

Registered number: 03902741

---

**WELSPUN UK LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

---

**WELSPUN UK LIMITED**

---

**COMPANY INFORMATION**

---

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

**COMPANY SECRETARY** Manish Bansal

**REGISTERED NUMBER** 03902741

**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

Bank of Baroda  
50 Swan Street  
Manchester  
M4 5JU

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

---

**WELSPUN UK LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 5
<b>Independent auditor's report</b>	6 - 8
<b>Statement of comprehensive income</b>	9
<b>Balance sheet</b>	10
<b>Statement of changes in equity</b>	11
<b>Notes to the financial statements</b>	12 - 29

---

## **WELSPUN UK LIMITED**

---

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

---

#### **INTRODUCTION**

The principal activities of the company are the sourcing, distribution and retailing of terry towels, robes and associated bathroom products, along with the distribution and retailing of branded bed linen and bathroom accessories.

#### **BUSINESS REVIEW**

The Christy Brand is a premier UK towel brand and the business was originally established in 1850 by members of the Christy family. The company was acquired by Welspun India Limited in June 2006.

The Company's profit and loss account is shown on page 8 and the balance sheet on page 9. Sales for the year amounted to £27.57m compared with £25.89m in the previous year. Free on Board (FOB) commissions received from the parent company increased to £2.53m (£2.96m in the previous year). The decrease in commissions received contributed to a loss on ordinary activities before taxation of £0.75m compared with a profit in the prior year of £0.41m. The Directors are satisfied with the future prospects for the business.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Financial risk management**

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. Given the size of the company, the directors have not established a sub-committee of the Board to monitor financial risk management.

##### **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 of its intermediate parent, CHT Holdings Limited.

##### **Liquidity and interest rate risk**

The company's working capital requirements are funded by CHT Holdings Limited. These risks are therefore managed and monitored at that level.

##### **Foreign exchange risk**

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

---

**WELSPUN UK LIMITED**

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

---

**FINANCIAL KEY PERFORMANCE INDICATORS**

The company has moved from a profit before taxation position of £0.41m to a loss before tax of £0.75m 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 Taylor**  
Director

---

## WELSPUN UK 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 Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 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 £594 thousand (2017 - profit £413 thousand).

#### DIRECTORS

The directors who served during the year were:

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

---

## **WELSPUN UK LIMITED**

---

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

---

#### **FUTURE DEVELOPMENTS**

The company 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.

#### **COMPANY'S POLICY FOR PAYMENT OF CREDITORS**

The company 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 company's policy to provide information to its employees which both aid their understanding of their personal contribution to the success of the company 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 produces 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 company'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 company 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 company 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'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's auditor is aware of that information.

---

**WELSPUN UK LIMITED**

---

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

---

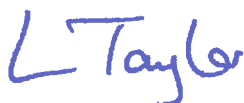
**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company 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 Taylor**  
Director



---

## WELSPUN UK LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSPUN UK LIMITED

---

#### OPINION

We have audited the financial statements of Welspun UK Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Balance sheet, the 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 Company's affairs as at 31 March 2018 and of its 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 Company 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 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

---

## **WELSPUN UK LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSPUN UK LIMITED (CONTINUED)**

---

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 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.

#### **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 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, 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 on page 3, 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.

---

## WELSPUN UK LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSPUN UK 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](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.



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

**WELSPUN UK LIMITED**

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

	Note	2018 £	2017 £000
Turnover	4	27,567	25,892
Cost of sales		(16,618)	(15,604)
<b>GROSS PROFIT</b>		<b>10,949</b>	<b>10,288</b>
Administrative expenses		(14,117)	(12,759)
Other operating income	5	2,636	2,960
<b>OPERATING (LOSS)/PROFIT</b>	6	<b>(532)</b>	<b>489</b>
Interest receivable and similar income	10	34	47
Interest payable and expenses	11	(96)	(123)
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(594)</b>	<b>413</b>
Tax on (loss)/profit	12	-	(2)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(594)</b>	<b>411</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

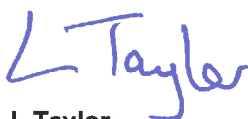
The notes on pages 12 to 29 form part of these financial statements.

**WELSPUN UK LIMITED**  
**REGISTERED NUMBER: 03902741**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £000	2017 £000
<b>FIXED ASSETS</b>			
Intangible assets	13	60	65
Tangible assets	14	505	498
Investments	15	10,957	10,957
		<u>11,522</u>	<u>11,520</u>
<b>CURRENT ASSETS</b>			
Stocks	16	5,504	6,173
Debtors: amounts falling due within one year	17	14,493	17,889
Cash at bank and in hand		799	2,317
		<u>20,796</u>	<u>26,379</u>
Creditors: amounts falling due within one year	18	(27,256)	(32,243)
<b>NET CURRENT LIABILITIES</b>		<u>(6,460)</u>	<u>(5,864)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,062</u>	<u>5,656</u>
<b>NET ASSETS</b>		<u><u>5,062</u></u>	<u><u>5,656</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,594	1,594
Profit and loss account	21	3,468	4,062
		<u>5,062</u>	<u>5,656</u>

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



**L Taylor**  
Director



**Mr M Bansal**  
Director

22/6/18.

The notes on pages 12 to 29 form part of these financial statements.

---

**WELSPUN UK LIMITED**

---

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

---

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 April 2016</b>	<b>1,594</b>	<b>3,651</b>	<b>5,245</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	411	411
<b>At 1 April 2017</b>	<b>1,594</b>	<b>4,062</b>	<b>5,656</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Loss for the year	-	(594)	(594)
<b>At 31 March 2017</b>	<b>1,594</b>	<b>3,468</b>	<b>5,062</b>

---

## WELSPUN UK LIMITED

---

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

---

#### 1. GENERAL INFORMATION

The company is a company 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Welspun Home Textiles Limited as at 31 March 2018 and these financial statements may be obtained from companies house.

##### 2.3 Going concern

The company has, with parent support, sufficient resources to pay its debts as it falls due for the foreseeable future.

---

## WELSPUN UK 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 Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

### 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.



---

## WELSPUN UK LIMITED

---

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

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & 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 Statement of comprehensive income.

### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

### 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.

---

## WELSPUN UK LIMITED

---

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

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments

The Company 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.

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 Statement of comprehensive income.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

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

### 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.

---

## WELSPUN UK 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 Statement of comprehensive income 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 Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

### 2.15 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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 Company 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.

---

## WELSPUN UK 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 Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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 Company in independently administered funds.

### 2.18 Interest income

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

### 2.19 Borrowing costs

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

### 2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

---

## **WELSPUN UK LIMITED**

---

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

---

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

#### **3. JUDGEMENTS 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.

---

**WELSPUN UK LIMITED**

---

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

---

**4. TURNOVER**

Analysis of turnover by country of destination:

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
United Kingdom	<b>23,215</b>	22,093
Rest of Europe	<b>1,280</b>	1,180
Rest of the world	<b>3,072</b>	2,619
	<b>27,567</b>	<b>25,892</b>

**5. OTHER OPERATING INCOME**

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Other operating income	<b>2,636</b>	2,960
	<b>2,636</b>	<b>2,960</b>

---

**WELSPUN UK LIMITED**

---

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

---

**6. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Depreciation of tangible fixed assets	<b>215</b>	<i>209</i>
Amortisation of intangible assets, including goodwill	<b>5</b>	<i>5</i>
Exchange differences	<b>(47)</b>	<i>(35)</i>
Defined contribution pension cost	<b>41</b>	<i>68</i>
Cost of stocks recognised as an expense	<b>16,618</b>	<i>15,604</i>
Including:		
- write-down stocks to net realisable value	<b>322</b>	<i>211</i>
<b>OPERATING LEASE PAYMENTS</b>		
Property	<b>741</b>	<i>727</i>
Other	<b>91</b>	<i>107</i>
	<b>=====</b>	<i>=====</i>

**7. AUDITOR'S REMUNERATION**

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

---

**WELSPUN UK LIMITED**

---

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

---

**8. EMPLOYEES**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>4,459</b>	4,623
Social security costs	<b>373</b>	365
Cost of defined contribution scheme	<b>43</b>	68
	<b>4,875</b>	5,056

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Sales, distribution and marketing	<b>217</b>	216
Administration	<b>43</b>	41
	<b>260</b>	257

**9. DIRECTORS' REMUNERATION**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>249</b>	237
Company contributions to defined contribution pension schemes	<b>1</b>	2
	<b>250</b>	239

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)



---

**WELSPUN UK LIMITED**

---

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

---

**10. INTEREST RECEIVABLE**

	<b>2018 £000</b>	<b>2017 £000</b>
Interest receivable from group companies	<b>21</b>	<b>35</b>
Other interest receivable	<b>13</b>	<b>12</b>
	<b>34</b>	<b>47</b>

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2018 £000</b>	<b>2017 £000</b>
Bank interest payable	<b>96</b>	<b>123</b>
	<b>96</b>	<b>123</b>

**12. TAXATION**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>CORPORATION TAX</b>		
Adjustments in respect of previous periods	<b>-</b>	<b>(64)</b>
<b>TOTAL CURRENT TAX</b>	<b>-</b>	<b>(64)</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>-</b>	<b>66</b>
<b>TOTAL DEFERRED TAX</b>	<b>-</b>	<b>66</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>-</b>	<b>2</b>

---

**WELSPUN UK 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:

	<b>2018 £000</b>	<b>2017 £000</b>
(Loss)/profit on ordinary activities before tax	<b>(594)</b>	<b>413</b>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	<b>(141)</b>	<b>83</b>
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	1
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>5</b>	<b>6</b>
Capital allowances for year in excess of depreciation	<b>(50)</b>	<b>(61)</b>
Utilisation of tax losses	-	<b>(2)</b>
Deferred tax	-	<b>66</b>
Adjustments to tax charge in respect of prior periods	-	<b>(64)</b>
Short term timing difference leading to an increase (decrease) in taxation	-	<b>(2)</b>
Unrelieved tax losses carried forward	<b>181</b>	-
Group relief	<b>5</b>	<b>(25)</b>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>-</b>	<b>2</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The company has unrelieved tax losses of £945 thousand available for utilisation against future taxable profits

---

WELSPUN UK LIMITED

---

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

---

13. INTANGIBLE ASSETS

	Goodwill £000
<b>COST</b>	
At 1 April 2017	100
At 31 March 2018	100
<b>AMORTISATION</b>	
At 1 April 2017	35
Charge for the year	5
At 31 March 2018	40
<b>NET BOOK VALUE</b>	
At 31 March 2018	60
At 31 March 2017	65

---

**WELSPUN UK LIMITED**

---

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

---

**14. TANGIBLE FIXED ASSETS**

	<b>Fixtures &amp; fittings and computer equipment £000</b>
<b>COST OR VALUATION</b>	
At 1 April 2017	4,383
Additions	222
Disposals	(7)
At 31 March 2018	<u>4,598</u>
<b>DEPRECIATION</b>	
At 1 April 2017	3,885
Charge for the year on owned assets	215
Disposals	(7)
At 31 March 2018	<u>4,093</u>
<b>NET BOOK VALUE</b>	
At 31 March 2018	<u><u>505</u></u>
At 31 March 2017	<u><u>498</u></u>

**15. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £000</b>
<b>COST OR VALUATION</b>	
At 1 April 2017	10,957
At 31 March 2018	<u>10,957</u>
<b>NET BOOK VALUE</b>	
At 31 March 2018	<u><u>10,957</u></u>
At 31 March 2017	<u><u>10,957</u></u>

---

**WELSPUN UK LIMITED**

---

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

---

**15. FIXED ASSET INVESTMENTS (CONTINUED)**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Christy 2004 Limited	Ordinary	100 %	Service company - incorporated in UK
Christy Lifestyle LLC	Ordinary	100 %	Sales and distribution for USA - incorporated in USA
Christy Europe Gmbh	N/A	100 %	Sales and distribution for USA - incorporated in Germany

The subsidiaries have the same registered office as the company except for:

Christy Welspun GmBH  
Obere Breite 14  
72336 Balingen  
Deutschland

Christy Lifestyle, LLC  
3901 Gantz Road  
Grove City  
Ohio  
43123

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(loss) £000</b>
Christy 2004 Limited	8,593	-
Christy Lifestyle LLC	(808)	(663)
Christy Europe Gmbh	133	60
	<u>          </u>	<u>          </u>

**16. STOCKS**

	<b>2018 £000</b>	<b>2017 £000</b>
Finished goods and goods for resale	5,504	6,173
	<u>5,504</u>	<u>6,173</u>

---

WELSPUN UK LIMITED

---

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

---

**17. DEBTORS**

	2018 £000	2017 £000
Trade debtors	2,997	4,495
Amounts owed by group undertakings	11,271	13,162
Prepayments and accrued income	49	36
Tax recoverable	-	20
Deferred taxation	176	176
	<u>14,493</u>	<u>17,889</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**18. CREDITORS: Amounts falling due within one year**

	2018 £000	2017 £000
Bank overdrafts	-	2,955
Trade creditors	2,577	4,052
Amounts owed to group undertakings	23,636	24,384
Corporation tax	90	-
Other taxation and social security	273	401
Other creditors	680	451
	<u>27,256</u>	<u>32,243</u>

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

A bank deposit account amounting £550 thousand 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.

---

**WELSPUN UK LIMITED**

---

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

---

**19. DEFERRED TAXATION**

	<b>2018 £000</b>
At beginning of year	176
Charged to the profit or loss	-
<b>At end of year</b>	<b>176</b>

The deferred tax asset is made up as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
Accelerated capital allowances	137	169
Short term timing differences	6	7
Unrelieved losses	33	-
	<b>176</b>	<b>176</b>

The company has unutilised trading tax losses carried forward of £945 thousand . Only £194 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.

**20. SHARE CAPITAL**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Allotted, called up and fully paid</b>		
1,593,760 Ordinary shares of £1 each	<b>1,594</b>	<b>1,594</b>

**21. RESERVES**

**Profit & loss account**

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

**22. PENSION COMMITMENTS**

The company provides a deferred contribution scheme for its employees. The amount recognised as an expense for the defined contribution scheme was £41 thousand (2017 - £68 thousand).

---

**WELSPUN UK LIMITED**

---

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

---

**23. COMMITMENTS UNDER OPERATING LEASES**

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

	2018 £000	2017 £000
<b>Property</b>		
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
<b>Total</b>	<u>2,182</u>	<u>2,935</u>
	2018 £000	2017 £000
<b>Other</b>		
Not later than 1 year	49	51
Later than 1 year and not later than 5 years	70	34
<b>Total</b>	<u>119</u>	<u>85</u>

**24. RELATED PARTY TRANSACTIONS**

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

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

**25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking, by virtue of its 100% shareholding in Welspun UK Limited is CHT Holdings 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.

CHT Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.