,289)</u>
		1,374,504	601,033
Other operating income	5	-	111,682
<b>OPERATING PROFIT</b>	7	<u>1,374,504</u>	<u>712,715</u>
Interest payable and similar expenses	8	<u>(46,640)</u>	<u>(39,938)</u>
<b>PROFIT BEFORE TAXATION</b>		1,327,864	672,777
Tax on profit	9	<u>(306,425)</u>	<u>(142,669)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,021,439	530,108
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,021,439</u>	<u>530,108</u>

The notes form part of these financial statements

**BALANCE SHEET**  
30 December 2021

		2021	2020
		£	as restated £
<b>FIXED ASSETS</b>	Notes		
Tangible assets	12	62,662	32,788
Investments	13	<u>1</u>	<u>1</u>
		<b>62,663</b>	<b>32,789</b>
<b>CURRENT ASSETS</b>			
Stocks	14	192,192	288,963
Debtors	15	4,467,430	4,788,609
Cash at bank		<u>1,351,715</u>	<u>292,556</u>
		<b>6,011,337</b>	<b>5,370,128</b>
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>(3,570,128)</u>	<u>(3,468,648)</u>
<b>NET CURRENT ASSETS</b>		<b>2,441,209</b>	<b>1,901,480</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,503,872</b>	<b>1,934,269</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	<b>(327,918)</b>	<b>(463,170)</b>
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>(12,429)</u>	<u>(5,013)</u>
<b>NET ASSETS</b>		<b>2,163,525</b>	<b>1,466,086</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	50,000	50,000
Retained earnings		<u>2,113,525</u>	<u>1,416,086</u>
<b>SHAREHOLDERS' FUNDS</b>		<b>2,163,525</b>	<b>1,466,086</b>

The financial statements were approved by the Board of Directors and authorised for issue on 1 April 2022 and were signed on its behalf by:

Mr G Bown - Director

Mrs L M Churcher - Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 December 2021

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 31 December 2019</b>	50,000	1,119,978	1,169,978
<b>Changes in equity</b>			
Dividends	-	(234,000)	(234,000)
Total comprehensive income	-	530,108	530,108
<b>Balance at 30 December 2020</b>	50,000	1,416,086	1,466,086
<b>Changes in equity</b>			
Dividends	-	(324,000)	(324,000)
Total comprehensive income	-	1,021,439	1,021,439
<b>Balance at 30 December 2021</b>	50,000	2,113,525	2,163,525

The notes form part of these financial statements

**CASH FLOW STATEMENT**  
for the year ended 30 December 2021

		2021	2020
		£	as restated £
<b>Cash flows from operating activities</b>	Notes		
Cash generated from operations	1	2,663,395	(408,172)
Interest paid		(46,640)	(39,938)
Tax paid		(138,056)	(93,593)
Net cash from operating activities		<u>2,478,699</u>	<u>(541,703)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(46,328)	(14,056)
Sale of tangible fixed assets		-	900
Net cash from investing activities		<u>(46,328)</u>	<u>(13,156)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	375,000
Loan repayments in year		(37,500)	-
Invoice financing movement		(1,031,560)	275,005
Amount introduced by directors		55,000	4,388
Amount withdrawn by directors		(14,963)	(8,735)
Equity dividends paid		(324,000)	(234,000)
Net cash from financing activities		<u>(1,353,023)</u>	<u>411,658</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,079,348</u>	<u>(143,201)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	292,556	225,280
Effect of foreign exchange rate changes		(20,189)	210,477
<b>Cash and cash equivalents at end of year</b>	2	<u>1,351,715</u>	<u>292,556</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
for the year ended 30 December 2021

**1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS**

	2021	2020 as restated
	£	£
Profit for the financial year	1,021,439	530,108
Depreciation charges	16,454	22,278
Profit on disposal of fixed assets	-	(900)
Impairment of investment	-	18,420
Effect of foreign exchange rate changes	20,189	(210,477)
Finance costs	46,640	39,938
Taxation	306,425	142,669
	<u>1,411,147</u>	<u>542,036</u>
Decrease in stocks	96,771	64,607
Decrease/(increase) in trade and other debtors	336,142	(893,009)
Increase/(decrease) in trade and other creditors	819,335	(121,806)
<b>Cash generated from operations</b>	<u><u>2,663,395</u></u>	<u><u>(408,172)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 December 2021**

	30/12/21	31/12/20
	£	£
Cash and cash equivalents	<u>1,351,715</u>	<u>292,556</u>

**Year ended 30 December 2020**

	30/12/20	31/12/19
	as restated £	£
Cash and cash equivalents	<u>292,556</u>	<u>225,280</u>

**3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS**

	At 31/12/20 £	Cash flow £	At 30/12/21 £
<b>Net cash</b>			
Cash at bank and in hand	<u>292,556</u>	<u>1,059,159</u>	<u>1,351,715</u>
	<u>292,556</u>	<u>1,059,159</u>	<u>1,351,715</u>
<b>Debt</b>			
Debts falling due within 1 year	(37,500)	(37,500)	(75,000)
Debts falling due after 1 year	<u>(337,500)</u>	<u>75,000</u>	<u>(262,500)</u>
	<u>(375,000)</u>	<u>37,500</u>	<u>(337,500)</u>
<b>Total</b>	<u><u>(82,444)</u></u>	<u><u>1,096,659</u></u>	<u><u>1,014,215</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 December 2021

**1. STATUTORY INFORMATION**

Misirli UK Limited is a limited company, registered in England and Wales. Its registered office address is Unit 5, 22 Pinfold Road, Thurmaston, Leicester, Leicestershire, LE4 8AS and the registered number is 02941920.

**2. ACCOUNTING POLICIES****Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

There was no requirement for the audit of the financial statements in the prior period. The comparatives are therefore unaudited.

**Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future despite the ensuing global pandemic. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts and is recognised when goods are despatched.

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

**Rendering of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it's probable that the economic benefits associated with the transaction will flow to there with and the costs incurred in respect of the transaction can be measured reliably.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	Over the period of the lease
Plant and machinery	20% or 25% straight line
Fixtures & fittings	20% or 25% straight line
Motor vehicles	20% straight line

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**Investments in associates**

Interests in jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 December 2021**

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**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Debtors**

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

**Cash and cash equivalents**

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions, and other short-term highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Creditors**

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

**Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Operating leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Royalties and licences**

Licences are secured by making guarantees on amounts payable over the period of the licence. Royalties are paid based on a percentage of the gross sales made for each licence.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 30 December 2021

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Impairment of licences review**

Guarantees are made to secure licences for a set period. The level of sales is monitored against this guarantee and where potential shortfalls in sales are identified, a provision is made which is posted to the Statement of Comprehensive Income. This will then be monitored until the expiration of the licence, at which point the shortfall, if any, will be known and the difference adjusted through the Statement of Comprehensive Income.

**Royalties provision**

Provisions made for royalties' payments due on sales of products under licences. The provision will be based on the details of the agreement and a prepayment or accrual will be made depending on the timing of payments.

**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021	2020 as restated
	£	£
Sale of goods	22,060,305	16,924,295
	<u>22,060,305</u>	<u>16,924,295</u>

An analysis of turnover by geographical market is given below:

	2021	2020 as restated
	£	£
United Kingdom	19,229,366	14,263,513
Europe	2,812,058	2,655,877
Rest of world	18,881	4,905
	<u>22,060,305</u>	<u>16,924,295</u>

**5. OTHER OPERATING INCOME**

	2021	2020 as restated
	£	£
Sundry income	<u>-</u>	<u>111,682</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 30 December 2021

## 6. EMPLOYEES AND DIRECTORS

	2021	2020 as restated
	£	£
Wages and salaries	1,310,536	1,187,329
Other pension costs	19,094	15,374
	<u>1,329,630</u>	<u>1,202,703</u>

The average number of employees during the year was as follows:

	2021	2020 as restated
Directors	4	4
Management	3	3
Administrative	28	24
Warehouse	5	6
	<u>40</u>	<u>37</u>

	2021	2020 as restated
	£	£
Directors' remuneration	<u>252,587</u>	<u>337,261</u>

Information regarding the highest paid director is as follows:

	2021	2020 as restated
	£	£
Emoluments etc	<u>123,952</u>	<u>212,830</u>

## 7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020 as restated
	£	£
Other operating leases	92,874	102,184
Depreciation - owned assets	16,454	22,278
Profit on disposal of fixed assets	<u>-</u>	<u>(900)</u>

## 8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020 as restated
	£	£
Bank interest	25,993	16,643
Invoice finance interest payable	<u>20,647</u>	<u>23,295</u>
	<u>46,640</u>	<u>39,938</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 30 December 2021

**9. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	<b>2021</b>	2020 as restated
	£	£
Current tax:		
UK corporation tax	<b>299,983</b>	141,500
Adjustment to prior years	<b>(974)</b>	-
Total current tax	<b>299,009</b>	141,500
Deferred tax	<b>7,416</b>	1,169
Tax on profit	<b>306,425</b>	142,669

UK corporation tax has been charged at 19% .

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2021</b>	2020 as restated
	£	£
Profit before tax	<b>1,327,864</b>	672,777
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>252,294</b>	127,828
Effects of:		
Expenses not deductible for tax purposes	<b>49,299</b>	8,899
Capital allowances in excess of depreciation	<b>(6,473)</b>	-
Depreciation in excess of capital allowances	-	1,273
Utilisation of tax losses	-	3,500
Adjustments to tax charge in respect of previous periods	<b>(974)</b>	-
Tax payable under s455 CTA 2010	<b>4,863</b>	-
Deferred tax movement	<b>7,416</b>	1,169
Total tax charge	<b>306,425</b>	142,669

**10. DIVIDENDS**

	<b>2021</b>	2020 as restated
	£	£
Ordinary shares of 1 each		
Interim	<b>324,000</b>	234,000

**11. PRIOR YEAR ADJUSTMENT**

In the previous year, sales were net of royalties paid, this has been re-stated to be comparable with the current year. The adjustment increased sales by £833,222 and cost of sales by the same. There is nil effect on profit in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 30 December 2021

## 12. TANGIBLE FIXED ASSETS

	Short leasehold land & buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 31 December 2020	60,998	32,212	332,056	8,215	433,481
Additions	7,810	-	38,518	-	46,328
At 30 December 2021	<u>68,808</u>	<u>32,212</u>	<u>370,574</u>	<u>8,215</u>	<u>479,809</u>
<b>DEPRECIATION</b>					
At 31 December 2020	56,294	31,238	304,946	8,215	400,693
Charge for year	2,076	537	13,841	-	16,454
At 30 December 2021	<u>58,370</u>	<u>31,775</u>	<u>318,787</u>	<u>8,215</u>	<u>417,147</u>
<b>NET BOOK VALUE</b>					
At 30 December 2021	<u>10,438</u>	<u>437</u>	<u>51,787</u>	<u>-</u>	<u>62,662</u>
At 30 December 2020	<u>4,704</u>	<u>974</u>	<u>27,110</u>	<u>-</u>	<u>32,788</u>

## 13. FIXED ASSET INVESTMENTS

	Investment in associates £
<b>COST</b>	
At 31 December 2020 and 30 December 2021	<u>1</u>
<b>NET BOOK VALUE</b>	
At 30 December 2021	<u>1</u>
At 30 December 2020	<u>1</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Joint venture****C&M Licensing Ltd**

Registered office: 23 Cooneen Road, Fivemiletown, Co Tyrone, BT75 0NE

Nature of business: Wholesale of nightwear, underwear and hosiery

	% holding	27/11/20 £	29/11/19 £
Class of shares:			
1 Ordinary B	50.00		
Aggregate capital and reserves		<u>2</u>	<u>2</u>

## 14. STOCKS

	2021 £	2020 as restated £
Finished goods	<u>192,192</u>	<u>288,963</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 30 December 2021

## 15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 as restated
	£	£
Trade debtors	4,145,995	4,240,982
Other debtors	150	492
Directors' current accounts	24,864	9,901
Prepayments and accrued income	296,421	537,234
	<u>4,467,430</u>	<u>4,788,609</u>

## 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 as restated
	£	£
Bank loans and overdrafts (see note 18)	75,000	37,500
Trade creditors	1,308,951	1,472,952
Corporation tax	302,453	141,500
Social security and other taxes	323,622	84,857
VAT	853,074	270,857
Other creditors	21,040	1,046,799
Directors' current accounts	55,000	-
Accruals and deferred income	630,988	414,183
	<u>3,570,128</u>	<u>3,468,648</u>

## 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020 as restated
	£	£
Bank loans (see note 18)	262,500	337,500
Social security and other taxes	65,418	125,670
	<u>327,918</u>	<u>463,170</u>

## 18. LOANS

An analysis of the maturity of loans is given below:

	2021	2020 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>75,000</u>	<u>37,500</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>75,000</u>	<u>75,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>187,500</u>	<u>225,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans due in more than 5 years by instalments	<u>-</u>	<u>37,500</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 December 2021**

**19. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2021</b>	2020 as restated
	£	£
Within one year	<b>113,052</b>	132,110
Between one and five years	<b>242,667</b>	343,345
	<u><b>355,719</b></u>	<u>475,455</u>

Operating lease payments represent rentals payable by the company for equipment, land and buildings. Leases are negotiated for an average term of 1-5 years and rentals are fixed during this period.

**20. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2021</b>	2020 as restated
	£	£
Bank loans	<b>337,500</b>	375,000
Invoice discount creditor	<b>2,277</b>	1,033,836
	<u><b>339,777</b></u>	<u>1,408,836</u>

The invoice discounting facility represents amounts due to Royal Bank of Scotland PLC which are secured by fixed and floating charges over the assets of the company.

A Coronavirus Business Interruption Loan secured by a debenture over credit balances in the company's bank account (dated 22 May 2020). The loan attracts interest of 3.96% above base rate per annum, with the first 12 months subsidised by the government, and is repayable in instalments over 5 years commencing in July 2021 and being fully repayable in June 2026.

**21. PROVISIONS FOR LIABILITIES**

	<b>2021</b>	2020 as restated
	£	£
Deferred tax	<u><b>12,429</b></u>	<u>5,013</u>
		<b>Deferred tax</b>
		£
Balance at 31 December 2020		<b>5,013</b>
Provided during year		<b>7,416</b>
Balance at 30 December 2021		<u><b>12,429</b></u>

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			<b>2021</b>	2020 as restated
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	1	<u><b>50,000</b></u>	<u>50,000</u>

The £50,000 shares in issue are split as follows; 25,000 Ordinary, 12,500 Ordinary A, 12,500 Ordinary B.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 30 December 2021

## 23. OTHER FINANCIAL COMMITMENTS, GUARANTEES &amp; CONTINGENT LIABILITIES

Trade mark licensing commitments not included in the balance sheet amount to £428,667 (2020 - £625,220).

Royal Bank of Scotland holds a guarantee of £175,000 in relation to a Standby Letter of Credit on behalf of C&M Licensing Ltd.

HMRC are currently disputing the efficacy of certain tax planning undertaken by the company in prior years. At this stage the company and their tax advisors are assessing their options and are currently awaiting correspondence from HMRC. Should HMRC's position be upheld by the courts, additional tax will be payable, the amount of which cannot be quantified at present.

## 24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30 December 2021 and 30 December 2020:

	2021 £	2020 as restated £
<b>Mr G Bown</b>		
Balance outstanding at start of year	9,801	3,054
Amounts advanced	27,342	9,801
Amounts repaid	(20,680)	(3,054)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>16,463</u>	<u>9,801</u>
<b>Mrs L M Churcher</b>		
Balance outstanding at start of year	100	440
Amounts advanced	-	100
Amounts repaid	-	(440)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>100</u>	<u>100</u>
<b>Mrs K Bown</b>		
Balance outstanding at start of year	-	-
Amounts advanced	28,981	-
Amounts repaid	(20,680)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>8,301</u>	<u>-</u>

The loans are interest free and repayable on demand.

## 25. RELATED PARTY DISCLOSURES

## C&amp;M Licensing Ltd

	2021 £	2020 as restated £
Purchases	<u>97,104</u>	<u>270,664</u>

The company has 50% control over C&M Licensing Ltd as part of a joint venture. The transactions during the year were at arm's length.

26. **ULTIMATE CONTROLLING PARTY**

The company is controlled by Mr G & Mrs K Bown and Mr I & Mrs S Erturgut who each own 50% of the shareholding in the issued share capital of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.