



MODIANO

G. Modiano Limited

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

MONDAY



L6LILP29

LD3

18/12/2017

#117

COMPANIES HOUSE

Company no 00872284

G. MODIANO LIMITED
FINANCIAL STATEMENTS

For the year ended 31 March 2017

Legal entity: Private Limited Company

Registered in: England

Company registration number: 00872284

Registered office: Broad Street House
55 Old Broad Street
London
EC2M 1RX

Directors: Mrs B Modiano (until 5 September 2016)
W F Costin
J E Dallas
L S Modiano
M Modiano
R T Parsons
E Avigdor

Secretary: R T Parsons

Auditor: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

G. MODIANO LIMITED
FINANCIAL STATEMENTS

For the year ended 31 March 2017

INDEX	PAGE
Group directors' report	1 – 2
Strategic report	3 – 4
Independent auditor's report	5 – 6
Principal accounting policies	7 – 11
Consolidated statement of total comprehensive income	12
Consolidated balance sheet	13
Company balance sheet	14
Consolidated statement of changes in equity	15
Company statement of changes in equity	16
Consolidated statement of cash flows	17
Notes to the financial statements	18 – 28

G. MODIANO LIMITED

GROUP DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

Directors

The present membership of the board is set out below.

W F Costin
L S Modiano
M Modiano
J E Dallas
R T Parsons
E Avigdor

Donations

During the year the group made charitable donations of £2,010,500 (2016: £10,500).

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS102 "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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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; and
- 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 group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of directors' responsibilities (continued)

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

BY ORDER OF THE BOARD



R T Parsons
Secretary
14th July 2017

Principal activities

The principal activity of the group is the import, export and dealing in wool. The group has continued its business in the processing and sale of wool tops, the raw material for the manufacture of fabrics and knitwear.

Principal risks and uncertainties

The principal risks and uncertainties are wool price exposure, foreign currency exposure, interest rate exposure and credit risk. The way the group manages these risks are set out in note 23 to the financial statements.

We do not believe that Brexit poses a significant threat to the business as the proportion of the group's purchases from and sales to the UK are very small. However until the agreement is finalised there remains some uncertainty and some aspects of the business may need to be adjusted to reflect the new trading relationship between the UK and the EU.

Business review

There was a profit for the year after taxation amounting to £11,767,000 (2016: £2,167,000). During the year a dividend was paid of £1,056,000 as detailed in note 9 (2016: total dividend of £1,529,000). Post year end a dividend was paid of £nil. (2016: £1,056,000).

The group is based in England and has sourcing offices in Australia, New Zealand and South Africa. The group has a processing company in Czech Republic, and sales support offices in Turkey, China and Italy.

We are the leading supplier of wool tops to the European textile trade and the location of our mill in the heart of Europe facilitates the supply of wool to customers in a timely manner.

Key Performance Indicators

The Board sets relevant Key Performance Indicators (KPI's). These monitor how successful the group is in managing our costs and our liquidity.

Costs - The group measures its other operating charges as percentage of turnover. During the period under review the percentage has increased from 3.0% to 3.1%.

Liquidity - The group measures the liquidity by taking the current assets less inventory as ratio to its current liabilities. The ratio has changed from 1.85 to 1.68 during the period.

Liquidity

The group's business activities, factors affecting recent trading and the outlook are referred to in the Chief Executive's Statement and in the Business Review above.

The group's bank facilities are from a number of banks, with the majority of whom there are long standing relationships and these have always been on an uncommitted basis. The banks usually review these in the months following receipt of the company's audited accounts.

Liquidity (continued)

Current economic conditions remain uncertain particularly over future wool prices and currency movements and the confirmation of the availability of bank finance for the foreseeable future. There is no reason to believe that the group will not have sufficient facilities renewed to meet its working capital requirements adequately.

The board considers the result for the year to be strong and the board remains confident for the future.

The Strategic Report was approved by the Board of Directors on 14th July 2017 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R T Parsons', with a stylized flourish at the end.

R T Parsons
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G. MODIANO LIMITED

We have audited the financial statements of G. Modiano Limited for the year ended 31 March 2017 which comprise the consolidated statement of total comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

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 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
G. MODIANO LIMITED****Matters on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

**Christopher Smith**

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17th July 2017

G. MODIANO LIMITED

PRINCIPAL ACCOUNTING POLICIES

Company information

G. Modiano is a private limited company registered in England, our registered address is Broad Street House, 55 Old Broad Street, London, EC2M 1RX.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The financial reporting standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain assets and financial instruments.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of G. Modiano Limited and all its subsidiary undertakings drawn up to 31 March each year. No profit and loss account is presented for G. Modiano Limited as permitted by Section 408 of the Companies Act 2006.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of these accounts. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Events occurring after the year end

There are no significant events occurring after year end.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and provisions for contingent liabilities is recognised as goodwill. Where the acquirer's interest in the net fair value of the identifiable assets, liabilities and provisions for contingent liabilities exceeds the cost of the business combination, the excess is recognised separately in the balance sheet as of the acquisition date.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include the useful life of fixed assets, net realisable value and slow-moving stock provisions and bad debt reserve.

Associates and subsidiaries

The group classifies its investments according to the extent to which it exerts significant influence and control. Investments in entities that the group controls are classified as subsidiaries, investment in entities where only significant influence is exerted are classified as associates, while investments in entities where there is neither significant influence nor control are treated as other investments.

G. MODIANO LIMITED

PRINCIPAL ACCOUNTING POLICIES

Associates and Subsidiaries continued

The primary criteria the group uses in making this classification is by reference to the percentage of voting shares held. Where the group does not own the majority of voting shares it takes into account the stated intentions of the other share-holder(s). Consideration is also given by the group to the economic benefits derived, the makeup of the entities boards and ability to ultimately control the decisions of the entity.

Due to events during the year G. Modiano was determined to be the controlling entity of the associate companies, and accordingly these have been consolidated as from 1st October 2016.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at costs less impairment in the individual financial statements.

As from 1st October 2016 there are non-controlling interests in subsidiaries.

Investments in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is treated as implicit goodwill. Amortisation is charged so as to allocate the cost of implicit goodwill over its estimated useful lives, using the straight-line method. Losses in excess of investment are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

As from 1st October 2016 we no longer have any associates.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over a period of three to ten years.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Interest expense

Interest expense is recognised on the basis of the effective method and is included in finance costs.

G. MODIANO LIMITED

PRINCIPAL ACCOUNTING POLICIES

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Loans and trade payables

Short term trade creditors are measured at the transaction price.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on the basis of the effective interest method.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land and works of art by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	over 45 years
Plant and machinery	over 4 - 8 years
Computer hardware	over 3 - 6 years
Furniture and equipment	over 3 - 10 years
Motor vehicles	over 3 – 6 years

Works of art are not depreciated as the depreciation charge is considered to be immaterial.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax basis (known as temporary differences). Deferred tax liabilities are recognised for all timing differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all timing differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Sterling (£).

G. MODIANO LIMITED

PRINCIPAL ACCOUNTING POLICIES

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operations), which are recognised in the consolidated statement of comprehensive income.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of group companies are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Post-employment defined contribution plans

Amounts in terms of defined contribution plans are recognised as an expense as they are incurred.

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed to a formal plan for the termination and there is no realistic possibility of withdrawal from the plan. The benefits will be funded out of surplus cash.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the group at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease.

G. MODIANO LIMITED

PRINCIPAL ACCOUNTING POLICIES

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of government authorities.

Sale of goods and services

Turnover comprises the value of goods and services recognised as a sale when the risks and rewards of ownership pass to the customer, which is usually at the point of shipment, or when the service has been performed.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Impairment of assets

At each reporting date, tangible fixed assets not carried at fair value are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stock

Stock is stated at the lower of cost and selling price less costs to complete and sell. Where the group buys stock from subsidiaries, we create a provision for the unrealised profit contained in the stock at the year end.

Loans and trade debtors

Short term debtors are measured at transaction price. Loans receivable are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Derivative financial instruments

The groups primary objective in holding derivative financial instruments is to manage currency exchange rate risk and commodity price risk. The group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The group utilises forward currency contracts to offset this risk, all such contracts mature within 12 months. These forward contracts are recognised at fair value and are subsequently measured at fair value using a valuation based on estimated credit losses and interest rates on each reporting date with any gains or losses being reported in the statement of total comprehensive income.

G. MODIANO LIMITED**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover	1	205,940	154,303
Cost of sales		<u>(185,288)</u>	<u>(147,728)</u>
Gross profit		20,652	6,575
Other operating charges		<u>(6,384)</u>	<u>(4,658)</u>
Operating profit		14,268	1,917
Share of operating profits of associates	3	<u>298</u>	<u>690</u>
		14,566	2,607
Interest receivable and similar income	4	66	34
Interest payable and similar charges	5	<u>(297)</u>	<u>(129)</u>
Profit on ordinary activities before taxation	2	14,335	2,512
Tax on profit on ordinary activities	7	<u>(2,568)</u>	<u>(345)</u>
Profit for the financial period		<u>11,767</u>	<u>2,167</u>
Profit attributed to			
Owners of the parent		11,881	2,167
Non-controlling interest		<u>(114)</u>	<u>-</u>
		<u>11,767</u>	<u>2,167</u>
Other comprehensive income			
Currency translation on foreign currency net investments		<u>2,705</u>	<u>2,625</u>
Total comprehensive income for the period		<u>14,472</u>	<u>4,792</u>
Total comprehensive income attributed to			
Owners of the parent		13,966	2,167
Non-controlling interest		<u>506</u>	<u>-</u>
		<u>14,472</u>	<u>2,167</u>

All transactions arise from continuing operations.

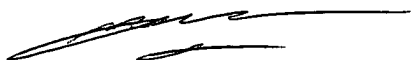
The accompanying accounting policies and notes form an integral part of these financial statements

G. MODIANO LIMITED**CONSOLIDATED BALANCE SHEET AT 31 MARCH 2017**

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	5	9
Tangible assets	10	21,729	18,242
Investments	11	1	8,554
		<u>21,735</u>	<u>26,805</u>
Current assets			
Stock	12	93,554	64,201
Debtors	13	42,413	32,764
Cash at bank and in hand		5,848	2,425
		<u>141,815</u>	<u>99,390</u>
Creditors: amounts falling due within one year	14	<u>(28,786)</u>	<u>(19,026)</u>
Net current assets		<u>113,029</u>	<u>80,364</u>
Total assets less current liabilities		<u>134,764</u>	<u>107,169</u>
Provisions for liabilities	15	<u>(574)</u>	<u>(771)</u>
Total net assets		<u>134,190</u>	<u>106,398</u>
Capital and reserves			
Called up share capital	17	2,036	2,036
Share premium account		290	290
Profit and loss account		116,874	103,964
Revaluation reserve		108	108
Equity attributable to owners of the parent		<u>119,308</u>	<u>106,398</u>
Non controlling interest		14,882	-
Total Equity		<u>134,190</u>	<u>106,398</u>

The financial statements were approved by the board of directors on 14th July 2017.

Signed on behalf of the board of directors:



M Modiano
Chief Executive

Company registration no: 00872284

The accompanying accounting policies and notes form an integral part of these financial statements.

G. MODIANO LIMITED**COMPANY BALANCE SHEET AT 31 MARCH 2017**

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	310	305
Investments	11	3,928	4,016
		<u>4,238</u>	<u>4,321</u>
Current assets			
Stock	12	79,831	61,638
Debtors	13	34,174	31,477
Cash at bank and in hand		35	1,209
		<u>114,040</u>	<u>94,324</u>
Creditors: amounts falling due within one year	14	<u>(30,553)</u>	<u>(22,225)</u>
Net current assets		<u>83,487</u>	<u>72,099</u>
Total assets less current liabilities		<u>87,725</u>	<u>76,420</u>
Provisions for liabilities and charges	15	<u>(139)</u>	<u>(22)</u>
Total net assets		<u><u>87,586</u></u>	<u><u>76,398</u></u>
Capital and reserves			
Called up share capital	17	2,036	2,036
Share premium account		290	290
Profit and loss account		85,152	73,964
Revaluation reserve		108	108
Shareholders' funds		<u><u>87,586</u></u>	<u><u>76,398</u></u>

The financial statements were approved by the board of directors on 14th July 2017.

Signed on behalf of the board of directors:



M Modiano
Chief Executive

Company registration no: 00872284

The accompanying accounting policies and notes form an integral part of these financial statements.

G. MODIANO LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 2017****Attributable to owners of the parent**

	Share capital and share premium £'000	Profit and loss account £'000	Revaluation reserve £'000	Equity attributable to the owners of the parent £'000	Non controlling interest £'000	Total equity £'000
Balance at 1 April 2016	2,326	103,964	108	106,398	-	106,398
Profit for the period	-	11,881	-	11,881	(114)	11,767
Foreign exchange translation differences	-	2,085	-	2,085	620	2,705
Total comprehensive income for the period	-	13,966	-	13,966	506	14,472
Dividends paid for the year	-	(1,056)	-	(1,056)	-	(1,056)
Acquisitions	-	-	-	-	14,376	14,376
Transactions with owners	-	(1,056)	-	(1,056)	14,376	13,320
Balance as at 31 March 2017	2,326	116,874	108	119,308	14,882	134,190

The accompanying accounting policies and notes form an integral part of these financial statements.

G. MODIANO LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 2017****Attributable to owners of the parent**

	Share capital and share premium £'000	Profit and loss account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 April 2016	2,326	73,964	108	76,398
Profit for the year	-	12,244	-	12,244
Dividends paid in the year	-	(1,056)	-	(1,056)
Balance as at 31 March 2017	2,326	85,152	108	87,586

The accompanying accounting policies and notes form an integral part of these financial statements.

G. MODIANO LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 March 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Operating profit for the financial year	14,268	1,917
Adjustments for:		
Depreciation and amortisation of fixed assets	2,751	2,568
Profit from disposal of fixed assets	(17)	(27)
Interest paid	(297)	(129)
Interest received	66	34
Taxation	(1,578)	(1,737)
(Increase)/decrease in trade and other debtors	4,555	(10,938)
(Increase) in stocks	(20,073)	(5,246)
Increase/(decrease) in trade and other creditors	(7,303)	7,777
Net cash (used in)/generated from operating activities	(7,628)	(5,781)
Cash flows from investing activities		
Purchases of fixed assets	(4,628)	(3,418)
Purchases of investments	(253)	-
Cash acquired on business combination	2,387	-
Net cash from investing activities	(2,494)	(3,418)
Cash flows from financing activities		
Dividends paid	(1,056)	(1,529)
Net cash from financing activities	(1,056)	(1,529)
Movement in cash and cash equivalents at end of year	(11,178)	(10,728)
Balance at the beginning of the year	(1,204)	9,524
Balance at the end of the year	(12,382)	(1,204)
Cash at bank and in hand	5,848	2,425
Overdrafts	(18,230)	(3,629)
Balance at the end of the year	(12,382)	(1,204)

The accompanying accounting policies and notes form an integral part of these financial statements.

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Turnover

The principal activity of the group is the import, export and dealing in wool.

Turnover, analysed geographically between markets, was as follows:

	2017 £'000	2016 £'000
Europe	179,104	145,043
Rest of the World	26,836	9,260
	<u>205,940</u>	<u>154,303</u>

2 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2017 £'000	2016 £'000
Auditor's remuneration:		
Audit services - parent company	82	72
Audit services - subsidiary	29	13
Non-audit services - taxation	12	30
Depreciation and amortisation	2,751	2,568
Foreign exchange losses	(784)	(5,090)
Other operating lease rentals	251	217
Charitable donations	<u>2,010</u>	<u>11</u>

3 Share of operating profits of associates

	2017 £'000	2016 £'000
Share of profit of associated undertakings	<u>298</u>	<u>690</u>

4 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable on bank balances and other loans receivable	<u>66</u>	<u>34</u>

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5 Interest payable and similar payables

	2017 £'000	2016 £'000
Interest payable on bank borrowings, overdrafts and other loans payable within five years.	<u>297</u>	<u>129</u>

6 Directors and employees

Staff costs during the year were as follows:

	2017 £'000	2016 £'000
Wages and salaries	7,593	5,517
Social security costs	1,939	1,653
Other pension costs	197	449
	<u>9,729</u>	<u>7,619</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments made during the year amount to £147,000 (2016: £399,000).

The average number of employees of the group during the year was:

	2017 Number	2016 Number
Sales and trading	17	17
Processing and administration	357	366
	<u>374</u>	<u>383</u>

Remuneration in respect of directors was as follows:

	2017 £'000	2016 £'000
Emoluments	1,659	1,578
Social security costs	222	218
Pension contributions to money purchase pension schemes	47	170
	<u>1,928</u>	<u>1,966</u>

During the year 5 directors (2016: 5) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2017 £'000	2016 £'000
Emoluments	370	435
Social security costs	50	60
Pension contributions to money purchase pension schemes	10	45
	<u>430</u>	<u>540</u>

The highest paid director's accrued pension at the year end was £Nil (2016: £Nil).

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

7 Tax on profit on ordinary activities

The tax charge/(credit) is based on the profit for the year and represents:

	2017 £'000	2016 £'000
UK Corporation Tax	504	102
Adjustments in respect of previous periods	(6)	-
Overseas taxation	1,810	972
Total current tax	2,308	1,074
Deferred taxation: group excluding associates	260	(729)
Tax on results on ordinary activities	2,568	345

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 20% (2016: 20%). The differences are explained as follows:

Profit on ordinary activities before tax	14,335	2,512
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20% (2016: 20%)	2,867	502
Expenses not deductible for tax purposes	63	7
Difference in tax rates	(306)	(159)
Adjustments in respect of prior periods	(86)	(5)
Overseas tax suffered	81	-
Double taxation (unrelieved)	(51)	-
	2,568	345

8 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's total comprehensive income for the year was £12,244,000 (2016: £1,964,000).

9 Dividends

	2017 £'000	2016 £'000
Dividends on shares classed as equity		
Paid during the year		
Equity dividends on ordinary shares and founders shares	1,056	1,523
Declared and paid post year end		
Equity dividends on ordinary shares and founders shares	-	1,056
Dividends on non-cumulative preferences shares classed as equity		
Paid during the year		
12% non-cumulative preference shares of £1 each	-	6

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

10 Fixed assets

Intangible fixed assets

The group

	Establishment cost £'000	Software £'000	Valuable Rights £'000	Total £'000
Cost/revaluation				
At 1 April 2016	211	107	96	414
Additions	-	2	-	2
Transfer from group	-	4	-	4
Disposals	-	(4)	-	(4)
Exchange adjustments	17	33	8	58
At 31 March 2017	<u>228</u>	<u>142</u>	<u>104</u>	<u>474</u>
Depreciation				
At 1 April 2016	211	98	96	405
Provided in the year	-	7	-	7
Additions from group	-	4	-	4
Disposals	-	(4)	-	(4)
Exchange adjustments	17	32	8	57
At 31 March 2017	<u>228</u>	<u>137</u>	<u>104</u>	<u>469</u>
Net book amount at 31 March 2016	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>
Net book amount at 31 March 2017	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>

Amortisation of intangible fixed assets is included in other operating charges.

Tangible fixed assets

The group

	Computer hardware £'000	Furniture and equipment £'000	Works of art £'000	Motor vehicles £'000	Freehold property £'000	Plant and machinery £'000	Total £'000
Cost/revaluation							
At 1 April 2016	167	266	81	58	11,584	41,482	53,638
Additions	43	1	-	30	571	3,983	4,628
Additions from group	135	77	-	250	-	-	462
Disposals	(17)	-	-	-	-	(746)	(763)
Exchange adjustments	6	4	-	13	914	3,310	4,247
At 31 March 2017	<u>334</u>	<u>348</u>	<u>81</u>	<u>351</u>	<u>13,069</u>	<u>48,029</u>	<u>62,212</u>
Depreciation							
At 1 April 2016	130	256	-	11	3,671	31,328	35,396
Provided in the year	26	3	-	33	292	2,390	2,744
Additions from group	111	68	-	134	-	-	313
Disposals	(15)	(2)	-	-	(17)	(746)	(780)
Exchange adjustments	5	3	-	7	293	2,502	2,810
At 31 March 2017	<u>257</u>	<u>328</u>	<u>-</u>	<u>185</u>	<u>4,239</u>	<u>35,474</u>	<u>40,483</u>
Net book amount at 31 March 2017	<u>77</u>	<u>20</u>	<u>81</u>	<u>166</u>	<u>8,830</u>	<u>12,555</u>	<u>21,729</u>
Net book amount at 31 March 2016	<u>37</u>	<u>10</u>	<u>81</u>	<u>47</u>	<u>7,913</u>	<u>10,154</u>	<u>18,242</u>

The original cost of £22,000 of the freehold property is included above at a revaluation of £130,000 (2016: £130,000).

Included within freehold property are assets of £451,000 (2016: £391,000), which are not depreciated.

G. MODIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

Fixed assets (continued)

As at the year end the group impairment on land and buildings in Nejdek had been increased to £578,000 (2016: £551,000), to represent the buildings value in use. This impairment is included within the depreciation charge for the year.

Tangible fixed assets**The company**

	Computer hardware £'000	Furniture and equipment £'000	Works of art £'000	Motor vehicles £'000	Freehold property £'000	Total £'000
Cost/revaluation						
At 1 April 2016	167	266	81	58	130	702
Additions	37	1	-	-	-	38
Disposals	(15)	-	-	-	-	(15)
Exchange adjustments	-	-	-	2	-	2
At 31 March 2017	<u>189</u>	<u>267</u>	<u>81</u>	<u>60</u>	<u>130</u>	<u>727</u>
Depreciation						
At 1 April 2016	130	256	-	11	-	397
Provided in the year	19	2	-	13	-	34
Disposals	(15)	-	-	-	-	(15)
Exchange adjustments	1	-	-	-	-	1
At 31 March 2017	<u>135</u>	<u>258</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>417</u>
Net book amount at 31 March 2017	<u>54</u>	<u>9</u>	<u>81</u>	<u>36</u>	<u>130</u>	<u>310</u>
Net book amount at 31 March 2016	<u>37</u>	<u>10</u>	<u>81</u>	<u>47</u>	<u>130</u>	<u>305</u>

The original cost of £22,000 of the freehold property is included above at a revaluation of £130,000 (2016: £130,000).

11 Investments

Total fixed asset investments comprise:

	The group		The company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Interests in group undertakings	-	8,553	1,028	1,116
Other fixed asset investments	<u>1</u>	<u>1</u>	<u>2,900</u>	<u>2,900</u>
	<u>1</u>	<u>8,554</u>	<u>3,928</u>	<u>4,016</u>

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

Investments (continued)

The company

	Share of net assets £'000	Subordinated loans £'000	Total £'000
Cost or valuation			
At 1 April 2016	869	247	1,116
Acquisition	554	-	554
Disposal	(642)	-	(642)
At 31 March 2017	<u>781</u>	<u>247</u>	<u>1,028</u>

Other fixed asset investments

The group

	Unquoted investments £'000
Cost	
At 1 April 2016 and 31 March 2017	<u>31</u>
Amounts written off	
At 1 April 2016 and 31 March 2017	<u>(30)</u>
Net book amount	
At 1 April 2016 and 31 March 2017	<u>1</u>

The company

	Investment in group undertakings £'000	Unquoted investments £'000	Total £'000
Cost			
At 1 April 2016 and 31 March 2017	<u>3,006</u>	<u>31</u>	<u>3,037</u>
Provision			
At 1 April 2016 and 31 March 2017	<u>(107)</u>	<u>(30)</u>	<u>(137)</u>
Net book amount			
At 1 April 2016 and 31 March 2017	<u>2,899</u>	<u>1</u>	<u>2,900</u>

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

Investments (continued)

At 31 March 2017 the company held 20% or more of the ordinary share capital of the following:

	Proportion of ordinary shares held	Country of incorporation	Nature of business
Henry Firth & Son Limited	100%	England	Dormant
G. Modiano (Wool & Hair) Limited	100%	England	Dormant
Wool Processors Limited	100%	England	Dormant
Lyndale Wools Limited	100%	England	Dormant
Nejdecká Česárna Vlny, a.s.	100%	Czech Republic	Wool processing
Modiano Australia Pty Limited *	29%	Australia	Wool trading
G. Modiano (NZ) Limited *	48%	New Zealand	Wool trading
G. Modiano S A (Proprietary) Limited *	40%	South Africa	Wool trading
G. Modiano Yün Ticaret AŞ *	45%	Turkey	Wool trading

The companies marked with an asterisk (*) have been consolidated from 1st October 2016.

Aquisition

On 1 October 2016 it was determined that G. Modiano Limited had acquired control of their former associates as a result of change in our ultimate shareholder. No shares were acquired and no consideration was paid. A summary of the assets and liabilities of the entities acquired are included below. The acquisition has been preliminarily recognised at the book values on the date of the transaction, which approximates fair value.

	Modiano Australia Pty Limited £'000	G. Modiano (NZ) Limited £'000	G. Modiano S A (Pty) Limited £'000	G. Modiano Yün Ticaret AŞ £'000	Total £'000s
Fixed assets	90	16	24	19	149
Stock	4,252	1,282	2,727	1,020	9,281
Debtors	7,253	362	2,449	5,564	15,628
Cash at bank and in hand	36	105	1,345	901	2,387
Current Liabilities	(1,592)	(567)	(1,550)	(865)	(4,574)
Total net assets	10,039	1,198	4,995	6,639	22,871
Non controlling interest					(14,376)
Attributable to the parent					8,495

The consolidated statements include the following revenue

	£'000
Modiano Australia Pty Limited	2,615
G. Modiano (NZ) Limited	362
G. Modiano S A (Proprietary) Limited	23,761
G. Modiano Yün Ticaret AŞ	4,776

The profit included in these consolidated statements for these companies was £353,000.

G. MODIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

12 Stock

	The group		The company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Raw materials	74,326	48,344	62,220	48,344
Finished goods	19,228	15,857	17,611	13,294
	<u>93,554</u>	<u>64,201</u>	<u>79,831</u>	<u>61,638</u>

Inventory that has been recognised in cost of goods sold during the year as an expense was £163,561,841 (2016: £139,810,000).

13 Debtors

	The group		The company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	37,235	28,510	33,052	28,098
Amounts owed by associated undertakings	-	2,448	270	2,448
Corporation tax	50	521	-	45
Deferred tax	82	492	9	492
Other debtors	4,247	484	49	85
Prepayments and accrued income	799	309	794	309
	<u>42,413</u>	<u>32,764</u>	<u>34,174</u>	<u>31,477</u>

14 Creditors: amounts falling due within one year

	The group		The company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	18,230	3,629	12,139	3,629
Trade creditors	6,557	2,829	1,994	1,765
Amounts owed to group undertakings	-	6,438	13,739	11,336
Taxation and social security	64	59	64	59
Corporation tax	334	54	228	54
Other creditors	925	667	481	667
Accruals	2,676	5,350	1,908	4,715
	<u>28,786</u>	<u>19,026</u>	<u>30,553</u>	<u>22,225</u>

The bank overdrafts are uncommitted and are therefore shown in the financial statements as due within one year. These are secured against assets of the group and company.

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

15 Provisions for liabilities and charges

The group

	Deferred taxation (note 16) 2016 £'000
At 1 April 2016	771
Origination and reversal of timing differences	(257)
Foreign exchange on overseas deferred tax balance	60
At 31 March 2017	<u>574</u>

The company

	Deferred taxation (note 16) 2016 £'000
At 1 April 2016	22
Origination and reversal of timing differences	117
At 31 March 2017	<u>139</u>

16 Deferred taxation

Deferred taxation provided for at 19% (2016: 20%) in the financial statements is set out below:

Deferred taxation liability

	The group Amount provided		The company Amount provided	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Accelerated capital allowance	412	749	1	-
Other	24	-	-	-
Property revaluation	21	22	21	22
Derivative contracts	117	-	117	-
	<u>574</u>	<u>771</u>	<u>139</u>	<u>22</u>

Deferred taxation asset

	The group Amount provided		The company Amount provided	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Accelerated capital allowance	-	(3)	-	(3)
Other	(82)	(10)	(9)	(10)
Derivative contracts	-	(479)	-	(479)
	<u>(82)</u>	<u>(492)</u>	<u>(9)</u>	<u>(492)</u>

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

17 Called up share capital

	2017 £'000	2016 £'000
Authorised, allotted and fully paid:		
134,000 12% non-cumulative preference shares of £1 each	134	134
71,758 Founders' shares of £1 each	72	72
1,830,602 ordinary shares of £1 each	1,830	1,830
	<u>2,036</u>	<u>2,036</u>

Other than on winding up, the non-cumulative preference shares, which were issued at the same time as the other equity shares of the company, are non-redeemable and carry the right, in priority to the founders' and ordinary shares, to a discretionary maximum non-cumulative dividend of 12% per annum (to be declared by the company in general meeting but not to exceed the amount recommended by the directors) and also the prior right to a repayment of capital in full but not to participation in any surplus in the event of winding up.

Founder shares rank pari passu to ordinary shares except for voting rights. Every founder share carries one voting right compared to one vote per one hundred ordinary shares.

18 Capital commitments

The company had capital commitments of £Nil at 31 March, 2017 (2016: £Nil).

19 Derivatives

The fair value of forward exchange contracts taken to the profit and loss and included in cost of goods sold at 31 March 2017 was £524,000 (2016: £(2,392,000)).

20 Leasing commitments

The groups future minimum operating lease payments are as follows:

	Land and buildings 2017 £'000	Land and buildings 2016 £'000
Within one year	255	225
Between one and five years	<u>376</u>	<u>510</u>

Lease payments recognised as an expense during the year amount to £226,000 (2016: £206,000). All assets held under the lease agreement are used exclusively by the group.

21 Controlling related party

The ultimate controlling related party of G. Modiano Limited, and its subsidiary undertakings, is Mr M Modiano.

G. MODIANO LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

22 Financial risk management

The group has exposures to three main areas of risk - market price exposure, foreign exchange currency exposure and customer credit exposure. To a lesser extent the group is exposed to interest rate risk.

Wool price exposure

The group's exposure is quantified by the market values of stock and purchase commitments less undelivered contracts to customers ("net wool position"). Although these undelivered contracts are not recognised in the financial statements they are considered to be important for management. This net wool position is monitored and controlled in the light of the group's assessment of customers' needs, future price direction and production requirements.

Foreign exchange transactional currency exposure

The group buys and sells in foreign currencies. The net exposure of each currency is monitored and covered by forward foreign exchange contracts, currency loans or overdrafts. In addition, the net wool position is funded in a variety of different currencies as decided by management.

Interest rate risk

The group's borrowings mainly reflect investment in stock, debtors and fixed assets. The group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

Customer credit exposure

The group may offer credit terms to its customers which allow payment of the debt after delivery of the goods. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going relationship the group has with its customers and by credit insurance and the use of financial instruments.

Liquidity risk

The objective of the group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given maturity of borrowings in note 14, the group is in position to meet its commitments and obligations as they come due.

23 Summary of financial assets and liabilities by category

	2017	2016
Financial assets measured at fair value through the profit and loss	£'000	£'000
Forward exchange contracts	451	(2,392)
Financial assets measured at amortised cost	2017	2016
	£'000	£'000
Loans and receivables	37,481	31,204
Financial liabilities measured at amortised cost	2017	2016
	£'000	£'000
Borrowings and payables	24,788	12,896

If unrealised forward exchange contracts are financial assets they are included in debtors and if they are financial liabilities they are included in creditors: amounts falling due within one year. During the year the company has recognised a loss of £(5,814,000) (2016: £5,980,000 loss) from these contracts.