Company Registration No. 06938895 (England and Wales)

VERIGOLD JEWELLERY (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Richard Anthony
Chartered Accountants and Registered Auditors

VERIGOLD JEWELLERY (UK) LIMITED

COMPANY INFORMATION

Directors	Mr Sumit Shah Mr Dhruv Desai
Company number	06938895
Registered office	2nd Floor Elscot House Arcadia Avenue London N3 2JE
Auditor	Richard Anthony 2nd Floor, Gadd House Arcadia Avenue Finchley London N3 2JU

VERIGOLD JEWELLERY (UK) LIMITED

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VERIGOLD JEWELLERY (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business
The principal activity of the company was that of the import and wholesale of jewellery.

The company is part of a group and supplies jewellery to various customers based in the UK and worldwide.

Principal risks and uncertainties
Key customer risk
Concentration on limited customers poses a risk to the Company's revenues. The Company is constantly trying to diversify its customer base to mitigate this risk.

Market risk
The Company's business is affected by prevalent economic conditions in the economies in which the Company's product is sold. The Company is trying to expand its business in different geographies to insulate the business from economic shocks which may affect any specific economy in which the Company's product is sold.

Forex Risk
The Company undertakes transactions in multiple currencies. Fluctuations in these currencies pose a risk of foreign exchange loss to the Company. The Company has taken appropriate hedges to protect the Company from losses on account of currency fluctuation.

Information security and cyber risk
The Company's data is subject to risk of data loss or theft. The Company has taken appropriate measures to ensure security of its data, including data backup mechanisms as well as protection of information from theft and cyber attacks.

Development and performance
The directors' have considered the results for the year and the financial position at the year-end to be satisfactory. The directors' believe that the company is meeting expectations and will continue to grow profitability in the foreseeable future, by not only increasing turnover but also establishing a higher gross profit margin and continuing to keep a tight control on costs. The Company has taken initiatives during the year to diversify its customer base and expand in other geographies.

Key performance indicators
The directors continue to examine all aspects of the business with a view to achieving profitability. Together with senior management, they monitor all other statistical information on a regular basis to ensure that they are aware of any trends and influences on profitability using relevant key performance indicators. The main KPI's used by the Company are orientated around Turnover, Gross Profit and Operating Profit. These are summarised as follows;

	2018	2017	2016
Turnover (£m)	12.60	10.63	8.07
Gross profit margin %	11.59%	9.84%	8.04%
Operating profit margin %	4.44%	1.98%	1.94%

Other information and explanations
The directors' future plans include the strengthening and widening of the customer base within UK and in other geographies mainly in Europe.

On behalf of the board

Mr Dhruv Desai
Director
4 May 2018

VERIGOLD JEWELLERY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Hitesh Shah	(Resigned 3 April 2017)
Mr Sumit Shah	
Mr Dhruv Desai	

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Richard Anthony be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr Dhruv Desai
Director
4 May 2018

VERIGOLD JEWELLERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERIGOLD JEWELLERY (UK) LIMITED

Opinion

We have audited the financial statements of Verigold Jewellery (UK) Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and 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 FRS 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 31 March 2018 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 Auditor's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VERIGOLD JEWELLERY (UK) LIMITED

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 and 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is 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.

Auditor's 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 an auditor's report 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Anthony

Michael Barnett BA FCA (Senior Statutory Auditor)
for and on behalf of Richard Anthony

4 May 2018

Chartered Accountants
Statutory Auditor

2nd Floor, Gadd House
Arcadia Avenue
Finchley
London
N3 2JU

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	12,600,148	10,631,175
Cost of sales		(11,139,905)	(9,584,256)
Gross profit		1,460,243	1,046,919
Distribution costs		(46,947)	(24,881)
Administrative expenses		(853,985)	(811,623)
Profit before taxation		559,311	210,415
Tax on profit	7	(103,850)	(50,068)
Profit for the financial year		455,461	160,347
Retained earnings brought forward		196,483	36,136
Retained earnings carried forward		651,944	196,483

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

VERIGOLD JEWELLERY (UK) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	8		14,928		18,606
Current assets					
Stocks	10	1,300,875		1,774,357	
Debtors	11	2,175,652		2,288,877	
Cash at bank and in hand		950,012		796,477	
		4,426,539		4,859,711	
Creditors: amounts falling due within one year	12	(3,336,687)		(4,228,113)	
Net current assets			1,089,852		631,598
Total assets less current liabilities			1,104,780		650,204
Provisions for liabilities			(2,836)		(3,721)
Net assets			1,101,944		646,483
Capital and reserves					
Called up share capital	15		450,000		450,000
Profit and loss reserves	16		651,944		196,483
Total equity			1,101,944		646,483

The financial statements were approved by the board of directors and authorised for issue on 4 May 2018 and are signed on its behalf by:

Mr Dhruv Desai
Director

Company Registration No. 06938895

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	**20**		208,516		523,718
Income taxes paid			(46,347)		(17,118)
Net cash inflow from operating activities			162,169		506,600
Investing activities					
Purchase of tangible fixed assets		(8,634)		(13,190)	
Net cash used in investing activities			(8,634)		(13,190)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			153,535		493,410
Cash and cash equivalents at beginning of year			796,477		303,067
Cash and cash equivalents at end of year			950,012		796,477

1 Accounting policies

Company information

Verigold Jewellery (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, Elscot House, Arcadia Avenue, London, N3 2JE.

1.1 Accounting convention

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 the requirements of the Companies Act 2006.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its 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.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Jewellery wholesale	12,600,148	10,631,175

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	7,370,156	5,585,354
Other	5,229,992	5,045,821
	12,600,148	10,631,175

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2018 £	2017 £
Exchange gains	(34,368)	(41,241)
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	12,500
Depreciation of owned tangible fixed assets	12,311	11,757
Cost of stocks recognised as an expense	11,175,882	9,566,477
Operating lease charges	37,991	29,714

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £43,557 (2017 - £217,407).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Director	2	3
Administrative	8	7
	10	10

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	448,274	545,342
Social security costs	37,958	47,147
Pension costs	11,378	9,919
	497,610	602,408

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	71,438	96,762
Company pension contributions to defined contribution schemes	2,128	-
	73,566	96,762

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

7 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	104,735	46,347
Deferred tax		
Origination and reversal of timing differences	(885)	3,721
Total tax charge	103,850	50,068

7 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	559,311	210,415
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	106,269	42,083
Tax effect of expenses that are not deductible in determining taxable profit	1,733	4,550
Tax effect of utilisation of tax losses not previously recognised	(3,966)	-
Permanent capital allowances in excess of depreciation	(1,640)	(286)
Depreciation on assets not qualifying for tax allowances	2,339	-
Deferred tax movements	(885)	3,721
Taxation charge for the year	103,850	50,068

8 Tangible fixed assets

	Fixtures, fittings & equipment
	£
Cost	
At 1 April 2017	52,019
Additions	8,634
At 31 March 2018	60,653
Depreciation and impairment	
At 1 April 2017	33,414
Depreciation charged in the year	12,311
At 31 March 2018	45,725
Carrying amount	
At 31 March 2018	14,928
At 31 March 2017	18,606

9 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,138,781	2,121,108
Carrying amount of financial liabilities		
Measured at amortised cost	3,208,301	4,143,817

Hedging arrangements

The company manages its foreign currency risks by using leveraged forex, futures and futures options hedging techniques. All hedging instruments are measured in the financial statements at fair value through profit and loss. At the balance sheet date, there is no future obligation in relation to any particular hedging agreement.

10 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	1,300,875	1,774,357

11 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	2,121,531	2,112,700
Other debtors	17,250	135,056
Prepayments and accrued income	36,871	41,121
	2,175,652	2,288,877

12 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	329,002	801,836
Amounts due to group undertakings	2,865,740	3,324,479
Corporation tax	104,735	46,347
Other taxation and social security	23,651	37,949
Other creditors	-	7,502
Accruals and deferred income	13,559	10,000
	3,336,687	4,228,113

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2018 £	Liabilities 2017 £
Accelerated Capital Allowances	2,836	3,721

Movements in the year:	2018 £
Liability at 1 April 2017	3,721
Credit to profit or loss	(885)
Liability at 31 March 2018	2,836

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

14 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	11,378	9,919

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
450,000 Ordinary shares of £1 each	450,000	450,000
	450,000	450,000

16 Profit and loss reserves

16 Profit and loss reserves

(Continued)

	2018 £	2017 £
At the beginning of the year	196,483	36,136
Profit for the year	455,461	160,347
At the end of the year	651,944	196,483

17 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for the business premises occupied. Lease is negotiated for a term of 5 years commencing on 27th November 2014.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	24,000	24,000
Between two and five years	16,000	40,000
	40,000	64,000

18 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	74,445	96,762

The company has taken advantage of FRS8 exemption to disclose related party transactions with an entity who has full control over it.

19 Controlling party

The company is a wholly owned subsidiary of Renaissance Jewellery Limited, a company incorporated in India.

The entity is consolidated into Renaissance Jewellery Limited group accounts.

20 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	455,461	160,347
Adjustments for:		
Taxation charged	103,850	50,068
Depreciation and impairment of tangible fixed assets	12,312	11,757
Movements in working capital:		
Decrease/(increase) in stocks	473,482	(824,899)
(Increase) in debtors	(13,423)	(429,502)
(Decrease)/increase in creditors	(823,166)	1,555,947
Cash generated from operations	208,516	523,718

VERIGOLD JEWELLERY (UK) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017
	£	£	£	£
Turnover				
Sales of goods		12,600,148		10,631,175
Cost of sales				
Opening stock of finished goods	1,774,357		949,458	
Finished goods purchases	10,349,932		10,190,962	
Direct costs	124,231		101,721	
Carriage inwards and import duty	58,400		51,565	
Duty and clearance cost	169,837		47,128	
Closing stock of finished goods	(1,300,875)		(1,774,357)	
Discounts allowed	(1,609)		59,020	
Profit or loss on foreign exchange	(43,557)		217,407	
Exchange differences arising on fair value hedging instrument re trading	9,189		(258,648)	
		(11,139,905)		(9,584,256)
Gross profit		1,460,243		1,046,919
Distribution costs	46,947		24,881	
Administrative expenses	853,985		811,623	
		(900,932)		(836,504)
Operating profit		559,311		210,415

VERIGOLD JEWELLERY (UK) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Distribution costs		
Advertising	46,947	24,881
	46,947	24,881
Administrative expenses		
Wages and salaries	378,963	390,789
Social security costs	37,958	47,147
Staff pension costs	9,250	9,919
Directors' remuneration	70,920	95,533
Directors' pension costs - defined contribution scheme	2,128	-
Rent re operating leases	37,991	29,714
Rates	11,883	11,737
Power, light and heat	1,560	1,382
Property repairs and maintenance	3,966	699
Insurance	19,432	17,892
Computer running costs	8,873	3,901
Travelling expenses	84,921	84,699
Professional subscriptions	1,807	1,303
Legal and professional fees	14,059	18,137
Consultancy fees	100,128	25,293
Audit fees	15,000	10,000
Charitable donations	203	54
Bank charges	4,725	4,085
Bad and doubtful debts	2,534	-
Medical insurance	518	1,229
Printing and stationery	2,510	3,008
Telecommunications	17,910	13,022
Entertaining	9,124	22,752
Sundry expenses	5,311	7,571
Depreciation	12,311	11,757
	853,985	811,623