

RAG COLLECTIONS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018



RAG COLLECTIONS LIMITED
REGISTERED NUMBER: 03776053

BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	159,601	115,383
		<u>159,601</u>	<u>115,383</u>
Current assets			
Stocks	6	86,506	72,199
Debtors	7	2,398,608	2,275,326
Cash at bank and in hand	8	300,220	227,115
		<u>2,785,334</u>	<u>2,574,640</u>
Creditors: amounts falling due within one year	9	(2,333,113)	(2,120,560)
Net current assets		<u>452,221</u>	<u>454,080</u>
Total assets less current liabilities		<u>611,822</u>	<u>569,463</u>
Creditors: amounts falling due after more than one year	10	(32,175)	-
Provisions for liabilities			
Deferred tax	12	(10,652)	(4,374)
		<u>(10,652)</u>	<u>(4,374)</u>
Net assets		<u>568,995</u>	<u>565,089</u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		568,993	565,087
		<u>568,995</u>	<u>565,089</u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

RAG COLLECTIONS LIMITED
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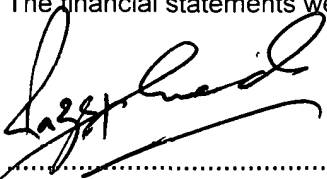
BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



.....
Mr R Ahmed
Director

Date: 17/04/2019 .

The notes on pages 3 to 11 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

1. General information

Rag Collections Limited is a private company, limited by shares, and incorporated in England and Wales. The company has a registration number of 03776053. The principal activity of the company was that of collecting and selling materials for recycling, principally used textiles.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in £ sterling, the functional currency, rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 Revenue

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

Sale of goods

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

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

2.3 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- Over the lease period
Plant and machinery	- 3 years straight line
Motor vehicles	- 4 years straight line
Fixtures and fittings	- 3 years straight line
Office equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

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

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 58 (2017 - 44).

4. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	21,831
Total current tax	-	21,831
Deferred tax		
Fixed asset timing differences	17,360	5,850
Short term timing differences	(11,082)	(2,378)
Total deferred tax	6,278	3,472
Taxation on profit on ordinary activities	6,278	25,303

RAG COLLECTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. Tangible fixed assets

	L/Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 October 2017	49,776	138,669	572,560	68,234	95,090	924,329
Additions	-	3,150	93,727	-	22,936	119,813
Disposals	-	-	(68,150)	-	-	(68,150)
At 30 September 2018	<u>49,776</u>	<u>141,819</u>	<u>598,137</u>	<u>68,234</u>	<u>118,026</u>	<u>975,992</u>
Depreciation						
At 1 October 2017	43,036	115,496	500,060	55,264	95,090	808,946
Charge for the year	598	16,669	44,931	4,323	2,095	68,616
Disposals	-	-	(61,171)	-	-	(61,171)
At 30 September 2018	<u>43,634</u>	<u>132,165</u>	<u>483,820</u>	<u>59,587</u>	<u>97,185</u>	<u>816,391</u>
Net book value						
At 30 September 2018	<u>6,142</u>	<u>9,654</u>	<u>114,317</u>	<u>8,647</u>	<u>20,841</u>	<u>159,601</u>
At 30 September 2017	<u>6,740</u>	<u>23,173</u>	<u>72,500</u>	<u>12,970</u>	<u>-</u>	<u>115,383</u>

The netbook value of assets held under hire purchase contracts at 30 September 2018 was £75,915 (2017: £Nil)

6. Stocks

	2018 £	2017 £
Stocks	86,506	72,199
	<u>86,506</u>	<u>72,199</u>

RAG COLLECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. Debtors

	2018 £	2017 £
Due within one year		
Trade debtors	2,090,166	2,134,281
Other debtors	76,788	5,735
Prepayments and accrued income	231,654	135,310
	<u>2,398,608</u>	<u>2,275,326</u>

8. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	300,220	227,115
	<u>300,220</u>	<u>227,115</u>

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,407,239	1,281,043
Corporation tax	21,757	33,557
Other taxation and social security	32,772	54,057
Obligations under finance lease and hire purchase contracts	33,150	-
Other creditors	429,738	300,743
Accruals and deferred income	408,457	451,160
	<u>2,333,113</u>	<u>2,120,560</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

RAG COLLECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

10. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	32,175	-
	<u>32,175</u>	<u>-</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	33,150	-
Between 1-5 years	32,175	-
	<u>65,325</u>	<u>-</u>

12. Deferred taxation

	2018 £
At beginning of year	(4,374)
Charged to profit or loss	(6,278)
At end of year	<u>(10,652)</u>

The deferred tax liability is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(10,652)	(4,374)
	<u>(10,652)</u>	<u>(4,374)</u>

RAG COLLECTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

13. Pension commitments

The company operates a defined contribution pension scheme for certain employees. Pension costs in the year were £8,622 (2017: £4,803). Employers and employee pensions of £22,074 (2017: £2,129) are outstanding at 30 September 2018 and are included in creditors.

14. Related party transactions

At the balance sheet date, a net amount of £32,225 (2017: £32,225) was due to TMJ Textiles SPZOO, a company incorporated in Poland, of which the director of Rag Collections Limited, Mr R Ahmed, is the director and shareholder. The loan is unsecured, interest free and repayable on demand.

Following net loan movements of £137,686 (2017: £4,486), included within other creditors is an amount due to Mr R Ahmed, the director of the company. At the year end, the company owed £136,039 (2017: £1,647 owed by) to Mr R Ahmed. The loan is unsecured, interest free and repayable on demand.

At the year end, the company owed £Nil (2017: £7,323) to Mrs S Ahmed, a shareholder and the wife of the director, Mr R Ahmed, in respect of an interest free loan, repaid during the year.

15. Controlling party

The company was under the control of Mr R Ahmed and Mrs S Ahmed throughout the current and previous year, who own 100% of the issued share capital of the company.