Grabal Alok (UK) Limited

Annual Report and Financial Statements

For the period ended 26 March 2016

Company Registration No. 4246489 (England and Wales)

Grabal Alok (UK) Limited

Company Information

Directors	A B Jiwrajka D B Jiwrajka S B Jiwrajka K S Tatla I Vaswani M Westmoreland P Soni
Secretary	P Soni
Company number	4246489
Registered office	Alok House Drayton Road Shirley Solihull West Midlands B90 4NG
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	State Bank of India London Branch 15 King Street London EC2V 8EA Barclays Bank Plc North Street Brighton East Sussex BN1 1SF

Grabal Alok (UK) Limited

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Grabal Alok (UK) Limited

Strategic Report

For the Period Ended 26 March 2016

The directors present the strategic report and financial statements for the period ended 26 March 2016.

Fair review of the business

The period ending 26 March 2016 was another tough year for retailing in the UK, which is reflective on the companies reduced turnover. The company has reported EBITDA loss of £5.8 million compared to an EBITDA loss of £3.2 million for period ending 28 March 2015.

The company closed 15 loss making stores during the FY 15-16 and opened 19 new stores and as such had 222 stores at period ended March 16.

The current store portfolio still remains under continuous review to ensure that the selling space and stores meet the criteria for profit contribution.

To improve the Group's position in the coming year, a considerable amount of work has gone into improving the value proposition of the Company. We have improved our communication and marketing strategy by offering value driven opening price points to our customers. We have achieved this by increasing the level of buying via our offices in China, India and Bangladesh.

The Company has been able to create a loyal customer base with its value offering over the last few years.
As part of making the company a successful business to remain on the UK high street for the coming years, the company successfully entered into a CVA which was approved on 15 July 2016 with almost 90% voting in favour. The business has closed 93 loss making stores between July-September 2016 which were affecting the company's profitability over the last few years, with the steps now taken the company has 128 stores which are profit making. As a part of the CVA the Company has also rationalised its entire cost base in line with the reduced portfolio.

Following on from the above along with improved turnover from the reduced portfolio and better margins and by reducing operating costs, the Directors are confident of achieving its profitability targets in 2016-17.

Key performance indicators

The business continues its process of establishing itself in the retail market with the new brand identity "Store Twenty One".

The Directors, with the continuing support of Alok Industries Limited and Alok Infrastructure Limited, are constantly reviewing their retail strategy to take full advantage of the opportunities being presented by the demise of some competitors.

The current primary key performance indicators for the business are to maintain a growth strategy based on a percentage increase in sales by value and volume, profitable year on year sales improvements, to increase the margin and to effectively use our working capital through more efficient supply chain management.

The key financial performance indicators that the Directors consider important to focus on in order to improve cost reduction and achieve profitability are as follows:-

- sales have reduced by 3.07 % on the previous period compared to a corresponding increase in sales of 3.2% in 2015
- gross profit of 1.55% compared to a gross profit of 4.04% in 2015
- sales per member of staff reduced from £49,316 to £44,915

Principal risks and uncertainties

The group's overall risk management policy is based on the key risks which would prevent the group from reaching its business objectives.

Risks are reviewed by the board and the appropriate processes put in place to monitor and mitigate them.

The key financial targets for the group are growth and profitability.

The group is not exposed to a material level of credit risk, being a retail business.

The group has an exposure to liquidity risk, that is, the adequacy of credit facilities, but has in place working capital facilities in the form of letters of credit and overdrafts facilities of £12 million from the State Bank of India, (London).

The overdraft facility is supported by Alok Industries Limited and the group is exposed to interest rate risk as the debt is at variable rates of interest.

Competition

The retail industry is very competitive and to deliver improved financial performance the company recognises the need to understand the customers' demands and to provide a shopping environment which meets and exceeds their expectations.

The company continuously reviews its products as it recognises the opportunity presented by the demise of other clothing and home wares value retailers.

People

The success of the business depends upon our people driving all aspects of the operation, in particular the sourcing of product, the operation of our stores and the management of our store operations. The recruitment and retention of experienced retail staff both in our stores and at our Support Centre is recognised as key to the delivery of company objectives.

We pride ourselves on our open communication and people development.

Supply chain

The business works closely with its suppliers to design and deliver our product range to the standards our customers associate with the brand at value prices.

The continued extension of the supplier base into international markets has brought further operational and financial benefits. Through effective supplier selection and the establishment of overseas offices to monitor quality locally, the business is well placed to optimise the supply chain.

On behalf of the board

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P Soni

Director

02/02/17

The directors present their annual report and financial statements for the period ended 26 March 2016.

Principal activities

The principal activity of the group headed by Grabal Alok (UK) Limited throughout the period was the retailing of clothing, homewares, footwear and accessories trading as the brand name of "Store Twenty One".

Directors

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

A B Jiwrajka
D B Jiwrajka
S B Jiwrajka
K S Tatla
I Vaswani
A Jhunjhunwala (resigned 19 March 2016)
M Westmoreland
P Soni

Results and dividends

The results for the period are shown in the attached financial statements.

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

In accordance with s414C(11) of the Companies Act 2006, the information relating to financial risk management is included in the Strategic Report.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of one or more of its directors during the period. These provisions remain in force at the reporting date.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of one or more of its directors during the period. These provisions remain in force at the reporting date.

Market value of land and buildings

The directors have reviewed the market value of the property and are of the opinion that the carrying value of the freehold property should be £3.05 million as at 26 March 2016.

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

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

Creditor payment policy

For all trade creditors, it is the Group's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

Trade creditor days for the Group for the period ended 26 March 2016 were 59 days (2015 - 54 days), based on the ratio of trade creditors at the end of the period to cost of sales.

On behalf of the board

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P Soni
Director
02/02/17

Independent Auditors' Report

To the Members of Grabal Alok (UK) Limited

We have audited the financial statements of Grabal Alok (UK) Limited for the period ended 26 March 2016 which comprise the Consolidated Profit And Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement 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 Financial Reporting Standard 102.

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 auditors' 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 directors and auditors

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 26 March 2016 and of its loss for the period 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.

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1.4 and note 30 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £9.32m during the period ended 26 March 2016 and at that date the company's liabilities exceeded its assets by £1.962m. As described in note 1.4 the company entered into a Company Voluntary Arrangement (CVA) on 15 July 2016. The company's parent undertaking has indicated its willingness to support the company but this is dependent on its own ability to continue as a going concern.

These conditions, together with the other matters explained in notes 1.4 and 30 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.

Kingston Smith LLP

Martin Muirhead (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

10/02/17

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Grabal Alok (UK) Limited

Consolidated Profit and Loss Account
For the Period Ended 26 March 2016

	Notes	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Turnover	3	89,380	92,220
Cost of sales		(87,992)	(88,493)
Gross profit		1,388	3,727
Distribution costs		(2,991)	(2,690)
Administrative expenses		(7,283)	(7,035)
Other operating income		90	44
Operating loss	4	(8,796)	(5,954)
Interest receivable and similar income	8	2	4
Interest payable and similar charges	9	(532)	(735)
Loss on ordinary activities before taxation		(9,326)	(6,685)
Tax on profit on ordinary activities	10	-	-
Loss on ordinary activities after taxation		(9,326)	(6,685)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Grabal Alok (UK) Limited

Consolidated Statement of Comprehensive Income
For the Period Ended 26 March 2016

	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000
Loss for the period	(9,326)	(6,685)
Other comprehensive income		
Revaluation of tangible fixed assets	300	612
Total comprehensive income for the period	(9,026)	(6,073)

Total comprehensive income for the period is all attributable to the owners of the parent company.

Grabal Alok (UK) Limited

Group Balance Sheet
As at 26 March 2016

	Notes	26 March 2016 £'000	26 March 2016 £'000	28 March 2015 as restated £'000	28 March 2015 as restated £'000
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		17,527		19,496
Investments	13		5		5
			17,532		19,501
Current assets					
Stocks	15	8,714		12,291	
Debtors	16	13,389		14,217	
Cash at bank and in hand		1,561		1,412	
		23,664		27,920	
Creditors: amounts falling due within one year	17	(43,158)		(40,357)	
Net current liabilities			(19,494)		(12,437)
Total assets less current liabilities			(1,962)		7,064
Capital and reserves					
Called up share capital	21		41,682		41,682
Share premium account			99,221		99,221
Revaluation reserve			912		612
Convertible loan notes			21,000		21,000
Profit and loss reserves			(164,777)		(155,451)
Shareholders' funds			(1,962)		7,064

The financial statements were approved by the board of directors and authorised for issue on 02/02/17 and are signed on its behalf by:

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P Soni
Director

Company Balance Sheet

As at 26 March 2016

	Notes	26 March 2016		28 March 2015 as restated	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	**11**		-		-
Tangible assets	**12**		14,477		16,746
Investments	**13**		66		66
			14,543		16,812
Current assets					
Stocks	**15**	8,714		12,291	
Debtors	**16**	13,342		16,167	
Cash at bank and in hand		1,561		1,412	
		23,617		29,870	
Creditors: amounts falling due within one year	**17**	(43,158)		(40,353)	
Net current liabilities			(19,541)		(10,483)
Total assets less current liabilities			(4,998)		6,329
Capital and reserves					
Called up share capital	**21**		41,682		41,682
Share premium account			99,221		99,221
Convertible loan notes			21,000		21,000
Profit and loss reserves			(166,901)		(155,574)
Shareholders' funds			(4,998)		6,329

The financial statements were approved by the board of directors and authorised for issue on 02/02/17
and are signed on its behalf by:

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P Soni
Director

Company Registration No. 04246489

Grabal Alok (UK) Limited

Group Statement of Changes in Equity

For the Period Ended 26 March 2016

	Notes	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Convertible loan notes £'000	Profit and loss reserves £'000	Total £'000
Balance at 30 March 2014		569	99,221	-	62,113	(148,766)	13,137
Period ended 28 March 2015:							
Loss for the period		-	-	-	-	(6,685)	(6,685)
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	612	-	-	612
Total comprehensive income for the period		-	-	612	-	(6,685)	(6,073)
Conversion of loan to shares	21	41,113	-	-	(41,113)	-	-
Balance at 28 March 2015		41,682	99,221	612	21,000	(155,451)	7,064
Period ended 26 March 2016:							
Loss for the period		-	-	-	-	(9,326)	(9,326)
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	300	-	-	300
Total comprehensive income for the period		-	-	300	-	(9,326)	(9,026)
Balance at 26 March 2016		41,682	99,221	912	21,000	(164,777)	(1,962)

Grabal Alok (UK) Limited

Company Statement of Changes in Equity
For the Period Ended 26 March 2016

	Notes	Share capital £'000	Share premium account £'000	Convertible loan notes £'000	Profit and loss reserves £'000	Total £'000
Balance at 30 March 2014		569	99,221	62,113	(148,751)	13,152
Period ended 28 March 2015:						
Loss and total comprehensive income for the period		-	-	-	(6,823)	(6,823)
Conversion of loan to shares	21	41,113	-	(41,113)	-	-
Balance at 28 March 2015		41,682	99,221	21,000	(155,574)	6,329
Period ended 26 March 2016:						
Loss and total comprehensive income for the period		-	-	-	(11,327)	(11,327)
Balance at 26 March 2016		41,682	99,221	21,000	(166,901)	(4,998)

Grabal Alok (UK) Limited

Consolidated Statement of Cash Flows
For the Period Ended 26 March 2016

	Notes	Period ended 26 March 2016 £'000	Period ended 26 March 2016 £'000	Period ended 28 March 2015 £'000	Period ended 28 March 2015 £'000
Cash flows from operating activities					
Cash generated from operations	**29**		1,628		1,582
Interest paid			(532)		(735)
Net cash inflow from operating activities			1,096		847
Investing activities					
Purchase of tangible fixed assets		(739)		(1,014)	
Proceeds on disposal of joint ventures		-		(5)	
Interest received		2		4	
Net cash used in investing activities			(737)		(1,015)
Financing activities					
Repayment of bank loans		(210)		-	
Net cash used in financing activities			(210)		-
Net increase/(decrease) in cash and cash equivalents			149		(168)
Cash and cash equivalents at beginning of period			1,412		1,600
Cash and cash equivalents at end of period			1,561		1,412

1 Accounting policies

Company information

Grabal Alok (UK) Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Alok House, Drayton Road, Shirley, Solihull Drayton, Shirley, Solihull, West Midlands, England, B90 4NG.

The Group consists of Grabal Alok (UK) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

These group and company financial statements for the period ended 26 March 2016 are the first financial statements of Grabal Alok (UK) Limited and the group prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 30 March 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102 although certain presentational changes have been required.

1.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the members.

The company has taken advantage of the following exemption:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £9,327,000 (2015: £6,823,000 loss).

1 Accounting policies (Continued)

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Grabal Alok (UK) Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. Interests in joint ventures are accounted for using the equity method of accounting. All financial statements are made up to 26 March 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.4 Going concern

As set out in note 30 a number of events subsequent to the year end led the directors to assess the position of the company and ultimately to propose a Company Voluntary Arrangement (CVA) to its creditors which was approved on 15 July 2016 in order to enable the company to continue in business and avoid entering administration. The expected financial effect of the CVA is set out in note 30.

The directors expect the outcome of the CVA to be successful and that the company will be able to continue in business as a going concern and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. The directors have prepared cash flow forecasts factoring in the effects of the CVA for a period of twelve months from the date of approval of these financial statements which show that the company, together with financial support from its parent undertaking, will be able to continue to trade and to fund its obligations as they fall due.

The parent undertaking, Alok Industries International Limited, has confirmed that it will continue to support the company for a period of at least twelve months from the date of approval of the financial statements. The financial statements of the parent undertaking included an emphasis of matter in respect of going concern and its ability to support the company is therefore dependent on its own ability to continue in business as a going concern. However, the terms of the CVA as summarised in note 30 mean that the company is less reliant on the support of its parent than has previously been the case. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

1 Accounting policies (Continued)

1.5 Turnover

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

1.6 Intangible fixed assets - goodwill

Goodwill arising on acquisitions is capitalised and classified as an asset on the balance sheet. The provision for amortisation of goodwill is on a straight line basis over its useful life.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking, the difference is treated as negative goodwill on acquisition and amortised through the profit and loss account in the period in which the non-monetary assets acquired are recovered. In the case of fixed assets this is the period over which they are depreciated, and in the case of current assets, the period over which they are sold or otherwise realised.

1.7 Tangible fixed assets

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

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

Freehold land and buildings	35 years
Leasehold land and buildings	over the period of the lease
Leasehold improvements	12 to 25 years
Fixtures and fittings	4 to 10 years
Motor vehicles	4 to 5 years

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

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies **(Continued)**

1.9 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

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

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

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

1.11 Cash and cash equivalents

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

1 Accounting policies **(Continued)**

1.12 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

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

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

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

Impairment of financial assets

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

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

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

1 Accounting policies (Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1 Accounting policies **(Continued)**

1.14 Equity instruments

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

1.15 Employee benefits

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

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

1.16 Retirement benefits

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

1.17 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

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

1.19 Prior year restatement

A prior year adjustment has been posted to reclassify £531,750 of accruals previously netted off against prepayments. This adjustment has no effect on the profit or loss and net assets for the prior year.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock Provision

The stock provision is sensitive to changes in the expected changes to the retail price of items after the year end. The net realisable value of stock is re-assessed annually and are amended to reflect current and expected future market conditions. See note 15 for the carrying amount of the stock and note 1.10 for the accounting policy.

Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on the physical condition of assets. See note 12 for the carrying amount of the property, plant and equipment and note 1.7 for the useful economic lives for each class of asset.

Loan notes classed as equity

The classification of compound instruments in the form of loan notes is sensitive to the assumptions made when determining the fair value of the liability element of the instrument. The underlying terms of the loan notes have been assessed and after careful review the directors believe that the liability element of the loans has a fair value of £nil.

3 Turnover and other revenue

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

	26 March 2016 £'000	28 March 2015 £'000
Turnover		
Sales	93,598	96,890
Refunds	(4,218)	(4,670)
	89,380	92,220

Other significant revenue		
Interest income	2	4
Royalty income	53	-
Rent receivable	37	44

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	26 March 2016 £'000	28 March 2015 £'000
United Kingdom	89,380	92,220

4 Operating loss

	26 March 2016 £'000	28 March 2015 £'000
Operating loss for the period is stated after charging:		
Exchange losses	103	529
Depreciation of owned tangible fixed assets	2,886	2,781
Loss on disposal of tangible fixed assets	122	73
Cost of stocks recognised as an expense	52,688	42,651
Operating lease charges	21,787	32,853

5 Auditors' remuneration

	26 March 2016 £'000	28 March 2015 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	53	54
For other services		
All other non-audit services	11	12

6 Employees

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

	26 March 2016 Number	28 March 2015 Number
Office and Management	89	82
Distribution and Retail	1,901	1,788
	1,990	1,870

6 Employees (Continued)

Their aggregate remuneration comprised:

	26 March 2016 £'000	28 March 2015 £'000
Wages and salaries	17,525	17,016
Social security costs	1,157	806
Pension costs	247	200
	18,929	18,022

7 Directors' remuneration

	26 March 2016 £'000	28 March 2015 £'000
Remuneration for qualifying services	487	502
Company pension contributions to defined contribution schemes	26	24
	513	526

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	176,603	268,224

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015: 2).

8 Interest receivable and similar income

	26 March 2016 £'000	28 March 2015 £'000
Interest income		
Interest on bank deposits	2	4

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2	4

9 Interest payable and similar charges

	26 March 2016 £'000	28 March 2015 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	687	579
Interest on convertible loan notes	(171)	136
Finance charges	16	20
	532	735

10 Taxation

The charge for the period can be reconciled to the profit per the profit and loss account as follows:

	26 March 2016 £'000	28 March 2015 £'000
Loss before taxation	(9,326)	(6,685)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (28 March 2015: 20.00%)	(1,865)	(1,337)
Tax effect of expenses that are not deductible in determining taxable profit	27	72
Depreciation and capital allowances	49	27
Unrelieved tax losses	1,789	1,238
Tax expense for the period	-	-

11 Intangible fixed assets

Group	Goodwill £'000	Patents & licences £'000	Total £'000
Cost			
At 29 March 2015 and 26 March 2016	4,989	1,800	6,789
Amortisation and impairment			
At 29 March 2015 and 26 March 2016	4,989	1,800	6,789
Carrying amount			
At 26 March 2016	-	-	-
At 28 March 2015	-	-	-

11 Intangible fixed assets (Continued)

Company	Patents & licences
	£'000
Cost	
At 29 March 2015 and 26 March 2016	1,800
Amortisation and impairment	
At 29 March 2015 and 26 March 2016	1,800
Carrying amount	
At 26 March 2016	-
At 28 March 2015	-

12 Tangible fixed assets

Group

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 29 March 2015	2,750	4,377	220	38,252	377	45,976
Reclassifications	-	(163)	-	147	16	-
Additions	-	115	-	624	-	739
Disposals	-	(382)	-	(31)	(19)	(432)
Revaluation	300	-	-	-	-	300
At 26 March 2016	3,050	3,947	220	38,992	374	46,583
Depreciation and impairment						
At 29 March 2015	-	3,093	35	22,985	367	26,480
Depreciation charged in the period	-	163	-	2,712	11	2,886
Eliminated in respect of disposals	-	(285)	-	(12)	(13)	(310)
At 26 March 2016	-	2,971	35	25,685	365	29,056
Carrying amount						
At 26 March 2016	3,050	976	185	13,307	9	17,527
At 28 March 2015	2,750	1,284	185	15,267	10	19,496

The Freehold property was valued by BNP Paribas, Real Estate on 30 October 2015 in accordance with the Royal Institute of Chartered Surveyors Valuation - Professional Standards (the 'Red Book'). The valuation determined the value to be £3,050,000. The directors have reviewed this valuation in the light of current market conditions and are of the opinion that value at 26 March 2016 should be £3,050,000.

12 Tangible fixed assets (Continued)

Company	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 29 March 2015	4,377	220	38,252	377	43,226
Reclassifications	(163)	-	147	16	-
Additions	115	-	624	-	739
Disposals	(382)	-	(31)	(19)	(432)
At 26 March 2016	3,947	220	38,992	374	43,533
Depreciation and impairment					
At 29 March 2015	3,093	35	22,985	367	26,480
Depreciation charged in the period	163	-	2,712	11	2,886
Eliminated in respect of disposals	(285)	-	(12)	(13)	(310)
At 26 March 2016	2,971	35	25,685	365	29,056
Carrying amount					
At 26 March 2016	976	185	13,307	9	14,477
At 28 March 2015	1,284	185	15,267	10	16,746

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 26 March 2016	28 March 2015	Company 26 March 2016	28 March 2015
	£'000	£'000	£'000	£'000
Cost	2,348	2,348	2,348	2,348
Accumulated depreciation	1,657	1,600	1,657	1,600
Carrying value	691	748	691	748

As at the balance sheet date the net book value of short term leases held in under leasehold land and buildings are £976,000 (2015: £1,284,000). As at the balance sheet date the net book value of long term leasehold improvements held under leasehold improvements are £185,000 (2015: £185,000).

13 Fixed asset investments

	Notes	Group 26 March 2016 £'000	28 March 2015 £'000	Company 26 March 2016 £'000	28 March 2015 £'000
Investments in subsidiaries	27	-	-	61	61
Investments in joint ventures	28	5	5	5	5
		5	5	66	66

Movements in fixed asset investments
Group

	Investments £'000
Cost or valuation	
At 29 March 2015 & 26 March 2016	5
Carrying amount	
At 26 March 2016	5
At 28 March 2015	5

Movements in fixed asset investments
Company

	Investments £'000
Cost or valuation	
At 29 March 2015 & 26 March 2016	66
Carrying amount	
At 26 March 2016	66
At 28 March 2015	66

The shares in subsidiary undertakings are subject to an impairment review at the end of each period.

14 Financial instruments

	Group 26 March 2016 £'000	28 March 2015 £'000	Company 26 March 2016 £'000	28 March 2015 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	10,996	11,424	10,950	13,374
Equity instruments measured at cost less impairment	5	5	66	66
Carrying amount of financial liabilities				
Measured at amortised cost	39,645	38,741	39,645	38,737

15 Stocks

	Group 26 March 2016 £'000	28 March 2015 £'000	Company 26 March 2016 £'000	28 March 2015 £'000
Consumables	660	602	660	602
Goods for resale	8,054	11,689	8,054	11,689
	8,714	12,291	8,714	12,291

16 Debtors

Amounts falling due within one year:	Group 26 March 2016 £'000	28 March 2015 As restated £'000	Company 26 March 2016 £'000	28 March 2015 As restated £'000
Amounts due from subsidiary undertakings	-	-	-	2,000
Convertible loan notes	10,630	10,630	10,630	10,630
Other debtors	367	794	320	744
Prepayments and accrued income	2,392	2,793	2,392	2,793
	13,389	14,217	13,342	16,167

17 Creditors: amounts falling due within one year

	Notes	Group 26 March 2016 £'000	28 March 2015 As restated £'000	Company 26 March 2016 £'000	28 March 2015 As restated £'000
Loans and overdrafts	18	13,926	14,136	13,926	14,136
Other taxation and social security		3,513	1,616	3,513	1,616
Trade creditors		14,189	13,048	14,189	13,048
Other creditors		10,325	9,809	10,325	9,805
Accruals and deferred income		1,205	1,748	1,205	1,748
		43,158	40,357	43,158	40,353

18 Loans and overdrafts

	Group 26 March 2016 £'000	28 March 2015 £'000	Company 26 March 2016 £'000	28 March 2015 £'000
Bank loans	13,926	14,136	13,926	14,136
Payable within one year	13,926	14,136	13,926	14,136

Bank loans and overdrafts relating to State Bank of India of £13.926 million (2015: £14.136 million) are secured by fixed and floating charges over the assets of the company.

As part of the security, the directors AB Jiwrajka, DB Jiwrajka and SB Jiwrajka have given personal guarantees to the State Bank of India along with a corporate guarantee given by Alok Industries Limited.

19 Deferred taxation

The estimated group's provision for deferred taxation consists of the tax effect of the timing differences in respect of:

Group	26 March 2016 Provided £'000	26 March 2016 Unprovided £'000	28 March 2015 Provided £'000	28 March 2015 Unprovided £'000
Accelerated capital allowances	-	149	-	69
Tax losses	-	(31,482)	-	(30,811)
Revaluation of freehold property	-	182	-	122
	-	31,151	-	(30,620)

The elements of the company's deferred taxation, which result in a nil balance at the end of the period, together with details of other amounts not provided for, are as follows:

Company	26 March 2016 Provided £'000	26 March 2016 Unprovided £'000	28 March 2015 Provided £'000	28 March 2015 Unprovided £'000
Accelerated capital allowances	-	149	-	69
Tax losses	-	(31,482)	-	(30,811)
	-	31,333	-	(30,742)

There is insufficient certainty concerning the recoverability of tax losses to justify recognising a deferred tax asset in respect of them.

There were no deferred tax movements in the period.

20 Retirement benefit schemes

Defined contribution schemes	26 March 2016 £'000	28 March 2015 £'000
Charge to profit and loss in respect of defined contribution schemes	247	200

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	26 March 2016	28 March 2015
Ordinary share capital	**£'000**	**£'000**
Issued and fully paid		
41,681,762,714 Ordinary shares of £0.001 each	41,682	41,682

22 Convertible loan notes

	Group and company	
	26 March 2016	28 March 2015
	£'000	£'000
Balance brought forward	21,000	62,113
Converted to ordinary shares	-	(41,113)
Balance carried forward	21,000	21,000

Convertible loan notes remaining in issue to Alok Industries International Limited on following terms:

- £21.0 million convertible loan notes issues in March 2012, are convertible by the company into equity of the company on 30 March 2017 at a fixed conversion price of £0.25 per share unless the Company decides to repay the loan prior to the conversion date.

During the prior period the terms of three of the four loan notes were revised and consequently converted into ordinary shares as follows:

- £5.5 million originally to convert in March 2015 did so but at a revised conversion price of par per share.

- £5.5 million originally to convert in March 2016 was revised and converted in March 2015 and at a revised conversion price of par per share.

- £30.113 million converted in the period but at a revised conversion price of par per share.

23 Operating lease commitments

Lessee

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

	Group 26 March 2016 £'000	28 March 2015 £'000	Company 26 March 2016 £'000	28 March 2015 £'000
Within one year	785	245	308	155
Between two and five years	24,268	17,822	20,838	12,243
In over five years	49,933	68,841	15,317	37,292
	74,986	86,908	36,463	49,690

The company has assumed responsibility for the operating leases of all group companies as shown in the group table above as it utilises these in its trade.

24 Contingent liabilities

As at the balance sheet date the company had obligations under Letter of Credit arrangements for the purchase of goods, these amounted to £4.020 (2015: £4.018 million).

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	26 March 2016 £'000	28 March 2015 £'000
Aggregate compensation	513	526

25 Related party transactions (Continued)

Transactions with related parties
The company had the following related party transactions with Alok Industries Limited during the year, a company incorporated in India. At the year end, Alok Industries Limited indirectly owns 99.87% of the share capital of Grabal Alok (UK) Limited.

	26 March 2016	28 March 2015
	£'000	£'000
Purchases of goods for resale	115	198
Creditors at period end for goods for resale	4,815	4,637
Debtors at the period end	187	187

Included in creditors, is £1.650 million (2015: £1.650 million) due to Alok Industries International Limited.

Included in creditors, is £1.013 million (2015: £1.013 million) due to Alok International Inc.

Included in other creditors is £46,734 (2015: £nil) due to Mileta a.s. This company is a subsidiary of Alok Industries Limited.

Included in debtors, are amounts due in respect of convertible loan notes of £10.63 million (2015: £10.63 million) due from Alok Industries International Limited.

As part of the security detailed in note 18, the directors AB Jiwrajka, DB Jiwrajka and SB Jiwrajka have given personal guarantees to the State Bank of India along with a corporate guarantee given by Alok Industries Limited.

26 Controlling party

The ultimate parent undertaking is Alok Industries Limited a company incorporated in India. The immediate parent undertaking is Alok International Industries Limited, incorporated in India which is a wholly owned subsidiary of Alok Industries Limited.

The directors believe there is no ultimate controlling party.

27 Subsidiaries

Details of the company's subsidiaries at 26 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
QS Plc	England and Wales	Lease Holding	Ordinary	100	
QS West Ltd	England and Wales	Lease Holding	Ordinary		100
Be Wise Ltd	England and Wales	Property Holding	Ordinary	100	

28 Joint ventures

Details of joint ventures at 26 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
Le Shark Apparel Limited	England and Wales	Trademark Holding	Ordinary	50.00	

29 Cash generated from operations

	26 March 2016 £'000	28 March 2015 £'000
Loss for the year after tax	(9,326)	(6,685)
Adjustments for:		
Finance costs	532	735
Investment income	(2)	(4)
Loss on disposal of tangible fixed assets	122	73
Write back impairment of property	-	(138)
Depreciation and impairment of tangible fixed assets	2,886	2,781
Movements in working capital:		
Decrease/(increase) in stocks	3,577	(521)
Decrease/(increase) in debtors	829	(113)
Increase in creditors	3,010	5,454
Cash generated from operations	1,628	1,582

30 Post balance sheet events

Subsequent to the year end a number of events led the directors to assess the position of the company. A winding up petition was presented against the company causing the parent undertaking, Alok Industries International Limited, to demanded repayment of £10,370,000 in relation to the convertible loan notes of £21,000,000 classified as equity at the reporting date as shown in note 22. The directors concluded, based on the information available to them, that in order to enable the company to continue as a going concern and avoid entering administration, it should propose to its creditors a Company Voluntary Arrangement (CVA). The CVA was approved and entered into on 15 July 2016.

It was subsequently agreed that the £10,630,000 due from Alok Industries would be offset by way of equitable set-off against the £21,000,000 currently classified as loan notes and the remaining £10,370,000 would be reclassified as a short term creditor.

As part of the CVA various arrangements were entered into with the company's creditors. In addition the balance of £10,370,000 due to Alok Industries International Limited referred to above, will at the completion of the CVA, be converted into equity.

The company's subsidiaries, Be-Wise Ltd and QS Plc have been placed into administration. The company will continue to operate from certain of the leasehold premises of which either of these companies are the legal tenant under a licence to occupy.

31 Reconciliations on adoption of FRS 102

This is the first year the Group and Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the period ended 28 March 2015. The date of transition was 30 March 2014. There were no transitional adjustments other than presentational adjustments to the cash flow statement and the notes to the financial statements.