

Company Registration No. 03010238 (England and Wales)

**SUN MARK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2019**

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# SUN MARK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr R S Ranger CBE Mr H S Ahuja
<b>Secretary</b>	Mrs R Ranger
<b>Company number</b>	03010238
<b>Registered office</b>	Sun House 428 Long Drive Greenford Middlesex UB6 8UH
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# SUN MARK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The directors present the strategic report for the year ended 31 August 2019.

#### **Fair review of business and future developments**

The group has had a challenging year due to the ongoing BREXIT uncertainty which has led to a shortage of availability of supply of the company's core product ranges and has led to a reduction in sales over the year. However, the company has taken action to adjust its sourcing of products to avoid any further impact. The group has also assessed the potential impact of BREXIT and management believes there will be little or no impact on the business in the medium to long term as the majority of sales are outside of the EU. The impact is only short term.

Turnover decreased to £127.7m (2018: £141.2m). Gross profit was £10.4m (2018: £12.1m). In addition, gross margin has decreased slightly in the year to 8.1% (2018: 8.5%).

The group has demerged certain of its properties into a new entity with a view to focussing on its core marketing and trading activities instead and as a result in the current year net assets stand at £37.9m (2018: £40.5m - as restated)

Group has however continued to invest in its core brands and key markets and is focussed on growing these. Whilst its overall revenues declined in the reported period its own label business grew well in line with the strategic direction the group is taking and in the new year.

At the time of publishing this report the group was seeing growth in revenues, gross profit and margins. The group will further increase its focus on own label business and those brands where it has a strategic focus. The group is shifting focus to quality of earnings for the future as its primary objective and this is already producing positive results for the group.

The impact of COVID19 on the new trading period is not serious due to the group being in the food business, regarded as an essential sector in all countries. There is a short term negative impact on revenues and disruption in supply chain, both for products being sourced by the group but also in outgoing products as countries exercised lockdowns in various degrees of severity. It has however allowed the group to rethink its ability to have employees work remotely, which was successful and remained effective. This will be part of the group's direction as it also implementing a new ERP system during the new financial year which will help with better control of the group and performance reporting at all levels.

We believe the outlook for the coming year is more promising than over the last few years and the direction the group is taking is helping it to reap more business from both existing sources as well as new ones.

#### **Strategy**

To grow our own brand business in new markets and increase market share in existing markets:

- Increase direct presence in key markets and drive more value from the group's activities.
- To increase the product range of the group.
- Increase and strengthen relationships with key suppliers and brand owners.
- To continue the development of new products in the group's own label range.

# SUN MARK LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### Key performance indicators

	2019	2018
	£	£
Turnover	127,748,962	141,208,015
Gross profit	10,389,949	12,071,944
Operating profit	2,570,927	4,161,678

On behalf of the board



.....  
Mr H S Anuja  
Director

Date: .....

24/6/2020.

# SUN MARK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The directors present their annual report and financial statements for the year ended 31 August 2019.

#### Principal activities

The principal activity of the group and company continued to be that of the distribution and export of food and consumer products both overseas and in the UK, and other related services.

#### Directors

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

Dr R S Ranger CBE  
Mr H S Ahuja

#### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were proposed amounting to £204,000 (2018: £Nil) of which £192,000 (2018: £Nil) were paid during the year. The directors do not recommend payment of a further dividend.

#### Qualifying third party indemnity provisions

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

#### Political donations

During the year the group and company made the following contributions:

The Conservative Party and related organisations	£171,292	(2018: £269,404)
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In addition to the above the group and company made £109,376 (2018: £28,515) of charitable donations.

#### Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

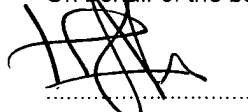
#### Statement of disclosure to auditor

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 auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

On behalf of the board



Mr H S Ahuja  
Director

Date:

24/6/2020

# **SUN MARK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN MARK LIMITED**

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### **Opinion**

We have audited the financial statements of Sun Mark Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 group's and the parent company's affairs as at 31 August 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN MARK LIMITED (CONTINUED)**

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Suneel Gupta FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

24 June 2020



# SUN MARK LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	2018 £
Turnover	4	127,748,962	141,208,015
Cost of sales		(117,359,013)	(129,136,071)
<b>Gross profit</b>		<b>10,389,949</b>	<b>12,071,944</b>
Distribution costs		(813,985)	(1,095,779)
Administrative expenses		(7,196,603)	(7,540,543)
Impairment in fair value of investment properties		-	(3,826,578)
Other operating income		191,566	4,552,634
<b>Operating profit</b>	<b>7</b>	<b>2,570,927</b>	<b>4,161,678</b>
Interest receivable and similar income	9	20,814	26,679
Interest payable and similar expenses	10	(616,075)	(423,606)
<b>Profit before taxation</b>		<b>1,975,666</b>	<b>3,764,751</b>
Tax on profit	11	(598,779)	(776,738)
<b>Profit for the financial year</b>		<b>1,376,887</b>	<b>2,988,013</b>

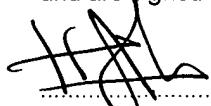
Profit for the financial year is all attributable to the owners of the parent company.

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

**SUN MARK LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2019**

		2019		2018	
	Notes	£	£	£	as restated £
<b>Fixed assets</b>					
Goodwill	13		2,951,049		3,298,231
Other intangible assets	13		3,981,476		4,917,433
Total intangible assets			6,932,525		8,215,664
Tangible assets	14		394,614		4,446,002
Investment properties	15		911,555		3,663,960
Investments	16		889,278		889,278
			9,127,972		17,214,904
<b>Current assets</b>					
Stocks	18	11,367,230		10,416,087	
Debtors	19	42,906,401		47,090,699	
Cash at bank and in hand		7,351,986		4,140,023	
			61,625,617		61,646,809
<b>Creditors: amounts falling due within one year</b>	20	(32,377,424)		(31,222,151)	
<b>Net current assets</b>			29,248,193		30,424,658
<b>Total assets less current liabilities</b>			38,376,165		47,639,562
<b>Creditors: amounts falling due after more than one year</b>	21		-		(6,629,269)
<b>Provisions for liabilities</b>	25		(446,658)		(513,501)
<b>Net assets</b>			37,929,507		40,496,792
<b>Capital and reserves</b>					
Called up share capital	27		170,000		170,000
Other reserves	28		284,540		451,000
Profit and loss reserves	28		37,474,967		39,875,792
<b>Total equity</b>			37,929,507		40,496,792

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

  
.....  
Mr H S Anuja  
Director

**SUN MARK LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2019**

		2019		2018	
	Notes	£	£	£	as restated £
<b>Fixed assets</b>					
Intangible assets	13		1,983,126		2,683,983
Tangible assets	14		394,614		4,446,002
Investment properties	15		911,555		3,663,960
Investments	16		889,279		889,279
			<u>4,178,574</u>		<u>11,683,224</u>
<b>Current assets</b>					
Stocks	18	11,287,548		10,226,406	
Debtors	19	48,783,996		53,330,486	
Cash at bank and in hand		7,336,729		4,135,667	
		<u>67,408,273</u>		<u>67,692,559</u>	
<b>Creditors: amounts falling due within one year</b>	20	(32,316,074)		(31,211,394)	
<b>Net current assets</b>			<u>35,092,199</u>		<u>36,481,165</u>
<b>Total assets less current liabilities</b>			<u>39,270,773</u>		<u>48,164,389</u>
<b>Creditors: amounts falling due after more than one year</b>	21		-		(6,629,269)
<b>Provisions for liabilities</b>	25		(106,938)		(133,815)
<b>Net assets</b>			<u><u>39,163,835</u></u>		<u><u>41,401,305</u></u>
<b>Capital and reserves</b>					
Called up share capital	27		170,000		170,000
Other reserves	28		284,540		451,000
Profit and loss reserves	28		38,709,295		40,780,305
<b>Total equity</b>			<u><u>39,163,835</u></u>		<u><u>41,401,305</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £1,706,702 (2018 - £3,892,526 profit).

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

  
.....  
Mr H S Ahuja  
Director

# SUN MARK LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 August 2018:</b>					
Balance at 1 September 2017		170,000	451,000	37,473,773	38,094,773
Prior year adjustment	3	-	-	(585,994)	(585,994)
<b>As restated</b>		170,000	451,000	36,887,779	37,508,779
<b>Year ended 31 August 2018:</b>					
Profit and total comprehensive income for the year		-	-	2,988,013	2,988,013
<b>Balance at 31 August 2018</b>		170,000	451,000	39,875,792	40,496,792
<b>Year ended 31 August 2019:</b>					
Profit and total comprehensive income for the year		-	-	1,376,887	1,376,887
Dividends	12	-	-	(204,000)	(204,000)
Other distributions		-	-	(3,573,712)	(3,573,712)
Other movements		-	(166,460)	-	(166,460)
<b>Balance at 31 August 2019</b>		170,000	284,540	37,474,967	37,929,507

Other movements and other distributions arose on the transfer of certain properties to a related entity.

# SUN MARK LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 August 2018:</b>					
Balance at 1 September 2017		170,000	451,000	37,473,773	38,094,773
Prior year adjustment	3	-	-	(585,994)	(585,994)
<b>As restated</b>		<u>170,000</u>	<u>451,000</u>	<u>36,887,779</u>	<u>37,508,779</u>
<b>Year ended 31 August 2018:</b>					
Profit and total comprehensive income for the year		-	-	3,892,526	3,892,526
<b>Balance at 31 August 2018</b>		<u>170,000</u>	<u>451,000</u>	<u>40,780,305</u>	<u>41,401,305</u>
<b>Year ended 31 August 2019:</b>					
Profit and total comprehensive income for the year		-	-	1,706,702	1,706,702
Dividends	12	-	-	(204,000)	(204,000)
Other distributions		-	-	(3,573,712)	(3,573,712)
Other movements		-	(166,460)	-	(166,460)
<b>Balance at 31 August 2019</b>		<u>170,000</u>	<u>284,540</u>	<u>38,709,295</u>	<u>39,163,835</u>

Other movements and other distributions arose on the transfer of certain properties to a related entity.

# SUN MARK LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	29		6,232,917		(2,588,146)
Interest paid			(616,075)		(423,606)
Income taxes paid			(1,498,916)		(1,333,712)
<b>Net cash inflow/(outflow) from operating activities</b>			<b>4,117,926</b>		<b>(4,345,464)</b>
<b>Investing activities</b>					
Purchase of intangible assets		(86,976)		(149,641)	
Purchase of tangible fixed assets		(177,754)		(547,850)	
Proceeds on disposal of tangible fixed assets		4,419,952		2,998	
Purchase of investment property		(1,344,700)		(222,130)	
Purchase of subsidiaries		-		15,899	
Interest received		20,814		10,702	
Other investment income received		-		15,977	
<b>Net cash generated from/(used in) investing activities</b>			<b>2,831,336</b>		<b>(874,045)</b>
<b>Financing activities</b>					
Proceeds of new bank loans		8,041,281		5,405,381	
Payment of bank loans		(11,586,580)		-	
Dividends paid to equity shareholders		(192,000)		-	
<b>Net cash (used in)/generated from financing activities</b>			<b>(3,737,299)</b>		<b>5,405,381</b>
<b>Net increase in cash and cash equivalents</b>			<b>3,211,963</b>		<b>185,872</b>
Cash and cash equivalents at beginning of year			4,140,023		3,954,151
<b>Cash and cash equivalents at end of year</b>			<b>7,351,986</b>		<b>4,140,023</b>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### Company information

Sun Mark Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Sun House, 428 Long Drive, Greenford, Middlesex, UB6 8UH.

The group consists of Sun Mark Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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 £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

#### Reduced disclosure

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Sun Mark Limited and all of its material 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.

All financial statements are made up to 31 August 2019. 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.

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.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

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.

#### Going concern

The directors have assessed the impact of COVID-19 on the ability of the business to continue as a going concern including ensuring that the business continues to have sufficient headroom in its bank facilities. Being a food business, regarded as an essential sector in all countries, although there is a short term negative impact, the directors are of the view that the outlook for the next 12 months is promising. At the time of approving the financial statements, the directors therefore have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future as a minimum for a period of at least 12 months from the date of approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable and predominantly represents the value, net of Value Added Tax, of goods sold to customers during the year.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of services is recognised as the service is provided.

#### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation 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:

Trademarks and patents	10% - 20% straight line
Other intangible fixed assets	20% straight line
Brand	10% straight line

#### Tangible fixed assets

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



# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

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

Freehold buildings and freehold improvements	50 years straight line
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Computer and office equipment	25% reducing balance
Motor vehicles	25% reducing balance

Land is not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 credited or charged to profit or loss.

#### Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the consolidated statement of comprehensive income.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries 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.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### Impairment of fixed assets

At each reporting period 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.

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.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete and slow moving items.

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 the consolidated statement of comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and at bank.

#### **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 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 debtors and amounts due from group undertakings, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets 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.

#### **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.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### ***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 creditors, and bank loans, 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.

#### ***Derecognition of financial liabilities***

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

#### ***Equity instruments***

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

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

#### ***Deferred tax***

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### ***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

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.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 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.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Valuation of investment properties***

Investment properties measured at fair value at each reporting date with any revaluation gains or losses recognised in profit or loss. The accuracy of any such valuation will be affected by unexpected changes to the economic situation, and assumptions which differ from actual outcomes. As such, judgement is applied when determining the fair value of the investment properties.

#### ***Valuation of intangible assets***

To determine the fair value of acquisition related intangible assets, valuation techniques were adopted. These techniques use a variety of estimates, including expected future results and projected future cash flows, which are discounted using appropriate discount rates.

#### ***Useful lives of intangibles***

The charge in respect of periodic amortisation is derived after determining an estimate of an asset's expected useful life. The useful lives of the group's intangible assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on and estimated future period that economic benefit is expected to be derived.

### 3 Prior period adjustment

During the year the directors have reviewed their revenue recognition policy in order to more accurately identify when the risks and rewards of ownership of goods are passed to customers and therefore when revenue should be recognised. The impact of this is set out below. The change had no material impact on the profit for the year ended 31 August 2018

#### **Adjustments to equity - group**

	<b>31 August 2018 £</b>
Stock	5,529,647
Trade debtors	(6,115,641)
Brought forward retained earnings	585,994
	<hr/>
Total adjustments	-
	<hr/> <hr/>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 3 Prior period adjustment (Continued)

#### Adjustments to equity - company

	31 August 2018 £
Stock	5,529,647
Trade debtors	(6,115,641)
Brought forward retained earnings	585,994
	<hr/>
Total adjustments	-
	<hr/> <hr/>

### 4 Turnover and other revenue

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Turnover from principal activities	127,748,962	141,208,015
	<hr/> <hr/>	<hr/> <hr/>

	2019 £	2018 £
<b>Other revenue</b>		
Interest income	20,814	10,702
Rent receivable	191,566	656,556
Insurance claims receivable	-	3,896,078
	<hr/> <hr/>	<hr/> <hr/>

	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
Rest of the world	113,690,633	123,714,271
United Kingdom	14,058,329	17,493,744
	<hr/> <hr/>	<hr/> <hr/>
	127,748,962	141,208,015
	<hr/> <hr/>	<hr/> <hr/>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administration and support	43	44	43	41
Sales, marketing and distribution	33	32	33	30
Directors	2	2	2	2
	<u>78</u>	<u>78</u>	<u>78</u>	<u>73</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	2,726,087	2,688,192	2,726,087	2,581,906
Social security costs	286,857	288,237	286,857	288,237
Pension costs	46,848	27,081	46,848	27,081
	<u>3,059,792</u>	<u>3,003,510</u>	<u>3,059,792</u>	<u>2,897,224</u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>130,000</u>	<u>128,333</u>

No directors are accruing any benefits under a money purchase pension scheme (2018: Nil).

### 7 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(631,281)	386,132
Depreciation of owned tangible fixed assets	160,830	138,343
Loss on disposal of tangible fixed assets	-	671
Fair value losses on investment property	-	3,826,578
Amortisation of intangible assets	1,370,115	1,049,463
Cost of stocks recognised as an expense	<u>117,257,524</u>	<u>129,067,429</u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Operating profit (Continued)

During the prior year there was a fire at the Aladdin Business Centre which is held by the group and company as an investment property. As a result of the fire an agreement was reached with the insurance company, amounting to £3.8 million, to rebuild the Aladdin Business Centre. This amount was included in other operating income with a corresponding charge reflected in the impairment in the fair value of the investment property. The remaining element of other operating income relates to rental income.

### 8 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	46,000	36,920
<b>For other services</b>		
All other non-audit services	33,600	8,450

### 9 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	20,814	10,702
<b>Income from fixed asset investments</b>		
Income from other fixed asset investments	-	15,977
Total income	20,814	26,679

### 10 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	616,075	423,606

### 11 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	503,686	782,117
Adjustments in respect of prior periods	125,396	-
Total current tax	629,082	782,117



# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 11 Taxation (Continued)

#### Deferred tax

Origination and reversal of timing differences	(30,303)	(5,379)
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Total tax charge	598,779	776,738
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The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,975,666	3,764,751
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	375,377	715,303
Tax effect of expenses that are not deductible in determining taxable profit	204,892	130,043
Tax effect of utilisation of tax losses not previously recognised	(40,375)	-
Permanent capital allowances in excess of depreciation	(28,852)	-
Under/(over) provided in prior years	125,396	-
Movement in deferred tax	(30,303)	(15,101)
Other taxation adjustments	(7,356)	(53,507)
Taxation charge	598,779	776,738

At the balance sheet date the group had estimated tax losses of £5.2 million (2018: £5.4 million) relating to Bulldog Power Limited. No deferred tax asset has been recognised in the financial statements in respect of these losses on the basis that their recoverability cannot be assessed with reasonable certainty.

### 12 Dividends

	2019 £	2018 £
Interim dividends	204,000	-

£192,000 of the above dividends were paid during the year.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Intangible fixed assets

Group	Goodwill	Trademarks and patents	Other intangible fixed assets	Brand	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2018	3,471,823	1,427,895	2,722,041	2,351,000	9,972,759
Additions	-	86,976	-	-	86,976
At 31 August 2019	3,471,823	1,514,871	2,722,041	2,351,000	10,059,735
<b>Amortisation and impairment</b>					
At 1 September 2018	173,592	921,545	544,408	117,550	1,757,095
Amortisation charged for the year	347,182	243,425	544,408	235,100	1,370,115
At 31 August 2019	520,774	1,164,970	1,088,816	352,650	3,127,210
<b>Carrying amount</b>					
At 31 August 2019	2,951,049	349,901	1,633,225	1,998,350	6,932,525
At 31 August 2018	3,298,231	506,350	2,177,633	2,233,450	8,215,664
<b>Company</b>			<b>Trademarks and patents</b>	<b>Other intangible fixed assets</b>	<b>Total</b>
			£	£	£
<b>Cost</b>					
At 1 September 2018			1,427,895	2,722,041	4,149,936
Additions			86,976	-	86,976
At 31 August 2019			1,514,871	2,722,041	4,236,912
<b>Amortisation and impairment</b>					
At 1 September 2018			921,545	544,408	1,465,953
Amortisation charged for the year			243,425	544,408	787,833
At 31 August 2019			1,164,970	1,088,816	2,253,786
<b>Carrying amount</b>					
At 31 August 2019			349,901	1,633,225	1,983,126
At 31 August 2018			506,350	2,177,633	2,683,983

Other intangible fixed assets relate to an exclusive distribution agreement. The full value of these intangible fixed assets will be amortized over 5 years, which is considered the expected life of such assets given the length of the agreement.

In the consolidated statement of comprehensive income the amortisation of intangible fixed assets is included within administrative expenses.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 14 Tangible fixed assets

Group	Freehold buildings and freehold improvements	Plant and machinery	Fixtures, fittings and equipment	Computer and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2018	4,929,149	316,015	480,057	460,253	18,274	6,203,748
Additions	46,698	35,967	66,076	29,013	-	177,754
Disposals	(4,975,847)	-	-	-	-	(4,975,847)
At 31 August 2019	-	351,982	546,133	489,266	18,274	1,405,655
<b>Depreciation and impairment</b>						
At 1 September 2018	842,399	297,387	301,654	307,472	8,834	1,757,746
Depreciation charged in the year	65,136	11,849	49,198	32,539	2,108	160,830
Eliminated in respect of disposals	(907,535)	-	-	-	-	(907,535)
At 31 August 2019	-	309,236	350,852	340,011	10,942	1,011,041
<b>Carrying amount</b>						
At 31 August 2019	-	42,746	195,281	149,255	7,332	394,614
At 31 August 2018	4,086,750	18,628	178,403	152,781	9,440	4,446,002

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 14 Tangible fixed assets (Continued)

Company	Freehold buildings and freehold improvements	Plant and machinery	Fixtures, fittings and equipment	Computer and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2018	4,929,149	316,015	480,057	460,253	18,274	6,203,748
Additions	46,698	35,967	66,076	29,013	-	177,754
Disposals	(4,975,847)	-	-	-	-	(4,975,847)
At 31 August 2019	-	351,982	546,133	489,266	18,274	1,405,655
<b>Depreciation and impairment</b>						
At 1 September 2018	842,399	297,387	301,654	307,472	8,834	1,757,746
Depreciation charged in the year	65,136	11,849	49,198	32,539	2,108	160,830
Eliminated in respect of disposals	(907,535)	-	-	-	-	(907,535)
At 31 August 2019	-	309,236	350,852	340,011	10,942	1,011,041
<b>Carrying amount</b>						
At 31 August 2019	-	42,746	195,281	149,255	7,332	394,614
At 31 August 2018	4,086,750	18,628	178,403	152,781	9,440	4,446,002

During the year the freehold properties were all transferred to a related entity.

### 15 Investment property

	Group 2019 £	Company 2019 £
<b>Fair value</b>		
At 1 September 2018	3,663,960	3,663,960
Additions	1,344,700	1,344,700
Disposals	(4,097,105)	(4,097,105)
At 31 August 2019	911,555	911,555

Investment property comprises residential and commercial properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

During the year, certain investment properties were transferred to a related entity.

On a historical cost basis the investment properties would have been included at an original cost of £564,554 (2018: £5,615,000).

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 16 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	17	864,290	864,290	864,291	864,291
Listed investments		24,988	24,988	24,988	24,988
		<u>889,278</u>	<u>889,278</u>	<u>889,279</u>	<u>889,279</u>
Listed investments carrying amount		<u>24,988</u>	<u>24,988</u>	<u>24,988</u>	<u>24,988</u>

The directors believe that the carrying value of listed investments are materially similar to the market value at the 31 August 2019.

#### Movements in fixed asset investments Group

	Shares in group undertakings £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 September 2018 and 31 August 2019	864,290	24,988	889,278
<b>Carrying amount</b>			
At 31 August 2019	864,290	24,988	889,278
At 31 August 2018	864,290	24,988	889,278

#### Movements in fixed asset investments Company

	Shares in group undertakings £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 September 2018 and 31 August 2019	864,291	24,988	889,279
<b>Carrying amount</b>			
At 31 August 2019	864,291	24,988	889,279
At 31 August 2018	864,291	24,988	889,279

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Subsidiaries

Details of the company's subsidiaries at 31 August 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Bulldog Power Limited	Sun House, 428 Long Drive, Greenford, England, UB6 8UH	Wholesaler of food products	Ordinary Shares	100.00	-
Friendship Films Limited*	8 Freetrade House, Lowther Road, Stanmore, Middlesex, England, HA7 1EP	Non trading	Ordinary Shares	100.00	-
Sun Mark Global General Trading LLC*	PO Box 233190, Near Ai Ras Station, Behind RAK Bank, Deira, Dubai, UAE	Distributor and wholesaler of food products	Ordinary Shares	49.00	-
Sun Oil International Marketing Company Limited*	Plot 280, Ajose Adeogun Street, Victoria Island, Lagos State, Nigeria	Dormant	Ordinary Shares	50.00	-

\*These subsidiaries are not included in the consolidation as they are not considered to be material. For the year ended 31 August 2019 these subsidiaries were entitled to exemption from audit, and the members have not required the subsidiaries to obtain an audit of their financial statements for the year.

### 18 Stocks

	Group 2019 £	2018 as restated £	Company 2019 £	2018 as restated £
Finished goods and goods for resale	11,367,230	10,416,087	11,287,548	10,226,406

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Debtors

	Group 2019	2018 as restated	Company 2019	2018 as restated
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	22,302,229	29,316,908	22,260,322	29,111,486
Amounts owed by group undertakings	-	152,087	5,919,502	6,559,010
Other debtors	19,061,497	12,921,428	19,061,497	12,959,714
Insurance proceeds receivable	-	3,620,573	-	3,620,573
Prepayments and accrued income	1,542,675	1,079,703	1,542,675	1,079,703
	<u>42,906,401</u>	<u>47,090,699</u>	<u>48,783,996</u>	<u>53,330,486</u>

### 20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	11,754,960	8,670,990	11,754,960	8,670,990
Trade creditors		13,898,142	15,478,322	13,860,190	15,467,565
Corporation tax payable		1,314,743	2,148,037	1,314,743	2,148,037
Other taxation and social security		106,723	298,378	83,325	298,378
Dividends payable		12,000	-	12,000	-
Other creditors		3,091,926	414,438	3,091,926	414,438
Accruals and deferred income		2,198,930	4,211,986	2,198,930	4,211,986
		<u>32,377,424</u>	<u>31,222,151</u>	<u>32,316,074</u>	<u>31,211,394</u>

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	-	6,629,269	-	6,629,269
		<u>-</u>	<u>6,629,269</u>	<u>-</u>	<u>6,629,269</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	713,782	-	713,782
	<u>-</u>	<u>713,782</u>	<u>-</u>	<u>713,782</u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 22 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	11,754,960	15,300,259	11,754,960	15,300,259
Payable within one year	11,754,960	8,670,990	11,754,960	8,670,990
Payable after one year	-	6,629,269	-	6,629,269

During the year the loans with Barclays which were secured over certain properties of the group, were fully repaid early and the charges satisfied prior to the year end.

The bank loans at the year end are secured over certain assets of the group

Interest rates on loans at the year end are variable and are based on LIBOR.

### 23 Financial instruments

	Group 2019 £	2018 as restated £	Company 2019 £	2018 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	40,714,696	46,125,728	n/a	n/a
Instruments measured at fair value through profit or loss	24,988	24,988	24,988	24,988
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	30,955,958	35,405,005	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

### 24 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Deferred tax liabilities	25	446,658	513,501	106,938	133,815



# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 25 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	<b>Liabilities 2019 £</b>	<b>Liabilities 2018 £</b>
<b>Group</b>		
Accelerated capital allowances	44,478	34,815
Assets measured at fair value	62,460	99,000
On intangible fixed assets	339,720	379,686
	<u>446,658</u>	<u>513,501</u>
	<u><u>446,658</u></u>	<u><u>513,501</u></u>
	<b>Liabilities 2019 £</b>	<b>Liabilities 2018 £</b>
<b>Company</b>		
Accelerated capital allowances	44,478	34,815
Assets measured at fair value	62,460	99,000
	<u>106,938</u>	<u>133,815</u>
	<u><u>106,938</u></u>	<u><u>133,815</u></u>
	<b>Group 2019 £</b>	<b>Company 2019 £</b>
<b>Movements in the year:</b>		
Liability at 1 September 2018	513,501	133,815
(Credit)/charge to profit or loss	(30,303)	9,663
Transfer on disposal	(36,540)	(36,540)
	<u>446,658</u>	<u>106,938</u>
Liability at 31 August 2019	<u><u>446,658</u></u>	<u><u>106,938</u></u>

The deferred tax liability relating to accelerated capital allowances is expected to reverse over the life of the assets, and that relating to fair value gain on investment properties is expected to mature on disposal of the properties. The amounts relating to intangible fixed assets were identified on acquisition of subsidiaries and are expected to reverse over the lives of these assets.

### 26 Retirement benefit schemes

	<b>2019 £</b>	<b>2018 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	46,848	27,081
	<u>46,848</u>	<u>27,081</u>

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. At the year end £11,134 (2018: £Nil) was payable to the scheme and is included in other creditors.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 27 Share capital

	Group and company	
	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
170,000 Ordinary shares of £1 each	-	170,000
100,000 Ordinary B shares of 10p each	10,000	-
1,600,000 Ordinary shares of 10p each	160,000	-
	<u>170,000</u>	<u>170,000</u>

#### Reconciliation of movements during the year:

	Ordinary B Number	10p Ordinary Number	£1 Ordinary Number
At 1 September 2018	-	-	170,000
Shares sub-divided	-	1,700,000	(170,000)
Cancellation of shares	-	(1,600,000)	-
Issue of shares	-	1,600,000	-
Shares redesignated	100,000	(100,000)	-
	<u>100,000</u>	<u>1,600,000</u>	<u>-</u>
At 31 August 2019	<u>100,000</u>	<u>1,600,000</u>	<u>-</u>

The Ordinary and Ordinary B shares have attached to them full voting, dividend and capital distribution rights.

On 30 August 2019 the following transactions were undertaken:

The 170,000 £1 Ordinary shares were subdivided into 1,700,000 10p Ordinary shares.

1,600,000 10p Ordinary shares were cancelled and immediately 1,600,000 Ordinary shares of 10p each were issued.

100,000 of the 10p Ordinary shares were redesignated as 10p Ordinary B shares.

### 28 Reserves

#### Other reserves

Other reserves represent the cumulative fair value gains and losses in respect of investment properties net of associated deferred tax.

#### Profit and loss reserves

Profit and loss reserves represent accumulated earnings of the business net of distributions to owners and any other distributions made.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 29 Cash generated from group operations

	2019 £	2018 as restated £
Profit for the year after tax	1,376,887	2,988,013
Adjustments for:		
Taxation charged	598,779	776,738
Finance costs	616,075	423,606
Investment income	(20,814)	(26,679)
Loss on disposal of tangible fixed assets	-	671
Fair value losses on investment property	-	3,826,578
Amortisation and impairment of intangible assets	1,370,115	1,049,463
Depreciation and impairment of tangible fixed assets	160,830	138,343
Movements in working capital:		
(Increase) in stocks	(951,143)	(271,698)
Decrease/(increase) in debtors	4,189,591	(3,538,325)
(Decrease) in creditors	(1,107,403)	(7,954,856)
<b>Cash generated from/(absorbed by) operations</b>	<b>6,232,917</b>	<b>(2,588,146)</b>

### 30 Operating lease commitments

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 2019 £	2018 £	Company 2019 £	2018 £
Within one year	1,000,000	-	1,000,000	-
Between one and five years	4,000,000	-	4,000,000	-
In over five years	4,916,667	-	4,916,667	-
	<u>9,916,667</u>	<u>-</u>	<u>9,916,667</u>	<u>-</u>

### 31 Related party transactions

#### Remuneration of key management personnel

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

	2019 £	2018 £
Aggregate compensation	<u>144,669</u>	<u>143,738</u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 31 Related party transactions (Continued)

#### Transactions with related parties

Relationship	Description of transaction	Value of transactions in the period		Balance at period end	
		2019 £	2018 £	2019 £	2018 £
Common Control Entities	Purchase of freight services	1,886,721	4,166,710	982,479	1,364,108
Common Control Entities	Purchase of storage services	360,000	360,000	Nil	Nil
Common Control Entities	Loans	6,528,793	2,489,091	16,490,014	2,431,476
Common Control Entities	Management fees	Nil	649,747	5,919,502	5,919,502
Common Control Entities	Sales & Purchases	2,248,452	3,215,745	1,031,769	7,885,831

The above balances are included within trade debtors, other debtors, trade creditors or other creditors, as appropriate.

In addition to the above transactions, certain properties of the group, were disposed of to an entity under common control. The annual carrying value of these properties amounted to £8.0m and net consideration was £4.4m resulting in a distribution of £3.6m. At the year end an amount of £2.6m was due to this related entity in respect to these properties which is included in other creditors.

### 32 Events after the reporting date

In early 2020, the existence of the new coronavirus ("COVID-19") was confirmed which has since spread across a significant number of countries, leading to the disruption to businesses and economic activity. The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Group or to provide a quantitative estimate of this impact.

### 33 Controlling party

At the year end the immediate parent company was Sun Mark (Holdings) Ltd.

The ultimate controlling parties are considered to be Dr R Ranger and Mrs R Ranger.