

Big K Products U.K. Limited

Financial statements

30 September 2018



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Big K Products U.K. Limited

Directors and other information

Directors	Christakis Kleanthous Vivien Ann Kleanthous Michael Theodorou Melina Bremer
Secretary	Christakis Kleanthous
Company number	01549574
Registered office	20 Milmead Industrial Estate Mill Mead Road London N17 9QU
Auditor	ALG Chartered Certified Accountants Statutory Auditors 1324 - 1326 High Road London N20 9HJ

Big K Products U.K. Limited

Strategic report Year ended 30 September 2018

Review of the Business

The principal activity of the company during the year under review was that of Charcoal and Fuel Merchants.

The company operates in various different markets to reduce the risk of any over reliance on any single market.

Sales in 2017/18 were £24.8 million, an increase of 13% over the previous year. This increase in turnover is due to the excellent weather that the country enjoyed over the summer. Gross profits earned were £7.6 million compared to £6.9 million last year achieving a gross profit percentage of 30.80% compared to 31.36% last year.

Distribution and administrative costs have increased in line with turnover. Despite this the operating profit increased to £1.228 million from £1.092 million last year.

Principal risks and uncertainties

During the year, management reviewed the risks from our supplier base and identified that the single biggest risk to the business was a breakdown in the supply chain which in turn would not allow the company to respond to sharp peaks in demand if the weather conditions moved in its favour. To address this, management took the decision to increase stock holdings in raw materials to mitigate risks of non-delivery from suppliers. This decision was taken after reviewing options in relation to stock management and identifying the following aspects:-

- * Our main raw materials do not have a shelf life risk and therefore do not present a risk of losing value over time
- * The prices of our main raw materials are not volatile and so the costs of investing working capital early is not offset by a potential fall in future raw material pricing
- * The increased costs of holding more stock is offset by the opportunity this gives the company to react quickly to seasonal uplifts in demand if weather conditions were to move in its favour

The directors and senior executives review the other inherent risks on a quarterly basis and take appropriate action.

Competitive risks: The company operates in an extremely competitive market place and therefore ensures that there is a close working relationship with suppliers and customers, both large and small. This is underpinned by regular reviews of trading performance and customers and taking a pro-active approach to issues as they arise.

Cash flow risk: The business sources raw materials from suppliers with long lead times who do not have access to credit facilities, therefore the main cash flow risk is an elongated cash flow cycle due to building stock throughout the year. The company has addressed this risk by securing working capital facilities with the company's bankers and through intergroup financing.

Strategic report (continued)
Year ended 30 September 2018

Principal risks and uncertainties (continued)

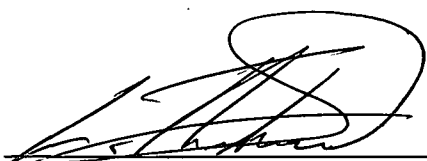
Customer & product risk: Management have identified the potential risk of over reliance upon any single customer, class of customers or any single product class by looking at the potential impact that either scenario would have on the business's ability to remain profitable in the long term. In doing so a benchmark level has been set at 20% of customer mix and/or product mix to be the level at which the risk becomes significant to the business. At the current time no single customer, class of customers, sales by product or product class represents this level of sales turnover. Management are satisfied that this risk is being managed within the business because while growth has been evidenced in the majority of the business sectors in which the company operates the split of customer weighting has been controlled so that sales are spread more evenly across customer classes. This has resulted in the company eliminating some of the seasonality risk associated with the company's business.

Purchasing risk: Management identified two major risk factors in relation to the purchasing of raw materials, namely the transactional risk in relation to overseas suppliers and the potential loss of supply to competitors. To counter these risks management has implemented a policy of agreeing long term purchasing contracts with overseas suppliers giving security to our suppliers and allowing the business to build a reliable supplier base. These contracts are then matched with Foreign Exchange Forward Contracts to minimise transactional variances.

Production efficiency: Management carried out a review of all fixed assets in terms of efficiency and remaining useful life. As a result of this, the business has implemented a program of replacing older items of production machinery alongside a full review of maintenance scheduling to ensure production efficiencies can be raised and maintained for the long term benefit of the company.

Health and safety: It is the policy of the company to ensure so far as is practicable, the health, safety and welfare of all employees working for the company and other persons who may be affected by our undertakings. The company acknowledges that the key to successful health and safety management requires an effective policy, organisation and arrangements, which reflect the commitment of senior management. To maintain that commitment, we continually measure, monitor and revise where necessary, an annual plan to ensure that health and safety standards are adequately maintained.

This report was approved by the board of directors on 30 November 2018 and signed on behalf of the board by:



Christakis Kleanthous
Director

Big K Products U.K. Limited

Directors report Year ended 30 September 2018

The directors present their report and the financial statements of the company for the year ended 30 September 2018. The principal activity of the company during the year was that of Charcoal and Fuel merchants.

Directors

The directors who served the company during the year were as follows:

Christakis Kleanthous
Vivien Ann Kleanthous
Michael Theodorou
Melina Bremer

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Future developments

The company is continuing to extend its facilities at its Kings Lynn site to meet expected future demand and the directors expect the year on year increase in sales and profitability to continue.

Financial instruments

The company's principal financial instruments comprise bank balances, bank loans, finance leases, trade creditors and trade debtors. Trade debtors, some of which are factored, are strictly controlled and bad debts are kept to a minimum by regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Directors responsibilities statement

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

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

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

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

Directors report (continued)
Year ended 30 September 2018

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 30 November 2018 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by several horizontal strokes, positioned above a solid horizontal line.

Christakis Kleanthous
Director

Big K Products U.K. Limited

Independent auditor's report to the members of Big K Products U.K. Limited Year ended 30 September 2018

Opinion

We have audited the financial statements of Big K Products U.K. Limited for the year ended 30 September 2018 which comprise the income statement, statement of income and retained earnings, statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent auditor's report to the members of
Big K Products U.K. Limited (continued)
Year ended 30 September 2018**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Big K Products U.K. Limited

**Independent auditor's report to the members of
Big K Products U.K. Limited (continued)
Year ended 30 September 2018**

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



George Panos Michaelides FCCA (Senior Statutory Auditor)

**For and on behalf of
ALG**

**Chartered Certified Accountants and Statutory Auditors
1324 - 1326 High Road
London
N20 9HJ**

Date 4/1/19

Big K Products U.K. Limited

**Income statement
Year ended 30 September 2018**

	Note	2018 £	2017 £
Turnover	4	24,836,651	21,884,287
Cost of sales		(17,187,886)	(15,020,448)
Gross profit		<u>7,648,765</u>	<u>6,863,839</u>
Distribution costs		(2,048,863)	(1,852,207)
Administrative expenses		(4,372,093)	(3,919,627)
Operating profit	5	<u>1,227,809</u>	<u>1,092,005</u>
Other interest receivable and similar income	8	74,065	-
Interest payable and similar expenses	9	(129,719)	(200,997)
Profit before taxation		<u>1,172,155</u>	<u>891,008</u>
Tax on profit	10	(229,810)	(184,195)
Profit for the financial year		<u><u>942,345</u></u>	<u><u>706,813</u></u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 14 to 27 form part of these financial statements.

Big K Products U.K. Limited

Statement of income and retained earnings
Year ended 30 September 2018

	2018	2017
	£	£
Profit for the year	942,345	706,813
Dividends declared and paid or payable during the year	(100,000)	(400,000)
Retained earnings at the start of the year	<u>5,275,358</u>	<u>4,968,545</u>
Retained earnings at the end of the year	<u><u>6,117,703</u></u>	<u><u>5,275,358</u></u>

Big K Products U.K. Limited

**Statement of financial position
30 September 2018**

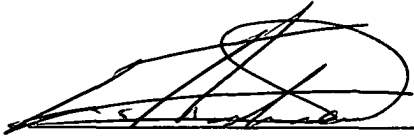
	Note	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	12	25,822		36,884	
Tangible assets	13	3,240,733		3,531,393	
			3,266,555		3,568,277
Current assets					
Stocks	14	2,857,739		4,036,461	
Debtors	15	3,874,715		3,371,230	
Cash at bank and in hand		84,850		24,086	
		6,817,304		7,431,777	
Creditors: amounts falling due within one year	17	(3,214,228)		(4,840,609)	
Net current assets			3,603,076		2,591,168
Total assets less current liabilities			6,869,631		6,159,445
Creditors: amounts falling due after more than one year	18		(111,160)		(196,309)
Provisions for liabilities	20		(167,290)		(214,300)
Net assets			6,591,181		5,748,836
Capital and reserves					
Called up share capital	24		450,065		450,065
Share premium account	25		23,413		23,413
Profit and loss account	25		6,117,703		5,275,358
Shareholders funds			6,591,181		5,748,836

The notes on pages 14 to 27 form part of these financial statements.

Big K Products U.K. Limited

Statement of financial position (continued)
30 September 2018

These financial statements were approved by the board of directors and authorised for issue on 30 November 2018, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'Christakis Kleanthous', is written over a horizontal line.

Christakis Kleanthous
Director

Company registration number: 01549574

The notes on pages 14 to 27 form part of these financial statements.

Big K Products U.K. Limited

**Statement of cash flows
Year ended 30 September 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the financial year		942,345	706,813
<i>Adjustments for:</i>			
Depreciation of tangible assets		462,960	449,471
Amortisation of intangible assets		12,121	9,681
Interest payable and similar expenses		129,719	200,997
Gain/(loss) on disposal of tangible assets		(5,325)	-
Gain/(loss) on disposal of Intangible assets		1	-
Tax on profit		229,810	184,195
Accrued expenses/(income)		35,166	(45,962)
<i>Changes in:</i>			
Stocks		1,178,722	505,362
Trade and other debtors		(503,485)	(516,120)
Trade and other creditors		(339,691)	208,596
Cash generated from operations		<u>2,142,343</u>	<u>1,703,033</u>
Interest paid		(129,719)	(200,997)
Tax paid		(324,010)	(153,041)
Net cash from operating activities		<u><u>1,688,614</u></u>	<u><u>1,348,995</u></u>
Cash flows from investing activities			
Purchase of tangible assets		(179,475)	(284,215)
Proceeds from sale of tangible assets		12,500	-
Purchase of intangible assets		(1,060)	(23,322)
Net cash used in investing activities		<u><u>(168,035)</u></u>	<u><u>(307,537)</u></u>
Cash flows from financing activities			
Proceeds from borrowings		(87,386)	(114,984)
Proceeds from loans from group undertakings		(235,532)	453,692
Payment of finance lease liabilities		(53,808)	92,782
Equity dividends paid		(100,000)	(400,000)
Net cash (used in)/from financing activities		<u><u>(476,726)</u></u>	<u><u>31,490</u></u>
Net increase/(decrease) in cash and cash equivalents		1,043,853	1,072,948
Cash and cash equivalents at beginning of year	16	<u>(1,469,141)</u>	<u>(2,542,089)</u>
Cash and cash equivalents at end of year	16	<u><u>(425,288)</u></u>	<u><u>(1,469,141)</u></u>

**Notes to the financial statements
Year ended 30 September 2018**

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is 20 Milmead Industrial Estate, Mill Mead Road, London, N17 9QU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity. The figures are rounded to the nearest pound.

Turnover

Turnover represents the total invoice value, excluding Value Added Tax and trade discounts, of sales made during the year and is recognised on despatch of the goods.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Notes to the financial statements (continued)
Year ended 30 September 2018

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents, trademarks and licences	- 20%	straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	- 5%	straight line
Plant and machinery	- 15%	straight line
Fittings fixtures and equipment	- 33%	straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Notes to the financial statements (continued)
Year ended 30 September 2018

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Notes to the financial statements (continued)
Year ended 30 September 2018

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	<u>24,836,651</u>	<u>21,884,287</u>

5. Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Amortisation of intangible assets	12,121	9,681
Depreciation of tangible assets	462,960	449,471
(Gain)/loss on disposal of tangible assets	(5,325)	-
(Gain)/loss on disposal of intangible assets	1	-
Impairment of trade debtors	53,446	12,101
Operating lease rentals	337,081	252,802
Fees payable for the audit of the financial statements	<u>10,000</u>	<u>10,000</u>

Big K Products U.K. Limited

Notes to the financial statements (continued) Year ended 30 September 2018

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
Production	56	56
Management	4	4
Administration	30	26
	<u>90</u>	<u>86</u>

The aggregate payroll costs incurred during the year were:

	2018 £	2017 £
Wages and salaries	3,177,267	2,945,012
Social security costs	307,224	276,317
Other pension costs	34,290	18,376
	<u>3,518,781</u>	<u>3,239,705</u>

7. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	416,476	440,212
Company contributions to pension schemes in respect of qualifying services	1,198	763
	<u>417,674</u>	<u>440,975</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018 Number	2017 Number
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid directors in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	122,490	138,409
Company contributions to pension plans in respect of qualifying services	-	-
	<u>122,490</u>	<u>138,409</u>

Big K Products U.K. Limited

Notes to the financial statements (continued)
Year ended 30 September 2018

8. Other interest receivable and similar income

	2018	2017
	£	£
Gain on financial instruments	74,065	-
	<u>74,065</u>	<u>-</u>

9. Interest payable and similar expenses

	2018	2017
	£	£
Bank loans and overdrafts	112,570	108,316
Other loans made to the company:		
Finance leases and hire purchase contracts	5,375	5,650
Loss on fair value adjustment of financial liabilities at fair value through profit or loss	-	80,593
Other interest payable and similar expenses	11,774	6,438
	<u>129,719</u>	<u>200,997</u>

Big K Products U.K. Limited

Notes to the financial statements (continued)
Year ended 30 September 2018

10. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	276,820	216,010
Adjustments in respect of previous periods	<u>-</u>	<u>(3,615)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(47,010)</u>	<u>(28,200)</u>
Tax on profit	<u><u>229,810</u></u>	<u><u>184,195</u></u>

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%).

	2018	2017
	£	£
Profit before taxation	<u>1,172,155</u>	<u>891,008</u>
Profit multiplied by rate of tax	222,709	169,292
Adjustments in respect of prior periods	-	(3,615)
Effect of expenses not deductible for tax purposes	3,898	2,477
Effect of capital allowances and depreciation	50,213	37,569
Change of tax rate	-	6,672
Deferred tax movement	<u>(47,010)</u>	<u>(28,200)</u>
Tax on profit	<u><u>229,810</u></u>	<u><u>184,195</u></u>

11. Dividends

Equity dividends

	2018	2017
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>100,000</u>	<u>400,000</u>

Big K Products U.K. Limited

Notes to the financial statements (continued)
Year ended 30 September 2018

12. Intangible assets

	Goodwill	Patents, trademarks & licences	Total
	£	£	£
Cost			
At 1 October 2017	41,302	62,588	103,890
Additions	-	1,060	1,060
Disposals	(41,302)	-	(41,302)
At 30 September 2018	<u>-</u>	<u>63,648</u>	<u>63,648</u>
Amortisation			
At 1 October 2017	41,301	25,705	67,006
Charge for the year	-	12,121	12,121
Disposals	(41,301)	-	(41,301)
At 30 September 2018	<u>-</u>	<u>37,826</u>	<u>37,826</u>
Carrying amount			
At 30 September 2018	<u>-</u>	<u>25,822</u>	<u>25,822</u>
At 30 September 2017	<u>1</u>	<u>36,883</u>	<u>36,884</u>

13. Tangible assets

	Short leasehold property	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 October 2017	3,617,804	2,956,894	526,571	7,101,269
Additions	25,698	109,475	44,302	179,475
Disposals	-	(20,500)	-	(20,500)
At 30 September 2018	<u>3,643,502</u>	<u>3,045,869</u>	<u>570,873</u>	<u>7,260,244</u>
Depreciation				
At 1 October 2017	1,368,221	1,822,595	379,060	3,569,876
Charge for the year	119,930	273,330	69,700	462,960
Disposals	-	(13,325)	-	(13,325)
At 30 September 2018	<u>1,488,151</u>	<u>2,082,600</u>	<u>448,760</u>	<u>4,019,511</u>
Carrying amount				
At 30 September 2018	<u>2,155,351</u>	<u>963,269</u>	<u>122,113</u>	<u>3,240,733</u>
At 30 September 2017	<u>2,249,583</u>	<u>1,134,299</u>	<u>147,511</u>	<u>3,531,393</u>

The short leasehold improvements mainly comprise rebuilding costs at the company's Kings Lynn site which is leased from the parent company, Big K (Holdings) Limited. These costs were borne by Big K Products U.K. Limited which assumes all benefits and obligations of the new buildings.

Big K Products U.K. Limited

Notes to the financial statements (continued) Year ended 30 September 2018

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery
	£
At 30 September 2018	123,352
At 30 September 2017	225,294

14. Stocks

	2018	2017
	£	£
Raw materials	1,153,532	1,055,370
Finished goods	1,704,207	2,981,091
	<u>2,857,739</u>	<u>4,036,461</u>

15. Debtors

	2018	2017
	£	£
Trade debtors (Factored debts: £1,300,885 (2017: £1,102,693))	3,324,658	2,701,878
Prepayments and accrued income	274,496	275,746
Other debtors	275,561	393,606
	<u>3,874,715</u>	<u>3,371,230</u>

The debtors above include the following amounts falling due after more than one year:

	2018	2017
	£	£
Other debtors	<u>173,940</u>	<u>186,634</u>

16. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	84,850	24,086
Bank overdrafts	(510,138)	(1,493,227)
	<u>(425,288)</u>	<u>(1,469,141)</u>

Big K Products U.K. Limited

Notes to the financial statements (continued)
Year ended 30 September 2018

17. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	560,012	1,580,582
Trade creditors	1,036,444	1,335,923
Amounts owed to group undertakings	1,104,836	1,340,368
Accruals and deferred income	196,839	161,673
Corporation tax	168,820	216,010
Social security and other taxes	103,368	76,060
Obligations under finance leases	35,243	53,807
Derivative financial liability	-	74,065
Other creditors	8,666	2,121
	<u>3,214,228</u>	<u>4,840,609</u>

The bank holds a debenture with fixed and floating charge over all of the Company's assets.

18. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	58,295	108,200
Obligations under finance leases	52,865	88,109
	<u>111,160</u>	<u>196,309</u>

The bank holds a debenture with a fixed and floating charge over all the Company's assets.

The bank loan was for £250,000 over 5 years repayable by instalments of £4,493 per month with a rate of interest being charged at 2.5% above the Bank of England base rate.

19. Obligations under finance leases

Company lessee

The total future minimum lease payments under finance lease agreements are as follows:

	2018	2017
	£	£
Not later than 1 year	38,028	59,039
Later than 1 year and not later than 5 years	54,488	92,517
	<u>92,516</u>	<u>151,556</u>
Less: future finance charges	(4,408)	(9,640)
Present value of minimum lease payments	<u>88,108</u>	<u>141,916</u>

Big K Products U.K. Limited

Notes to the financial statements (continued) Year ended 30 September 2018

20. Provisions

	Deferred tax (note 21)	Total
	£	£
At 1 October 2017	214,300	214,300
Additions	(47,010)	(47,010)
At 30 September 2018	<u>167,290</u>	<u>167,290</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in provisions (note 20)	<u>167,290</u>	<u>214,300</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018 £	2017 £
Accelerated capital allowances	<u>167,290</u>	<u>214,300</u>

22. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £34,290 (2017: £18,376).

Big K Products U.K. Limited

Notes to the financial statements (continued)
Year ended 30 September 2018

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	3,324,658	2,701,878
Cash at bank and in hand	84,850	24,086
	<u>3,409,508</u>	<u>2,725,964</u>
Financial liabilities measured at fair value through profit or loss		
Derivative financial liabilities	<u>-</u>	<u>74,065</u>
Financial liabilities measured at amortised cost		
Bank and other loans	706,415	1,830,698
Trade creditors	1,036,444	1,335,923
Other creditors	1,104,836	1,340,368
	<u>2,847,695</u>	<u>4,506,989</u>

24. Called up share capital
Issued, called up and fully paid

	2018		2017	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>450,065</u>	<u>450,065</u>	<u>450,065</u>	<u>450,065</u>

25. Reserves

Retained earnings represent cumulative distributable reserves as at the balance sheet date.

Big K Products U.K. Limited

Notes to the financial statements (continued) Year ended 30 September 2018

26. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	439,917	265,087
Later than 1 year and not later than 5 years	567,410	236,570
	<u>1,007,327</u>	<u>501,657</u>

27. Contingent assets and liabilities

The bank has given a guarantee, with recourse to the company, to H M Revenue & Customs in the amount of £250,000.

28. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2018		
	Balance brought forward £	Amounts repaid £	Balance o/standing £
Christakis Kleanthous	-	-	-
Vivien Ann Kleanthous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	2017		
	Balance brought forward £	Amounts repaid £	Balance o/standing £
Christakis Kleanthous	10,251	(10,251)	-
Vivien Ann Kleanthous	10,250	(10,250)	-
	<u>20,501</u>	<u>(20,501)</u>	<u>-</u>

Big K Products U.K. Limited

Notes to the financial statements (continued)
Year ended 30 September 2018

29. Related party transactions

The immediate and ultimate parent undertaking is Big K (Holdings) Limited, a company incorporated in England and Wales, which prepares group financial statements.

The bank has unlimited guarantees from Big K (Holdings) Limited.

30. Key management personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £417,674 (2017: £440,975).

31. Controlling party

The ultimate controlling party is the director Christakis Kleanthous.