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Registered number: 07200721

SP FASHION LIMITED

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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SP FASHION LIMITED

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SP FASHION LIMITED

COMPANY INFORMATION

DIRECTOR	Naila Jaffer
REGISTERED NUMBER	07200721
REGISTERED OFFICE	No.1 London Bridge London, England SE1 9BG
INDEPENDENT AUDITORS	Crowe Horwath Bastow Charleton Chartered Accountants and Statutory Audit Firm Marine House Clanwilliam Court Dublin 2 Ireland
BANKERS	National Westminster Bank Plc P.O. Box 13, Cavell House 2a Charing Cross Road London WC2H OPD
SOLICITORS	HowardKennedyFsi LLP Solicitors No.1 London Bridge London England SE1 9BG

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SP FASHION LIMITED
REGISTERED NUMBER: 07200721

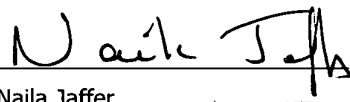
BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	4	337,810	409,584
CURRENT ASSETS			
Stocks	5	204,170	326,727
Debtors: amounts falling due within one year	6	239,134	311,980
Cash at bank and in hand	7	27,740	96,541
		<u>471,044</u>	<u>735,248</u>
Creditors: amounts falling due within one year	8	(790,429)	(1,074,655)
NET CURRENT LIABILITIES		<u>(319,385)</u>	<u>(339,407)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,425</u>	<u>70,177</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	10	(8,996)	(14,569)
		<u>(8,996)</u>	<u>(14,569)</u>
NET ASSETS		<u>9,429</u>	<u>55,608</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account		9,428	55,607
		<u>9,429</u>	<u>55,608</u>

(a) I acknowledge the company's obligations under the Companies Act 2006, to keep adequate accounting records and prepare Financial Statements which give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year and to otherwise comply with the provisions of Companies Act 2006 relating to Financial Statements so far as they are applicable to the company.

(b) I, as director of SP Fashion Limited, state that - The company has relied on the specified exemption contained in Section 444 of the Companies Act 2006; the company has done so on the grounds that it is entitled to the benefit of that exemption as a small company and confirm that the Financial Statements have been properly prepared in accordance with Section 444 of the Companies Act 2006. In addition the company has availed of the exemption not to present the profit and loss account to the registrar.

(c) These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with Financial Reporting Statement 102 'The Financial Statement Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements were approved by the Director on 26 September 2017 and authorised for issue on 26 September 2017).


Naila Jaffer

Date: 26 September 2017

The notes on pages 3 to 12 form part of these financial statements.

SP FASHION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

SP Fashion Limited is primarily engaged in fashion retail. The registered office is SP Fashion Limited, No.1 London Bridge, England, SE1 9BG.

The company is a limited liability company incorporated and domiciled in the United Kingdom. The company is tax resident in the United Kingdom.

The significant accounting policies adopted by the Company and applied consistently in the preparation of these financial statements are set out below.

1.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.2 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

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. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Leasehold Property	-	20% Straight Line
Fixtures and fittings	-	12.5% 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 within the 'Profit and Loss Account'.

Reviews are performed regularly to determine whether facts or circumstances exist which indicate that the carrying value of the tangible fixed assets may be impaired.

1.4 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.5 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 first in, first out 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.

1.6 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.

1.7 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.

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.8 Financial instruments

The Company only enters into basic financial instruments 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.

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 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Profit and Loss Account.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Great British Pounds (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the Profit and Loss Account.

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change 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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates, will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

(a) Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of assets and estimates of residual values. The group regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful lives is included in the accounting policies.

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. EMPLOYEES

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	235,360	327,745
Social security costs	18,182	26,573
	<u>253,542</u>	<u>354,318</u>

During the year, no director received any emoluments (2014 - £NIL).

The average monthly number of employees, including the director, during the year was as follows:

	2016 No.	2015 No.
Employees	<u>10</u>	<u>15</u>

4. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2016	71,411	574,724	646,135
Additions	-	14,812	14,812
At 31 December 2016	<u>71,411</u>	<u>589,536</u>	<u>660,947</u>
Depreciation			
At 1 January 2016	36,334	200,217	236,551
Charge for the period	14,328	72,258	86,586
At 31 December 2016	<u>50,662</u>	<u>272,475</u>	<u>323,137</u>
At 31 December 2016	<u>20,749</u>	<u>317,061</u>	<u>337,810</u>
<i>At 31 December 2015</i>	<u>35,077</u>	<u>374,507</u>	<u>409,584</u>

5. STOCKS

	2016 £	2015 £
Finished goods and goods for resale	<u>204,170</u>	<u>326,727</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. DEBTORS

	2016 £	2015 £
Trade debtors	39,480	10,267
Prepayments and accrued income	199,654	301,713
	<u>239,134</u>	<u>311,980</u>

7. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	27,740	96,541
	<u>27,740</u>	<u>96,541</u>

8. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	4,909	61,342
Amounts owed to group undertakings (Note 15)	694,993	914,367
Taxation and social security	29,979	30,813
Accruals and deferred income	60,548	68,134
	<u>790,429</u>	<u>1,074,656</u>

	2016 £	2015 £
Payroll taxes	4,649	-
Value added tax	25,331	30,813
	<u>29,980</u>	<u>30,813</u>

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	67,220	106,809
Financial assets measured at amortised cost	39,480	10,267
	<u>67,220</u>	<u>106,809</u>
 Financial liabilities measured at amortised cost	 (760,449)	 (1,043,842)
	<u>(760,449)</u>	<u>(1,043,842)</u>

Financial assets measured at amortised cost comprise of trade debtors and cash at bank and in hand.

Financial Liabilities measured at amortised cost comprise of trade payables, related party payables and accruals.

10. DEFERRED TAXATION

	Deferred tax £
At 1 January 2016	(14,569)
Utilised in year	5,573
AT 31 DECEMBER 2016	<u><u>(8,996)</u></u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(8,996)	(14,569)
	<u>(8,996)</u>	<u>(14,569)</u>

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SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1	1	1

12. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	260,153	320,000
Later than 1 year and not later than 5 years	486,990	796,250
Later than 5 years	95,000	190,000
	<u>842,143</u>	<u>1,306,250</u>

13. RELATED PARTY TRANSACTIONS

SP Fashion Limited is a wholly owned subsidiary of Sadlers & Sadlers Limited at year end.

	2016 £
Sadlers & Sadlers Limited	
Opening Balance	(914,367)
Purchases	(300,569)
Sales	598,718
Payments/(Receipts)	92,496
Foreign Exchange	(129,825)
Closing Balance	<u>(653,547)</u>

During the year the company also purchased £41,446 from Cavasi SPRL. This balance remained outstanding at year end. Cavasi SPRL is a fellow group company.

SP FASHION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. CONTROLLING PARTY

The company is a wholly owned subsidiary of Sadlers & Sadlers Limited, a company incorporated in Ireland.

9025-7007 Quebec Inc., a company incorporated in Canada, is the ultimate parent undertaking of the group.

15. AUDIT REPORT

The Audit Report was unqualified and the Auditor did not draw attention to any matters by way of emphasis. The auditors are Crowe Horwath Bastow Charleton and the audit report was signed by Mr George Kennington as Senior statutory Auditor.