



Company Registration No. 06938895 (England and Wales)

VERIGOLD JEWELLERY (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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 2019

The directors present the strategic report for the year ended 31 March 2019.

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;

	2019	2018	2017
Turnover (£m)	5.83	12.60	10.63
Gross profit margin %	25.06%	11.59%	9.84%
Operating profit margin %	11.57%	4.44%	1.98%

VERIGOLD JEWELLERY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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

2 May 2019

VERIGOLD JEWELLERY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Directors

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

Mr Sumit Shah
Mr Dhruv Desai

Results and dividends

The results for the year are set out on page 7.

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 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

2 May 2019

VERIGOLD JEWELLERY (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

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.

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 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, 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 2019 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.

VERIGOLD JEWELLERY (UK) LIMITED

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.

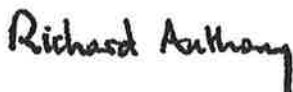
Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

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



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

2 May 2019

Chartered Accountants
Statutory Auditor

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

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	5,828,046	12,600,148
Cost of sales		(4,367,755)	(11,139,905)
Gross profit		1,460,291	1,460,243
Distribution costs		(18,407)	(46,947)
Administrative expenses		(767,808)	(853,985)
Operating profit	4	674,076	559,311
Interest receivable and similar income	7	288	-
Profit before taxation		674,364	559,311
Tax on profit	8	(128,994)	(103,850)
Profit for the financial year		545,370	455,461

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

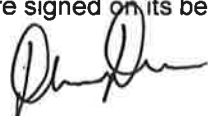
VERIGOLD JEWELLERY (UK) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	9		5,147		14,928
Current assets					
Stocks	11	883,594		1,300,875	
Debtors	12	1,084,010		2,175,652	
Cash at bank and in hand		206,501		950,012	
		<u>2,174,105</u>		<u>4,426,539</u>	
Creditors: amounts falling due within one year	13	<u>(530,960)</u>		<u>(3,336,687)</u>	
Net current assets			<u>1,643,145</u>		<u>1,089,852</u>
Total assets less current liabilities			<u>1,648,292</u>		<u>1,104,780</u>
Provisions for liabilities	15		<u>(978)</u>		<u>(2,836)</u>
Net assets			<u><u>1,647,314</u></u>		<u><u>1,101,944</u></u>
Capital and reserves					
Called up share capital	17		450,000		450,000
Profit and loss reserves	18		1,197,314		651,944
Total equity			<u><u>1,647,314</u></u>		<u><u>1,101,944</u></u>

The financial statements were approved by the board of directors and authorised for issue on 2 May 2019 and are signed on its behalf by:



Mr Dhruv Desai
Director

Company Registration No. 06938895

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2017	450,000	196,483	646,483
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	455,461	455,461
Balance at 31 March 2018	450,000	651,944	1,101,944
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	545,370	545,370
Balance at 31 March 2019	450,000	1,197,314	1,647,314

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(638,026)		208,516
Income taxes paid			(104,735)		(46,347)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(742,761)		162,169
Investing activities					
Purchase of tangible fixed assets		(1,038)		(8,634)	
Interest received		288		-	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(750)		(8,634)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(743,511)		153,535
Cash and cash equivalents at beginning of year			950,012		796,477
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			206,501		950,012
			<u> </u>		<u> </u>

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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.

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
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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.

1.5 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.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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.

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.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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 through 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 transaction 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.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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 profit or loss 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 leases 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.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Jewellery wholesale	5,398,978	12,600,148
Commission receivable	429,068	-
	<u>5,828,046</u>	<u>12,600,148</u>
	2019 £	2018 £
Other significant revenue		
Interest income	288	-
	<u>288</u>	<u>-</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	1,255,372	7,370,156
Other	4,572,674	5,229,992
	<u>5,828,046</u>	<u>12,600,148</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	42,572	(34,368)
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	12,500
Depreciation of owned tangible fixed assets	10,819	12,311
Cost of stocks recognised as an expense	4,360,332	11,175,882
Operating lease charges	36,893	37,991
	<u>4,460,615</u>	<u>11,364,432</u>

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 £56,266 (2018 - £43,557).

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

5 Employees

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

	2019 Number	2018 Number
Director	2	2
Administrative	6	8
	<u>8</u>	<u>10</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	407,531	448,274
Social security costs	31,880	37,958
Pension costs	9,414	11,378
	<u>448,825</u>	<u>497,610</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	75,518	71,438
Company pension contributions to defined contribution schemes	2,250	2,128
	<u>77,768</u>	<u>73,566</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Other interest income	288	-
	<u>288</u>	<u>-</u>

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	130,852	104,735
	<u>130,852</u>	<u>104,735</u>

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences

(1,858)

(885)

Total tax charge

128,994

103,850

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:

	2019 £	2018 £
Profit before taxation	674,364	559,311
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	128,129	106,269
Tax effect of expenses that are not deductible in determining taxable profit	865	1,733
Tax effect of utilisation of tax losses not previously recognised	-	(3,966)
Permanent capital allowances in excess of depreciation	(197)	(1,640)
Depreciation on assets not qualifying for tax allowances	2,055	2,339
Deferred tax movements	(1,858)	(885)
Taxation charge for the year	128,994	103,850

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2018	60,653
Additions	1,038
Disposals	(328)
At 31 March 2019	<u>61,363</u>
Depreciation and impairment	
At 1 April 2018	45,725
Depreciation charged in the year	10,819
Eliminated in respect of disposals	(328)
At 31 March 2019	<u>56,216</u>
Carrying amount	
At 31 March 2019	<u>5,147</u>
At 31 March 2018	<u>14,928</u>

10 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>1,043,078</u>	<u>2,138,781</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>400,108</u>	<u>3,208,301</u>

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.

11 Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>883,594</u>	<u>1,300,875</u>

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	820,868	2,121,531
Amounts owed by group undertakings	203,558	-
Other debtors	32,588	17,250
Prepayments and accrued income	26,996	36,871
	<u>1,084,010</u>	<u>2,175,652</u>

13 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	59,472	329,002
Amounts owed to group undertakings	313,726	2,865,740
Corporation tax	130,852	104,735
Other taxation and social security	-	23,651
Accruals and deferred income	26,910	13,559
	<u>530,960</u>	<u>3,336,687</u>

14 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:

	Liabilities 2019	Liabilities 2018
	£	£
Balances:		
Accelerated Capital Allowances	978	2,836
	<u>978</u>	<u>2,836</u>
Movements in the year:		2019
		£
Liability at 1 April 2018		2,836
Credit to profit or loss		(1,858)
		<u>978</u>
Liability at 31 March 2019		<u>978</u>

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.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	14	978	2,836

16 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	9,414	11,378

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.

17 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
450,000 Ordinary shares of £1 each	450,000	450,000

18 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	651,944	196,483
Profit for the year	545,370	455,461
At the end of the year	1,197,314	651,944

19 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:

	2019 £	2018 £
Within one year	16,000	24,000
Between two and five years	-	16,000
	16,000	40,000

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	78,693	73,566

The following amounts were outstanding at the reporting end date:

- £313,726 (2018 - £2,865,740) due to Renaissance Global Limited, parent company;
- £203,558 (2018 - £Nil) due from Verigold Jewellery DMCC, a fellow subsidiary based in UAE;

During the year the company entered into the following transactions with related parties:

- Sales amounting to £1,011,762 (2018 - £Nil) to Verigold Jewellery DMCC, and purchases amounting to £370,663 (2018 - £Nil) from Verigold Jewellery DMCC;
- Sales amounting to £635,291 (2018 - £339,997) to Renaissance Global Limited, commission receivable of £429,068 (2018 - £Nil) from Renaissance Global Limited; and purchases amounting to £3,370,090 (2018 - £10,083,183) from Renaissance Global Limited;
- Purchases amounting to £12,095 (2018 - £8,915) from Renaissance Jewelry N.Y. Inc, a fellow subsidiary.

21 Parent company

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

Renaissance Global Limited prepares group accounts and copies can be obtained from its website.

22 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	545,370	455,461
Adjustments for:		
Taxation charged	128,994	103,850
Investment income	(288)	-
Depreciation and impairment of tangible fixed assets	10,819	12,312
Movements in working capital:		
Decrease in stocks	417,281	473,482
Decrease in debtors	1,091,642	113,225
(Decrease) in creditors	(2,831,844)	(949,814)
Cash (absorbed by)/generated from operations	(638,026)	208,516

