

Mirza (UK) Limited

Registered number: 02802325

Directors' report and financial statements

For the year ended 31 March 2017



MIRZA (UK) LIMITED

COMPANY INFORMATION

Directors	Mrs S Hussain Mr P J Finn Mr R A Mirza Mr P J Mugglestone Mr A Habib Mr T Mirza
Company secretary	Mr A Habib
Registered number	02802325
Registered office	Mirza House Sherbourne Drive Tilbrook Milton Keynes Buckinghamshire MK7 8HY
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Bankers	HSBC PLC Cross Roads 897 Finchley Road Golders Green London NW11 7NX

MIRZA (UK) LIMITED

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MIRZA (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The directors present their strategic report and the financial statements for the year ended 31 March 2017.

Business review

The principal activity of the Company is that of shoe importers and wholesalers.

The Company has seen difficult trading conditions following on from the Brexit decision in mid 2016 which has resulted in reduced turnover in the year compared to 2016.

Revenue for the year under review decreased to £39,690,473 (2017) from £42,570,891 (2016). Gross profit decreased by 2% to £6,637,039 (2017) from £6,773,351 (2016) reflecting the competitive market the company operates in. Cash balances decreased accordingly from £3,366,288 in 2016 to £3,276,307 (2017).

Principal risks and uncertainties

Management continually monitor the risks facing the Company together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the Company are as follows:

Liquidity risk

The Company has arranged its borrowings over a period of time so as to ensure that it has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Receivable balances are continually monitored and appropriate action is taken to recover them.

Financial key performance indicators

The directors monitor the progress of the Company by reference to the following KPIs. During the year, the Company has maintained performance under these KPIs through the management strategies in place.

Gross profit margin: 17% (2016: 16%)

Net profit margin: 2% (2016: 3%)

Stock turnover days: 86 (2016: 54)

Trade debtor days: 48 (2016: 47)

Trade creditor days: 146 (2016: 108)

MIRZA (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Customer satisfaction

The Company has primarily retained its existing customers and added new customers to the portfolio during the year. Based on the individual customer-based dedicated management system, the Company has received positive feedback from existing customers for the business services provided to them during the year.

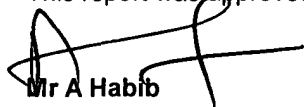
Staff retention

Staff are generally well-motivated and feel valued being part of a growing company. Staff levels have not changed significantly in the period.

Future developments

We aim to build on our existing customer base and continue to grow the business through expansion into new geographical markets, which in the year have seen a branch established in the US.

This report was approved by the board on 02 AUG 2017 and signed on its behalf.


Mr A Habib
Director

MIRZA (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Principal activity

The principal activity of the Company during the year continued to be that of shoe importers and wholesalers.

The Company has a branch in the United States of America, the results of which are incorporated in these financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £732,035 (2016 - £995,172).

The directors are satisfied with the result for the year.

Directors

The directors who served during the year were:

Mrs S Hussain
Mr P J Finn
Mr R A Mirza
Mr P J Mugglestone
Mr A Habib
Mr T Mirza

Political contributions

During the year the Company made charitable donations of £8,189 (2016: £3,768).

Financial instruments

The Company has a commercial mortgage agreement and invoice discounting agreement in place to meet its financing requirements. The Company has other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Disclosure in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report on page 1. These matters relate to key performance indicators, principal risks and uncertainties and future developments.

MIRZA (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditors

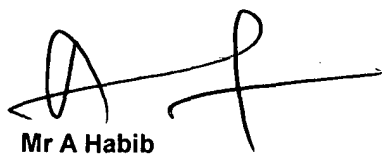
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 02 AUG 2017 and signed on its behalf.



Mr A Habib
Director

MIRZA (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIRZA (UK) LIMITED

We have audited the financial statements of Mirza (UK) Limited for the year ended 31 March 2017 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. 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 United Kingdom and Republic of Ireland'.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 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 the other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MIRZA (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIRZA (UK) LIMITED

Matters on which we are required to report by exception

In 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 Directors' Report.

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.



Stephen Brown (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 3 August 2017

MIRZA (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	39,690,473	42,570,891
Cost of sales		(33,053,434)	(35,797,540)
Gross profit		<u>6,637,039</u>	<u>6,773,351</u>
Distribution costs		(2,648,750)	(2,567,947)
Administrative expenses		(3,034,652)	(2,895,966)
Other operating income		12,011	-
Operating profit	6	<u>965,648</u>	<u>1,309,438</u>
Interest receivable and similar income	10	468	2,517
Interest payable and expenses	11	(30,269)	(41,323)
Profit before tax		<u>935,847</u>	<u>1,270,632</u>
Tax on profit	12	(203,812)	(275,460)
Profit for the financial year		<u>732,035</u>	<u>995,172</u>
Other comprehensive income for the year			
Deferred tax movement on revaluation of tangible fixed assets		12,086	16,412
Other comprehensive income for the year		<u>12,086</u>	<u>16,412</u>
Total comprehensive income for the year		<u>744,121</u>	<u>1,011,584</u>

The notes on pages 11 to 31 form part of these financial statements.

MIRZA (UK) LIMITED
REGISTERED NUMBER: 02802325

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	3,686,078	3,645,955
Investments	14	350,000	-
		<u>4,036,078</u>	<u>3,645,955</u>
Current assets			
Stocks	15	7,782,522	5,198,130
Debtors: amounts falling due after more than one year	16	-	19,325
Debtors: amounts falling due within one year	16	6,256,812	6,193,977
Cash at bank and in hand	17	3,276,307	3,366,288
		<u>17,315,641</u>	<u>14,777,720</u>
Creditors: amounts falling due within one year	18	(13,992,121)	(11,504,397)
Net current assets		<u>3,323,520</u>	<u>3,273,323</u>
Total assets less current liabilities		<u>7,359,598</u>	<u>6,919,278</u>
Creditors: amounts falling due after more than one year	19	(789,821)	(1,081,536)
Provisions for liabilities			
Deferred tax	21	(106,008)	(118,094)
		<u>(106,008)</u>	<u>(118,094)</u>
Net assets		<u><u>6,463,769</u></u>	<u><u>5,719,648</u></u>
Capital and reserves			
Called up share capital	22	110,000	110,000
Revaluation reserve	23	908,654	896,568
Capital redemption reserve	23	90,000	90,000
Profit and loss account	23	5,355,115	4,623,080
		<u>6,463,769</u>	<u>5,719,648</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02 AUG 2017



Mr A Habib
Director

The notes on pages 11 to 31 form part of these financial statements.

MIRZA (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	110,000	90,000	896,568	4,623,080	5,719,648
Comprehensive income for the year					
Profit for the year	-	-	-	732,035	732,035
Change in deferred tax rate	-	-	12,086	-	12,086
Other comprehensive income for the year	-	-	12,086	-	12,086
Total comprehensive income for the year	-	-	12,086	732,035	744,121
Total transactions with owners	-	-	-	-	-
At 31 March 2017	110,000	90,000	908,654	5,355,115	6,463,769

MIRZA (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2015	110,000	90,000	880,156	3,627,908	4,708,064
Comprehensive income for the year					
Profit for the year	-	-	-	995,172	995,172
Deferred tax on revaluation of leasehold property	-	-	16,412	-	16,412
Other comprehensive income for the year	-	-	16,412	-	16,412
Total comprehensive income for the year	-	-	16,412	995,172	1,011,584
Total transactions with owners	-	-	-	-	-
At 31 March 2016	110,000	90,000	896,568	4,623,080	5,719,648

The notes on pages 11 to 31 form part of these financial statements.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

Mirza (UK) Limited ("the Company") is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Mirza House, Sherbourne Drive, Tilbrook, Milton Keynes, Buckinghamshire, MK7 8HY.

The principal activity of the Company is that of shoe importers and wholesalers.

These financial statements are presented in Pound Sterling (£) as this is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention as modified by the revaluation of the long-term leasehold property.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Tilbrook Enterprise Limited as at 31 March 2017 and these financial statements may be obtained from Companies House.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least twelve months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external debt liabilities.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

2.4 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.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.5 Taxation

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is also recognised in relation to the revaluation of certain assets. Income or expenses from a subsidiary, which is recognised in the financial statements will be assessed to or allowed for tax in a future period, except where the reporting entity is able to control the reversal of the timing differences, and it is probable that the timing difference will not reverse in the foreseeable future. In addition deferred tax is recognised through fair value adjustments arising on business combinations.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 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.

Long term leasehold property is carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income, unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 4% on a reducing balance basis
Plant & machinery	- 25% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis
Fixtures & fittings	- 25% on a reducing balance basis
Land	- Freehold property includes land which is not depreciated

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.

2.7 Impairment of assets

At each reporting date the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses are charged to profit or loss in administration expenses.

2.8 Inventory

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. Finished goods and goods for resale consist of the purchase price, transport and handling costs.

At each reporting 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.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.9 Valuation of investments

Investments are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 Leases

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

The Company as a lessee

Assets held under finance lease arrangements are recognised as assets within property, plant and equipment at their fair value, or if lower at the present value of the minimum lease payments, each determined at the inception of the lease. The assets are subsequently depreciated over the shorter of the lease term and their useful life. The corresponding finance lease liability is recognised as a finance lease obligation, with lease payments being apportioned between finance charges and a reduction to the lease obligation so as to achieve a constant rate of interest on the remaining amount of the liability. Finance charges are recognised within profit or loss.

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds both basic and complex financial instruments, which comprise cash and cash equivalents, trade and other receivables, equity investments, derivative financial instruments, trade and other payables, convertible loan notes and loans and borrowings. The Company has chosen to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments in full.

Financial assets – classified as basic financial instruments

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(ii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment. At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

(iii) Trade and other payables and loans and borrowings

Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.12 Equity

Equity instruments are classified in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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 Income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.14 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.

2.15 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 Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Interest income

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

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future period.

Critical judgments in applying the Company's accounting policies

The critical judgments that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information, such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimating value in use

Where an indication of impairment exists, the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

(ii) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Judgments in applying accounting policies (continued)

(iii) Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use, and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgment is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aims to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible, this is done with reference to external market prices.

(iv) Stock provision

The Company establishes a provision for stock that is slow-moving, obsolete, or damaged. The Company has identified which stock items should be provided for given its knowledge of the relevant inventory lines.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	39,690,473	42,570,891
	<u>39,690,473</u>	<u>42,570,891</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	38,683,998	42,267,875
USA	1,006,475	303,016
	<u>39,690,473</u>	<u>42,570,891</u>

5. Other operating income

	2017 £	2016 £
Insurance claims receivable	12,011	-
	<u>12,011</u>	<u>-</u>

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	67,424	78,053
Exchange differences	(28,029)	357
Other operating lease rentals	73,895	64,062
Defined contribution pension cost	39,932	35,200
(Profit)/Loss on disposal of fixed assets	(193)	(2,148)
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	19,250	19,850
	<u>19,250</u>	<u>19,850</u>
Fees payable to the Company's auditor in respect of:		
ixbri tagging of financial statements	250	250
Auditors' remuneration - tax compliance	2,800	2,800
	<u>3,050</u>	<u>3,050</u>

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	893,574	773,726
Social security costs	134,847	118,170
Cost of defined benefit scheme	39,932	35,200
	<u>1,068,353</u>	<u>927,096</u>

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

	2017 No.	2016 No.
Distribution staff	9	9
Sales and development staff	8	8
Administrative staff	4	4
	<u>21</u>	<u>21</u>

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	454,701	465,051
	<u>454,701</u>	<u>465,051</u>

The highest paid director received remuneration of £190,450 (2016 - £192,908).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,640 (2016 - £33,200).

Directors' emoluments include pension contributions totalling £36,230 (2016: £33,200) made to 4 directors (2016: 3).

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10. Interest receivable

	2017 £	2016 £
Other interest receivable	468	2,517
	<u>468</u>	<u>2,517</u>

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	30,269	41,323
	<u>30,269</u>	<u>41,323</u>

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	186,725	270,046
	<u>186,725</u>	<u>270,046</u>
Total current tax	<u>186,725</u>	<u>270,046</u>
Deferred tax		
Movement in timing differences	17,087	5,414
Total deferred tax	<u>17,087</u>	<u>5,414</u>
Taxation on profit on ordinary activities	<u>203,812</u>	<u>275,460</u>

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	935,847	1,270,632
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	187,169	254,126
Effects of:		
Capital allowances for year in excess of depreciation	(26,493)	(9,960)
Depreciation and amortisation	13,485	15,611
Capital items expensed	5,749	5,123
Disallowable expenditure	12,205	10,139
Loss/(profit) on sale of fixed assets	(39)	(430)
Group relief	(5,351)	(4,563)
Deferred tax movement	17,087	5,414
Total tax charge/(credit) for the year	203,812	275,460

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantially enacted in October 2015, and has therefore been considered when calculating deferred tax at the reporting date. A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and therefore has also been considered when calculating deferred tax at the reporting date.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Tangible fixed assets

	Freehold property £	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2016	2,716,168	1,700,000	346,207	56,035	360,954	5,179,364
Additions	13,597	-	83,030	-	13,008	109,635
Disposals	-	-	(76,770)	-	(9,280)	(86,050)
At 31 March 2017	2,729,765	1,700,000	352,467	56,035	364,682	5,202,949
Depreciation						
At 1 April 2016	863,906	-	298,507	35,701	335,295	1,533,409
Charge for the period on owned assets	40,047	-	15,044	5,083	7,250	67,424
Disposals	-	-	(75,299)	-	(8,663)	(83,962)
At 31 March 2017	903,953	-	238,252	40,784	333,882	1,516,871
Net book value						
At 31 March 2017	1,825,812	1,700,000	114,215	15,251	30,800	3,686,078
At 31 March 2016	1,852,262	1,700,000	47,700	20,334	25,659	3,645,955

Cost or valuation at 31 March 2017 is as follows:

	Land and buildings £
At cost (Freehold property)	2,729,765
At valuation (L/Term Leasehold property):	
The long term Leasehold Property was valued in July 2014 by Knight Frank and Savills, both independent valuers on an open market existing use basis. The directors have used these valuations as a basis for the revaluation.	1,700,000
	<u>4,429,765</u>

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Tangible fixed assets (continued)

If the L/Term Leasehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	2016 £
Cost	685,338	685,338
Net book value	<u>685,338</u>	<u>685,338</u>

14. Fixed asset investments

	Investments £
Cost or valuation	
Additions	350,000
At 31 March 2017	<u>350,000</u>
Net book value	
At 31 March 2017	<u>350,000</u>
At 31 March 2016	<u>-</u>

15. Inventory

	2017 £	2016 £
Finished goods and goods for resale	7,782,522	5,198,130
	<u>7,782,522</u>	<u>5,198,130</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Inventories recognised as an expense in the period were £33,053,434 (2016: £35,797,540). There is an impairment to inventories of £1,332,996 at 31 March 2017 (2016 - £1,190,405).

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16. Debtors

	2017 £	2016 £
Due after more than one year		
Other debtors	-	19,325
	-	19,325
	2017 £	2016 £
Due within one year		
Trade debtors	5,267,456	5,440,649
Amounts owed by group undertakings	698,207	548,207
Corporation tax	16,496	-
Other debtors	17,154	26,746
Prepayments and accrued income	257,455	161,243
Deferred taxation	44	17,131
	6,256,812	6,193,976

17. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	3,276,307	3,366,288
	3,276,307	3,366,288

18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	321,879	375,220
Trade creditors	13,246,229	10,389,188
Corporation tax	-	152,271
Other taxation and social security	312,191	482,090
Accruals and deferred income	111,822	105,628
	13,992,121	11,504,397

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

	2017 £	2016 £
Bank loans	789,821	1,081,536
	<u>789,821</u>	<u>1,081,536</u>

Secured loans

The bank loans are secured by a first legal charge over the Company's freehold property.

The bank loan balances due under 5 years consist of a commercial mortgage facility of £245,000 which is being repaid in installments of £19,954 per month subject to an interest rate of 2% above the Bank of England base rate.

The bank loan balances due in over 5 years consist of a commercial mortgage facility of £945,000 which is being repaid in instalments of £11,314 per month subject to an interest rate of 2% above the Bank of England base rate.

20. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	321,879	375,220
	<u>321,879</u>	<u>375,220</u>
Amounts falling due 1-2 years		
Bank loans	135,772	314,809
	<u>135,772</u>	<u>314,809</u>
Amounts falling due 2-5 years		
Bank loans	407,315	407,316
	<u>407,315</u>	<u>407,316</u>
Amounts falling due after more than 5 years		
Bank loans	246,734	359,411
	<u>246,734</u>	<u>359,411</u>

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21. Deferred taxation

	2017 £	2016 £
At beginning of year	(100,963)	(111,961)
Charged to other comprehensive income	12,086	16,412
Utilised in year	(17,087)	(5,414)
At end of year	(105,964)	(100,963)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Revaluation of property	(106,008)	(118,094)
Excess depreciation over capital allowances	44	17,131
	(105,964)	(100,963)
Comprising:		
Asset - due within one year	44	17,131
Liability	(106,008)	(118,094)
	(105,964)	(100,963)

22. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1,100 Ordinary shares of £100 each	110,000	110,000

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. Reserves

Revaluation reserve

This reserve represents the cumulative revaluation gains and losses on revaluation of land and buildings held as tangible assets.

Capital redemption reserve

This reserve represents the cost of the shares bought back by the Company from shareholders.

Profit & loss account

This reserve represents cumulative profits and losses, after deductions of dividends paid.

24. Capital commitments

At 31 March 2017, the Company is committed to purchase a further 21.16% stake in Genesis River View Resorts Private Limited for a sum in the region of £1,900,000.

25. Pension commitments

The Company makes payments to employees' own pension schemes. The pension cost charge represents contributions payable by the company to the schemes and amounted to £39,932 (2016 - £35,200). There were no amounts outstanding at year end.

26. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	73,396	61,784
Later than 1 year and not later than 5 years	60,505	68,582
Total	133,901	130,366

MIRZA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

27. Related party transactions

As the Company is wholly owned by Tilbrook Enterprise Limited, the Group has taken advantage of the exemption contained in FRS 102 section 33 and has therefore not disclosed transactions or balances with entities which form part of the Group.

Mirza International Limited

During the year, Mirza (UK) Limited made purchases of £35,638,352 (2016: £34,985,745) from Mirza International Limited, a company incorporated in India and in which Mr Rashid Ahmed Mirza and Mr Tauseef Mirza are directors. As at the Statement of Financial Position date, Mirza (UK) Limited owed to Mirza International Limited, a sum included within Trade Creditors totalling £12,846,641 (2016: £10,131,204).

28. Events after the reporting date

There were no post-balance sheet events.

29. Guarantees

The Company has provided HSBC Plc with an unlimited multilateral guarantee in relation to the facilities it provides to Tilbrook Enterprise Limited.

30. Controlling party

The immediate and ultimate parent undertaking is Tilbrook Enterprise Limited, a company registered in England and Wales. The results of this company are included within the financial statements of Tilbrook Enterprise Limited, copies of which are available from its registered office: Mirza House, Sherbourne Drive, Tilbrook, Milton Keynes, MK7 8HY.