

Registered number: 04566593

CHT HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

CHT HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS Mr R R Mandawewala (resigned 10 April 2017)
Mr M Bansal
L A Taylor
D B Goenka (appointed 10 April 2017)

COMPANY SECRETARY Mr M Bansal

REGISTERED NUMBER 04566593

REGISTERED OFFICE Park Square
Bird Hall Lane
Stockport
Cheshire
SK3 0XF

INDEPENDENT AUDITOR Crowe Clark Whitehill LLP
3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

BANKERS Bank of India
79 Newton Street
Manchester
M1 1EX

Barclays Bank PLC
PO Box 3333
Snow Hill
Queensway
Birmingham
B3 2WN

Bank of Baroda
50 Swan Street
Manchester
M4 5JU

CHT HOLDINGS LIMITED

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CHT HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

INTRODUCTION

Principal activity

The principal activity of the group is the sourcing, distribution and retailing of towels, bed linen and associated bathroom and bedroom accessories. The principal activity of the company is to act as a holding company for the subsidiary companies involved in the trading business.

BUSINESS REVIEW

The Company's profit and loss account is shown on page 7 and the balance sheet on page 8. Sales for the year amounted to £29.92m compared with £29.23m in the previous year. Other Income received from the parent company is £2.6m, compared to £3.1m in the previous year. This contributed to an operating loss for the year of £2.1m, compared to a loss of £0.7m in 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management

The group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The policies established are implemented and monitored.

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the executive directors.

Liquidity and interest rate risk

Throughout the year, the group was primarily funded through an interest bearing loan from its bankers, Bank of India and Bank of Baroda.

The group is exposed to interest rate risk on this loan (the rate is based upon a fixed margin above six month Sterling LIBOR). However, the directors do not consider this risk to be so significant as to warrant the need for formal policies to be put in place so as to manage this risk.

Foreign exchange risk

Foreign exchange risk is managed upon a group-wide basis by the executive directors. There is a written foreign exchange policy with the principal aim of minimising fluctuations in business performance arising from exchange rate movements. The group's main trading currencies are Sterling, US Dollar and the Euro. As a result of the group's sourcing routes, transactional hedges are maintained, supplemented as necessary by forward foreign exchange contracts.


FINANCIAL KEY PERFORMANCE INDICATORS

The group has moved from a loss before taxation position of £0.7m to a loss before tax of £2.3m, in spite of an increase in turnover this year compared to the previous year. This is primarily due to an increase of administrative expenses, in particular sales and promotion costs. Furthermore, there was also a decrease in other operating income received.

This report was approved by the board on

22/6/18

and signed on its behalf.


L A Taylor
Director

CHT HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group'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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,135 thousand (2017 - loss £710 thousand).

DIRECTORS

The directors who served during the year were:

Mr R R Mandawewala (resigned 10 April 2017)
Mr M Bansal
L A Taylor
D B Goenka (appointed 10 April 2017)

FUTURE DEVELOPMENTS

The Group is actively exploring various avenues to grow the business over the coming years to improve the visibility of the 'Christy' brand worldwide. Steps that are being taken include the expansion of our sales and export channels in North America and the Far East (in particular South East Asia and Australasia), in addition to further developing the UK market. This involves the implementation of more distribution agreements overseas as well as further investment in Marketing and Promotion.

All these activities have at their heart, tradition and high-quality that the 'Christy' brand has become synonymous with for more than a century. The Group can rely on the experience and support of its parent company to help it face newer challenges and thus write a new chapter in Christy's rich history.

CHT HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The group agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring the suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject always to terms and conditions being met by the supplier.

EMPLOYEE INVOLVEMENT

It is the group's policy to provide information to its employees which both aid their understanding of their personal contribution to the success of the group and allow them to monitor progress towards profit based incentive schemes that cover the entire group. Employees receive regular monthly 'team briefs' and the company produce a quarterly newsletter. Semi-annually, detailed briefings are undertaken explaining progress against plan and details of the current year's targets.

DISABLED EMPLOYEES

It is the group's policy to give full and fair consideration to applications from disabled persons for those vacancies which, in the opinion of the directors, they are able to fill. The group is committed to continuing employment and appropriate training for existing employees who become disabled, having regard to their continued ability to fulfil the duties of the role. The group has an ongoing commitment to provide training, career development and promotion to disabled persons, in common with its commitments to the balance of employees.

DISCLOSURE OF INFORMATION TO AUDITOR

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22/6/18 and signed on its behalf.



L A Taylor
Director

CHT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHT HOLDINGS LIMITED

OPINION

We have audited the financial statements of CHT Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's loss 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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

CHT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHT HOLDINGS LIMITED (CONTINUED)

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.

OPINION ON OTHER MATTERS 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 on page 2, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

CHT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHT HOLDINGS LIMITED (CONTINUED)

AUDITORS' 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: 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.



M Jayson (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester

M2 5NT

Date: 22/6/18

CHT HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £000	2017 £000
Turnover	4	29,918	29,230
Cost of sales		(18,795)	(18,086)
GROSS PROFIT		11,123	11,144
Administrative expenses		(15,580)	(14,662)
Other operating income	5	2,637	3,082
OPERATING LOSS	6	(1,820)	(436)
Interest receivable and similar income	10	13	12
Interest payable and expenses	11	(492)	(281)
LOSS BEFORE TAX		(2,299)	(705)
Tax on loss	12	164	(5)
LOSS FOR THE FINANCIAL YEAR		(2,135)	(710)
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Currency translation differences		19	52
		19	52
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,116)	(658)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent company		(2,135)	(710)
		(2,135)	(710)

The notes on pages 12 to 30 form part of these financial statements.

CHT HOLDINGS LIMITED
REGISTERED NUMBER: 04566593

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Intangible assets	14	1,732	2,081
Tangible assets	15	518	525
		<u>2,250</u>	<u>2,606</u>
CURRENT ASSETS			
Stocks	17	6,274	7,844
Debtors: amounts falling due within one year	18	9,546	8,983
Cash at bank and in hand	19	1,168	2,728
		<u>16,988</u>	<u>19,555</u>
Creditors: amounts falling due within one year	20	(16,871)	(17,678)
NET CURRENT ASSETS		<u>117</u>	<u>1,877</u>
Total assets less current liabilities		<u>2,367</u>	<u>4,483</u>
NET ASSETS		<u><u>2,367</u></u>	<u><u>4,483</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	1,593	1,593
Share premium account	24	3,174	3,174
Profit and loss account	24	(2,400)	(284)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		<u><u>2,367</u></u>	<u><u>4,483</u></u>

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



L A Taylor
Director


Mr M Bansal
Director

22/6/18

The loss for the financial year dealt with in the financial statements of the parent Company was £438k (2017: £265k)

The notes on pages 12 to 30 form part of these financial statements.

CHT HOLDINGS LIMITED
REGISTERED NUMBER: 04566593

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Investments	16	4,921	4,921
		<u>4,921</u>	<u>4,921</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	18	12,231	12,372
Cash at bank and in hand	19	100	19
		<u>12,331</u>	<u>12,391</u>
Creditors: amounts falling due within one year	20	(13,868)	(13,489)
NET CURRENT LIABILITIES		(1,537)	(1,098)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,384	3,823
NET ASSETS		3,384	3,823
CAPITAL AND RESERVES			
Called up share capital	23	1,593	1,593
Share premium account	24	3,174	3,174
Profit and loss account	24	(1,383)	(944)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		3,384	3,823

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


L A Taylor
 Director


Mr M Bansal
 Director

22/6/18

CHT HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 April 2016	1,593	3,174	374	5,141	5,141
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	(710)	(710)	(710)
Currency translation differences	-	-	52	52	52
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(658)	(658)	(658)
At 1 April 2017	1,593	3,174	(284)	4,483	4,483
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	(2,135)	(2,135)	(2,135)
Currency translation differences	-	-	19	19	19
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(2,116)	(2,116)	(2,116)
AT 31 MARCH 2018	1,593	3,174	(2,400)	2,367	2,367

CHT HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 April 2016	1,593	3,174	(679)	4,088
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	-	-	(265)	(265)
At 1 April 2017	1,593	3,174	(944)	3,823
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	-	-	(439)	(439)
AT 31 MARCH 2018	1,593	3,174	(1,383)	3,384

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

The group is a group limited by shares and incorporated in England. The company's registered office is Park Square, Bird Hall Lane, Stockport, Cheshire SK3 0XF.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

The group has also taken advantage of the exemption available not to produce a cash flow as it is included in the consolidated accounts of a larger group.

2.3 Going concern

The group has, with parent support, sufficient resources to pay its debts as it falls due.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between the amounts paid on the cost of a business and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

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.

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, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- up to 10 years
Computer equipment	- up to 5 years

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 Consolidated profit and loss account.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.8 Stocks

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Financial instruments

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

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

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

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

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (continued)

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

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

2.13 Employee termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably omitted to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.14 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 Consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Consolidated profit and loss account 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.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

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

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Pensions

Defined contribution pension plan

The Group 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 payment obligations.

The contributions are recognised as an expense in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

2.20 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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

Judgements are applied in calculating stock provisions, which are based on the age of the stock and management assessment of realisable values.

4. TURNOVER

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	23,215	22,093
Rest of Europe	1,869	1,718
Rest of the world	4,833	5,419
	<u>29,917</u>	<u>29,230</u>

5. OTHER OPERATING INCOME

	2018 £000	2017 £000
Other operating income- commission and royalties	2,637	3,082
	<u>2,637</u>	<u>3,082</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2018 £000	2017 £000
Depreciation	221	216
Amortisation of intangible assets	349	349
Stock expensed in the year	18,795	18,086
Including:		
- write-down stocks to net realisable value	369	371
Exchange differences	(47)	(35)
Defined contribution pension cost	43	68
Operating lease charges		
Property	741	727
Other	91	107
	<u>741</u>	<u>727</u>

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. AUDITOR'S REMUNERATION

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	18	16
	18	16
FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Other services relating to taxation	9	4
	9	4

8. EMPLOYEES

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

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Wages and salaries	4,824	<i>5,139</i>	304	<i>454</i>
Social security costs	397	<i>386</i>	10	<i>8</i>
Cost of defined contribution scheme	43	<i>68</i>	-	<i>-</i>
	5,264	<i>5,593</i>	314	<i>462</i>

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

	2018 No.	2017 No.
Sales, distribution and marketing	219	220
Administration	43	41
	262	261

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

9. DIRECTORS' REMUNERATION

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £160 thousand (2017 - £163 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1 thousand (2017 - £2 thousand).

In addition to the above directors remuneration, which excludes National Insurance, the remuneration of other key management personnel amounted to £370 thousand (2017 - £99 thousand).

10. INTEREST RECEIVABLE

	2018 £000	2017 £000
Other interest receivable	13	12
	<u>13</u>	<u>12</u>

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £000	2017 £000
Bank interest payable	96	123
Other loan interest payable	396	158
	<u>492</u>	<u>281</u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. TAXATION

	2018 £000	2017 £000
CORPORATION TAX		
Current tax on profits for the year	(164)	-
Adjustments in respect of previous periods	-	(64)
	<u>(164)</u>	<u>(64)</u>
FOREIGN TAX		
Foreign tax in respect of prior periods	-	3
	<u>-</u>	<u>3</u>
Total current tax	<u>(164)</u>	<u>(61)</u>
Deferred tax		
Origination and reversal of timing differences	-	66
Total deferred tax	<u>-</u>	<u>66</u>
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(164)</u>	<u>5</u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(2,299)	(705)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(483)	(141)
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	66	70
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8	6
Capital allowances for year in excess of depreciation	(49)	(63)
Adjustments to tax charge in respect of prior periods	-	(61)
Movement in deferred tax	-	66
Short term timing difference leading to an increase (decrease) in taxation	-	(2)
Unrelieved tax losses carried forward	294	28
Unrelieved loss on foreign subsidiaries	-	104
Losses used	-	(2)
TOTAL TAX CHARGE FOR THE YEAR	(164)	5

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group has unrelieved trading tax losses of £945 thousand available for utilisation against future taxable trading profits as well as non trading losses of £1,043 thousand.

13. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements. The loss after tax of the parent Company for the year was £439 thousand (2017 - *loss £266 thousand*).

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. INTANGIBLE ASSETS

Group and Company

	Goodwill £000
COST	
At 1 April 2017	6,991
At 31 March 2018	6,991
AMORTISATION	
At 1 April 2017	4,910
Charge for the year	349
At 31 March 2018	5,259
NET BOOK VALUE	
At 31 March 2018	1,732
<i>At 31 March 2017</i>	2,081

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. TANGIBLE FIXED ASSETS

Group

	Freehold property £000	Fixtures and fittings £000	Total £000
COST OR VALUATION			
At 1 April 2017	6	4,406	4,412
Additions	-	222	222
Disposals	-	(15)	(15)
At 31 March 2018	<u>6</u>	<u>4,613</u>	<u>4,619</u>
DEPRECIATION			
At 1 April 2017	-	3,887	3,887
Charge for the year on owned assets	-	221	221
Disposals	-	(7)	(7)
At 31 March 2018	<u>-</u>	<u>4,101</u>	<u>4,101</u>
NET BOOK VALUE			
At 31 March 2018	<u>6</u>	<u>512</u>	<u>518</u>
At 31 March 2017	<u>6</u>	<u>519</u>	<u>525</u>

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. FIXED ASSET INVESTMENTS

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Christy Home Textiles Limited	Ordinary	100 %	Intermediate holding company
Welspun UK Limited	Ordinary	100 %	Design, manufacture, distribution and retailing of towels & bedding
E.R. Kingsley (Textiles) Limited	Ordinary	100 %	Design, sourcing, distribution and wholesaling of towels, table-linen & kitchen textiles
Christy UK Limited	Ordinary	100 %	Property company
Christy 2004 Limited	Ordinary	100 %	Service company
Christy Europe GmbH	Ordinary	100 %	Sales & distribution for Europe
Christy Lifestyle LLC	N/A	100 %	Sales & distribution for USA

All of the subsidiaries are held via Christy Home Textiles Limited and have the same registered office as that of CHT Holdings Limited except for:

Christy Welspun GmbH
Obere Breite 14, 72336 Balingen, Deutschland

Christy Lifestyle LLC
3901 Gantz Road, Grove City Ohio 43123

Company

**Investments
in
subsidiary
companies
£000**

COST OR VALUATION

At 1 April 2017 4,921

At 31 March 2018 4,921

NET BOOK VALUE

At 31 March 2018 4,921

At 31 March 2017 4,921

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. STOCKS

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Finished goods and goods for resale	6,274	<i>7,844</i>	-	-
	6,274	<i>7,844</i>	-	-

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

18. DEBTORS

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Trade debtors	3,875	<i>5,221</i>	-	-
Amounts owed by group undertakings	5,393	<i>3,025</i>	12,210	<i>12,349</i>
Other debtors	42	<i>487</i>	11	<i>10</i>
Prepayments and accrued income	60	<i>55</i>	10	<i>13</i>
Tax recoverable	-	<i>20</i>	-	-
Deferred taxation	176	<i>176</i>	-	-
	9,546	<i>8,984</i>	12,231	<i>12,372</i>

19. CASH AND CASH EQUIVALENTS

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Cash at bank and in hand	1,168	<i>2,728</i>	100	<i>19</i>
Less: bank overdrafts	(7,022)	<i>(2,955)</i>	(7,022)	<i>-</i>
	(5,854)	<i>(227)</i>	(6,922)	<i>19</i>

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. CREDITORS: Amounts falling due within one year

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Bank overdrafts	7,022	2,955	7,022	-
Bank loans	2,154	3,759	2,154	3,759
Trade creditors	2,798	4,252	-	-
Amounts owed to group undertakings	3,573	5,423	4,613	9,674
Corporation tax	90	-	-	-
Other taxation and social security	273	401	-	-
Other creditors	961	888	79	56
	16,871	17,678	13,868	13,489

All amounts owed to group undertakings are unsecured and repayable on demand.

A bank deposit account amounting £550,000 is secured via a Trust Deed in favour of certain landlords of their retail outlets.

Bank overdrafts with Bank of India are secured by a debenture over all property and assets of the Company.

Bank overdrafts with the Bank of Baroda are secured by a first pari passu charge ranking with Bank of India over all property and assets of the Company and a corporate guarantee from Welspun India Limited

The bank loan is repayable in 39 payments of £76,923 and attracts interest of 3.25% over base rate. The loan is secured by a debenture from CHT Holdings Limited and its subsidiary undertakings, a Guarantee for £3,150,000.00 from the Parent and Welspun UK Limited.

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. FINANCIAL INSTRUMENTS

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
FINANCIAL ASSETS				
Financial assets measured at amortised cost through profit or loss	10,478	<i>11,461</i>	12,321	<i>12,378</i>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(16,920)	<i>(17,276)</i>	(13,868)	<i>(13,489)</i>
	(16,920)	<i>(17,276)</i>	(13,868)	<i>(13,489)</i>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts due to group and related undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts due to group and related undertakings and other creditors.

22. DEFERRED TAXATION

Group

	2018 £000
At beginning of year	176
Charged to the profit or loss	-
AT END OF YEAR	176

CHT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Accelerated capital allowances	92	169
Unrelieved losses	78	-
Short term timing differences	6	7
	<u>176</u>	<u>176</u>

The group has unutilised trading tax losses carried forward of £945 thousand and other losses of £1.043m. Only £458 thousand of these have been recognised within the deferred tax asset above as the directors consider that this is the amount of losses that will be utilised in the forthcoming year.

23. SHARE CAPITAL

	2018 £000	<i>2017 £000</i>
Allotted, called up and fully paid		
159,316,100 Ordinary shares of £0.01 each	<u>1,593</u>	<u>1,593</u>

24. RESERVES

Share premium account

The share premium account is the cumulative premium paid over and above the nominal value of shares issued.

Profit and loss account

The profit and loss account is the cumulative retained earnings of the company comprising of both distributable and non-distributable reserves.

25. PENSION COMMITMENTS

The group provides a deferred contribution scheme for its employees. The amount recognised as an expense for the defined contribution scheme was £43 thousand (2017 - £68 thousand).

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

26. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Buildings		
Not later than 1 year	706	720
Later than 1 year and not later than 5 years	1,228	1,809
Later than 5 years	248	406
Total	2,182	2,935
	Group 2017 £000	Group 2016 £000
Other		
Not later than 1 year	49	51
Later than 1 year and not later than 5 years	70	34
Total	119	85

27. RELATED PARTY TRANSACTIONS

See note 9 for disclosure of the directors' remuneration and key management personnel compensation.

The group is exempt from disclosing related party transactions between wholly owned group members. There are no other related party transactions to disclose for the year.

28. CONTROLLING PARTY

The immediate parent undertaking, by virtue of its 100% shareholding in CHT Holdings Limited is Welspun Home Textiles UK Limited, a company registered in the United Kingdom.

At 31 March 2018, the ultimate parent undertaking and controlling party is Welspun India Limited, a company incorporated in India and quoted on Mumbai (India) Stock Exchange. The Mumbai (India) Stock Exchange address is Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001, India.

Welspun India Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2018. The consolidated financial statements of Welspun India Limited are publicly available.

Welspun Home Textiles UK Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

